

Annual Report 2019

Sustainable Solutions and Investments



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Facts and figures 2019

Group profit* NOK million

3 037

Return on equity**

8.0%

Solvency margin***

176%

NOK billion invested in fossil free funds

277

Assets under Management, NOK billion

831

Assets under Management
screened for sustainability criteria

100%

*) Profit before amortisation

**) After tax, adjusted for amortisation of intangible assets

***) Including transitional rules





Financial freedom for our customers

Odd Arild Grefstad
Group Chief Executive Officer



2019 was an important year for Storebrand, with organisational changes making us even better equipped to meet our customers' needs, and to create economic growth and good returns for both our customers and our shareholders. It was also a year where we noticed an increased focus on sustainability from financial markets and our customers, allowing us to further leverage our position as a leading provider of sustainable financial services.

Storebrand is Norway's largest private asset manager. A buoyant financial market combined with prudent management of assets under management (AuM) resulted in us managing a total of 831 billion Norwegian kroner on behalf of our customers at the end of 2019. We had a strong financial result, delivering a profit before amortisation of NOK 3.037 billion Norwegian kroner.

In a rapidly changing world, no business can take their existence for granted. The finance sector is undergoing a digital transformation, and our customers expect seamless experiences from all the products and services they buy. To meet our customers' expectations to high quality digital services, we established two new roles to bring a stronger focus on technology and innovation into our group management team. This is in addition to an increased focus on digitalisation throughout our business.

In 2019, Storebrand was again ranked first in the annual Norwegian Customer Survey, which measures satisfaction and loyalty amongst corporate customers in Norway. We are committed to creating excellent customer experiences, such as gathering all occupational pensions in one place, giving customers better control over their future finances.

We also made the exciting decision to re-enter the Norwegian municipal occupational pensions market. This market is estimated to be twice the size of the corporate pensions market, and we are well-prepared to take part in tender processes for municipal occupational pensions in 2020.

Our operations in Sweden, under the brand SPP, delivered yet another impressive result in 2019. Growth in new sales and transfers is very strong, supported by an increasing portfolio of digital solutions, including Sajna, a fully digital occupational pension that won Digital Project of the Year at this year's CIO Awards.

We continue our focus on delivering products and services that create good financial returns and are also aligned with the objectives of the UN Sustainable Development Goals. Almost one third of our AuM is now invested in fossil-free solutions. The reduction in carbon emissions from our portfolio is driven primarily by customer expectations, as well as our duty to manage financial risk on behalf of our customers and shareholders. This fits well with our overall ambition to be net carbon neutral by 2050 - in line with the Paris Agreement. We became one of the 12 founding members of the Net-Zero Asset Owner Alliance in 2019. We came second in the Ethical Bank Guide's ranking of sustainable financial institutions.

Climate change adaptation and the transition to a low carbon economy provide both risks and opportunities for Storebrand. Sustainability is integrated into all investment decisions we make, and in 2019 we further strengthened climate risk analyses and disclosure through adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We have set our course. In 2020 we will continue to deliver new and innovative services to our customers, helping them to achieve financial freedom to realise their goals and fulfil their dreams.



Odd Arild Grefstad



This is Storebrand

We create a future to look forward to by delivering simple and sustainable pensions and savings.

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Storebrand at a glance

OUR VISION AND DRIVING FORCE

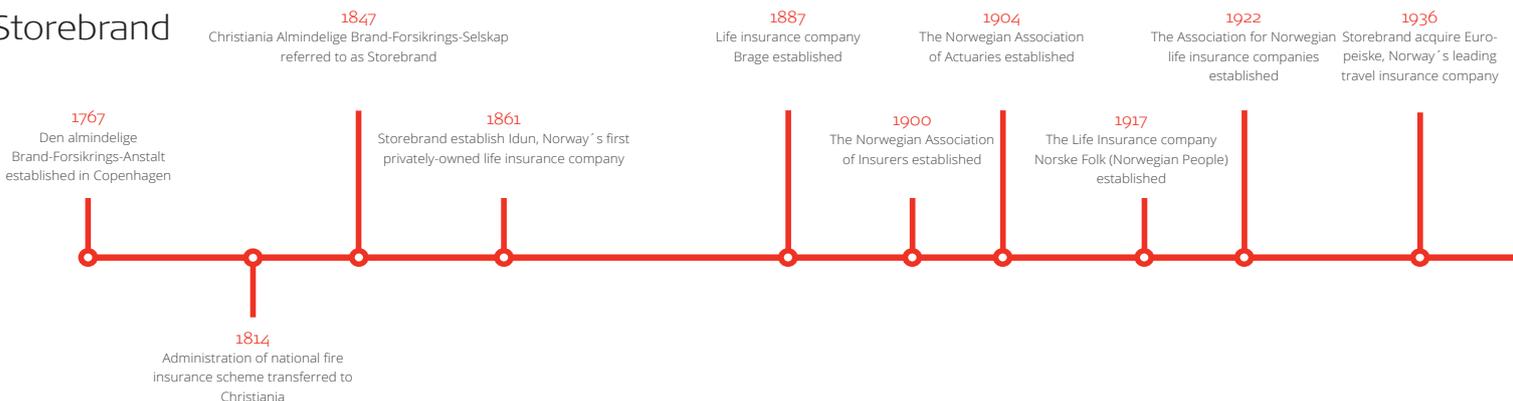
Storebrand is a financial group, headquartered in Oslo, Norway. We offer pension, savings, insurance and banking products to individuals, businesses and public enterprises. We work hard to understand our customers well enough to consistently meet their expectations. Customers shall be safe in the knowledge that we put their needs first.

We have been a part of people's lives for more than 250 years. Today, we are Norway's largest private asset manager – with NOK 831 billion invested in more than 3000 companies worldwide. More than two million Norwegians and Swedes place their savings with us. This comes with clear obligations. We are committed to managing our customers' money effectively and responsibly, helping them to fulfil their dream of increased financial freedom and financial security for the future. Assets under management shall be invested according to best sustainable practices, ensuring good financial returns and a positive impact on society.

Our purpose is clear - we create a future to look forward to.

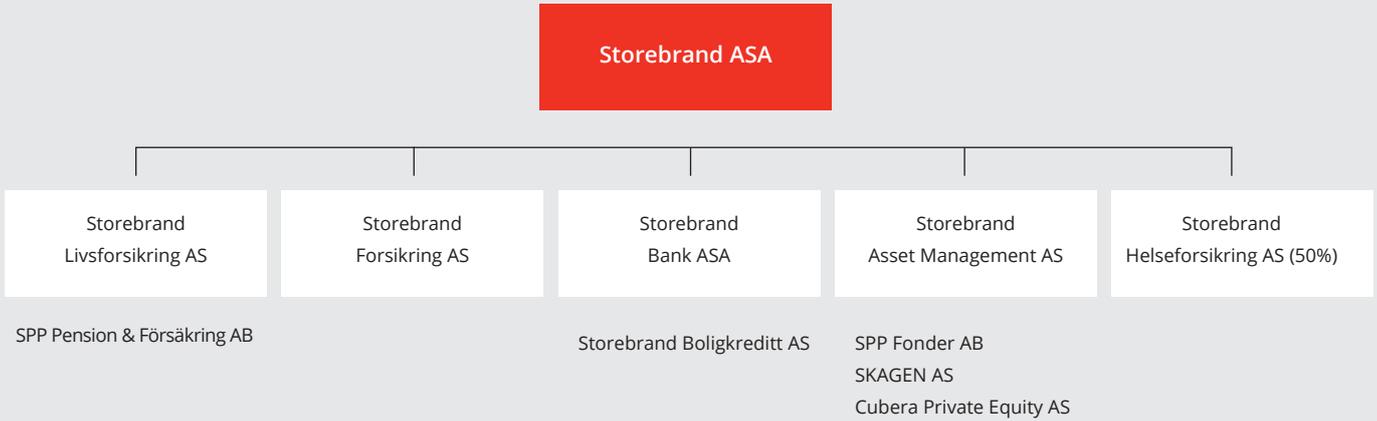


Storebrand

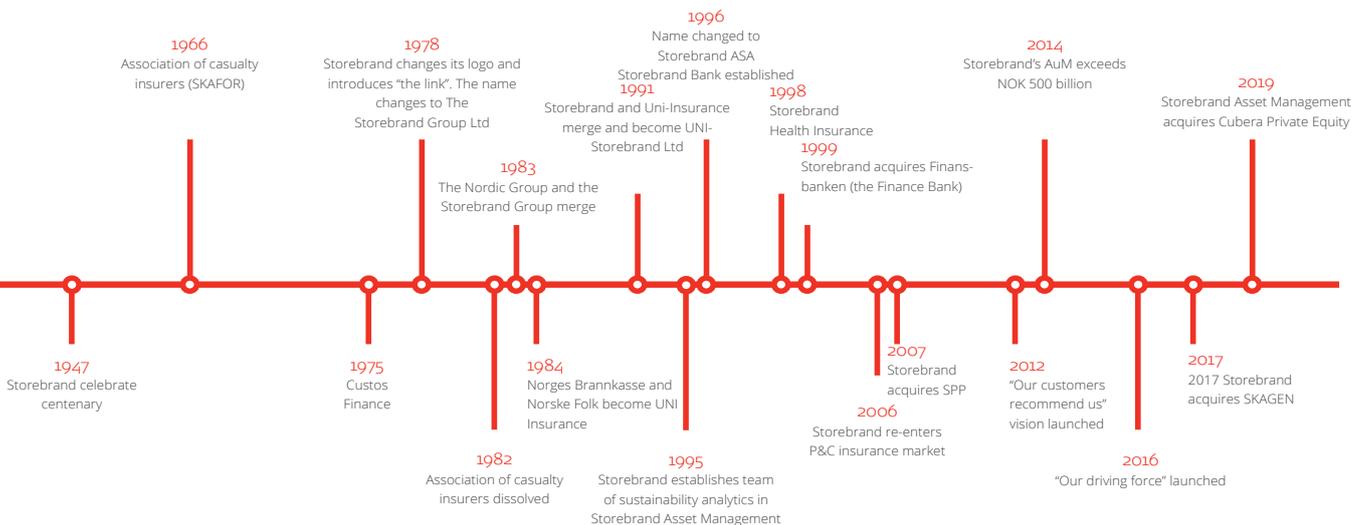
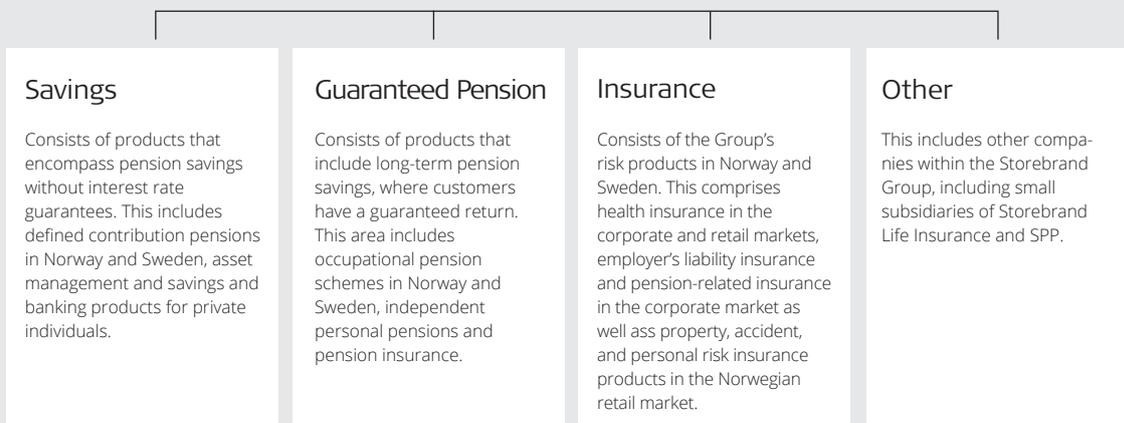


Organisation

LEGAL STRUCTURE (SIMPLIFIED)



Business Segments



Executive Management



Back left to right: **Heidi Skaaret** (Executive Vice President Retail Market), **Geir Holmgren** (Executive Vice President Corporate Market), **Terje Løken** (Executive Vice President Digital and Innovation), **Jan Erik Saugestad** (Executive Vice President Asset Management), **Trygve Håkedal** (Executive Vice President Technology), **Lars Løddesøl** (Group Chief Financial Officer).

Front left to right: **Tove Selnes** (Executive Vice President People), **Odd Arild Grefstad** (Group Chief Executive Officer), **Staffan Hansén** (Executive Vice President SPP), **Karin Greve-Isdahl** (Executive Vice President Sustainability, Communications and Industry Policy).

See appendix on page 224 for complete CVs for the Executive Management Team.

Board of Directors



From back left to front right: **Liv Sandbæk** (Member of the Board), **Magnus Gard** (Employee Representative), **Arne Fredrik Håstein** (Employee Representative), **Heidi Storruste** (Employee Representative), **Martin Skancke** (Member of the Board), **Karl Sandlund** (Member of the Board), **Laila S. Dahlen** (Member of the Board), **Didrik Munch** (Chairman of the Board), **Karin Bing Orgland** (Member of the Board).

See appendix on page 228 for complete CVs for Board and committee members.

BOARD OF DIRECTORS

The board is ultimately accountable for management of the Storebrand Group. This means, amongst other things, that the board will ensure responsible organisation of the business and establish plans, budgets and procedures. The board oversees the administrative management of the Group, maintaining insight into the Storebrand Group's financial position. In addition, the board shall ensure that business activities, accounting and asset management are subject to proper scrutiny. All directors are independent and do not have significant business relations with Storebrand. All shareholder-elected directors are non-managerial staff.

COMMITTEES

The board has appointed three committees to support its role: the Audit Committee, the Compensation Committee and the Risk Committee. More information on the role of each committee can be found on page 202.

Audit Committee		Compensation Committee		Risk Committee	
Chairperson	Members	Chairperson	Members	Chairperson	Members
Karin Bing Orgland	Martin Skancke Heidi Storruste	Didrik Munch	Laila S. Dahlen Arne Fredrik Håstein	Martin Skancke	Didrik Munch Magnus Gard

Strategic highlights

OVERALL STRATEGIC GOALS

Storebrand's ambition is to build a world-class savings group, supported by insurance. We create first-class customer experiences in the core areas of savings and pensions.

Our strategy is built upon three overall goals: maintain a leading position in occupational pensions, leverage a unique position in the private savings market and build our asset management services with strong competitive advantages and good growth opportunities. Our position as Norway's leading provider of occupational pensions provides a solid foundation to further build our business, including as an emerging leader in the Swedish market. Broad insurance offerings to both retail and corporate markets are aimed at supporting our strategic goals.

Our strategy is based on a genuine commitment to sustainable investments. We create long-term returns for both our owners and customers.

The strategy is strongly affected by several regulatory changes, such as the introduction of Share Savings Accounts (ASK) and Individual Pension Savings Accounts (IPS). Due to a restructuring of pension payments from the state, future pensioners will have to take greater responsibility for their financial future. We expect that the changing regulatory framework will result in people saving more privately.

In 2019, we reviewed our business strategy and the executive management group, following several developments in the market:

- Our customers increasingly expect seamless user experiences and personalised services and products.
- Developing robust yet flexible technological platforms is key to succeeding in satisfying customers' needs, and in realising cost efficiencies in operations.
- The competition to attract and retain the best talent is as fierce as ever.

We are experiencing a transformation in the way customers buy our products, with rapid growth in sales through digital channels. In response to the increasing digitalisation of financial services, we implemented a new organisational structure, introducing three new business areas: Technology, Digital Innovation and People. Digitalisation creates new opportunities, enables new business models and partnerships, and the revised organisational structure will enable the Storebrand Group to more effectively capitalise on these.²⁾

²⁾ For more details on our strategy, see Director's Report

³⁾ The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

SUSTAINABILITY AS CORE BUSINESS

In 2019, the UN released the results of the most thorough planetary health check ever undertaken, the IPBES³⁾ report on biodiversity and ecosystem services. In conclusion, the report made it clear that human society is threatened from the accelerating decline of our planet's natural life-support systems. The backdrop to this report is the UN special report on global warming in 2018, which concluded that the transition towards a low-carbon society requires accelerated action to keep warming under 2°C. The transition represents huge economic risks and opportunities that we as investors cannot ignore.

The financial sector has a key role to play in achieving the UN Sustainable Development Goals (SDGs). Our pensions, savings and investments are powerful tools to address key challenges needed to realise the SDGs. As a significant asset owner, insurer and asset manager, we also see great economic opportunities in the alignment of investment portfolios to a sustainable agenda.

Companies with sustainability at the core of their business strategy are typically financially robust and well positioned to weather global climate and sustainability risks and to benefit from opportunities. A growing body of evidence indicates that companies with a comprehensive strategy in line with the SDGs and Paris Agreement will create better long-term returns and may be better positioned to succeed in future markets.

SUSTAINABILITY GOVERNANCE

Sustainability is integrated in our business strategy and implemented across the entire business, including investments, products and product development, procurement, employment policies and business management.

Our main objective is to leverage sustainability as a competitive advantage. Members of the executive management group are responsible for achieving our main strategic goals on sustainability within their respective business areas. Business unit goals and targets are reviewed three times a year by the executive management group and semi-annually by the Board of Directors.

At an operational level, our work on sustainability is divided into three areas: people and business management, products and services and communication and stakeholder engagement.

PEOPLE AND BUSINESS MANAGEMENT

The sustainability principles that guide our work are:

- We base our business activities on the UN Sustainable Development Goals, and collaborate with customers, suppliers, partners and the authorities to meet these goals.
- We help our customers to live more sustainably. We do this by managing our customers' money in a sustainable manner, in addition to providing sustainable financing and insurance.
- We are a responsible employer.
- Our processes and decisions are based on sustainability outcomes – from the board and management, who have the ultimate responsibility, to each employee who promotes sustainability in their respective business area.
- We use the precautionary principle when it comes to mitigating social and environmental risk.
- We are transparent about our work and our sustainability results.

We have identified three SDGs (right) which we can significantly impact by the way we manage our group's business and people processes.



We work actively towards equal opportunities and gender balance in work and economic life (target 5.5).



We aim to achieve decent work for all our employees, and equal pay for work of equal value (target 8.5).

We aim to protect labour rights and promote safe and secure working environments for all our workers, contractors and suppliers (target 8.8).

We continuously work towards encouraging and expanding access to banking, insurance and financial services for all (target 8.10).



We strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in our operations and in our investments (target 13.1).

We integrate climate change measures into our policies, strategies and planning (target 13.2).

PRODUCTS AND SERVICES

Storebrand is a leading player in the Nordic market and a pioneer within the field of sustainable investments. We have been at the forefront of sustainable investing since the mid 1990's and were recognised for excellent performance on sustainable investments by UN PRI (Principles for Responsible Investments) in 2019. When our CEO was invited to speak at the COP 25 in 2019, this was an important recognition of our actions to reduce carbon emissions from our portfolios. All our assets are managed according to strict sustainability criteria. In addition, nearly one third of assets under management – NOK 277 billion – was invested in fossil free funds at the end of 2019. All assets under management in SPP Fonder are now fossil free. We have identified eight SDGs (below) where we can have the greatest impact through our investment activities. We use these sustainability goals actively in asset management, for example when applying our sustainability rating. In addition, we consider accountability and anti-corruption (SDG 16) when engaging with the companies we invest in (see page 28). For specific measures and targets related to these SDGs in our asset management, see the section Financial Capital and Investment Universe .



COMMUNICATION AND STAKEHOLDER ENGAGEMENT

We are transparent about our work on sustainability, and report in accordance with several leading reporting standards, including GRI, TCFD and CDP, in line with expectations from a range of key stakeholders. Setting clear strategic ambitions, and communicating openly on progress towards specific targets are key success criteria in managing our stakeholder expectations.

We form strong partnerships to realise our sustainability objectives. This illustrates our firm commitment to SDG 17: partnering for the goals. In addition, stakeholder engagement and communication aim to impact on SDG 12 and 13.

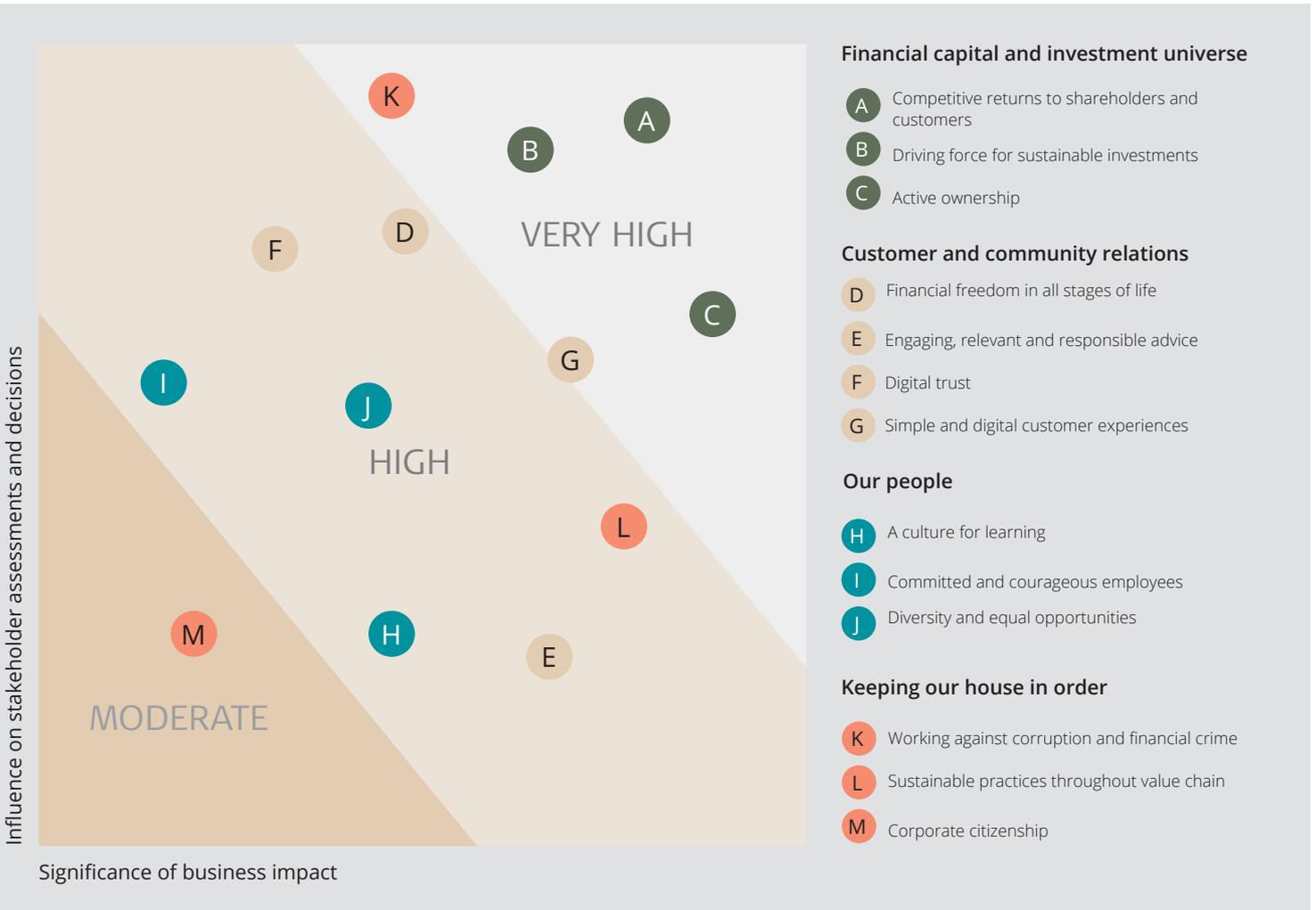


We encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle (target 12.6).



We strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in our operations and in our investments (target 13.1).

We integrate climate change measures into our policies, strategies and planning (target 13.2).



MATERIAL ISSUES

To ensure that we have a comprehensive and long-term approach to creating value for our shareholders, customers, employees and society at large, we conducted a materiality analysis in 2017. This has been adjusted, following ongoing stakeholder engagement, both in 2018 and 2019.

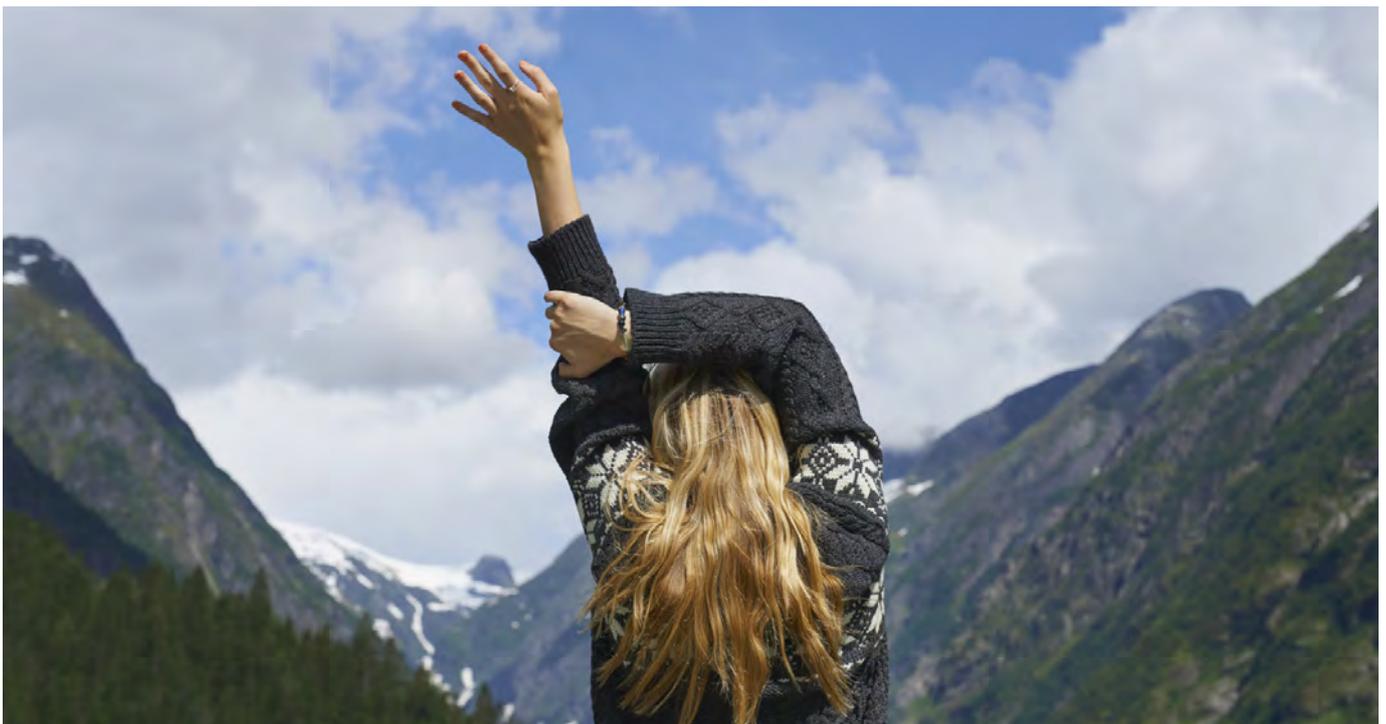
Our materiality analysis defines the challenges and issues that Storebrand and our stakeholders perceive as most essential, and where we have the most significant impact on society and the environment. The stakeholders we have discussed materiality with are shareholders, customers, employees, authorities and NGOs. These are defined as our main stakeholders, and dialogue has taken the form of AGMs, polls and surveys, interviews and meetings, as well as participation in committees and initiatives aimed at addressing a wide range of sustainability issues. Following an analysis based on dialogue with key stakeholders, we have identified four focus areas and associated issues that give a clear prioritisation of long-term challenges, and how we should approach these. These focus areas are relevant to our most important strategic goals: maintain a leading position in occupational pensions, have a unique position in the private savings market and build asset management with strong competitive advantages and good growth opportunities.

The focus areas and associated issues are presented in our materiality matrix above.

This integrated report is built around these four focus areas, with the approach, goals, initiatives and results stipulated under each section. Key performance indicators for each focus area are reported to the executive management regularly and to the board annually.

This report has been prepared in accordance with the GRI Standards: Core option. Our GRI Index can be viewed on page 212. The guidelines of the International Integrated Reporting Council (IIRC) have also been used as a basis for reporting.

This report covers Storebrand's business activities in Norway and Sweden. Environmental data specified in Section 6 of this report and in our official CDP Report excludes Skagen and Cubera offices in Norway as they have recently been integrated into the Group. From 2020, the boundary for our environmental data will be increased to include these offices. For more information on companies within the Storebrand Group, see page 207.





Climate Risk and Opportunity

In developing our climate strategy, we have considered both how we affect climate change as well as how to avoid or mitigate being negatively affected by climate change and climate policy.





Climate Risk and Opportunity

Climate change and the transition to a low-emissions society has a material impact on our business. This may be exacerbated by changes in the Norwegian economy, which is vulnerable to a falling oil price and lower activity in the oil and gas industry. In developing our climate strategy, we have considered both how we affect climate change as well as how to avoid or mitigate being negatively affected by climate change and climate policy. In addition, we have identified some of the opportunities relating to the transition to a low-emissions economy.

The effects on investments and liabilities may be sudden in the form of market unrest or unfold gradually over time through lower average return and persistently low interest rates. A disorderly transition also poses a risk, for instance if policy initiatives are too strong relative to technology development and investment opportunities. Vulnerability from a lower oil-price and activity in the oil and gas-sector is a particular risk for

Norway. A potential trigger is if the policy is abruptly strengthened to achieve Norway's goals based on the Paris agreement. A potential effect is a country-specific fall in interest rate.

We have used the Task force on Climate-Related Financial Disclosures (TCFD) recommendations as our framework for disclosing climate-related financial risks. Climate-related disclosures are integrated throughout this annual report⁴⁾, and a TCFD index can be found in appendix on page 210.



⁴⁾ Further details regarding climate risks and opportunities can be found in Storebrand's climate reports at <https://www.storebrand.no/om-storebrand/barekraft/forpliktelses-utmerkelse-samarbeid#utmerkelse> and <https://www.storebrand.no/en/asset-management/sustainable-investments/document-library>

SCENARIO ANALYSIS

European Central Banks and Supervisors have established the Network for Greening the Financial System (NGFS). Storebrand has used the NGFS framework to assess climate risks in different scenarios. The scenarios differ in two dimensions. One dimension is the strength of the physical risk and the other dimension is whether the transition is orderly or disorderly.

The scenario analysis incorporates findings from the Norwegian government’s Climate Risk Commission that relate to three core business areas: asset management, property investments, and insurance. Based on the scenarios below, we identified the potential risks and opportunities and assessed them in the short (1-3 years) and medium-long term (3-10 years)⁵⁾. A simplified description of the scenarios used illustrated below:

1. Successful Climate Action 1.5°C	2. Late Transition 2°C	3. Drastic Climate Change 3°C
<p>Successful climate policy that delivers a swift transition to a low-emission society, achieving the goal of limiting average global warming to 1.5°C by 2100. No significant self-reinforcing mechanisms in the climate system are triggered. Climate changes are moderate, and worldwide economic implications are relatively minor as a consequence.</p>	<p>Delayed changes to climate policy result in average global warming above 2°C by 2100. The economic and policy implications are considerably more pronounced than in the first scenario. In the short term, the transition presents less challenges for companies than in scenario 1. Late and more demanding climate policy increases the risk of financial instability in the long term.</p>	<p>This is a scenario involving political failure and/or the triggering of major self-reinforcing mechanisms in the climate system, driving average global warming above 3°C by 2100 and resulting in economic instability in the long term.</p>
<p>Main Impacts</p> <p>Low returns from companies unable to adapt to a low carbon economy, such as the risk of stranded assets⁶⁾ in the short to medium term.</p> <p>Reputational risk from Storebrand being unable to meet increasing customer demands for green investments may affect our market position.</p>	<p>Main Impacts</p> <p>Low absolute returns and financial instability due to climate related issues.</p> <p>Solution companies and projects are priced too high in the short term, creating a valuation bubble that may burst in the medium to long term.</p>	<p>Main Impacts</p> <p>The economic implications of the potentially catastrophic climate change impact resulting from scenario 3 cannot be meaningfully quantified. We have therefore based our assessment on scenarios 1 and 2.</p>

⁵⁾Since climate risk has been integrated into our structured risk assessment framework, which only looks at these two terms, we have not included the longer- term risks occurring beyond 10 years

⁶⁾Stranded assets are assets that have suffered from unanticipated or premature write-downs, devaluations or conversion to liabilities

ASSET MANAGEMENT

Our asset management's largest climate-related financial risks and opportunities are believed to lie in the transition to a low-emission society. Climate policy and regulations, more rigorous emission requirements, a changed cost structure and market preferences may affect our investments. Our most important initiatives to mitigate these risks and capitalise on potential opportunities are listed below in sections 3 and 6.

In addition, Storebrand Asset Management stress tested its investments through the 2 Degrees Investing Initiative scenario analysis tool PACTA⁷⁾ in 2019. Transitional risk was mapped through exposure to high and low carbon technologies in the most important sectors, including fossil fuels and electrification in the transport sector. The results indicate how our investments are influenced by different scenarios, compared to reference portfolios.

We were also one of twenty leading investors in the UNEP FI investor group on TCFD. The group developed models to enable scenario-based assessment and disclosure of climate-related risks and opportunities. The group worked on methods to determine the value at risk for equity, bond and real estate portfolios.

TARGETS AND METRICS

- **Carbon footprint in equity investments:** 17.4 Tonnes CO₂e per 1 million of sales income NOK/SEK (vs 22.1 Index)⁸⁾
- **Carbon footprint in bonds investments:** 8.4 Tonnes CO₂e per 1 million of sales income NOK/SEK (vs 14.8 Index)⁹⁾
- **Number of active company engagements around climate-related risk and opportunity:** 135.
- **Number of excluded companies due to serious climate and environmental damage:** 94.
- **Equity investments in fossil energy, billion NOK/percentage of equity investments:** 7.5 BNOK/2.6%

In addition, our deforestation policy states that we shall have completely divested from companies that contribute to illegal deforestation by 2025. We are currently mapping all companies with a high risk of contributing to deforestation and will report annually on this process starting in 2020.

Additional metrics and targets can be found in section 3 below on page 33.

REAL ESTATE INVESTMENTS

Storebrand had direct real estate investments valued at NOK 42 billion at the end of 2019. Physical risk results largely from extreme weather impacts on real estate assets.

Transitional risk is associated primarily with medium-long term uncertainty. We anticipate that the real estate sector will be subject to new requirements for energy and climate efficiency, and our ability to adapt to these requirements is crucial to managing risk as well as realising market opportunities.

Mitigation measures that we have already implemented include real estate certification and Global Real Estate Sustainability Benchmark (GRESB) rating¹⁰⁾.

In 2019, we participated in the TCFD project for developing a risk model for real estate investments. The model needs to be further developed. In addition, we have started developing a tool for climate accounting and forecasting for real estate. This should be completed in 2020.

TARGETS AND METRICS

- **100% environmentally certified real estate by 2030**
The share of direct property investments that held a green building certificate in 2019 was 41%. Our target for 2025 is to increase this to 74%.
- **Sustainability rating of all real estate:** Our direct real estate investments are rated by GRESB in four different portfolios, with rankings among the best of peers in Europe. The score increased nearly 7% from last year, to an average of 82 out of 100, corresponding to a four star rating out of five on a global basis.
- **Commitment to energy efficiency:** Continuous improvements in energy efficiency are achieved through several operational optimisation initiatives. Total carbon emissions in direct real estate investments continued to decrease and was 10,228 tCO₂e, equal to 9.12 tCO₂e per m² in 2019. Our target for 2025 is to reduce this to 6.5tCO₂e/m².

Additional metrics and targets that are relevant for climate-related risks associated with real estate investments can be found on pages 33 and 61.

⁷⁾ Paris Agreement Capital Transition Assessment.

⁸⁾ Data available up to Q3 2019.

⁹⁾ Data available up to Q3 2019.

¹⁰⁾ GRESB assesses and benchmarks the ESG performance of real estate assets, providing standardised and validated data to capital markets.

INSURANCE

The direct impact on insurance liabilities from climate change is limited for Storebrand. The greatest climate-related financial risk for our real estate and casualty insurance business is physical risk in the form of increased payments due to climate-related damage. In the long term, rising sea levels and changes in weather patterns may also have an impact. We believe that transitional risks, such as changing customer behaviour, technological developments and new regulations, will affect the real estate and casualty insurance markets. Our most important initiatives to mitigate climate risks are:

- **Risk assessment and pricing:** climate factors are included in risk assessment and pricing in the underwriting process.
- **Exposure mapping and reinsurance:** We reinsure assets in areas with a high exposure to physical risks associated with climate change.
- **Diversified risk through national plan:** Participation in Norwegian natural perils pool is statutory and provides joint reinsurance protection linked to property insurance for real estate and housing.

- **Pilot project under the auspices of UNEP FI:** We are currently participating as one of 18 insurance companies to further develop standardised reporting for insurance providers in accordance with TCFD. The work is expected to be finalised in 2020.
- **Rewarding damage prevention:** We actively communicate with our customers, encouraging damage prevention measures, such as securing property during periods prone to flooding.

TARGETS AND METRICS

Insurance accounts for around 5% of our revenue and, as such, we do not have quantitative targets relating to climate risk. We do, however, have a focus on the mitigating initiatives mentioned above.



3

Financial Capital and Investment Universe

We have two core objectives: to generate a return to our shareholders and to provide the best possible return for our customers on their savings so they can be financially secure during their retirement. We aim to be a leading player in the field of sustainable investments.

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Provide a return to owners and customers

WHY

We are a publicly listed company and one of the largest providers of pensions in Norway and Sweden. We therefore have two core objectives: to generate a return to our shareholders and to provide the best possible return for our customers on their savings so they can be financially secure during their retirement.

APPROACH

Our core product is occupational pension plans, offered both to companies and directly to individuals. Legacy products that carry an interest rate guarantee shall be managed in a capital-efficient manner to free up capital for shareholders over time. Non-guaranteed savings products are experiencing high growth at a low capital cost – a growth Storebrand is capturing together with our insurance offering.

GOALS AND AMBITIONS

We have the following operational goals:

- Maintain our leading position within the occupational pensions market in Norway
- Continue our challenger role in Sweden with double-digit annual growth within occupational pensions
- Strengthen our Norwegian retail savings position through double-digit annual growth
- Maintain our leading market position within asset management in Norway, while strengthening our international presence
- Grow annual insurance premiums by at least 5%, with a combined ratio of 90-92%

Our dividend policy states that the aim is to pay an ordinary dividend of more than 50% of the group result after tax and at least the same nominal amount as the previous year. Ordinary dividends will be paid at a solvency margin of more than 150%. If the solvency margin is above 180%, the board intends to propose special dividends or share buy backs. To create further value, our ambition is to continue investment in prioritised growth areas and deliver an overall return on equity of at least 10%.

INITIATIVES

In 2019 we announced that we will re-enter the Norwegian municipal occupational pension market following recent pension reforms. This opens up a completely new market estimated to be over double the size of the private sector market, when measured in assets under management (NOK 552 billion and NOK 248 billion respectively).



Storebrand's asset management team further increased its focus on ESG-enhanced solutions in 2019. We acquired the private equity firm Cubera, strengthening our alternative investment offering. Storebrand asset management also launched some of its ESG funds for international sales.

RESULTS

Storebrand delivered a return on equity of 8.0%, and the board proposed to the General Meeting an ordinary dividend of NOK 1,517 million, corresponding to NOK 3.25 per share for 2019. Fee and administration income grew 6% to NOK 5,308 million, but lower insurance results in 2019 lead to profit before amortisation of NOK 3,037 million, a reduction by 4% compared to last year. In Sweden, SPP gained market share through growth in new sales, premiums and transfers.

A driving force for sustainable investments

WHY

We manage customers' pension savings over the span of decades so a long-term perspective to investing is key. International studies support our own observations that the most sustainable companies on the world's stock exchanges tend to outperform their peers financially over time. They have a better understanding of the global development and how to manage risks and opportunities. The customers are also increasingly demanding sustainable investment products and solutions and 36% of the Norwegian population say they have stopped buying a product or service due to unsustainable practices in the company.¹¹⁾

APPROACH

A key success factor in realising our sustainable investment strategy is ensuring that portfolio managers have the necessary tools to make well-informed decisions when identifying sustainability risks and opportunities. Three important tools to address these issues are solutions-oriented investments, active ownership and exclusions.

Investing in Solutions

Our investment strategy includes allocating capital towards more sustainable companies. To accelerate sustainable development over the next decade, we will be scaling up our investments in solution-oriented companies. We define solution-oriented companies as firms that contribute to the UN Sustainable Development Goals (SDGs), without significantly hindering other SDGs or the Paris Agreement. Our solution company whitelist was updated in 2019 and is used in investment decisions. It is part of the Storebrand sustainability score, which is based on a wide range of sustainability indicators and uses both internal analyses and data from third-party vendors. The score is comprised of both ESG risks and opportunities linked to the SDGs (see below). The score assesses companies' exposure to and management of financially material sustainability risks. This approach means we effectively identify companies that offer both long-term financial returns and contribute to solving sustainability challenges. We invest more in these companies, and less in companies with a low score.



¹¹⁾ Results from a nationwide study in 2019 conducted by Norstat om behalf of Storebrand

SCORING INVESTMENT OUTCOMES FOR SDG OPPORTUNITIES

ENGAGING WITH COMPANIES TO REALISE SDGS



Invest in companies that provide climate solutions and contribute to achieving the Paris Agreement.



Engage with the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change.



Invest in companies that provide solutions within sustainable management and efficient use of natural resources. Promote circular economy and improved waste management during a product's life cycle.



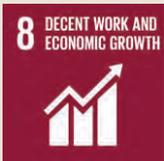
Reduction of water use and GHG emissions within intensive livestock producers. Raise environmental standards in key sectors, such as palm oil.



Ensure exposure to companies that provide sustainable urbanisation and transport systems and reduce the environmental impact of cities. This includes companies that improve air quality and waste management, promote inclusion, resource efficiency, mitigation and adaptation to climate change, or resilience to natural disasters.



Raise awareness of international labour rights, particularly in high-risk sectors. Improve policies and performance regarding management-worker relations. Increase awareness of social issues in the palm oil industry and raising social standards.



Promote economic productivity through diversification, technological upgrading and innovation. Increase access to financial institutions, banking, insurance and financial services for all.



Promote measures to avoid corruption and bribery related to corporate governance issues and systematic failure to detect fraud and corruption. Use voting rights to encourage greater accountability and transparency.



Invest in companies that promote energy efficiency and enable increased production, distribution and use of renewable energy in the global energy mix. Increase investments in clean energy infrastructure, grid, storage and technology.

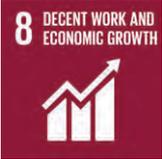


Promote solutions for safe and affordable drinking water, improved sanitation, water quality, water-use efficiency, water resource management and the restoration of water-related ecosystems.



Promote companies that support productive employment and decent work for all women and men. Increase exposure to companies that work against discrimination, that provide equal pay for equal value work, and for equal opportunities in leadership at all levels of decision-making.

EXCLUSION CRITERIA BASED ON THE SDGS

THE STOREBRAND STANDARD (APPLIES TO ALL FUNDS)	ADDITIONAL CRITERIA (APPLIES TO SELECTED FUNDS)	
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Companies involved in systematic corruption and financial crime.</p> <p>Government bonds issued by countries that are systematically corrupt, systematically suppress basic social and political rights, or that are subject to UN Security Council sanctions.</p> <p>Companies with more than 5% revenue from production or distribution of controversial weapons, hereunder nuclear, land mines, cluster munitions, biological and chemical weapons.</p>	<p>Companies that derive more than 5% of their revenue from the production or distribution of weapons (small arms, military contracting and defence).</p>
 <p>13 CLIMATE ACTION</p>	<p>Companies involved in serious environmental damage.</p> <p>Companies with major stakes in coal and coal utilities and in oil sands.</p>	<p>Companies that derive more than 5% of their revenue from the production or distribution of fossil fuel reserves exceeding 100 million tonnes CO2.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Companies with severe and/or systematic unsustainable palm oil production.</p>	
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Companies that cause or contribute to serious and systematic breaches of international law and human rights.</p>	<p>Companies that derive more than 5% of their revenue from the production or distribution of gambling or adult entertainment.</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Companies with more than 5% of revenue from the production or distribution of tobacco or recreational drugs.</p>	<p>Companies that derive more than 5% of their revenue from the production or distribution of alcohol.</p>

Active Ownership

We exercise active ownership in the companies we hold shares in by voting at general meetings, including proxy voting, and direct dialogue with the management and boards of these companies. We prioritise direct dialogue when we believe this is the most effective way of influencing decisions relating to ESG issues. Through participation in the UN PRI (Principles for Responsible Investments), we work with other investors to engage with companies in relevant areas of sustainable business, including climate and deforestation.

Storebrand manages direct property investments in Norway and Sweden totalling NOK 42 billion, accounting for 5% of our investment portfolio. We place stringent ESG requirements on how the properties we manage perform, and report on progress through GRESB .

Exclusions

All companies in our investment portfolio must satisfy the Storebrand Standard. This stipulates minimum requirements to human rights and international law, corruption and financial crime, climate and environmental damage, controversial weapons and tobacco. It applies to all funds and pension assets in the Storebrand Group and ensures that customers' money is invested in companies that comply with international norms and conventions. In case of serious violations of the Storebrand Standard, we use our role as owner to suggest improvements in dialogue with the company. If our engagement is not successful, the company is excluded from our investment portfolio.

GOALS AND AMBITIONS

We aim to be a strong agent for achieving lasting change in the way companies are managed – and at the same time provide good returns to our owners and customers. We put capital to work to finance socially beneficial, sustainable solutions and to reduce exposure to activities that impact society negatively.

We aim to reduce greenhouse gas emissions from the companies we invest in, and Storebrand as an asset owner is committed to having a net-zero carbon portfolio by 2050.

Our coal exit strategy commits Storebrand to excluding companies that derive high revenues from coal. Storebrand will effectively divest from coal investments by 2026.

Storebrand's ambition is to have an investment portfolio that does not contribute to deforestation by 2025. A key objective is to ensure that we do not finance operations that are illegal, fail to protect high conservation value forests/land or violate the rights of workers and local people, as reflected in Storebrand's policy on deforestation launched in 2019.

All our property management services have a certified environmental management system. Our goal is to certify all individual properties in accordance with the BREEAM standard.



INITIATIVES

Pathway Towards Decarbonisation

We are members of Climate Action 100+, hailed as one of the most important global investor initiatives for tackling climate change, with more than 370 investors and USD 35 trillion in assets under management.

We joined the UN backed Net-Zero Asset Owner Alliance in 2019, as one of 12 founding members. The aim is to leverage the role of active owners in order to reduce emissions in investment portfolios, whilst holding members publicly accountable for progress towards intermediate targets in line with Article 4.9 of the Paris Agreement¹². Members commit to working with their portfolio companies to transition their production methods and energy sources to low carbon alternatives. In 2019, our CEO was invited to speak at a high level event at COP 25, representing the alliance and describing Storebrand's measures to reduce the carbon footprint in our portfolios.

We participate in and support the Accounting for Sustainability (A4S) initiative¹³. In 2019, 37 CFOs worldwide, Storebrand's included, committed to helping their organisation achieve net zero emissions.

Our coal exit strategy implies a 5% reduction in revenue from coal production in the companies we invest in every other year, meaning we will be effectively divested from coal by 2026. In 2019, we further strengthened our coal exit strategy by introducing an absolute threshold of 20 million tonnes for coal mining and 10,000 MW coal power capacity, meaning that large companies with significant yet relatively small shares of revenues from coal are also excluded.

We released a deforestation policy in 2019 to encourage the elimination of deforestation through engagement with companies and investors¹⁴. The policy lays out what we expect of companies regarding their disclosure and management of deforestation risks.

We also demanded climate action from the International Energy Agency (IEA), along with over 60 other international companies, organisations and academics, asking IEA to provide better tools for governments, investors and companies to align policies, investments and business strategies with the Paris Agreement.

We have reported on our efforts to reduce greenhouse gas emissions from the companies we invest in, in line with The Portfolio Decarbonisation Coalition and Montréal Protocol since

2015. We have continued our dialogue with portfolio companies to use standardised reporting measures for climate-related disclosures.

We are a driving force for recommendations to The Task Force on Climate-related Financial Disclosures (TCFD). In 2019, we changed our methodology to report on carbon footprint metrics according to the TCFD recommendation using weighted average carbon intensity¹⁵. To advance our approach to climate-related reporting, both Storebrand Asset Management and Storebrand Life Insurance participated in the UNEP FI TCFD project for investors and insurers in 2019.

Our CEO also engaged in several initiatives in 2019, in order to promote climate friendly business practices and share knowledge and experience with other companies. The Norwegian business initiative Skift and the Nordic initiative Nordic CEOs for a Sustainable Future, are two examples. Our engagement in such initiatives will continue.

"To accelerate sustainable development over the next decade, we will be scaling up our investments in solution-oriented companies."



¹² <http://www.mynewsdesk.com/no/storebrand-asa/pressreleases/storebrand-makes-unprecedented-commitment-to-net-zero-emissions-2919167>

¹³ For more information, see <http://www.accountingforsustainability.org/netzero>

¹⁴ <https://www.storebrand.no/en/asset-management/sustainable-investments/exclusions/deforestation-policy>

¹⁵ Read our carbon footprint reports at <https://www.storebrand.no/en/asset-management/sustainable-investments/document-library>

Social and Governance Issues

We continued our focus on deforestation in 2019 by acting as a lead investor in three different UN PRI initiatives that deal with soy, cattle and palm oil. Along with 250 investors with more than 16 trillion USD in assets under management, we demanded corporate action on deforestation in 2019.

The call to action was heard both by companies and the Brazilian government. We co-hosted an event on deforestation, together with Norsif, to create better awareness about the topic and encourage Norwegian investors to join collaborative engagements with companies to tackle this issue.

We are a signatory of an Investor letter asking companies to sign and implement the UN Women Empowerment Principles. The statement asks that companies strengthen their commitments and take decisive and concrete action towards gender equality. We cooperated with the Norwegian NGO Care and the consulting firm PwC in 2019, writing a report on the correlation between gender balance and corporate performance – and different ways of implementing these results when investing in companies.

Storebrand is a signatory of the PRI Investor Commitment to Support a Just Transition on Climate Change launched in May 2019. The initiative intends to engage investors already active in climate change initiatives to make them aware of the social dimension linked to the transition to a low-carbon economy. In 2019, Storebrand launched its formal proxy voting policy¹⁶⁾, which focuses on sustainability issues in shareholder resolutions.

RESULTS

We were recognised for excellent leadership in sustainable investments by PRI, and were appointed as the only Norwegian asset owner among the PRI Leaders Group¹⁷⁾ in 2019. Storebrand was included based on our management of external private equity investments. We also came second in the Ethical Bank Guide's ranking of sustainable financial institutions¹⁸⁾. SPP received the top ranking for sustainable investments by both Max Matthiessen¹⁹⁾ and Söderberg & Partners²⁰⁾ in 2019. SPP Fonder made all their funds fossil free in 2019. As a result, one third of all AuM, NOK 277 billion, in the Storebrand Group was fossil free at year end.

Storebrand was one of three lead investors engaging with Equinor as part of PRI's Climate Action 100+. The engagement led to Equinor committing to take significant additional action on climate change.

The share of environmentally certified real estate investments increased from 30% of real estate investment in 2018 to 41% in 2019. We work continuously with environmental management and investment in initiatives to optimise the environmental performance of the properties we manage, and have reduced energy and water consumption in Norwegian real estate investments by around 30 % since 2011.

We had excluded 181 companies from our investment universe at the end of 2019 due to violations of our sustainability standard. Of these, 94 were due to serious climate and environmental damage, and 61 due to revenues exceeding 25% from the coal industry in line with our coal exit strategy.



¹⁶⁾ Read our proxy voting policy at <https://www.storebrand.no/en/asset-management/sustainable-investments/document-library>

¹⁷⁾ Read more about the PRI Leaders Group at <https://www.investmenteurope.net/news/4004890/storebrand-norwegian-pri-leaders>

¹⁸⁾ <https://etiskbankguide.no/>

¹⁹⁾ <http://viewer.zmags.com/publication/47ce92ac/#/47ce92ac/8>

²⁰⁾ <https://online.flippingbook.com/view/667717/22/>

Key performance indicators

For detailed KPI definitions, see page 222.

Key performance indicators	Result 2017	Result 2018	Result 2019	Goal 2020	Goal 2025
Return On Equity	11.3%	13.7%	8.0%	>10%	>10%
Solvency II	172%	173%	176%	>150%	>150%
Dividend pay-out ratio	40%	68%	73%	>50%	>50%
Percentage AuM screened for sustainability	100%	100%	100%	100%	100%
Billion NOK invested in fossil-free products ²¹⁾	60	68	277	N/A	N/A
Carbon footprint from equity investments: tonnes CO2e per 1 million NOK/SEK sales revenue (vs. index)	28 (18)	22 (32)	17 (22)	N/A	N/A
Carbon footprint from bonds investments: tonnes CO2e per 1 million NOK/SEK sales revenue (vs. index)	New	New	8(15)	N/A	N/A
Investment in solutions (solution companies, Green Bonds, and real estate with Green Building Certificate): Billion NOK/percentage of AuM ²²⁾	New	38.8 BNOK / 5.5%	53.7 BNOK/6.5%	8%	15%
Investment in green bonds, Billion NOK/Percentage total bond investments	New	8.4 / 2.9%	12.4 / 3.1%	-	-
Investment in solution companies, Billion NOK/Percentage equity investments	New	New	24.3 / 9.3%	-	-
Certified green property, Billion NOK/Percentage total real estate investments ²³⁾	New	New	17 / 41%	-	-
Number/percentage companies excluded from investment universe in Storebrand Group	New	171 / 5.9%	182 / 4.3%	N/A	N/A
Number / percentage company engagements to discuss ESG issues ²⁴⁾	New	314 / 10.8%	408 / 9.7%	N/A	N/A
Number / percentage votes at AGM to promote ESG issues ²⁵⁾	New	530 / 41,6%	151 / 4.3%	N/A	N/A
Energy intensity, real estate investments	189 kWh/m2	198 kWh/m2	184 kWh/m2	183 kWh/m2	172 kWh/m2
Water intensity, real estate investments	0,36m3/m2	0,38m3/m2	0.43m3/m2	0,34m3/m2	0,32m3/m2
Percentage of real estate investments with green certificate	26%	30%	41%	48%	74%
CO2 emissions real estate investments ²⁶⁾ : total / tonnes CO2e per m ²	10551 / 10.25	10818 / 9.96	10228 / 9.12	8.6	6,5
Percentage waste sorted for recycling ²⁷⁾	71%	75%	71%	75%	80%

²¹⁾ Fossil-free products are one of several ways to reach our overall goal of becoming net zero and we have therefore not set a specific goal for the amount invested in fossil-free products

²²⁾ We have decided to set an overall goal for 2020 and 2025, and not for each asset class

²³⁾ We have discontinued reporting total solutions as a percentage of AuM and replaced this with a more granular level of reporting, where the previous figure is divided into solution companies, green bonds and green certified real estate investments.

²⁴⁾ The number of companies engaged with has increased, while the percentage of investment universe has decreased due to an overall increase in the number of companies in our investment universe.

²⁵⁾ The total number of votes in 2018 was significantly higher in 2018 due to us testing out this model for engagement. In 2019, we launched our policy for voting, incorporating lessons learned from 2018. This has resulted in a more goal-oriented approach to active ownership, despite a reduction in total votes

²⁶⁾ Emissions factors have increased since we reported in 2018. We have therefore recalculated our emissions for 2017, 2018 and 2019 using the new factors in order to provide comparability over this three-year period

²⁷⁾ Direct real estate investments in Norway only. Due to an earlier error in our calculation of sorted waste, this number has been revised for 2017 and 2018. Goals for 2020 and 2025 have also been increased to drive performance further.

4

Customer and Community Relations

We offer customers a range of services designed to meet the breadth of their financial needs at all stages of their lives.

- 36 Financial freedom in all stages of life
- 38 Engaging, relevant and responsible advice
- 40 Engaging our customers through digital experiences
- 41 Digital trust
- 42 Key performance indicators





Financial Freedom in All Stages of Life

WHY

Recent reforms to the Norwegian pension system have resulted in people having a larger responsibility for their own pension. This is especially true considering that life expectancy has increased, and that Norwegians can expect less support from the government to meet living costs throughout retirement. Pensions sit at the heart of our service offerings, and are our most important tool for helping customers achieve financial freedom.

APPROACH

We aim to increase awareness about personal finance by providing simplified information and making good advice easily available for our customers. Developing digital tools and improving digital communication are central.

Customers shall be secure in the knowledge that we manage savings in a highly professional manner, contributing to a good return on investment. We provide information and advice to our corporate customers so that they can help their employees making better financial decisions. We focus on building strong relations with our corporate customers and between Storebrand and individual employees.

We believe that the reasons we are a preferred provider of pension services include our customer seminars, easy access to qualified advisors and a simple communication without complex financial jargon.

GOALS AND AMBITIONS

My Pension is a digital tool that helps customers calculate expected pension entitlement, bringing together data from the State Pension Fund, private pension savings and employers' pension contributions. The app, together with services such as our Guide to Financial Security, Smart Pension and Employee Overview are key to engaging employees, encouraging them to become private customers at Storebrand.

Our aim is to offer customers a range of services designed to meet the breadth of their financial needs at all stages of their lives. We shall offer relevant products and services in banking and insurance. Our goal for 2020 is a 10% increase in number of customers who have products from at least one product line.

INITIATIVES

In 2019 we launched the "Good Money" campaign, aimed at positioning us more clearly in the market as an investor with a unique competence in sustainable investments. Our brand should be recognised for excellence in combining good financial performance with sustainable investments.

In 2019 we developed an app that will provide customers with a complete overview of their expected financial situation during retirement.

We also made improvements to *My pension* in 2019, aiming to provide a better overview over individual pension entitlement.

RESULTS

Nearly half a million Norwegians have checked their pension entitlement through our website since launching the service in 2013, and nearly 30% of these have purchased at least one product from Storebrand.

In 2019, 70,000 customers found information relating to their pension entitlement through our website.

"Customers shall be secure in the knowledge that we manage savings in a highly professional manner, contributing to a good return on investment"



We continuously work towards encouraging and expanding access to banking, insurance and financial services for all (target 8.10).



Engaging, relevant and responsible advice

WHY

Pensions and insurance are perceived by the general public as complicated. It can be difficult to understand which agreements and rights are collective and which are personal, as well as which conditions apply to the various agreements. If we are to succeed with our strategic goal of creating first-class customer experiences in the area of savings and pensions, we must take this challenge seriously.

Throughout the various phases of working life, to the point of retirement, we work to provide our customers with an overview, necessary insight and understanding of their own pension and insurance agreements.

Relevant and responsible advisory services are the main prerequisites for customer satisfaction. Our aim is to consistently guide our customers to buy products and services that are relevant and appropriate for their particular life situation. If we do this effectively, we contribute to our vision of being customer centric.

APPROACH

The starting point for all customer contact is the principle of “the customer first”. This is reflected in our service standards:

- **Trustworthy** – I keep what I promise and I am professional
- **Caring** – I treat everyone individually and I help them and give advice
- **Enthusiastic** – I am positive and I exceed expectations
- **Efficient** – I make the customer journey easy and I improve my organisation

High ethical standards, expert advisory services and a focus on customer care, are fundamental. Our advisers are authorised either through a national authorisation scheme for financial advisers (AFR) or the approval scheme for salespersons and advisors in the area of property and casualty insurance (GOS).



Both schemes are overseen by the Financial Services Industry. Our authorisation and qualification requirements are communicated to customers across digital platforms.

GOALS AND AMBITIONS

We aim to be known for having the best sustainable savings and pension solutions.

Our ambition is to become the industry leader when it comes to customer satisfaction. Our goal for 2019 was to be among the top three. We also aim to improve customer relations and revenue per customer by increasing the number of products each customer has at Storebrand.

Storebrand's advice shall be based on the customer's needs, and our ambition is for 75% of our savings advisors to be authorised at any given time²⁸⁾.

INITIATIVES

The interaction between digital and physical customer service is becoming increasingly important. Teams dedicated to digital and physical customer service work together to prioritise and develop initiatives.

An important step in 2019 was introducing the Customer Engagement Platform, a transformational program that is based on a modern, data-driven CRM platform. This has redesigned our customer experience, making improvements on smarter use of data, and a more personalised customer experience, allowing us to better meet customer needs.

We are working on a project for customers who are nearing retirement, called *Retirement Management*. By offering pension advice, combined with smart digital solutions, we aim to realise the potential in a customer group with uncovered needs.

In 2019 we launched a new learning program for authorising new employees. We increased the number of authorised advisors and included bank and insurance advisors in the program. We also introduced a dedicated learning program for insurance advisors and started developing an authorisation program for credit advisors.

RESULTS

We were again ranked first in the Norwegian Customer Barometer's annual survey of customer satisfaction in the corporate market.

In the retail market, we maintained an NPS score²⁹⁾ corresponding to fourth place in Norway and fifth place in Sweden.

With a market share of 20% in 2019, we maintained our position as one of the market leaders in Individual Pension Savings (IPS) amidst strong competition.

In the market for transferable savings³⁰⁾, we had a market share of 19.9% in 2019.

In the area of pension and savings, 22 new advisors were authorised according to the Authorised Financial Advisor program, bringing the total percentage of authorised advisors to 81% of all advisors at Storebrand.

"Our ambition is to become the industry leader when it comes to customer satisfaction."



28) Staff turnover explains why our ambition is not 100%.

29) The Net Promotor System (NPS) is a measurement tool for customer satisfaction, in which the customer gives a score from 0 to 10, with 10 as the best result.

30) Free funds (Retail Market), individual pensions, individual capital, Pension Capital Certificates (PKB), and paid-up policies with investment options (FMI).

Engaging our customers through digital experiences

WHY

Of all the changes affecting our industry, technological progress and digitalisation are probably the greatest. Technology affects our entire business: our customers' behaviour and expectations, opportunities to deliver services to customers, as well as opportunities to automate and transform how our products are delivered and experienced.

APPROACH

Digital & Innovation was established as a separate commercial group unit in 2019, creating better integration of technology expertise into our business development and operations.

Digital Business Development is an interdisciplinary team, where product managers, business developers, IT architects, developers and interaction designers work together to improve customer experiences and solve customer problems through digital services.

We maintain a close relationship with our customers in order to better understand their behaviour, challenges and service needs.

GOALS AND AMBITIONS

Our overarching ambition is to increase customer satisfaction and reduce costs through the use of our digital services. We aim to achieve this by enhancing the user experience, with more digital sales and self-service.

In 2020 we shall further develop our pension app including all savings, not limited to pensions. Our goal is to have 130,000 app installations by the end of 2020.

INITIATIVES

Digital development was a high priority in 2019, and a broad range of improvements have been made to existing solutions, while also developing new services.

Digital sales processes were improved across all business areas. We developed a fully digital mortgage application and approval process, automated health declarations for life insurance, and implemented a more intelligent process for helping customers initiate a savings plan.

Employees of our corporate customers are now being served by *My pension*. This mobile app helps users understand the value of their pension schemes, how it influences their total saving needs,

and what actions to take in order to ensure that savings generate a sufficient income throughout retirement. Our app for health insurance *Get well* was revamped with improved functionality, including direct booking of appointments and fully automated digital claims handling. We partnered with *Eyr* for in-app video consultations with doctors, *Myworkout Go* to measure and improve the physical age of our customers and incentivise better health outcomes, provided access to the user's electronic health journal from *Helsenorge*, and *Eprescription* for viewing and renewing electronic prescriptions.

We developed and expanded our cooperation with the app *Dreams*, which motivates customers to save through a supportive community and personalised savings strategies. We developed a new service in the *Dreams* application in 2019, which supports Norwegian households in reducing their debt burden.

My pension was further developed in 2019, making the user experience more intuitive, catering to the needs of employees of our corporate customers. This includes a digital savings advisor.

RESULTS

The total number of digital sales reached 150,000 in 2019, corresponding to over 40% of total sales, and an increase of almost 15% from 2018 and more than triple compared to 2016.

Results from the Digital Net Promotor System (Digital NPS), where customers are asked how likely they are to recommend Storebrand based on their digital experience, showed that more customers gave a very high score (9 or 10) than those giving a very low score (6 or lower). This indicates that customer satisfaction with our digital solutions continued to increase in 2019. The mobile application *My pension*, has a high ranking, and had been installed 17,000 times by the end of 2019.

Get well reached 30% of the individuals with health insurance at Storebrand in 2019, and was used monthly by over 15,000 customers, who book more than 1100 physiotherapy sessions per month through this digital end-to-end process.

The number of downloads of the *Dreams* app doubled, from 100,000 to over 200,000 in 2019, making it one of the most popular savings services on the market.

Sajna, a fully digital occupational pension offered to customers in Sweden, won Digital Project of the Year at this year's CIO Awards.

Digital Trust

WHY

We live in a digital world, where our personal data is increasingly at risk of being misplaced, stolen or shared without our consent. In our efforts to create industry-leading customer experiences, it is critical that our customers are confident that their personal data is managed responsibly.

New technology and intelligent use of information, and personal data, enable us to better understand our customers and their needs. We can only do this because we have established a high level of trust amongst our customers. This will provide us with the necessary foundation for developing better, more relevant and more customer-centric products and services.

APPROACH

Our guidelines for the processing of personal data contain principles for digital trust, such as lawful and transparent processing, purpose limitation, rights of data subjects, and requirements for built-in privacy protection. We have implemented an internal control system throughout the entire data value chain. Through this system, we stipulate requirements, verify and continuously improve data security throughout the Group, internally, with our partners and in our customer solutions.

In cases where the risk of a breach is assessed as being either medium or high, customers are contacted directly by telephone or email. In such cases, we inform customers what has happened, what measures we have implemented, and, where necessary, what action the customer should take to protect their personal data.

GOALS AND AMBITIONS

Our ambition is to engage our customers and build long-term relationships through delivering first-class customer experience in all channels. This requires that we take responsibility for safeguarding our customers' rights under the Personal Data Act.

INITIATIVES

The managing director of each company in the Group is responsible for personal data management, including ensuring that internal control procedures are implemented and reviewed regularly. All managers at Storebrand are responsible for ensuring that employees with access to personal data have the necessary competence and are suitably qualified to secure our customers' personal data rights, through following our procedures for information security.

Information security and data protection training are mandatory for all employees and are a part of our onboarding program for new employees. Employees who collect, process or have access to customer data receive mandatory training in data privacy.

We have been dedicated to implementing the new General Data Protection Regulation (GDPR). Data protection and information security are well-integrated into our internal control systems and risk management processes. We continuously assess the privacy risk that we may expose our customers to.

We also launched an improved version of our data protection declaration on our website and improved our online customer portal to provide individual customers with a better overview of their data protection settings³¹.

RESULTS

In 2019 all employees handling customer data received mandatory training on data protection. All new employees received the same training. In addition, several topic-specific workshops were held throughout the Group.

In 2019, 48 incidents³² related to the processing of personal data were reported. We reported 10 of these as non-conformities (substantiated complaints) to the Norwegian Data Protection Authority in accordance with the General Data Protection Regulation.

All registered cases from 2019 were dealt with and are closed. No fines, warnings or mandatory improvements were issued to Storebrand by the Norwegian Data Protection Authority.

³¹ Please visit our website: <https://www.storebrand.no/en/online-security-and-privacy> for more information about digital security and privacy.

³² A customer and process-related incident is defined as an undesired situation that has occurred as a result of a failure of internal processes, operational disruptions, human error, violation of internal/external regulations or external matters. The consequences may be financial loss or gain, extra work, loss of reputation and/or sanctions related to the violation of internal/external regulations.

Key performance indicators

For detailed KPI definitions, see page 222.

Key performance indicators ³³⁾	Result 2017	Result 2018	Result 2019	Goal 2020	Goal 2025
Customer satisfaction ³⁴⁾	#4	#4	#4	Top 3	Top 3
Market Share: Savings, Retail Market Norway	22%	21%	20%	Increase	Increase
Market Position: Pension, Corporate Market Norway	#1	#1	#1	#1	#1
Percentage female: pension savings	43%	43%	44%	Increase	Increase
Recognised for sustainable value creation (Retail Market Norway)	New 2019	New 2019	#3	Top 3	#1
Recognised for sustainable value creation (Corporate Market Norway)	New 2019	New 2019	#1	#1	#1
Customer satisfaction (Net Promoter System, Corporate Market Sweden)	#8	#7	#5	Top 3	Top 3
Expected pension as percentage of salary (My Pension)	58%	59%	60%	Increase	Increase

33) We have discontinued reporting for two indicators from 2019: a) GDPR courses, due to this being an important indicator to check implementation of new routines. We are however confident that these routines work well and that all relevant employees receive GDPR training as part of their induction; b) Sustainable Brand Index scores for UK and Sweden are being replaced by other indicators. In addition, complaints are now discussed under section 6 below.

34) Net Promoter System, Retail Market Norway





People

We recruit and develop people who are dedicated to finding the best solutions for our customers.

- 46 A culture for learning
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A culture for learning

WHY

Providing employees with opportunities for continuous learning combined with a deep understanding of our customers' needs are prerequisites for continued competitiveness in an industry undergoing rapid change. Greater breadth and diversity in expertise will contribute to continued growth and the ability to meet changing customer expectations. Digital skills, knowledge of customer preferences and insight into market developments are important to our success.

APPROACH

We recruit people who are dedicated to finding the best solutions for our customers. At Storebrand, all employees shall be able to develop in line with the company's needs. In 2019, we developed our learning management systems to better facilitate access to digital learning resources, strengthening our employees' ability to take responsibility for their own learning. A working life with increased focus on knowledge as competitive advantage and higher levels of autonomy, requires employees to master the skill of self-management. A key aspect of this is the ability to continuously and proactively acquire new knowledge and apply this to create good customer experiences.

GOALS AND AMBITIONS

Our ambition is to build a learning culture marked by innovation, responsibility for one's own learning and feedback to ensure continuous improvement.

INITIATIVES

In 2019, we increased the reach of our digital learning platform, Campus Storebrand. Mandatory training in ethics, anti-corruption and anti-money laundering is facilitated via this platform. The platform is widely used by employees for training courses in sales and customer service, to access pre-reading resources to a range of courses, and to facilitate our employee training days under the theme "World-Class Together".

We continued to extend the reach and use of our Human Capital Management (HCM) platform to encompass onboarding materials for new employees in addition to materials for existing employees with regards to security and data privacy. Our digital program for middle management, Storebrand Leadership Weekly, started in 2018, and continued in 2019 with more than 20 middle managers from Sweden and Norway participating. A key topic in 2019 was trust and transformational management.

We continued the rollout of our working method "Build, Measure, Learn", and our focus on developing an agile mindset in management training, self-organised learning networks and other gatherings. We aim to adopt this working method in product and service design throughout the Group.

We launched our graduate program, Storebrand Future Impact in 2019. New and current employees with limited work experience can apply to learn how to hone their skills and meet the global challenges of our time, responsibly, ethically and sustainably. The program focuses mainly on developing three skills; self-leadership, relations and collaboration and complex problem-solving.

RESULTS

In 2019, we offered 115 courses via the Campus Storebrand digital learning platform. A total of 1949 people attended one or more courses and completed a total of 5,696 hours of learning, with an average of 2.9 hours per person. However, this number does not accurately reflect all digital learning taking place, given that many employees complete training on many other web-based platforms such as Udacity, Coursera and LinkedIn, which are not tracked for completion. By the end of 2019, more than 70 % of our employees³⁵⁾ had completed training for the new Personal Data Act.

All participants in Storebrand Leadership Weekly participated in the research project "Technology-based Management Development". A 360-degree evaluation of managers before and after the programme documented a positive development in twelve parameters for "management" and "management performance", relating to productivity, efficiency and satisfaction of employees.

Our summer internship programme Sandbox received almost 1000 applications from Norway and Sweden in 2019. Ten students were accepted in Norway and six students in Sweden.

The two first gatherings of Storebrand Future Impact were held in 2019. We received close to 200 applications in June, and five candidates were selected externally and paired up with 18 internal candidates. The participants represent the whole breadth of the company and with diverse backgrounds and skills ranging from IT to sales. During the program, the participants will develop and present group case studies focusing on sustainability and organisational impact.

35) Turnover and role relevance explains why it was not 100%.

Committed and courageous employees

WHY

Our employees are our most important source of innovation, development and growth. Employees who dare to innovate and challenge prevailing norms are essential to realising our goal of becoming a world-class savings group.

APPROACH

Our business relies on the trust of customers, partners, governments, shareholders and society at large. To gain trust, our organisation must be professional, capable and marked by high ethical standards. All employees shall act with due care, integrity and objectivity.

Employee engagement surveys are conducted on a monthly or bi-weekly basis to measure well-being, commitment to work tasks, perception of sustainability and the experience of self-determination, amongst others. The results are followed up by the group management regularly.

We encourage a good work-life balance for all employees. We aim to accommodate our employees' needs for flexible working hours. Of our 1742 employees, only 59 (3%) are employed on a part-time basis (of which 50 are female). This is due to employee preferences.

We offer permanent employees paid maternity and paternity leave equalling 100% of their salary, which is above the statutory requirements in Norway and Sweden.

GOALS AND AMBITIONS

Our ambition is to strengthen employee satisfaction, job satisfaction and engagement through meaningful work, good management, a motivating working environment, development opportunities and trust in the management. Our managers are responsible for setting clear objectives and for encouraging employees to collaborate with peers around how to achieve both collective and individual goals.

INITIATIVES

In 2019 we strengthened our ways of working through continuously using insight about the state of the organisation from bi-weekly/monthly pulse surveys. These surveys measure employee engagement across the entire group.

RESULTS

On average, 83% of the employees responded to the engagement surveys at least once during the last quarter of 2019. The engagement score measured in the surveys increased from 7.9 to 8.0 in 2019, on a scale of 1–10, where 1 is the lowest and 10 is the highest score. In the last half of 2019 the measurements also showed high scores in drivers regarding equality and diversity, freedom of opinion, high degree of autonomy, trust in open and honest communication with leaders and trust in colleagues doing quality work. The results also showed room for improvement on working environment regarding tools and equipment. Ongoing initiatives aimed at addressing these concerns are the upgrade of both hardware and software, with the ambition of fostering agile collaboration across the organisation.



Diversity and equal opportunities

WHY

Storebrand's organisation and business activities should reflect the customers and market in which we operate. We believe that diversity contributes to an increased rate of innovation and a broader understanding across the breadth of our customer base. This appears to be supported by a number of International studies showing that companies performing well on diversity also tend to be more innovative and profitable³⁶.

APPROACH

All Storebrand employees shall be treated equally, regardless of age, gender, disability, cultural background, religious beliefs or sexual orientation in recruitment processes and throughout the employment relationship.

Storebrand works systematically to ensure diversity and equality in recruitment, reorganisation processes, salary adjustments and offers of management training and other development initiatives.

We make a conscious effort to ensure that all employees, regardless of cultural and religious backgrounds, experience a high level of workplace and job satisfaction.

We work actively to achieve a gender balance through targeted recruitment measures as well as by nominating an equal number of women and men to executive positions and management development programmes.

We aim to offer potential employees a transparent and inclusive recruitment process. We have a zero-tolerance policy against harassment and discrimination, and we strive towards equal treatment and equal opportunities in our recruitment and development processes.

Storebrand has participated in a tripartite program called the IA Agreement since 2002. This program is based on the premise that involvement in activity through work promotes good health and well-being, and that early, active intervention can prevent absenteeism. The Group's managers have established routines for inclusive follow-up of employees in the event of illness.

GOALS AND AMBITIONS

We aim to offer a good candidate journey throughout the recruitment process, ensuring that Storebrand is considered an attractive workplace. We will continue to develop our employees and promote individual development of management skills amongst women.



We work actively towards equal opportunities and gender balance in work and economic life (target 5.5). Our goal is a 50/50 distribution of men and women in leading positions, and an equal distribution of men and women in our management development programmes, as well as recruitment processes for management positions.



We aim to achieve decent work for all our employees. We have a goal of equal pay for work of equal value (target 8.5). Our policy on discrimination and our active promotion of good health and well-being at work support these objectives.

"All Storebrand employees shall be treated equally, regardless of age, gender, disability, cultural background, religious beliefs or sexual orientation"

³⁶ This was documented in our report Investing in Gender Equality from 2019, made in collaboration with PwC and CARE Norway.

INITIATIVES

Our main work on diversity includes measures to promote gender equality. However, at the end of 2019 we established a diversity and inclusion committee, consisting of six employees nominated by the business. The committee shall raise awareness and increase the understanding of the importance of a diverse and inclusive working environment where people feel they belong. Additional initiatives are planned and will be implemented throughout 2020.

Throughout 2019, we improved our communication with potential new employees to make it as gender neutral as possible. There shall be (at least) one female and one male final candidate for recruitment to management positions. We expanded the use of social media to promote vacant positions.

Every year, we nominate men and women on a 50/50 basis for our management programmes, and in cooperation with our elected representatives, we survey and analyse salary levels for various positions in order to eliminate differences based on gender.

RESULTS

Our work on diversity and gender equality continues to be a focus area going forward. At a group level, women account for 39% of all management level staff. This equates to 35% in Norway and 53% in Sweden. When it comes to employees, 45% are women in Norway and 53% are women in Sweden.

In 2019, 44% of Storebrand ASA's board members were women. Three of the ten members (30%) of the executive management team were women. Unfortunately, this is a reduction compared to 2018. Among the managers who reported directly to the executive management, 41% were women.

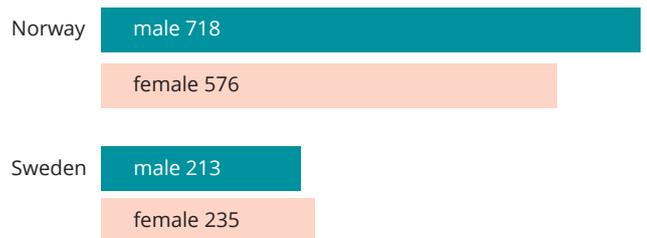
The same number of women and men participated in the management development offerings of the Storebrand Academy and Storebrand Leadership Weekly, as well as in the Sandbox programme for summer interns and Storebrand Future Impact program for graduates.

The Group salary levels were reviewed in cooperation with the elected representatives during the salary adjustment process in 2019. We observed a slightly lower average salary for women than for men.

The average age in the Storebrand Group was 43 at the end of the year. Average seniority was eleven years in Norway and ten years in Sweden. The Storebrand Group had 1,742 employees³⁷⁾ as of 31 December 2019.

We have a good gender distribution in both Norway and Sweden amongst permanent staff, as detailed in the diagram below.

Gender distribution



Absence due to illness has been low and stable for several years. Absence due to illness in our Norwegian operations was 3.1%, and 2.5% in our Swedish operations. No property damage was reported in the Storebrand Group in 2019. We had one reported accident, resulting in a light injury.

37) Includes Skagen and Cubera AS.

Key performance indicators

For detailed KPI definitions, see page 222.

All indicators in this table include Skagen, Cubera and Værdalsbruket.

Key performance indicators	Result 2017	Result 2018	Result 2019	Goal 2020	Goal 2025
Indicators	2017	2018	2019	2020	2025
Sick leave Norway	3.5%	2.7 %	3.1 %	<3.5%	<3.5%
Sick leave Sweden	3.5%	3,3 %	2.5 %	<3.5%	<3.5%
Number of employees (headcount)	New	1667	1742	N/A	N/A
Gender balance, management	38%	39%	39%	50%	50%
Percentage women at management level 1-3 ³⁸⁾	New	44%	39%	50%	50%
Percentage men at management level 1-3	New	56%	61%	50%	50%
Percentage women at management level 3	New	46%	41%	50%	50%
Percentage men at management level 3	New	54%	59%	50%	50%
Turnover rate for women for group	New	4,1 %	4,7 %	-	-
Turnover rate for men for group	New	3,9 %	5,5 %	-	-
New recruits to the group	New	220	204	-	-
Number women hired during the year	New	78	78	-	-
Number men hired during the year	New	116	126	-	-
Male employees under 30	New	115	109	-	-
Female employees under 30	New	102	117	-	-
Male employees 30 - 50	New	526	531	-	-
Female employees 30 - 50	New	408	379	-	-
Male employees over 50	New	235	264	-	-
Female employees over 50	New	284	302	-	-
Female in Group Executive Management Team	New	3 out of 9	3 of 10	50%	50%
Female Directors in Group Board	New	5 out of 9	4 of 9	50%	50%
Average salary female employees ³⁹⁾ , Norway (NOK)	New	699,228	743 684	-	-
Average salary male employees, Norway (NOK)	New	871,146	914 107	-	-
Average salary female employees, Sweden (SEK)	New	608,551	644 484	-	-
Average salary male employees, Sweden (SEK)	New	762,151	811 717	-	-
Extended top management, share of men's salary per position category (haygrade 21-23)	New	110.3 %	100.5 %	100%	100%
All employees excluded for senior level staff, women's share of salary per position category (haygrade 13-20)	New	99.2 %	99.1 %	100%	100%
CEO - Average worker pay ratio	New	New	8,2:1	-	-

38) From 2019 gender indicators for management levels 1-3 will only be reported as percentage

39) Changes to the reported figures for average salaries for 2018 are due to the fact that the boundary for reporting people data now includes Skagen, Cubera and Værdalsbruket. This also applies to share of salary for men/women using the Hay grade scales.

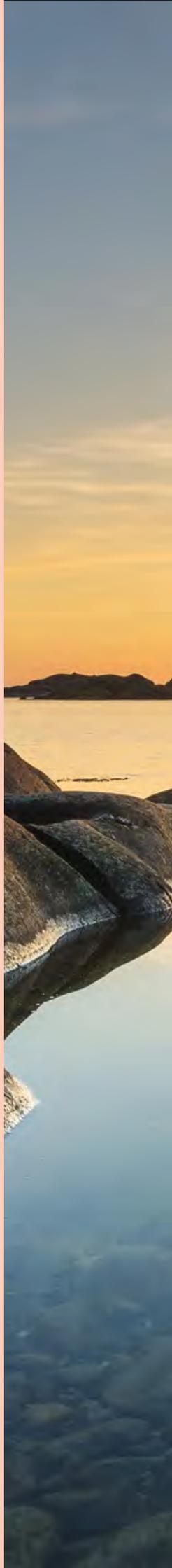


6

Keeping Our House in Order

Storebrand work actively to fight corruption and all types of financial crime throughout our business operations, with suppliers and other business partners. We aim to be energy efficient, reduce waste production, increase the proportion of waste sorted and reduce our carbon footprint.

- 54 Anti-corruption
- 56 Anti-money laundering, financial crime and terror financing
- 57 Reducing our internal carbon footprint
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Anti-corruption

WHY

The nature of Storebrand's business dictates that we are dependent upon unwavering trust from customers, authorities, shareholders and society at large. Trust is dependent upon our continued professionalism, competence and integrity.

Corruption is a criminal offence under the Norwegian Criminal Act 2005.

APPROACH

We work actively against corruption throughout our business operations, with suppliers and other business partners.

Our expectations for employees, temporary staff and consultants are stipulated in our ethical guidelines, approved by the board of Storebrand ASA and the boards of all subsidiaries. We have additional guidelines specifically addressing anti-corruption, reviewed annually by the compliance team. The group's compliance function is responsible for updating and disseminating material aimed at increasing anti-corruption competence and awareness.

Our guidelines increase awareness about corruption and ensure that each employee is capable of identifying potential corruption risks at an early stage. The guidelines also specify measures that should be taken to avoid corruption.

All employees are responsible for familiarising themselves with and acting in accordance with anti-corruption guidelines, including completing mandatory training, and managers shall ensure that this is done. All new employees complete mandatory training as part of their onboarding process.

Employees shall act with integrity and fully disclose any private business agreements or business-related services they provide to companies, individuals, friends or family members.

We expect all employees and contractors to act in manner that builds trust for both the individual concerned and for the Storebrand Group.

As a general rule, no-one shall accept any form of benefits, including services, gifts and invitations, from Storebrand's business relations. In situations where gifts may be accepted, our anti-corruption guidelines specify threshold values in NOK for all gifts.

Gifts that are offered on behalf of Storebrand are subject to the same threshold value. No gifts shall be offered or accepted where there is an expectation of reciprocity, or to achieve any form of advantage, privately, or for any Storebrand company. All events held on behalf of Storebrand shall be consistent with our role in society, all content shall be professionally relevant, and shall otherwise adhere to our guidelines for events.

GOALS AND AMBITIONS

We have a zero-tolerance policy towards corruption, and our ambition is to avoid all incidences of corruption.

All employees and board members shall complete our anti-corruption program. The aim of this program is to ensure that employees are capable of making the right decision to avoid potential cases of corruption.



INITIATIVES

The organisation uses e-learning to facilitate training in ethics, anti-corruption, anti-money laundering and terror financing. These courses are mandatory to complete every year to ensure solid business practice in line with our code of conduct.

We have developed a designated area on our intranet for anti-corruption, with information about our expectations to business conduct for employees, including routines for dealing with grievances, harassment and improper conduct. We have an independent, third-party managed whistle-blowing system⁴⁰⁾ where employees and external business partners can register concerns, including relating to corruption.

Storebrand's compliance team is also available to discuss issues relating to corruption with employees, for example concerns

about receiving gifts, invitations to events or other benefits from business partners that may be in breach of our ethical and anti-corruption guidelines.

RESULTS

Four issues were received through our third-party managed whistle-blowing system in 2019. None of these related to corruption and all four issues were satisfactorily closed during the year.

In 2019, 87% of our employees and all board members completed mandatory anti-corruption training.



- 16.4 We are committed to fighting financial crime.
- 16.5 We are committed to fighting corruption and bribery in all their forms.
- 16.6 We are committed to developing effective, accountable and transparent companies.

⁴⁰⁾ Accessible at <https://u.bdo.no/storebrand>

Anti-money laundering and terror financing

WHY

We are a key player in the finance market in the Nordics. Our reputation is contingent upon our ability to avoid being misused to finance terrorism, launder money or commit any other type of financial crime.

APPROACH

We have established guidelines to avoid money laundering (AML) and terror financing, which are reviewed and approved by the board. These guidelines build upon our ethical guidelines.

Each company in the Group shall conduct a risk assessment for financial crime and terror financing, and implement routines for identifying and establishing new customers. We conduct internal audits and regular spot checks to identify and report suspicious transactions or behavior.

Activity that we suspect is in breach of the Norwegian Measures Against Money laundering and Terror Financing Act (2018) is reported to the police.

All employees are required to familiarise themselves with our guidelines for preventing financial crime, and shall complete our mandatory training program on AML and terror financing. All new employees complete mandatory training as part of their onboarding process.

The training also provides employees with a basic understanding of the regulatory framework concerning financial crime and terror financing, as well as our requirements to employees and managers. Senior managers and board members for the Group and for each subsidiary also receive mandatory training in financial crime.

GOALS AND AMBITIONS

Storebrand shall act consistently and in compliance with relevant legislation regarding cases related to money laundering, terror financing and financial crime in general.

We work systematically to ensure that our companies are not used for money laundering, terror financing or other forms of financial crime. All employees shall take mandatory training annually.

INITIATIVES

We have developed a designated area on our intranet for AML and terror-financing, with information about expected business conduct for employees. This applies across the Group's companies. Employees shall complete a mandatory e-learning program in AML and terror financing.

We are an active member of Finance Norway's Committee on Financial Crime. The Committee works closely with the authorities in Norway and provides guidance to all member companies.

RESULTS

In 2019, 44 issues relating to financial crime were reported to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime, and six issues to the police. Issues varied in gravity from suspected money-laundering, terror financing and tax evasion to document falsification.

"We work systematically to ensure that our companies are not used for money laundering, terror financing or other forms of financial crime."

Reducing our internal carbon footprint

WHY

At Storebrand, sustainability is integrated into our strategy, and we aim to be a role model. This is relevant for both the products and services we offer to our customers, but also for how we run our daily operations.

APPROACH

As early as in 2008, Storebrand became «climate neutral», as Norway's first financial group. We achieve this by setting stringent requirements and establishing specific goals to minimise our carbon footprint. Storebrand's environmental management system has been certified by Eco-Lighthouse since 2009, and we report publicly on environmental performance annually.

Our facility management team monitor energy and water usage, waste production and waste sorting rate to ensure that we reach our goal of minimising our footprint. We purchase electricity generated by renewable energy with a guarantee of origin.

In order to cut down on business travel, we encourage employees to use technological solutions such as video conferencing. Over half of all meeting rooms are equipped with video-conferencing facilities. We encourage travelling by train when travel is necessary.

GOALS AND AMBITIONS

We aim to set science-based targets by the end of 2020, aligned with the 1.5°C scenario⁴¹⁾ covering the whole business, including own operations.

We aim to be more energy efficient, reduce waste production, increase the proportion of waste sorted and reduce our carbon footprint arising from air travel and commuting.

INITIATIVES

In 2019, Storebrand committed to setting Science Based Targets in line with the Paris Agreement. This will include external verification of our targets once this is available for the finance industry⁴²⁾.



12.5 We aim to substantially reduce waste generation through prevention, reduction, recycling and reuse.



13.1 We strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in our operations and in our investments.

13.2 We integrate climate change measures into our policies, strategies and planning.

Residual CO2 emissions from own operations are compensated for by purchasing emission quotas and investing in carbon positive projects.

To reduce unnecessary waste, we removed all plastic water cups, and introduced a discount for bringing your own cup to the coffee bar.

We increased our electric car and electric bicycle fleet to make it easier and more reliable for employees to choose low-emissions travel where train travel is not feasible.

RESULTS

We saw reduced emissions from our headquarters, but unfortunately saw an increase in air travel and a reduced sorting rate. We will implement several initiatives, including an internal carbon price and updating our travel policy. We started working on re-designing the sorting stations in the cafeteria. Measures will be followed up closely, and more initiatives implemented if necessary.

41) So that the goal of limiting the average global heating to 1.5°C by 2100 is reached aligned with the Paris Agreement

42)The Science Based Target initiative is still working on which targets will be recognised as in line with the Paris Agreement

Sustainable practices throughout our value chain

WHY

Procurement is a key area in our sustainability performance. To enhance efficiency and cost-effectiveness, we have increased the use of outsourcing. This demands more rigorous procedures for following up working conditions, safeguarding human rights and managing environmental impacts in our value chain.

APPROACH

We set clear requirements to our suppliers and business partners, by Storebrand's Standard Annex for Sustainability. This is an annex to all tender requests and supplier contracts. In addition to following our internal procurement guidelines, a key principle is that goods and services purchased shall support our key objective of cost effective, sustainable business operations.

Our procurement policy is based on the group's governing documents and associated routines⁴³, which are revised annually. Sustainability is an important part of evaluating and allocating new contracts and is weighted at least 20%. Declarations concerning sustainability are required during requests for tenders. Sustainability is part of our evaluation of tenders and allocation of contracts. Sustainability performance requirements are specified in all contracts.

The most important and largest purchases we make are for outsourcing of IT and business processes, health care services, claims settlement and management of direct property investments. We consider the areas with the greatest risk and opportunities for influencing sustainability to be outsourcing (including offshoring), claims settlement (cars and property), as well as property management in general.

For larger and longer-term contracts, sustainability criteria are used for allocation of contracts and form part of our follow-up during the contract phase.

43) The governing documents include the "Guidelines for Outsourced Activities", "Guidelines for Granting Authorisations", "Code of Ethics", "Guidelines for Combating Corruption", "Guidelines for Combating Money Laundering, Terrorist Financing and Economic Crime", "Guidelines for Dealing with Conflicts of Interest", "Event Guidelines", "Governing Document for Information Security" and the "Governing Document for the Processing of Personal Data".

44) Eco-Lighthouse, EMAS, ISO14001 and Nordic Swan Ecolabel

GOALS AND AMBITIONS

A key objective is to ensure that the Group does not enter into agreements with suppliers whose production processes or products violate international agreements, national legislation or internal policies. We shall contribute to sustainable development and to ensuring that human rights and labour laws are not violated.

Our ambition is to increase the share of environmentally certified procurement⁴⁴. We exceeded our 2025 goal already in 2019, with 57% environmentally certified procurement. We have therefore revised our goal for 2025 providing us with an incentive to further drive environmental stewardship in our supply chain.



8.7 We implement measures to end modern slavery and eliminate child labour in our value chain.

8.8 We aim to protect labour rights and promote safe and secure working environments for all our workers, contractors and suppliers.



12.5 We aim to substantially reduce waste generation in our supply chain.

12.6 We encourage companies to adopt sustainable practices.

12.7 We promote procurement practices that are sustainable.



13.2 We integrate climate change measures into our policies, strategies and planning.

INITIATIVES

We are a member of the United Nations Global Compact. Suppliers and subcontractors must demonstrate that they follow the same minimum standard for human rights, labour rights, environmental management and business integrity. For purchases of certain goods, or goods over a certain threshold value, we ask suppliers to document the life cycle cost and environmental properties of these products. All suppliers should observe the Guidelines of the Ethical Trading Initiative and/or the SA 8000 Standard.

We continuously follow up strategic suppliers in the largest procurement categories. In 2019, we replaced all PCs for staff

at our head office and through ongoing dialogue with our supplier, have ensured that all these PCs and all future IT hardware purchases are TCO-certified.

RESULTS

In 2019, contracts exceeding NOK 1 million accounted for a total spend of NOK 2.6 billion. This represents 91% of our total spend and includes the management and development of direct property investments. Of this volume, 57% is environmentally certified in accordance with our procurement policy. This volume is distributed between 297 suppliers, 65 of which (22%) are certified against a recognised environmental management standard.



Corporate citizenship

WHY

As a leading financial institution in Norway and Sweden, our role as a corporate citizen is important. A part of our sustainability work includes being active in the society we operate in beyond our role as a provider of financial services.

APPROACH

We have three main corporate citizenship activities: collaborations and sponsorships, donations and employee volunteering. These are aligned with our strategy, and should promote and increase awareness about sustainability, as well as demonstrating the connection between sustainability and financial prosperity.

GOALS AND AMBITIONS

We aim to combine financial contributions and knowledge to give back to society on topics related to sustainability. We also want to enable more employees to use their skills and time on corporate citizenship related activities.

INITIATIVES

Youth Entrepreneurship (YE) is a non-profit organisation encouraging high school students to establish and run their own enterprise. By initiating a sustainability award in this program, we educate students in how to run a sustainable business. In 2019, Storebrand and YE launched a mentor system, where the youth could discuss business issues with a Storebrand employee.

In 2019, for the third consecutive year, ten employees were given an opportunity to be a mentor to a student with a minority language background through the Catalyst Mentor Program. Through monthly meetings at Storebrand, the students gained insight into Norwegian working life, help in developing themselves and advice on school and working life. The program is a collaboration between Storebrand and the non-profit organisation Catalysts. The objective is to prevent students from dropping out of high school.

Voluntary community activities are a strong part of the Norwegian culture, and people from local communities or sports teams regularly volunteer to help local sports clubs and activity centres. Our «We cheer for» competition is one way we can provide financial support to local and global initiatives that are beneficial for the environment and society.

RESULTS

337 YE start-ups competed in the sustainability category. The winning team invented a product that reduces micro-plastic waste from washing machines.

500,000 NOK was awarded to 17 “We cheer for” initiatives around Norway and 250,000 SEK was awarded to similar initiatives in Sweden.



Key performance indicators

For detailed KPI definitions, see page 222.

Key performance indicators	Result 2017	Result 2018	Result 2019	Goal 2020	Goal 2025
Environmentally-certified procurement ⁴⁵⁾	38%	46%	57%	55%	60%
Total GHG emissions ⁴⁶⁾ (Scope 1-3) tCO ₂ e / tCO ₂ e per FTE	1484 / 0.9	1444 / 0.9	1519 / 0.92	0.8	0.6
Scope 1 emissions tCO ₂ / tCO ₂ per FTE	1.9 / 0	1.4 / 0	1.1 / 0	-	-
Scope 2 emissions tCO ₂ / tCO ₂ per FTE	320 / 0.19	201 / 0.13	179 / 0.11	-	-
Scope 3 emissions tCO ₂ / tCO ₂ per FTE	1162 / 0.71	1241 / 0.77	1339 / 0.81	-	-
tCO ₂ e emissions per FTE from air travel ⁴⁷⁾	0.64	0.69	0.74	-	-
Energy use, main offices (kWh per m ²)	151	147	150	150	145
Water use ⁴⁸⁾ , main offices (m ³ per m ²)	0.3	0.29	0.32	0.31	0.3
Total waste Headquarters (total tonnes / kg per FTE)	201 / 122	209 / 130	203 / 123	200 / 121	190 / 110
Amount of waste sorted for recycling, main offices (percentage total waste)	82%	72%	72%	79%	82%
Paper use, main offices (total kg / kg per FTE)	58952 / 50	41138 / 37	59199 / 36	35	30
CDP rating	B	A -	A -	A	A
E-learning ⁴⁹⁾ completed: ethics (total / percentage of FTE)	New	New	1518 / 88.9 %	100%	100%
E-learning completed: anti-corruption (total / percentage of FTE)	New	New	1479 / 86.6 %	100%	100%
E-learning completed: anti-money laundering and financial crime (total / percentage of FTE)	New	New	1523 / 89.2 %	100%	100%
Number of complaints handled by the Norwegian Financial Services Complaints Board	New	135	192	N/A	N/A

45) New goals have been set for 2020 and 2025 on the basis of exceeding performance expectations for 2019.

46) Emissions from Storebrand Group offices in Sweden and Norway. Emissions factors have increased and we have therefore recalculated our GHG emissions for 2017 and 2018 to provide for comparability. GHG emissions include all greenhouse gases and are therefore expressed as CO₂e. We have set a goal for our total GHG emissions not for each scope.

47) We have discontinued reporting on average number of flights per FTE. This is not perceived as a relevant indicator due to the fact that a flight will have a very different impact on the environment depending on the distance travelled. kgCO₂e per FTE relating to air travel therefore replaces this indicator from 2019. CO₂ emissions from air travel has been recalculated for 2017 – 2019 due to updates to emissions factors in our travel agency's systems.

48) Our paper consumption goal has been revised to further drive performance

49) From 2019 we start reporting for each course separately. Historical data for 2017 and 2018 refers to all courses at an aggregate level, for new employees only. Data for 2019 refers to the percentage of all permanent employees employed throughout the year. Turnover and new recruits explains the deviation from our goal of 100%.



Shareholder matters





Shareholder matters

SHARE CAPITAL, RIGHTS ISSUES AND NUMBER OF SHARES

Shares in Storebrand are listed on the Oslo Stock Exchange (Oslo Børs) under the ticker code STB. Storebrand ASA's share capital at the beginning of 2020 was 2,339.1 million kroner. The Company has 467,813,982 shares with a nominal value of NOK 5. As of 31 December 2019, the Company owned 943,190 treasury shares, which corresponds to 0.2% of the total shares. The Company has not issued any options that can dilute the existing share capital.

SHAREHOLDERS

Storebrand ASA is among the largest companies listed on the Oslo Stock Exchange measured by the number of shareholders. The Company has shareholders from almost all the municipalities in Norway and from 51 countries. In terms of market capitalisation, Storebrand was the 16th largest company on the Oslo Stock Exchange at the end of 2019.

SHARE PURCHASE SCHEME FOR EMPLOYEES

Every year since 1996, Storebrand ASA has given its employees an opportunity to purchase shares in the Company through a share purchase scheme. The purpose of the scheme is to involve the employees more closely in the Company's value creation. In 2019, each employee was given the opportunity to buy shares in Storebrand. 820 employees, around 47%, participated and purchased a total of 361,970 shares.

FOREIGN OWNERSHIP

As at 31 December 2019, foreign ownership totalled 56.2%, compared to 56.3% at the end of the 2018.

TRADING VOLUME FOR SHARES IN STOREBRAND

In 2019, 335 million shares were traded, compared with 445 million in 2018. The trading volume in monetary terms was NOK 21,348 million in 2019, down from NOK 30,447 million in 2018. Storebrand was the 14th most traded stock on the Oslo Stock Exchange in 2019, measured in terms of NOK. In relation to the average number of shares, the turnover rate for shares in Storebrand was 72%.

SHARE PRICE PERFORMANCE

Shares in Storebrand yielded a total return (including dividends) of 16.9% during 2019. In the same period, the Oslo Stock Exchange's OSEBX Index ended at 16.5%, whereas the European Insurance Index Beinsur yielded a total return of 24% for the corresponding period.

DIVIDEND POLICY

Storebrand's dividend policy states that the aim is to pay an ordinary dividend of more than 50% of the group result after tax and at least the same nominal amount as the previous year. Ordinary dividends will be paid at a solvency margin of more than 150%. If the solvency margin is above 180%, the board intends to propose special dividends or share buy backs.

Storebrand share	2019	2018	2017	2016	2015	2014
Highest closing price (NOK)	73.98	75.20	70.45	47.10	35.98	40.65
Lowest closing price (NOK)	50.86	59.48	46.97	28.45	23.21	27.52
Closing price on 31/12 (NOK)	69.02	61.64	66.9	45.92	34.95	29.9
Market cap 31/12 (NOK million)	32,289	28,836	31,296	20,660	15,724	13,137
Annual turnover (1000s of shares)	335,202	445,614	427,632	589,322	707,870	546,156
Average daily turnover (1000s of shares)	1,346	3,094	2,450	2,780	2,820	2,185
Annual turnover (NOK million)	21,348	30,477	25,359	21,249	20,907	19,123
Rate of turnover (%)	71.7	95.3	94.9	131	157.3	121.4
Number of ordinary shares 31/12 (1000s of shares)	467,814	467,814	467,814	449,910	449,910	449,910
Earnings per ordinary share (NOK)	4.43	7.89	5.28	4.73	2.63	4.61
Dividend per ordinary share (NOK)	3.25	3.0	2.1	1.55	0	0
Total return (%)	16.9	-4.22	49.1	31.4	19.7	-23

CAPITAL GAINS TAXATION

From 2016, new rules came into force in Norway concerning the taxation of dividends and gains on shares held by private individuals. The shareholder model entails that share dividends over the standard dividend tax exemption multiplied up by an adjustment factor (1.44 for the 2019 tax year) are taxed as ordinary income for the private shareholder (the tax rate is 22% for the 2019 tax year, which, together with the adjustment factor, gives an actual taxation of 31.68%).

Share dividends within the standard dividend tax exemption are tax free. Tax exemption is calculated by multiplying the amount eligible for a dividend tax exemption by a dividend exemption interest rate. The dividend exemption interest rate is determined by the Directorate of Taxes in January following the previous tax year. It is based on the average three-month interest rate on treasury bills with an additional 0.5 percentage points added to it and then reduced by the rate for general income tax.

INSIDER TRADING

As one of the country's leading financial institutions, Storebrand is dependent on maintaining an orderly relationship with financial markets and supervisory authorities. The Company therefore places particular emphasis on ensuring that its routines and guidelines satisfy the formal requirements imposed by the authorities on securities trading. In this context, the Company has prepared internal guidelines for insider trading and own account trading based on the current legislation and regulations. The Company has its own compliance system to ensure that the guidelines are observed.

THE 20 LARGEST SHAREHOLDERS

Fund Manager	Current Rank	Shares	Ownership in %
Folketrygdfondet	1	51 635 337	11.04
Allianz Global Investors	2	29 360 824	6.28
T Rowe Price Global Investments	3	23 041 438	4.93
Handelsbanken Asset Management	4	19 065 179	4.08
Danske Bank Asset Management	5	18 446 682	3.94
DNB Asset Management	6	15 987 409	3.42
Vanguard Group	7	13 342 814	2.85
KLP	8	12 447 973	2.66
M&G Investment Management	9	11 953 592	2.56
EQT Fund Management	10	11 700 000	2.50
BlackRock	11	9 272 853	1.98
OM Holding AS	12	8 517 075	1.82
Storebrand Asset Management	13	8 074 788	1.73
Deka Investment	14	6 779 598	1.45
HSBC Trinkaus & Burkhardt	15	6 361 427	1.36
Nordea Asset Management	16	5 933 499	1.27
Arrowstreet Capital	17	5 544 992	1.19
Dimensional Fund Advisors	18	4 970 961	1.06
Carnegie Investment Bank (PB)	19	4 765 300	1.02
BMO Global Asset Management (UK)	20	4 745 455	1.01

INVESTOR RELATIONS

Storebrand has a focus on comprehensive and effective communication with financial markets. Maintaining a continuous dialogue with shareholders, investors and analysts both in Norway and abroad is a high priority. The Group has a special Investor Relations unit. This unit is responsible for establishing and coordinating contact between the Company and external parties such as the stock exchange, analysts, shareholders and other investors. All quarterly reports, press releases and presentations of interim reports are published on Storebrand's website: www.storebrand.com/ir.

GENERAL MEETING

Storebrand has one class of shares, each share carrying one vote. The Company holds its Annual General Meeting each year by the end of June. Shareholders who wish to attend the General Meeting must notify the Company no later than 4:00 p.m. three business days before the General Meeting. Shareholders who do not give notice of attendance before the deadline expires will be able to attend the General Meeting, but concede their right to vote.

SHAREHOLDERS' CONTACT WITH THE COMPANY

Shareholders should generally contact the operator of their securities account for questions or notification of changes, such as change of address.



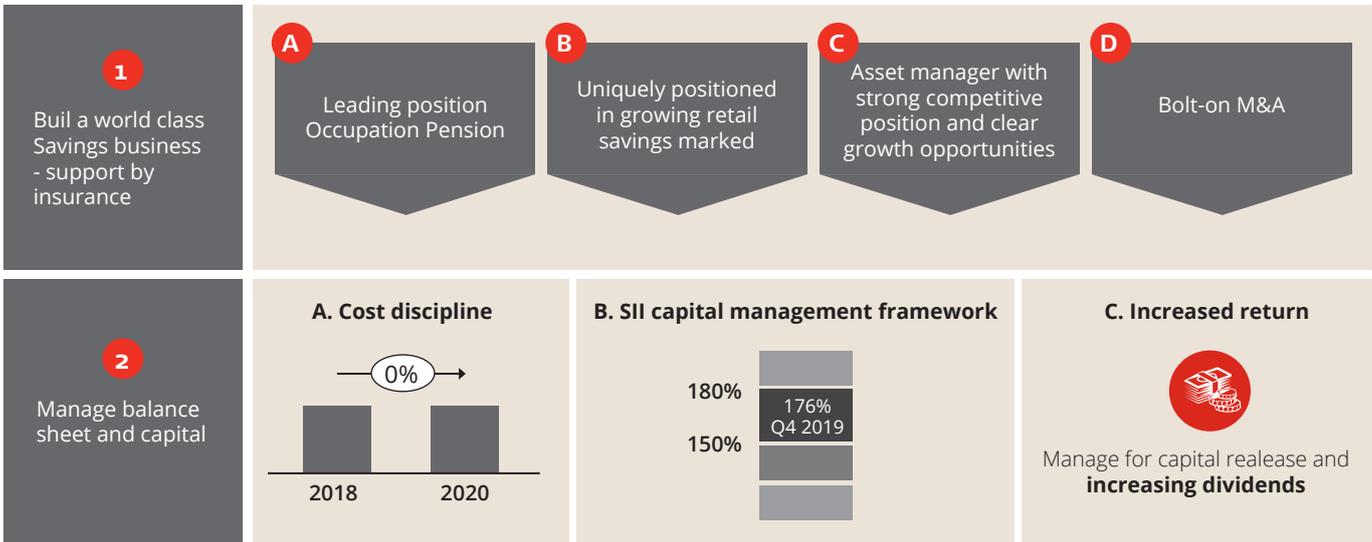
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Strategy



Storebrand follows a twofold strategy, illustrated in the figure above.

A WORLD CLASS SAVINGS BUSINESS, SUPPORTED BY INSURANCE

The core of the strategy is to gather savings from Norwegian and Swedish pension customers, institutional customers and retail customers. The assets we manage are the most important revenue drivers. In addition, we aim to capitalise on the savings and pension relationship by offering complementary products and solutions within insurance and banking.

Storebrand's core product, Defined Contribution pension, is expected to continue its strong growth. In Norway, this is still a relatively young product where the average policyholder's age is about 50 years. This means that premium payments received exceed pension payments made. In Sweden, the market is more mature, but SPP's position as a challenger, with growth exceeding market growth in 2019, has enabled us to increase our market share in 2019. Increased competition in the market has resulted in gradual margin decline, which is expected to continue. This requires cost reductions and efficiency improvements to achieve profitable growth.

A genuine commitment to a sustainable society and a strong belief in sustainable investments form the basis of the Group's

strategy. As a sizeable asset manager, we create long-term returns for both shareholders and customers, while ensuring that our business contributes to a more sustainable world. Storebrand and SPP's work with sustainability strengthens the Group's competitive position, creates value for shareholders and positive effects on society. Read more about our sustainability work in parts 1 to 6 of this report.

Due to Norwegian pension reforms over the last decade, future pensioners are expected to receive less pension income from the state and will have to take greater responsibility for their financial future. We expect that the changing regulatory framework will result in people saving more privately. Storebrand's mission in society is help our customers achieve economic freedom and financial security. Against, this backdrop, we have defined the strategic focus areas outlined in the figure above.

We continued to focus on our three strategic growth ambitions in 2019: Maintain a leading position in occupational pensions, leverage a unique position in the retail savings market and build on our asset management with strong competitive advantages and good growth opportunities. A broad insurance offering in both the retail and corporate market further supports the strategic ambitions.

We have the following operational goals to succeed with our strategic ambitions:

- Maintain a market leading position within occupational pensions in Norway and continue the challenger role in Sweden with double-digit annual growth within occupational pensions;
- Strengthen the Norwegian retail savings position through double-digit annual growth in savings;
- Maintain a leading market position within asset management in Norway while strengthening our international presence;
- Grow annual premiums by 5% within insurance at a combined ratio of 90-92%.

A LEADING POSITION IN OCCUPATIONAL PENSIONS – KEY RESULTS

In 2019, we maintained our leading market position in Norwegian private sector Defined Contribution pensions with a market share of 29%. The market is experiencing increased competition in anticipation of new Individual Savings Accounts.

In Sweden, we continued to grow our market share from 13% to 14% through strong sales performance. New digital sales tools and successful efforts to activate individuals to transfer previously earned pensions rights to SPP were some key contributors to the growth.

Altogether, Storebrand's Unit Linked reserves increased by 23% in 2019 and are expected to continue to grow by 12-15% annually under normal market conditions.

The decision to re-enter the municipal market for occupational pensions in Norway after recent pension reforms is an opportunity to further strengthen our position as the leading pension provider.

STRENGTHEN POSITION IN THE RETAIL SAVINGS MARKET – KEY RESULTS

Within retail savings, the new sustainability concept "Bølge" gained traction. Our investment solution, focusing on Social Development Goal 7: Affordable and clean energy, had a return of 63.7% in 2019. Our partnership with the savings app Dreams continued to prove popular. The app had 150,000 downloads in Norway in 2019.

The growth in the bank's mortgage lending stabilised from previous high growth levels. The bank's profitability increased and ended the year with a return on equity of 10%.

In the retail market, growth initiatives within insurance distribution contributed to an overall growth rate in the Insurance segment of 5%. The growth is primarily attributed to property and casualty (P&C insurance) in the retail market where premiums grew by 10% in 2019.

COMPETITIVE ASSET MANAGEMENT SERVICES – KEY RESULTS

Continued strong growth in occupational pensions and competitive returns to customers contributed to NOK 124 billion in increased assets under management in 2019. Our role as Norway's largest private asset manager was affirmed with NOK 831 billion under management at year end.



*) After tax, adjusted for amortisation of intangible assets. This report contains alternative performance measures (APM) as defined by the European Securities and Market Authority (ESMA). There is summary of the APMs used in financial reporting at storebrand.com/ir.

**) After tax. The profit is based on reported IFRS results for the individual companies.

***) Including transitional rules.

During the year, we increased the focus on ESG-enhanced investment solutions and launched several funds for international sales through Skagen's existing distribution channels in Europe. To complement our institutional offering of alternative asset classes, we also acquired the private equity funds-of-funds provider Cubera. Storebrand was in 2019 identified as an investor with excellent responsible investment practices in PRI Leader's Group and the only Norwegian asset manager to receive this recognition.

Storebrand's dividend policy:

Storebrand aims to pay a dividend of more than 50% of Group result after tax. The Board of Directors' ambition is to pay ordinary dividends per share of at least the same nominal amount as the previous year. Ordinary dividends are subject to a sustainable solvency margin above 150%. If the solvency margin is above 180%, the Board of Directors intends to propose special dividends or share buybacks.

The implementation of a common technological platform for our brands Storebrand, SKAGEN, SPP Fonder and Delphi was completed during the year. This will contribute to greater efficiency and enable further scalable growth in the future.

MANAGE BALANCE SHEET AND CAPITAL

Historically, the core product used to be Defined Benefit pensions with a guaranteed rate of return. Guaranteed pensions are now in long-term decline and mostly closed for new business. Just over half of the pension assets managed, or NOK 263 billion of reserves, still carry a guaranteed rate of return. Despite volatile interest rate markets in 2019, we strengthened our solvency ratio and delivered returns above the guaranteed rate. This has helped build additional customer buffers against potential future market shocks. The average policyholder with such a contract is over 62 years old, which means that the majority of these pensions will soon be under payment. These products are managed with strong cost control and a disciplined use of capital and risk taking in order to increase return to shareholders and customers.

DIVIDEND FOR 2019

The board has established a framework for capital management that links dividends to the solvency ratio. The dividend policy shall reflect the growth in fee-based earnings, more volatile financial market earnings and future capital release from the guaranteed business that is in long term run-off. The Board's ambition is to pay a gradually and growing ordinary dividend. In addition, the expected release of capital will increase returns over time, primarily in the form of share buybacks.

The Board proposes to the Annual General Meeting an ordinary dividend of NOK 1,517 million, corresponding to an ordinary dividend of NOK 3.25 per share for 2019.

OUTLOOK

The coming years will see important developments in the market for pensions, especially with the opportunity to enter the market for public sector pensions in 2020 and with Individual Pension Accounts being introduced in Norway in 2021. An overwhelming trend towards sustainable finance is an opportunity for Storebrand to capitalise on its long history of sustainable investments. Specific developments in the regulatory landscape and risks are described in separate chapters below.

Market Performance

Financial market developments impact Storebrand's solvency margin. Higher interest rates increase the solvency ratio and makes it easier to achieve returns above the guaranteed rate. Defined Contribution pension savings have large exposures to stocks meaning market movements will impact the fee income earned on assets under management. Currency movements between the Norwegian and Swedish krone affect the reported balance and results in SPP on a consolidated level.

Trade tensions and weak economic indicators globally contributed to financial market uncertainty during 2019. While stock markets rebounded significantly during the year after sharp declines towards the end of 2018, global as well as Norwegian and Swedish long-term interest rates were volatile, ending the year at a lower level than at the start. However, the Norwegian and Swedish central banks increased rates in 2019, resulting in higher short-term rates compared with levels at the start of the year. The Norwegian central bank forecasts a stable policy rate. Market risks are managed within a well-established risk framework, described in more detail in the section on risk below.

Financial Performance

Financial performance in Storebrand is reported by business segment. The Savings business is expected to continue to grow in assets under management. Growth in assets from occupational pensions in Sweden and Norway is expected at 12-15% annually. We aim to achieve additional growth in Asset Management from the sale of our investment solutions to external clients. This is supported by the newly completed distribution set up for international sale of funds and increased focus on co-investment opportunities into alternative asset classes. Margins are likely to continue to gradually decline in line with a general trend in the industry and with the introduction of Individual Pension Accounts. Efforts to mitigate the effect include strong cost control, a focus on alternative asset classes and alternative pricing models.

Our loyalty programme for employees of companies with an occupational pension plan with Storebrand is important to succeed in the retail market. Our efforts, enabled by new digital solutions for our customers, are expected to foster loyalty to Storebrand and contribute to further growth in both retail savings and bank lending as well as growth in the Insurance business.

In the insurance business, we aim at 5% annual growth in portfolio premiums with a combined ratio of 90-92%. Efforts to increase the sale of P&C and other individual risk products have been successful. The profitability of the retail and corporate markets is considered to be satisfactory in general.

The Guaranteed Pension segment has been in long-term decline and flat growth in reserves is expected over several years before the reserves start to fall. Pensions are largely under payment, but the guaranteed return on reserves and continued build-up of buffers contribute to the flat development. Paid-up policies are still increasing as companies convert their old Defined Benefit plans to Defined Contribution plans and policyholders are entering retirement.

The Guaranteed segment remains a significant result contributor, albeit with declining importance and limited potential in the prevailing low-rate environment. Success in the public sector pension market will enable new profitable business within the segment.

We have maintained nominally flat costs between 2012 and 2019. This is despite assets under management nearly doubling in the period and with continued investments in selected growth initiatives. This implies a reduction in real costs. The cost

ambition is excluding any performance related costs in Asset Management or potential acquisitions. Lower cost through automation, digitalisation and partnerships are expected to cover normal investments in business growth and inflation the coming years.

Capital Management

The solvency ratio at the end of the fourth quarter was 176%, against our target of 150%. This means that the Group's solidity is robust. We expect a gradual improvement of approximately 5 percentage points net of dividends in the solvency margin in the coming years from our ongoing business. Reduced capital requirements in the Guaranteed business may improve the solvency further. Financial market volatility and changes to regulatory requirements may result in short-term movements in the solvency level. The Board's ambition is to pay a gradually and growing ordinary dividend. When the solvency margin reaches 180%, the board intends to initiate a share buyback program. The purpose of the buyback program is to return excess capital released from the guaranteed liabilities that are in long-term run-off. A review of the solvency level and related share buybacks will normally be conducted in connection with first half and full year results, starting first half 2020.



Capital situation, rating and risk

CAPITAL SITUATION

We adapt the level of equity and debt in the Group continuously and systematically. The level is adjusted for financial risk and capital requirements. The growth and composition of business segments are important drivers behind the need for capital. Capital management is designed to ensure an efficient capital structure and maintain an appropriate balance between internal targets and regulatory requirements.

The Group's target is to have a solvency margin in accordance with Solvency II of at least 150%, including use of the transitional rules. The solvency margin for the Storebrand Group was estimated at 176% at the end of 2019, including transitional rules. Without the transitional rules, the solvency margin was 174%. Storebrand uses the standard model for the calculation of Solvency II.

Good risk management and a positive impact of the regulatory adjustment mechanisms in the solvency regulations more than compensate for challenging financial markets. The solvency margin without transitional rules strengthened 2 percentage points in 2019. The value of the transitional rules remained marginal throughout the year.

Storebrand Life Insurance Group's solidity capital consists of equity, subordinated loan capital, market value adjustment reserves, additional statutory reserves, conditional bonuses and risk equalisation reserves. The solidity capital strengthened by NOK 3.4 billion to NOK 62.4 billion in 2019. The market value adjustment reserve increased by NOK 3.3 billion due to good market performance and amounted to NOK 5.5 billion by the end of the year. Conditional bonuses increased by NOK 1.1 billion and amounted to NOK 9.3 billion. Additional statutory reserves increased NOK 0.5 billion due to preliminary application of the investment return and amounted to NOK 9.0 billion at the end of the year. The excess value of bonds and loans that are assessed at amortised cost decreased by NOK 0.3 billion due to increases in interest rates and amounted to NOK 4.7 billion as at 31 December 2019. The excess value of bonds and loans at amortised cost is not included in the financial statements.

The Storebrand Bank Group had pure core capital adequacy of 17.5% and capital adequacy of 19.6% at the end of 2019. The Bank Group has adapted to the new capital requirements. The company has satisfactory capital adequacy and liquidity based on its business activities. The lending portfolio consists primarily of low-risk home mortgages with an average LTV (loan-to-value) of 57%.

Storebrand ASA (holding) aims to have liquid assets on par with the Company's interest-bearing debt and to fund portions of the liquidity reserve by equity over time. It held liquid assets of NOK 3.3 billion at the end of the year. Liquid assets consist primarily of short-term fixed income securities with a good credit rating. Storebrand ASA's (holding) total interest-bearing liabilities were NOK 1.3 billion at the end of the year. This corresponds to a net liquidity ratio of 9.8%. The next maturity date for bond debt for Storebrand ASA is in May 2020. In addition to the liquidity portfolio, the Company has an unused credit facility of EUR 200 million, which expires in December 2023, with the option of an extension for another two years. Storebrand ASA recognised dividends and group contributions from subsidiaries of NOK 3,230 million for 2019. Dividends allocated to shareholders amounted to NOK 1,517 million.

RATING

Four companies in the Storebrand Group issue debt securities. All four companies are rated by the credit rating agency S&P Global. Storebrand Livsforsikring AS, the main operating entity, aims for at least an A- rating. In July 2019, the A- rating of Storebrand Livsforsikring AS and Storebrand Bank ASA was affirmed with a stable outlook. Storebrand Boligkreditt AS is rated AAA and the holding company Storebrand ASA is rated BBB.

RISK

Our risk management framework is designed to help protect customers, owners, employees and other stakeholders from adverse events or losses and covers all risks to which Storebrand is or may be exposed. Our main risks are business risk, financial market risk, insurance risk, counterparty risk, operational risk, climate risk⁵⁰⁾ and liquidity risk.

⁵⁰⁾ For detailed information about our work on climate risk, please see pages 19-23.

The Board of Directors of Storebrand ASA and the Boards of subsidiaries adopt a risk appetite and risk strategy at least annually. Risk-taking should contribute to achieving our strategic and commercial goals, including customers receiving a competitive return on their pension assets and Storebrand receiving adequate payment for assuming risk. Risk appetite is defined as the overall risk level and what types of risk are deemed acceptable. The guidelines from the risk appetite are incorporated in our risk strategy, which sets the targets and frameworks. Based on these, more detailed strategies are compiled for different risk categories. Storebrand publishes an annual Solvency and Financial Condition Report (SFCR) which helps customers and other stakeholders understand the risks in the business and how these are managed.

Overall, 2019 saw a positive development in reported incidents. The number of reported incidents were 6% fewer compared to 2018 and the number of "high" risk incidents decreased by 8%. The risk picture differs between business units. The main risks are described per business unit below.

Insurance

Insurance consists of risk products and property and casualty insurance. The price can normally be adjusted on an annual basis if the risk changes.

The greatest risk is disability risk. More persons than expected may be disabled and/or fewer disabled persons will be able to work again. Some policies provide a pay-out in the event of death, but Storebrand's risk from this is limited.

In property and casualty insurance, most of the risk is linked to developments in claims payments from car and home insurance. Climate change is one factor which may affect future claims (see page 21-23).

Savings

Savings consists of unit-linked insurance and other non-guaranteed pensions, the asset management business and the banking business.

For unit-linked insurance, the customer bears the financial market risk. The disbursements are generally time limited,

and Storebrand bears low risk from increased life expectancy. For Storebrand, the risk from unit-linked insurance is primarily changes in future income or cost.

The asset management business offers active and passive management, as well as management of fund-in-fund structures. Operational risks, including regulatory compliance, are the greatest risks.

The greatest risks for the banking business are credit risk and liquidity risk. Virtually the entire loan portfolio is secured by mortgages, limiting our credit risk.

Guaranteed Pension

Guaranteed Pension encompasses savings and pension products with guaranteed interest rates. The greatest risks are financial market risk and longevity risk.

A common feature of the products is that Storebrand guarantees a minimum return. In Norway, the return must exceed the guarantee in each year, while in Sweden it is enough to achieve the guaranteed return on average over time.

The guaranteed insurance liabilities are sensitive to changes in interest rates, where lower rates will increase the value of the liabilities and make it harder to achieve the guaranteed rate. We aim to control the risk through the investments, but there is a residual risk from lower interest rates.

The traditional guaranteed products are closed for new business, but there is a large back-book of reserves. New premiums are mainly in Defined Contribution pensions (unit linked) or hybrid schemes with zero percent guarantee.

Other

The Other unit encompasses the holding company Storebrand ASA, as well as the company portfolios and smaller subsidiaries of Storebrand Life Insurance and SPP. The assets in Storebrand ASA and the company portfolios are invested at low risk, primarily in investment grade short-term interest-bearing securities. Below are the most significant regulatory changes and their possible effect on Storebrand.

Regulatory changes

EUROPEAN REGULATIONS

Solvency II 2020 review

The European Insurance and Occupational Pension Authority (EIOPA) has launched a public consultation on changes in the Solvency II standard model. EIOPA has proposed changes in the interest rate risk module that appear to increase the solvency capital requirement for NOK and SEK. EIOPA will present final proposals to the Commission in June 2020, and final conclusions drawn by the Commission, the Parliament and the Council in 2022.

Sustainable finance

The European Commission is working on regulations for sustainable finance. This is in line with the action plan for the financing of sustainable growth and aims to contribute to more investments in sustainable businesses, as well as increasing the robustness of the financial system with respect to climate-related risk.

Regulations will be introduced in three main areas:

1. A uniform taxonomy defining sustainable economic activities.
2. Requirements for disclosure on sustainable investments and sustainability risk.
3. Reference values for carbon emissions (carbon benchmarks).

The new EU regulations will establish standards for sustainable asset management and stipulate requirements for reporting and customer information. We consider this a positive step, providing improved rigour to financial and non-financial disclosure, better information to key stakeholders, as well as improved benchmarking through comparable data across the finance sector. Our current level of disclosure is deemed to be enough to meet the requirements of the proposed regulations, and as such do not represent a key risk in terms of compliance.

The Commission will consider developing a labelling scheme (EU Ecolabel) for sustainable investments based on the taxonomy. The taxonomy will come into force in December 2021.

NORWEGIAN REGULATIONS

Individual Pension Accounts

In April 2019 the Norwegian parliament passed legislation that will introduce individual pension accounts in the private sector Direct Contributions (DC) market. This is expected to come into force in 2021. Individual pension accounts will consolidate the DC market by transferring pension capital certificates from previous employers to a single pension account with the current employer's pension provider. This transfer will occur automatically, unless the employee chooses to opt out. Employees can choose to transfer their pension earnings to a provider of own choice.

The employer will cover asset management cost for contributions during current employment (active part) while the employee will cover asset management costs for previous earnings (pension capital certificates that are transferred to the new pension account).

A key aim of the reform is to reduce the costs associated with the administration of pension contributions from previous employers. This will in turn entail lower income for the providers.

The reform will initially transfer pension contributions from a retail market for Pension capital certificates to a corporate market for active Defined Contribution schemes. We are well positioned in this market. Over time, the individual's option to transfer the account to a provider of own choice may contribute to further individualisation of the market for pensions. This may require Storebrand to further strengthen its position in the retail market.

Transfers require new digital infrastructure for handling opt-outs and exchanging information and payments between companies. It is important for Storebrand to seek solutions that ensure a good implementation of the reform, while at the same time limiting additional administrative costs.

We are part of a multi-stakeholder Implementation Committee established by the Ministry of Finance.

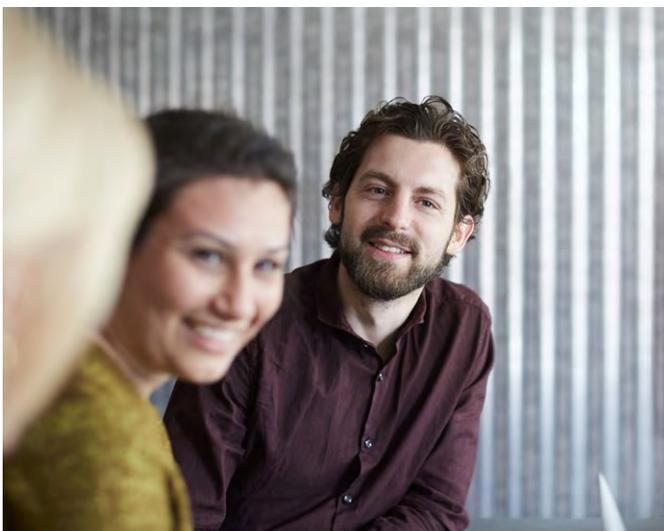
Public service pensions

New public sector occupational pensions will be introduced from 2020. We provide administration and asset management services for municipal pension funds and decided to enter the insured municipal pension market in 2019.

When collective guaranteed pension contracts are transferred to other providers, the provider which the customer transfers from can withhold market value adjustment reserves up to two per cent of technical provisions. The Ministry of Finance has abolished this regulation with effect from December 2019. Storebrand views this as having a mainly positive impact on the market for public sector pensions, facilitating competition by creating a more level playing field and increasing transfer values for municipal customers moving from KLP.

Contractual pensions (AFP)

The Confederation of Trade Unions (LO) and Confederation of Norwegian Enterprise (NHO) are working on changes to the AFP scheme, as a basis for the negotiations during the annual wage settlement in the spring of 2020. Changes in the collectively agreed AFP scheme, making this a more predictable benefit for employees, could have an impact on demand for regular occupational pension.



Regulations for guaranteed products

The Ministry of Finance is considering proposals from the Financial Supervisory Authority (FSA) regarding changes in guaranteed pension regulations. The FSA proposals follow up from a Working Group report on guaranteed pensions published in September 2018. The Working Group assessed the regulations for profit sharing and buffer building, as well as rules regulating the transfer of pension assets between providers:

- The opportunity for companies to build up additional statutory provisions separately for individual contracts.
- Merging the additional statutory reserves and the market value adjustment reserve into a new customer-distributed buffer reserve that could also cover negative returns.
- The opportunity for the company to fulfil annual interest rate guarantees with borrowed equity.
- The opportunity for customers to choose faster disbursements for small paid-up policies.
- The opportunity for the companies to compensate customers when transitioning to paid-up policies with investment options.

The FSA also proposed removing the ability to book fixed income investments at amortised cost. Storebrand, alongside other pension providers, has advocated against this proposal. In the consultation paper, the Ministry of Finance points to the arguments against this and emphasises that such a change only will be considered should it prove to be significantly favorable to the customers.

The Ministry of Finance will decide on which proposals to put forward to parliament after a public consultation which ends in April 2020.

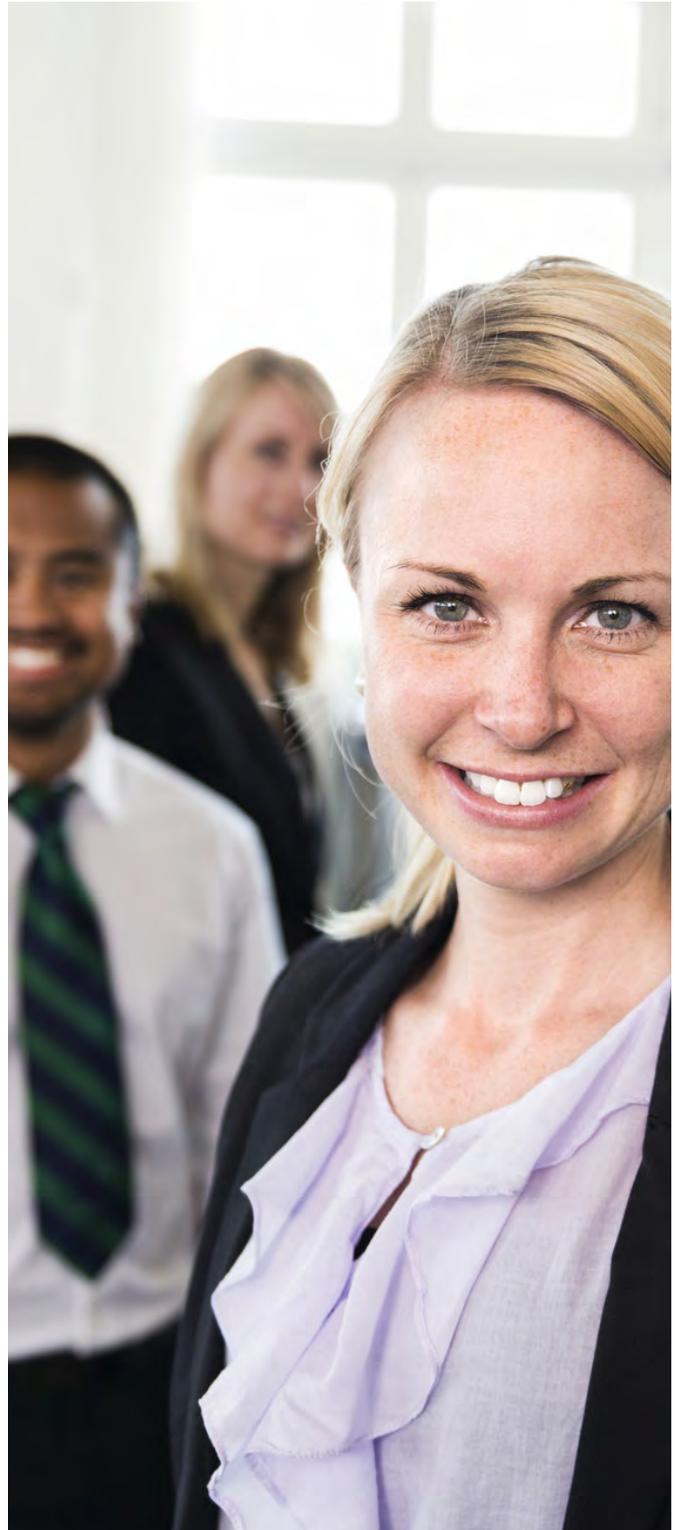
SWEDISH REGULATIONS

Official report on the premium pension (PPM) of the national retirement pension system

The second report on the PPM was published in November 2019. From January 2021, a new law will require funds on the platform to be selected through a procurement procedure under new criteria for fees, quality and sustainability. The report proposes Sweden's AP7 fund to be given the authority to manage the procurement proceedings in addition to managing the default investment option in the PPM system and run under the new name "Authority for the Premium Pension Fund Management". The procurements are expected to start in 2021 and the reform shall be fully implemented by 2024. The PPM fund platform is a large distribution channel for Storebrand funds. The new fund platform is expected to offer fewer funds than what is available on the platform today.

New transfer market regulation

A new regulation with the purpose of increasing the transferability of pensions policies came into force in January 2020. The new rules limit the amount of fees that can be charged upon transferring pensions rights to competing providers. In accordance with the new regulation, SPP adjusted its transfer fees. SPP is a proponent of increased transfer rights and welcomes the new regulation. The Swedish government has been asked by the parliament to propose further measures that could lead to further adjustments in the fee models.



Working environment and HSE

Every year managers must confirm in writing that they have discussed ethics and ethical dilemmas, information security, financial crime and HSE in departmental meetings.

Storebrand's absence due to illness has been at a stable low level for many years. Absence due to illness was 3.1% in Norway and 2.5% in the Swedish business. Storebrand has been an "inclusive workplace" (IA) company since 2002, and the Group's managers have over the years built up routines for the follow-up of employees who are ill. All managers with Norwegian employees must complete a mandatory HSE course, in which following up illness is part of the training.

There was one injury to a staff member in 2019. No damage to property was reported, and no accidents were otherwise reported in the Storebrand Group in 2019.

Storebrand's work in this area is elaborated on in Chapter 5 – People and Chapter 6 – Keeping Own House in Order.



Group financial results for 2019

The Storebrand Group's annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). We the Board of Storebrand ASA confirm that we meet the conditions for preparing financial statements on the basis of a going concern, pursuant to Norwegian accounting legislation.

Our financial result is reported by business segment: Savings, Insurance, Guaranteed Pension and Other as well as on a consolidated Group level.

GROUP PROFIT

- Group profit⁵¹⁾ NOK 3,037 million
- Solvency margin of 176%
- The Board proposes a dividend of NOK 3.25 per share

NOK million	2019	2018
Fee and administration income	5,308	5,011
Insurance result	1,005	1,291
Operational cost	-4,015	-3,786
Operating profit	2,298	2,516
Financial items and risk result life	739	642
Profit before amortisation	3,037	3,158
Amortisation and write-downs of intangible assets	-444	-360
Profit before tax	2,593	2,799
Tax	-511	898
Profit after tax	2,082	3,697

Storebrand achieved a group profit before amortisation of NOK 3,037 million (3,158 million). Group profit after tax was NOK 2,082 million (3,697 million). The figures in brackets show the comparative figures for the same period last year.

Fee and administration income increased by 6%. The underlying income performance is marked by growth in Defined Contribution occupational pensions. Improved relative performance in funds with performance fees contributes as well.

The insurance result had a combined ratio of 91% (82%), in line with target. Higher disability claims in 2019 and the dissolution of reserves in a 2018 explain the development in the result.

Operational costs amounted to NOK 4,015 million (NOK 3,786), but adjusted for performance related costs, the consolidation of Cubera and restructuring costs, the Group's underlying operational costs were in line with the cost target. Our goal is to keep the costs nominally flat between 2012 to 2020, which will entail a reduction in the real costs.

Overall, the operating profit amounted to NOK 2,298 million (NOK 2,516 million). The financial items and risk result increased 15% due to positive developments in financial markets compared to 2018.

Amortisation of intangible assets amounted to NOK 444 million (NOK 360 million). The increase stems partly from the acquisition of Cubera. Ordinary depreciation of intangible assets is expected to be around NOK 110 million per quarter in 2020.

The Group profit before tax was NOK 2,593 million (2,799 million) resulting in a tax of NOK 511 million (NOK -898 million). In 2018, the booked tax income was a result of transitional effects related to new tax legislation in Norway. The effective tax rate is influenced by the different tax rates in the countries Storebrand has operations in. The tax rate is estimated to be between 21-23% for 2020. For more information on tax and uncertain tax positions, see Note 26. Storebrand has a policy for responsible taxation and publishes a separate tax transparency report⁵²⁾.

51) Profit before amortisation and taxes

52) See separate report on our website for more information

SAVINGS

The Savings business had a year with strong growth in assets under management fuelled by good market returns, growth in new business and improved relative fund performance.

NOK million	2019	2018
Fee and administration income	3,996	3,709
Operational cost	-2,621	-2,405
Operating profit	1,375	1,303
Financial items and risk result life	-11	-46
Profit before amortisation	1,364	1,257

Financial Performance

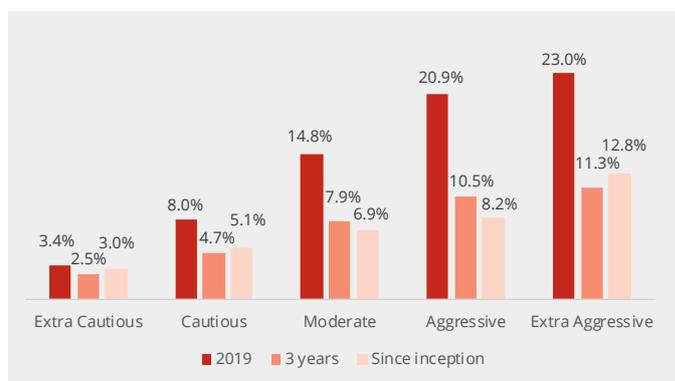
Total fee and administration income increased by 8% to NOK 3,996 million (NOK 3,709 million). The increase is attributed to underlying growth from volume growth, new business and higher savings rates as well as improved relative fund performance in funds with performance fees. Increased competition contributes to moderate margin pressure both for the Norwegian and the Swedish Unit Linked products. The bank achieved a higher net interest margins of 1.26% (1.22%) for mortgage lending to the retail market compared to the previous year. In Asset Management, growth in index-based products slowly leads to lower gross margins.

Profit before amortisation grew by 9% and amounted to NOK 1,364 million (1,257 million). Operational costs increased slightly in 2019 – partly explained by higher performance related costs but also by underlying growth in the business. The recent acquisition of Cubera is included with a profit of NOK 37 million.

Balance sheet and market performance

Unit Linked premiums grew by 7% and amounted to NOK 17.2 billion. The total reserves (assets under management) in Unit Linked increased by 41 billion (23%) compared to the previous year and amounted to NOK 220 billion at the end of the 2019. Growth was driven by new sales, higher savings rates, growth from wage adjustments and good market returns. See the graph above.

Return on standard defined contribution pension portfolios in the ITP scheme

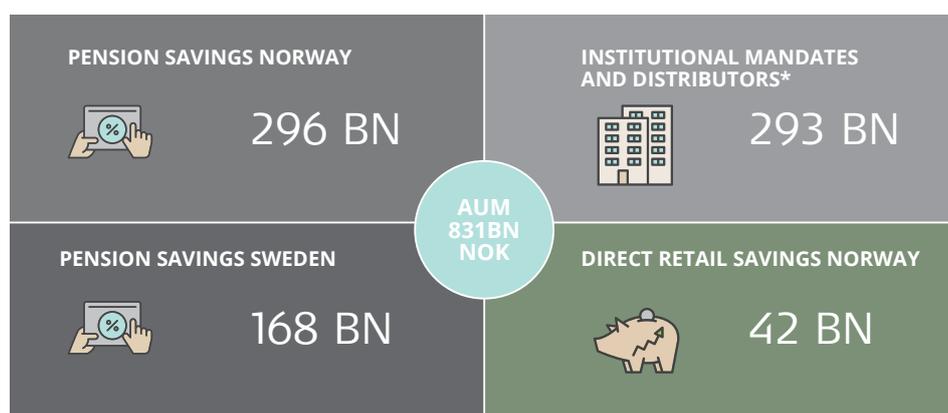


In Norway, Storebrand retained its position as the market leader in Defined Contribution schemes, with a 29% market share. SPP is the fourth largest provider of non-unionised occupational pensions with a market share of 14%.

Assets under management in Storebrand Asset Management increased by NOK 124 billion or 18% compared to the previous year. This includes the consolidation of Cubera with NOK 20 billion. The increase was attributed to positive inflows and financial markets in 2019. At the end of year, assets under management amounted to NOK 831 billion divided into portfolios for Storebrand Life Insurance and SPP, institutional mandates and distributors, as well as retail savings.

Key figures – Savings

NOK million	2019	2018
Unit Linked reserves	219,793	179,299
Unit Linked premiums	17,168	16,021
AuM Assets Management	831,204	707,297
Retail Market Lending	48,161	46,526



*)Company capital of NOK 31 billion is not allocated to any of the customer segments but included in the sum

INSURANCE

Insurance delivered an overall combined ratio and premium growth in line with our ambition, supported by successful growth initiatives in the retail market. Higher disability claims in 2019 as opposed to a positive effect from dissolution of reserves in 2018 resulted in a lower insurance result in 2019.

NOK million	2019	2018
Insurance premiums f.o.a.	3,909	3,854
Claims f.o.a.	-2,904	-2,562
Operational cost	-648	-614
Operating profit	357	677
Financial result	83	71
Result before amortisation	439	748

Financial performance

The Insurance profit was NOK 439 million (748 million), with a total combined ratio of 91% (82%) in line with our profitability target. Insurance premiums for own account increased by 1.4% as a result of new growth initiatives in the retail market. The premium level was stable in the corporate market. The lower result and higher combined ratio is due to higher disability claims in 2019, as opposed to 2018 which was positively affected by dissolution of reserves. The underlying profitability and efficiency were good and showed satisfactory performance.

The combined risk result gave a claims ratio of 74% (66%) and the underlying risk performance was satisfying. P&C insurance delivered a good underlying result and was further strengthened by dissolution gains. Individual life maintained good profitability. Higher disability claims increase the claims ratio in Individual life and Group life, while increased price competition weakened the result in Norwegian Pension related disability insurance. The result for the Swedish risk products was good and explained by a lower claims ratio.

The cost percentage was 17% (16%). The increase is mainly explained by increased commission fees to the sales agents.

The investment portfolio of Insurance in Norway amounted to NOK 8.3 billion (NOK 8.1 billion), which is primarily invested in fixed income securities with a short or medium duration. Financial returns increased in 2019 due to higher short-term rates.

Key figures – Insurance

Key figures	2019	2018
Claims ratio	74%	66%
Cost ratio	17%	16%
Combined ratio	91%	82%

Balance sheet and market performance

The Insurance segment offers a broad range of products to the retail market in Norway, as well as to the corporate market in both Norway and Sweden. The total premiums written for the segment at the end of 2019 amounted to NOK 4.7 billion (NOK 4.5 billion), an increase of 5% in line with our growth target. Of these, NOK 1.9 billion (NOK 1.7 billion) is in the retail market and NOK 2.8 billion (NOK 2.8 billion) in the corporate market.

Our growth in the retail market has increased both within P&C and Individual Life due to a strong contribution from sales agents. In combination with our own distribution channels, this should contribute to profitable growth. Margins within the segment remain attractive and Storebrand aims to continue grow its market share from today's small levels.

The corporate market is competitive and more mature with a strong focus on price. In Sweden, the disability trend has been declining for a long time, which has resulted in better results. Health insurance is a growing market with good profitability and where Storebrand is one of the market leaders. Storebrand is a relatively small provider in the market for Group life insurance. The claims ratio has been high, but price increases are implemented as of January 2020 in order to improve the result.

GUARANTEED PENSION

Guaranteed Pension delivered a strong financial and risk result supported by positive market developments.

NOK million	2019	2018
Fee and administration income	1,475	1,440
Operating costs	-819	-816
Operating results	657	624
Risk result life & pensions	215	191
Net profit sharing	157	333
Result before amortisation	1,029	1,148

Financial performance

The profit for Guaranteed Pension amounted to NOK 1,029 million (NOK 1,148 million). While the operating profit and risk result improved in 2019, net profit sharing in 2019 was lower than in 2018 due to dissolution of reserves of NOK 200 million last year.

Fee and administration income in 2019 was in line with the previous year and amounted to NOK 1,475 million (NOK 1,440 million). This is consistent with the fact that the products are in long-term decline. Norwegian Paid-up policies had a 12% increase in income in 2019, while SPP and Norwegian Defined Benefit experienced 2% and -3% growth, respectively. Operating costs remained flat compared to 2018 and have declined over time, as a result of the area being in long-term decline.

The risk result was NOK 215 million (NOK 191 million) in 2019, largely stemming from the Norwegian paid-up policy portfolio due to good disability results and reactivation.

The profit-sharing result was NOK 157 million (NOK 333 million) in 2019. The result has essentially been generated in SPP. The lower result in 2019 is explained by dissolution of reserves of NOK 200 million in 2018. Positive investment returns resulted in lower deferred capital contributions (DCC) in 2019.

Balance sheet and market performance

The products are in long-term decline, but customer reserves for Guaranteed Pension amounted to NOK 263 billion at the end of 2019, which is 1% higher than at the start of the year. This is because the return on policies exceeded the net flow of premiums and pension claims. The net flow amounted to NOK -8.2 billion in 2019. The Norwegian Paid-up policy portfolio grew as Defined Benefit contracts eventually become Paid-up policies and amounted to NOK 137 billion (NOK 133 billion) at the end of 2019.

All products achieved a return above the guaranteed rate on average in 2019, resulting in 16% growth in buffer capital. In Norway, the average value adjusted return was 5.5% while the average guaranteed rate was 3.2%. In Sweden, the average value adjusted return was 7.9% while the average guaranteed rate was 2.9%.

Key figures – Guaranteed Pension

(NOK mill.)	2019	2018
Guaranteed reserves	263,185	260,573
Guaranteed reserves in % of total reserves	54.5%	59.2%
Net transfers	-103	-165
Buffer capital in % of customer reserves Norway	8.6%	6.4%
Buffer capital in % of customer reserves Sweden	10.7%	8.7%

OTHER

Satisfactory returns in company portfolios contributed to a positive financial result in the Other segment.

Results for Other⁵³⁾

(NOK mill.)	2019	2018
Fee and administration income	51	102
Operating costs	-143	-190
Operating profit	-91	-89
Financial results and risk results life	296	128
Result before amortisation	205	40

Eliminations

NOK million	2019	2018
Fee and administration income	-215	-239
Operating costs	215	239
Financial result		-35
Result before amortisation		-35

Financial performance

The profit before amortisation in the Other segment was NOK 205 million (NOK 5 million) in 2019. The Fee and administration income as well as the operational costs declined in 2019 due to the sale of Nordben and the run-off of the corporate bank.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Assuming the current interest rate at the end of 2019, interest expenses are expected to be approximately NOK 90 million quarterly.

The financial result includes the return on the company portfolios in Storebrand Life Insurance and SPP, as well as the financial result of Storebrand ASA. The financial result is affected by the low interest rate level throughout the year, but tightened credit spreads contributed to positive returns in the company portfolios.

53) Excludes eliminations. The segment result consists of the sum total of results for the business activities in Other plus eliminations.

Official Financial Statements of Storebrand ASA

Storebrand ASA is the holding company in the Storebrand Group, and the accounts have been prepared in accordance with the Norwegian Accounting Act, the generally accepted accounting policies in Norway and the Norwegian Regulations relating to annual accounts for insurance companies.

Storebrand ASA reported a pre-tax profit of NOK 3,125 million in 2019, compared with NOK 4,074 million in 2018. Group contributions from investments in subsidiaries amounted to NOK 3,230 million, compared with NOK 4,131 million for the previous year.

Income statement for Storebrand ASA

NOK million	2019	2018
Group contribution and dividends	3,230	4,131
Net financial items	-3	28
Operating expenses	-102	-86
Pre-tax profit/loss	3,125	4,074
Tax	-173	-111
Profit for the year	2,952	3,963

Statement of comprehensive income

NOK million	2019	2018
Profit for the year	2,952	3,963
<i>Other result elements not to be classified to profit/loss</i>		
Change in actuarial gains or losses	-8	9
Tax on other income statement components	2	-2
Total other income statement elements	-6	6
Total comprehensive income	2,946	3,969

ALLOCATION OF THE PROFIT FOR THE YEAR

Storebrand ASA reported a profit of NOK 2,952 million for 2019, compared with NOK 3,963 million for 2018.

The Board proposes a dividend of NOK 1,517 million to the General Meeting, corresponding to an ordinary dividend of NOK 3.25 per share for 2019 financial year.

Allocation of the profit for the year for Storebrand ASA

NOK million	2019	2018
Profit for the year	2,952	3,963
Allocations		
Transferred to other reserves	1,435	2,561
Provision for shared dividends	1,517	1,402
Total allocations	2,952	3,963

Lysaker, 11 February 2020
Board of Directors of Storebrand ASA

Didrik Munch
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Liv Sandbæk

Martin Skancke

Karl Sandlund

Fredrik Törnqvist

Magnus Gard

Odd Arild Grefstad
Group Chief Executive Officer

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STOREBRAND GROUP

Income statement

NOK million	Note	2019	2018
Premium income	14	32,366	29,631
Net income from financial assets and properties for the company:			
- equities and other units at fair value	15	40	-10
- bonds and other fixed-income securities at fair value	15	600	286
- financial derivatives at fair value	15	7	50
- loans at fair value	15	14	4
- bonds at amortised cost	15	214	116
- loans at amortised cost	15	802	665
- profit from investments in associated companies/joint controlled operation	29	39	46
Net income from financial assets and properties for the customers:			
- equities and other units at fair value	15	37,318	-5,249
- bonds and other fixed-income securities at fair value	15	4,167	737
- financial derivatives at fair value	15	1,424	-2,111
- loans at fair value	15	11	136
- bonds at amortised cost	15	3,912	4,254
- loans at amortised cost	15	546	544
- properties	16	1,864	1,487
- profit from investments in associated companies	29	341	303
Other income	17	3,758	4,028
Total income		87,422	34,918
Insurance claims	18	-26,756	-25,142
Change in insurance liabilities	38	-44,725	-2,140
Change in capital buffer	19	-5,892	1,730
Operating expenses	20, 21, 22, 23	-4,828	-4,542
Other expenses	24	-1,238	-853
Interest expenses	25	-947	-813
Total expenses before amortisation and write-downs		-84,385	-31,760
Group profit before amortisation and write-downs		3,037	3,158
Amortisation and write-downs of intangible assets	27	-444	-360
Group pre-tax profit		2,593	2,799
Tax expenses	26	-511	898
Profit/loss for the year		2,082	3,697
Profit/loss for the year due to:			
Share of profit for the period - shareholders		2,067	3,684
Share of profit for the period - hybrid capital investors		12	9
Share of profit for the period - minority		3	3
Total		2,082	3,697
Earnings per ordinary share (NOK)		4.43	7.89
Average number of shares as basis for calculation (million)		466.8	467.2
There is no dilution of the shares			

STOREBRAND GROUP

Statement of total comprehensive income

NOK million	Note	2019	2018
Profit/loss for the year		2,082	3,697
Change in actuarial assumptions	21	3	-26
Adjustment of value of properties for own use		-22	48
Total comprehensive income elements allocated to customers		22	-48
Tax on other comprehensive income elements not to be classified to profit/loss		12	1
Total other comprehensive income elements not to be classified to profit/loss		15	-25
Translation differences foreign exchange		-168	-351
Gains/losses from cash flow hedging	41	-36	-23
Total other comprehensive income elements that may be classified to profit/loss		-204	-374
Total other comprehensive income elements		-190	-399
Total comprehensive income		1,892	3,297
Total comprehensive attribute to:			
Share of total comprehensive income - shareholders		1,879	3,286
Share of total comprehensive income - hybrid capital investors		12	9
Share of total comprehensive income - minority		1	2
Total		1,892	3,297

STOREBRAND GROUP

Statement of Financial Position

NOK million	Note	31.12.19	31.12.18
Assets company portfolio			
Deferred tax assets	26	1,430	1,972
Intangible assets and excess value on purchased insurance contracts	27	6,220	6,106
Pension assets	21	2	5
Tangible fixed assets	28	1,075	43
Investments in associated companies and joint ventures	29	227	255
Financial assets at amortised cost:			
- Bonds	10,30,31	8,256	8,349
- Loans to financial institutions	10,30	41	318
- Loans to customers	10,30,32	29,798	28,236
Reinsurers' share of technical reserves		26	21
Investment properties at fair value	8,33	49	50
Biological assets		67	67
Accounts receivable and other short-term receivables	30,34	4,824	7,005
Financial assets at fair value:			
- Equities and other units	8,12,30,35	323	295
- Bonds and other fixed-income securities	8,10,12,30,36	28,512	24,055
- Derivatives	10,12,30,37	1,183	1,226
- Loans to customers	32	389	220
Bank deposits	10,30	3,119	3,633
Minority interests in consolidated mutual funds		44,933	29,290
Total assets company portfolio		130,474	111,145
Assets customer portfolio			
Investments in associated companies	29	4,045	4,406
Financial assets at amortised cost:			
- Bonds	10,30,31	89,790	86,374
- Bonds held-to-maturity	10,30,31	13,377	14,403
- Loans to customers	10,30,32	23,735	25,270
Reinsurers' share of technical reserves		69	48
Investment properties at fair value	8,33	29,366	28,217
Properties for own use	33	1,375	1,420
Accounts receivable and other short-term receivables	30,34	450	1,012
Financial assets at fair value:			
- Equities and other units	8,12,30,35	194,020	157,066
- Bonds and other fixed-income securities	8,10,12,30,36	128,127	133,531
- Derivatives	10,12,30,37	4,131	3,421
- Loans to customers	32	6,736	5,708
Bank deposits	10,30	7,475	5,457
Total assets customer portfolio		502,695	466,331
Total assets		633,170	577,476

NOK million	Note	31.12.19	31.12.18
Equity and liabilities			
Paid-in capital		12,856	12,858
Retained earnings		20,264	19,782
Hybrid capital		226	176
Minority interests		52	57
Total equity		33,398	32,873
Subordinated loan capital	9,30	8,925	8,224
Capital buffer	38	23,825	18,983
Insurance liabilities	38,39	477,171	444,341
Pension liabilities	21	266	322
Deferred tax	26	768	258
Financial liabilities:			
- Liabilities to financial institutions	9,12,30	446	2
- Deposits from banking customers	9,12,30	14,404	14,419
- Securities issued	9,12,30	18,729	17,529
- Derivatives company portfolio	10,12,30,37	86	460
- Derivatives customer portfolio	10,12,30,37	908	4,147
- Other non-current liabilities		1,037	
Other current liabilities	9,30,40	8,274	6,628
Minority interests in consolidated mutual funds		44,933	29,290
Total liabilities		599,772	544,604
Total equity and liabilities		633,170	577,476

Lysaker, 11 February 2020
Board of Directors of Storebrand ASA

Didrik Munch
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Liv Sandbæk

Martin Skancke

Karl Sandlund

Fredrik Törnqvist

Magnus Gard

Odd Arild Grefstad
Group Chief Executive Officer

STOREBRAND GROUP

Statement of changes in equity

Statement of changes in equity										
NOK million	Share capital ¹⁾	Own shares	Share premium	Total paid in equity	Currency translation differences	Other equity ²⁾	Total retained earnings	Hybrid capital ³⁾	Minority interests	Total equity
Equity at 31 December 2017	2,339	-5	10,521	12,855	1,426	16,226	17,652	226	99	30,832
Profit for the period						3,684	3,684	9	3	3,697
Total other comprehensive income elements					-350	-48	-398		-1	-399
Total comprehensive income for the period					-350	3,636	3,286	9	2	3,297
Equity transactions with owners:										
Own shares		3		3		48	48			50
Issues of shares									4	4
Hybrid capital classified as equity						2	2	-50		-48
Paid out interest hybrid capital								-9		-9
Dividend paid						-1,167	-1,167		-2	-1,169
Purchase of minority interests						-82	-82		-38	-120
Other						43	43		-8	35
Equity at 31 December 2018	2,339	-2	10,521	12,858	1,076	18,706	19,782	176	57	32,873
Profit for the period						2,067	2,067	12	3	2,082
Total other comprehensive income elements					-166	-22	-188		-2	-190
Total comprehensive income for the period					-166	2,045	1,879	12	1	1,892
Equity transactions with owners:										
Own shares		-3		-3		-27	-27			-29
Hybrid capital classified as equity						3	3	50		53
Paid out interest hybrid capital								-12		-12
Dividend paid						-1,399	-1,399			-1,399
Other						27	27		-7	21
Equity at 31 December 2019	2,339	-5	10,521	12,856	910	19,355	20,264	226	52	33,398

1) 467,813,982 shares with a nominal value of NOK 5.

2) Includes undistributable funds in the risk equalisation fund amounting to NOK 466 million and security reserves amounting NOK 62 million.

3) Perpetual hybrid tier 1 capital classified as equity.

STOREBRAND GROUP

Statement of cash flow

NOK million	2019	2018
Cash flow from operational activities		
Net receipts premium - insurance	26,343	25,211
Net payments compensation and insurance benefits	-20,723	-20,056
Net receipts/payments - transfers	-118	-699
Net receipts/payments - insurance liabilities	-765	-5,140
Receipts - interest, commission and fees from customers	2,426	2,232
Payments - interest, commission and fees to customers	-503	-290
Taxes paid	-21	-56
Payments relating to operations	-4,837	-4,633
Net receipts/payments - other operational activities	4,786	-303
<i>Net cash flow from operations before financial assets and banking customers</i>	<i>6,589</i>	<i>-3,735</i>
Net receipts/payments - loans to customers	-1,419	-5,584
Net receipts/payments - deposits bank customers	-15	-209
Net receipts/payments - mutual funds	-3,435	10,965
Net receipts/payments - investment properties	-368	296
Net change in bank deposits insurance customers	-2,092	-423
<i>Net cash flow from financial assets and banking customers</i>	<i>-7,329</i>	<i>5,045</i>
Net cash flow from operational activities	-740	1,310
Cash flow from investment activities		
Receipts - sale of subsidiaries		1,175
Payments - purchase of subsidiaries	-308	-736
Net receipts/payments - sale/purchase of fixed assets	-96	-35
Net receipts/payments - sale of insurance portfolios	29	156
Net cash flow from investment activities	-375	560
Cash flow from financing activities		
Receipts - new loans	3,001	4,177
Repayments of loans	-1,769	-3,195
Payments - interest on loans	-429	-295
Receipts - subordinated loan capital	1,052	845
Payments - repayment of subordinated loan capital	-253	-1,501
Payments - interest on subordinated loan capital	-365	-373
Net receipts/payments - loans to and claims from other financial institutions	443	-153
Receipts - issuing of share capital / sale of shares to own employees	33	37
Payments - repayment of share capital	-68	
Payments - dividends	-1,399	-1,168
Receipts - hybrid capital	125	100
Payments - repayment of hybrid capital	-75	-150
Payments - interest on hybrid capital	-12	-9
Net cash flow from financing activities	284	-1,684
Net cash flow for the period	-831	185

STOREBRAND GROUP

Statement of cash flow (continue)

NOK million	2019	2018
Net movement in cash and cash equivalents	-831	185
Cash and cash equivalents at start of the period	3,951	3,780
Currency translation cash/cash equivalents in foreign currency	41	-14
Cash and cash equivalents at the end of the period ¹⁾	3,160	3,951
1) Consist of:		
Loans to financial institutions	41	318
Bank deposits	3,119	3,633
Total	3,160	3,951

The cash flow analysis shows the Group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities

A substantial part of the activities in a financial group will be classified as operational. All receipts and payments from insurance activities are included from the insurance companies, and these cash flows are invested in financial assets that are also defined as operational activities. One subtotal is generated in the statement that shows the net cash flow from operations before financial assets and banking customers, and one subtotal that shows the cash flows from financial assets and banking customers. This shows that the composition of net cash flows from operational activities for a financial group includes cash flows from both operations and investments in financial assets. The life insurance companies' balance sheets include substantial items linked to the insurance customers that are included on the individual lines in the cash flow analysis. Since the cash flow analysis is intended to show the change in cash flow for the company, the change in bank deposits for insurance customers is included on its own line in operating activities to neutralise the cash flows associated with the customer portfolio in life insurance.

Investment activities

Includes cash flows for holdings in group companies and tangible fixed assets.

Financing activities

Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the Group's activities. Payments of interest on borrowing and payments of share dividends to shareholders are financial activities.

Cash/cash equivalents

Cash/cash equivalents are defined as claims on central banks and loans to and claims from financial institutions. The amount does not include claims on financial institutions linked to the insurance customers portfolio, since these are liquid assets that not available for use by the Group.

STOREBRAND GROUP

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1. Company information

Storebrand ASA is a Norwegian public limited company that is listed on the Oslo Stock Exchange. The consolidated financial statements for 2019 were approved by the Board of Directors of Storebrand ASA on 11 February 2020.

The Storebrand Group offers a comprehensive range of insurance and asset management services, as well as securities, banking and investment services, to private individuals, companies, municipalities, and the public sector. The Storebrand Group consists of the business areas Savings, Insurance, Guaranteed Pensions and Other. The Group's head office is located at Professor Kohts vei 9, in Lysaker, Norway.

2. Basis for preparation of the financial statements

The accounting policies applied in the consolidated financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances. There is no required use of uniform accounting policies for insurance contracts and this exemption is applied for insurance contracts in the consolidated financial statements. This is discussed in section 14.

Storebrand ASA's consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and related interpretations, as well as other Norwegian disclosure requirements laid down in legislation and regulations.

Use of estimates when preparing the consolidated financial statements.

The preparation of the consolidated financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

3. Summary of significant accounting policies for material items on the balance sheet

For the most part, the asset side of the Group's balance sheet comprises financial instruments and investment properties and a differentiation is made between assets in the company portfolio (shareholders) and assets belonging to the customer portfolio. This split is due to the fact that the Group has a significant life insurance business in which customer assets must be kept separate from the company's assets.

Financial instruments - IFRS 9

IFRS 9 Financial Instruments replaces the current IAS 39, and was generally applicable from 1 January 2018. However, for insurance-dominated groups and companies, IFRS 4 allows for either the implementation of IFRS 9 to be deferred (deferral approach) or to enter the differences between IAS 39 and IFRS 9 through other comprehensive income (overlay approach) until implementation of IFRS 17. The Storebrand Group qualifies for temporary deferral of IFRS 9 because over 90 per cent of the Group's total liabilities as of 31 December 2015 were linked to the insurance businesses. For the Storebrand Group, IFRS 9 will be implemented together with IFRS 17, which is expected to be applicable from 1 January 2022.

The Storebrand Group has conducted a provisional analysis of the classification and measurement of financial instruments in accordance with the present IAS 39 for the transition to IFRS 9, based on the current business model for the individual instruments. For financial instruments that are expected to be classified and measured at amortised cost or fair value through total comprehensive income upon transition to IFRS 9, a SPPI ("Solely payment of principal and interest") test is carried out. This is a provisional categorisation under IFRS 9, based on the present asset allocation. No assessments have been made of any changes in classification and measurement of financial assets under IFRS 9 in connection with the transition to IFRS 17.

IFRS9 - FINANCIAL INSTRUMENTS TO AMORTISED COST AND FVOCI

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS 39 1.1.2019	Fari value after IFRS 9 1.1.2019	Booked value after IAS 39 31.12.2019	Fari value after IFRS 9 31.12.2019
Financial assets						
Bank deposits	AC	AC	9,090	9,090	10,594	10,594
Bonds and other fixed-income securities	AC	AC	109,126	114,164	111,424	116,161
Loans to financial institutions	AC	AC	318	318	41	41
Loans to customers	AC	FVOCI	53,192	53,169	53,245	53,246
Loans to customers	AC	AC	316	316	288	288
Accounts receivable and other short-term receivables	AC	AC	8,018	8,018	5,273	5,273
Total financial assets			180,059	185,075	180,865	185,604
Financial liabilities						
Deposits from banking customers	AC	AC	14,419	14,419	14,404	14,404
Liabilities to financial institutions	AC	AC	2	2	446	446
Debt raised by issuance of securities	AC	AC	17,529	17,565	18,729	18,728
Subordinated loan capital	AC	AC	8,224	8,218	8,925	9,010
Other current liabilities	AC	AC	6,795	6,795	8,274	8,274
Total financial liabilities			46,969	47,000	50,778	50,862

IFRS9 - FINANCIAL INSTRUMENTS AT FAIR VALUE

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS 39 1.1.2019	Fari value after IFRS 9 1.1.2019	Booked value after IAS 39 31.12.2019	Fari value after IFRS 9 31.12.2019
Financial assets						
Shares and fund units	FVP&L (FVO)	FVP&L	157,361	157,361	194,343	194,343
Bonds and other fixed-income securities	FVP&L (FVO)	FVP&L	157,586	157,586	156,639	156,639
Loans to customers	FVP&L (FVO)	FVP&L	5,928	5,928	7,126	7,126
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	4,646	4,646	5,314	5,314
Total financial assets			325,521	325,521	363,421	363,421
Financial liabilities						
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	4,607	4,607	994	994
Total financial liabilities			4,607	4,607	994	994

A large majority of the financial instruments are measured at fair value (the fair value option is used), whilst other financial instruments that are included in the categories Loans and receivables and *Held to maturity* are measured at amortised cost. Financial instruments measured at amortised cost are largely related to Norwegian pension liabilities with annual interest rate guarantee.

Investment properties are measured at fair value.

Intangible assets primarily comprise excess value relating to insurance contracts and customer relations acquired in connection with a business combination. This excess value is measured at historical cost less annual amortisation and write-downs.

For the most part, the liabilities side of the Group's balance sheet comprises financial instruments (liabilities) and provisions relating to future pension and insurance payments (insurance liabilities). With the exception of derivatives, financial liabilities are measured at amortised cost.

Insurance liabilities must be adequate and cover liabilities relating to issued insurance contracts. Various methods and principles are used in the Group when assessing the reserves for different insurance contracts. A considerable part of the insurance liabilities relate to insurance contracts with interest guarantees. The recognised liabilities related to Norwegian insurance contracts with guaranteed interest rates are discounted by the basic interest rate (which corresponds to the guaranteed return/interest rate) for the respective insurance contracts.

The recognised liabilities related to the Swedish insurance contracts with guaranteed interest rates in the subsidiary SPP are discounted by an observable market interest rate and by an estimated market interest rate for terms to maturity when no observable interest rate is available and corresponds essentially to the same interest rate that is used in the Solvency calculations.

In the case of unit-linked insurance contracts, reserves for the savings element in the contracts will correspond to the value of related asset portfolios.

Due to the fact that the customers' assets in the life insurance business (guaranteed pension) have historically yielded a return that has exceeded the increased value in guaranteed insurance liabilities, the excess amount has been set aside as customer buffers (liabilities), including in the form of additional reserves, value adjustment reserve and conditional bonus.

Insurance liabilities include Incurred But Not Settled (IBNS) reserves, which consist of amounts reserved for claims either incurred but not yet reported or reported but not yet settled (Incurred But Not Reported "IBNR" and Reported But Not Settled "RBNS"). IBNS reserves are included in the premium reserve.

IBNS reserves are measured using actuarial models based on historical information about the portfolio.

4. Changes in accounting policies

A new accounting standard was implemented in 2019 - IFRS 16 Leases. For changes in estimates, see Note 2 for further information.

IFRS 16:

IFRS 16 Leases, replaces the current IAS 17 and is applicable from 1 January 2019. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The new standard for leases will not result in major changes for lessors, but will however significantly change accounting by lessees. IFRS 16 requires that, in principle, lessees recognise all leases in the balance sheet according to a simplified model that resembles the accounting treatment of financial leases in accordance with IAS 17. The present value of fixed lease payments shall be recognised in the balance sheet as debt and the right to use the leased asset during the lease period is recognised as an asset. Short-term leases and leases in which the leased asset has a low value are not recognised. Storebrand has chosen to classify the right to use the asset as tangible fixed assets and the lease liability as other non-current liabilities. The recognised asset is amortised over the lease period and the depreciation expense is recognised as an operating expense on an ongoing basis. The interest expense on the lease commitment is recognised as a financial expense.

IFRS 16 can be implemented according to either a full retrospective approach or a modified retrospective approach, and Storebrand has selected the modified retrospective approach. This means that comparative figures are not restated and the effect is entered in the balance sheet in the implementation year of 2019. Upon implementation, the right of use of the asset and liability will be the same amount and will not impact on equity. The transition to IFRS 16 increased assets and liabilities by approximately NOK 1.1 billion for the Storebrand Group on the transition date. Leases with a duration of less than 12 months as at 1 January 2019 and leases that include assets valued at less than NOK 50,000 will not be recognised in the balance sheet, but will be recognised as an operating expense over the lease period. For further information regarding the accounting effect of IFRS 16, see Note 28 Tangible fixed assets and leases.

Hedge accounting

Storebrand has selected early implementation of "Interest Rate Benchmark Reform – Amendments to IAS 39 and IFRS 7" that was issued in September 2019. In accordance with the transitional rules, the amendments have been subsequently applied to hedging

arrangements that existed at the start of the reporting period or were identified thereafter and to the amount accumulated in the cash flow hedge reserve on that date. The amendments provide temporary relief from applying specific requirements for hedge accounting of hedging arrangements that are directly affected by the IBOR reform. This has the effect that the IBOR reform will not generally result in the conclusion of hedge accounting. However, all hedge effectiveness will still be recognised in the income statement. The stipulated amendments also determine when the relaxation of the rules shall no longer apply, which includes the uncertainty resulting from the Interest Rate Benchmark Reform no longer existing. See the discussion in Note 41.

5. New IFRS that have not entered into force

New standards and changes in standards that have not come into effect

IFRS 17:

IFRS 17 replaces IFRS 4 Insurance Contracts and introduces new requirements for the recognition, measurement, presentation and disclosure of issued insurance contracts. The standard has not been approved by the EU, but is expected to be applicable from 1 January 2022. The purpose of the new standard is to establish uniform practices for the accounting treatment of insurance contracts.

IFRS 17 is a comprehensive and complex standard, with fundamental differences to the present standard for measuring liabilities and recognising earnings. Insurance contracts must be recognised at the risk-adjusted present value of future cash flows, with the addition of unearned profit in a group of contracts (Contractual Service Margin = CSM). Loss-making contracts must be recognised immediately.

As a starting point, IFRS 17 must be retrospectively applied, but modified retrospective application is permitted or application based on the fair value on the transition date if retrospective application is impracticable.

The implementation date is 1 January 2022, with a requirement that comparable figures are stated.

Storebrand is working on preparing for implementation of IFRS 17, including assessing the effects implementation of IFRS 17 will have for Storebrand's consolidated financial statements.

There are no other new or changed accounting standards that have not entered into force that are expected to have a significant effect on Storebrand's consolidated financial statements.

6. Consolidation

The consolidated financial statements include Storebrand ASA and companies controlled by Storebrand ASA. Minority interests are included in the Group's equity, unless there are options or other conditions that entail minority interests being measured as liabilities.

Storebrand Livsforsikring AS, Storebrand Asset Management AS, Storebrand Bank ASA and Storebrand Forsikring AS are significant subsidiaries owned directly by Storebrand ASA. Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Pension & Försäkring AB (publ). On acquiring the Swedish operations in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009. Storebrand has filed an application to maintain the existing group structure. A controlling interest in Skagen AS was acquired in 2017 and is owned by Storebrand Asset Management AS. The Norwegian authorities have granted Storebrand an exemption from the requirement to organise equivalent businesses in the same company. This exemption expires in 2022.

Investments in associated companies (normally investments of between 20 per cent and 50 per cent of the company's equity) in which the Group exercises significant influence, and investments in joint ventures are recognised in accordance with the equity method. Investments in associated companies and joint ventures are initially recognised at acquisition cost.

Storebrand consolidates certain funds in the Group's balance sheet when the requirement for control has been met. This encompasses funds in which Storebrand has an ownership interest of approximately 40 per cent or more, which are managed by companies in the Storebrand Group. In the Group's accounts, such funds are consolidated fully in the balance sheet, and the non-controlling interests are shown on a line for assets and on a corresponding line for liabilities. The non-controlling interests can demand redemption of their ownership interests and, as a result of this, they are classified as liabilities in the consolidated financial statements of Storebrand.

Currencies and translation of foreign companies' accounts

The Group's presentation currency is Norwegian kroner. Foreign companies that are part of the Group and have different functional currencies are converted to Norwegian kroner. Translation differences are included in the total comprehensive income.

Elimination of internal transactions

Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. Transactions between the customer portfolios and the company portfolio in the life insurance business and between the customer portfolios in the life insurance business and other companies in the Group will not be eliminated in the consolidated financial statements. The reason for this is that the result in the customer portfolio is assigned to the customers each financial year and must not influence the result and equity of the company. Pursuant to the life insurance regulations, transactions with customer portfolios are carried out at fair value.

7. Business combinations

The acquisition method is applied when accounting for acquisition of businesses. The consideration is measured at fair value. The direct acquisition expenses are expensed when they arise, with the exception of expenses related to raising debt or equity (new issues).

When making investments, including purchasing investment properties, a decision is made as to whether the purchase constitutes acquisition of a business pursuant to IFRS 3. When such acquisitions are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 is not applied. Among other things, this does not entail provisions for deferred tax such as for business combinations.

8. Segment information

The segment information is based on the internal financial reporting structure of the most senior decision-maker. At Storebrand, the executive management is responsible for following-up and evaluating the results of the segments and is defined as the most senior decision-maker. Four segments are reported for:

- Savings
- Insurance
- Guaranteed Pension
- Other

There are some differences between the result lines used in the income statement and the segment results. The Group's income statement includes gross income and costs linked to both the insurance customers and owners (shareholders). The segment results only include result elements relating to owners (shareholders) which are the result elements that the Group has performance measures and follow-up for.

Financial services provided between segments are priced at market terms. Services provided from joint functions and staff are charged to the different segments based on supply agreements and distribution keys.

9. Income recognition

Premium income

Net premium income includes the year's premiums written (including savings elements, administration premium, fees for issuing Norwegian interest rate guarantees and profit element risk), premium reserves transferred and ceded reinsurance. Annual premiums are generally accrued on a straight-line basis over the coverage period.

Income from properties and financial assets

Income from properties and financial assets are described in Sections 12 and 13.

Other income

Fees are recognised when the income can be measured reliably and is earned. Return-based revenues and performance fees are recognised when the uncertainty associated with the income is no longer present. Fixed fees are recognised as income in line with delivery of the service.

10. Goodwill and intangible assets

Added value when acquiring a business that cannot be directly attributable to assets or liabilities on the date of the acquisition is classified as goodwill on the balance sheet. Goodwill is measured at acquisition cost on the date of the acquisition. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset.

Goodwill is not amortised, instead it is tested for impairment. Goodwill is reviewed for impairment if there are indications that its value has become impaired. The review is conducted at least annually and determines the recoverable amount of goodwill. If the relevant discounted cash flow is less than the carrying value, goodwill will be written down. Reversal of an impairment loss for goodwill is prohibited even if information later comes to light showing that there is no longer a need for the write-down or the impairment loss has been reduced. Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment.

Intangible assets with limited useful economic lives are measured at acquisition cost less accumulated amortisation and any write downs. The useful life and amortisation method are measured each year. With initial recognition of intangible assets in the balance sheet, it must be demonstrated that probable future economic benefits attributable to the asset will flow to the Group. The cost of the asset must also be measured reliably. The value of an intangible asset is tested for impairment when there are indications that its value has been impaired. In other respects intangible assets are subject to write-downs and reversals of write-downs in the same manner as described for tangible fixed assets.

11. Adequacy test for insurance liabilities and related excess values

A liability adequacy test must be conducted of the insurance liability pursuant to IFRS 4 each time the financial statements are presented. The test conducted in Storebrand's consolidated financial statements is based on the Group's calculation of capital.

12. Investment properties

Investment properties are measured at fair value. Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. Income from investment properties consists of both changes in fair value and rental income.

Investment properties primarily consist of centrally located office buildings, shopping centres and logistics buildings. Properties leased to tenants outside the Group are classified as investment properties. In the case of properties partly occupied by the Group for its own use and partly let to tenants, the identifiable tenanted portion is treated as an investment property. All properties that are owned by the customer portfolios are measured at fair value and the changes in value are allocated to the customer portfolios.

13. Financial instruments**13-1. General policies and definitions***Recognition and derecognition*

Financial assets and liabilities are included in the balance sheet from such time Storebrand becomes party to the instrument's contractual terms and conditions. General purchases and sales of financial instruments are recorded on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value.

Initial recognition includes transaction costs directly related to the date of acquisition or issue of the financial asset/liability if it is not a financial asset/liability at fair value through profit or loss.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognised in the balance sheet when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Impairment of financial assets

For financial assets carried at amortised cost, an assessment is made on each reporting date as to whether there is any objective evidence that a financial asset or group of financial assets have incurred losses.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not occurred),

discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at initial recognition). The amount of the loss is recognised in the income statement.

Losses expected as a result of future events, no matter how likely, are not recognised.

13-2. Classification and measurement of financial assets and liabilities

Financial assets are classified into one of the following categories:

- Financial assets held for trading.
- Financial assets at fair value through profit or loss in accordance with the fair value option (FVO).
- Financial assets held to maturity.
- Financial assets, loans and receivables.

Held for trading

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling or repurchasing it in the short term,
- is part of a portfolio of identified financial instruments that are managed together and there is evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand's financial assets fall into this category.

Financial assets held for trading are measured at fair value at the reporting date, with all changes in their fair value recognised in profit or loss.

At fair value through profit or loss in accordance with the fair value option (FVO).

A significant proportion of Storebrand's financial instruments are classified in the category of fair value through profit or loss because:

- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or
- the financial assets form part of a portfolio that is managed and reported on a fair value basis

The accounting is equivalent to that of the held for trading category (the instruments are measured at fair value and changes in value are recognised in the income statement).

Investments held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity and that a company has the intention and ability to hold to maturity, with the exception of:

- assets that are designated upon initial recognition as assets at fair value through profit or loss, or
- assets that are defined as loans and receivables.

Assets held to maturity are recognised at amortised costs using the effective interest method. The category is used in the Norwegian life insurance business for assets linked to insurance contracts with interest rate guarantees.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of assets that the company intends to sell immediately or in the near term that are classified as held for trading and those that the company upon initial recognition designates at fair value through profit or loss.

Loans and receivables are recognised at amortised cost using the effective interest method. The category is used in the Norwegian life insurance business linked to insurance contracts with a guaranteed interest rate, and in the banking business.

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

13-3. Derivatives

Accounting treatment of derivatives that are not hedging

Derivatives that do not meet the criteria for hedge accounting are recognised as financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

Some of the Group's insurance contracts contain embedded derivatives such as interest rate guarantees. These insurance contracts do not follow the accounting standard IAS 39 Financial Instruments, but instead follow the accounting standard IFRS 4 Insurance Contracts, and the embedded derivatives are not continually measured at fair value.

13-4. Hedge accounting

Fair value hedging

Storebrand uses fair value hedging for the interest rate risk. The items hedged are financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss.

Cash flow hedging

Some borrowing in foreign currency is hedged by means of hedging instruments (derivatives). Storebrand uses cash flow hedging of the foreign exchange risk on the principal amount and foreign exchange risk for the credit margin. The net ongoing changes in value in the hedging instrument that is considered effective hedging are recognised in total comprehensive income and the non-effective share must be recognised through profit or loss.

Hedging of net investments

Hedging of net investments in foreign businesses is recognised in the accounts in the same way as cash flow hedging. Gains and losses on the hedging instrument that relate to the effective part of the hedging are recognised through total comprehensive income, while gains and losses that relate to the ineffective part are recognised in the income statement. The total loss or gain in equity is recognised in the income statement when the foreign business is sold or wound up.

13-5. Financial liabilities

Subsequent to initial recognition, all financial liabilities are primarily measured at amortised cost using an effective interest method.

14. Insurance liabilities

The accounting standard IFRS 4 Insurance Contracts addresses the accounting treatment of insurance contracts. Storebrand's insurance contracts fall within the scope of this standard. IFRS 4 is a temporary standard until IFRS 17 is to be used. IFRS 4 allows the use of non-uniform principles for the treatment of insurance contracts in consolidated financial statements. In the consolidated financial statements, the insurance liabilities in the respective subsidiaries are included as these are calculated on the basis of the laws of the individual countries. This also applies to insurance contracts acquired via business combinations. In such cases, positive excess values are capitalised as assets.

Pursuant to IFRS 4, provisions for insurance liabilities must be adequate. When assessing the adequacy associated with recognised acquired insurance contracts, reference must also be made to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Solvency II calculations.

An explanation of the accounting policies for the most important insurance liabilities can be found below.

14-1. General – life insurance

Claims for own account

Claims for own account comprise claims settlements paid out, less reinsurance received, premium reserves transferred to other companies, and reinsurance ceded.

Changes in insurance liabilities

Changes in insurance liabilities comprise premium savings that are taken to income under premium income and payments, as well as changes in provisions for future claims. This item also includes added guaranteed returns on the premium reserve and the premium fund, as well as returns to customers beyond the guaranteed returns.

Insurance liabilities (premium reserve)

The premium reserve represents the present value of the company's total expected insurance liabilities, including future administration costs in accordance with the individual insurance contracts, after deducting the present value of agreed future premiums. In the case of individual account policies with flexible premium payments, the total policy value is included in the premium reserve. The premium reserve is equivalent to 100 per cent of the guaranteed surrender or transfer value of insurance contracts prior to any fees for early surrender or transfer and the policies' share of the market value adjustment reserve.

The premium reserve is calculated using the same assumptions as those used to calculate premiums for the individual insurance contracts, i.e. assumptions about mortality and disability rates, interest rates and costs. Premium tariffs are based on the observed level of mortality and disability in the population with the addition of security margins that include expected future developments in this respect.

The premium reserve includes reserve amounts for future administration costs for all lines of insurance including settlement costs (administration reserve). In the case of paid-up contracts, the present value of all future administration costs is allocated in full to the premium reserve. In the case of contracts with future premium payments, a deduction is made for the cash value of the proportion of future administration costs expected to be financed by future premium receipts.

A substantial proportion of the Norwegian insurance contracts have a one-year interest rate guarantee, meaning that the guaranteed return must be achieved every year. In the Swedish business, there are no contracts with an annual interest rate guarantee, but there are insurance contracts with a terminal value guarantee.

Insurance liabilities, special investments portfolio

Insurance liabilities associated with the value of the special investments portfolio must always equal the value of the investments portfolio assigned to the contract. The proportion of profit in the risk result is included. The company is not exposed to investment risk on customer assets, since the customers are not guaranteed a minimum return. The only exception is in the event of death, when the beneficiaries are repaid the amount originally paid in for annuity insurance and for guaranteed account (Garantikonto).

IBNS reserves

Included in the premium reserve for insurance risk are provisions for claims either occurred but not yet reported or reported but not yet settled. IBNR are reserves for potential future payments when Storebrand has yet to be informed about whether an instance of disability, death or other instance entailing compensation has occurred. Since Storebrand is neither aware of the frequency nor the amount payable, IBNR is estimated using actuarial models based on historical information about the portfolio. Correspondingly, RBNS is a provision for potential future payments when Storebrand has knowledge of the incident, but has not settled the claim. Actuarial models based on historical information are also used to estimate the reserves.

Transfers of premium reserves, etc. (transfers)

Transfers of premium reserves resulting from transfers of policies between insurance companies are recorded in the income statement as net premiums for own account in the case of reserves received and claims for own account in the case of reserves paid out. The recognition of costs and income takes place on the date the insured risk is ceded. The premium reserve in the insurance liabilities is reduced/increased on the same date. The premium reserve transferred includes the policy's share of additional statutory reserves, the market value adjustment reserve, conditional bonus and the profit for the year. Transferred additional reserves are not shown as part of premium income, but are reported separately as changes in insurance liabilities. Transferred amounts are classified as current receivables or liabilities until the transfer takes place.

Selling costs

Selling costs in the Norwegian life insurance business are expensed, whilst in the Swedish subsidiaries, selling costs are recorded in the balance sheet and amortised over the expected duration of the contract.

14-2. Life insurance – NorwayAdditional statutory reserves

The company is allowed to make allocations to the additional statutory reserves to ensure the solvency of its life insurance business. These additional reserves are divided among the contracts and can be used to cover a negative interest result up to the interest rate guarantee. In the event that the company does not achieve a return that equals the interest rate guarantee in any given year, the allocation can be reversed from the contract to enable the company to meet the interest rate guarantee. This will result in a reduction in the additional statutory reserves and a corresponding increase in the premium reserve for the contract. For allocated annuities, the additional statutory reserves are paid in instalments over the disbursement period.

The additional statutory reserves cannot exceed 12 per cent of the premium reserve. If the limit is exceeded, the excess amount is assigned to the contract as surplus.

Premium fund, deposit reserve and pensioners' surplus fund

The premium fund contains premiums prepaid by policyholders as a result of taxation regulations for individual and group pension insurance and allocated profit shares. The contribution fund contains payments and deposits for employees who have been members for less than 12 months. Credits and withdrawals are not recognised through the income statement but are taken directly to the balance sheet.

The pensioners' surplus fund comprises surplus assigned to the premium reserve in respect of pensions in group payments. The fund is applied each year as a single premium payment to secure additional benefits for pensioners.

Market value adjustment reserve

The current year's net unrealised gains/losses on financial assets at fair value in the group portfolio are allocated to or reversed from the market value adjustment reserve in the balance sheet assuming the portfolio has a net unrealised excess value. The portion of the current year's net unrealised gains/losses on financial current assets denominated in foreign currencies that can be attributed to fluctuations in exchange rates is not transferred to the market value adjustment reserve. The foreign exchange fluctuations associated with investments denominated in foreign currencies are largely hedged through foreign exchange contracts on a portfolio basis. Similarly, the change in the value of the hedging instrument is not transferred to the market value adjustment reserve, but is charged directly to the income statement. Pursuant to accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

Risk equalisation reserve

Up to 50 per cent of the positive risk result for group pensions and paid-up policies can be allocated to the risk equalisation fund to cover any future negative risk result. The risk equalisation reserve is not considered to be a liability according to IFRS and is included as part of the equity (undistributable equity).

14-3. Life insurance Sweden

Life insurance liabilities

The life insurance liabilities are estimated as the present value of the expected future guaranteed payments, administrative expenses and taxes, discounted by the current risk-free interest rate. Insurance reserves with guaranteed interest rates in SPP use a marked-based yield curve. A real discount curve is used for risk insurance within the defined-contribution portfolio. For endowment insurance within the defined-benefit and defined-contribution portfolios, as well as sickness insurance in the defined-benefit portfolio, the provisions are discounted using the nominal yield curve. As a starting point, the applicable discount rate is determined based on the methods used for the discount rate in Solvency II.

When calculating the life insurance liabilities, the estimated future administrative expenses that may reasonably be expected to arise and can be attributed to the existing insurance contracts are taken into account. The expenses are estimated according to the company's own cost analyses and are based on the actual operating costs during the most recent year. Projection of the expected future costs follow the same principles on which Solvency II is based. Any future cost-rationalisation measures are not taken into account.

Conditional bonus and deferred capital contribution

The conditional bonus arises when the value of customer assets is higher than the present value of the liabilities, and thus covers the portion of the insurance capital that is not guaranteed. In the case of contracts where customer assets are lower than liabilities, the owners' result is charged via deferred capital contribution allocations. The conditional bonus and deferred capital contribution are recognised on the same line in the balance sheet as part of the buffer capital.

14-4. P&C insurance

Costs related to insurance claims are recognised when the claims occur. The following allocations have been made:

Reserve for unearned premium for own account concerns on-going policies that are in force at the time the financial statements were closed and is intended to cover the contracts' remaining risk period.

The claims reserve is a reserve for expected claims that have been reported, but not settled (RBNS). The reserve also covers expected claims for losses that have been incurred, but have not been reported (IBNR) at the expiry of the accounting period. In addition, claims reserves shall include a separate provision for future claims on losses that have not been settled.

15. Pension liabilities for own employees

Storebrand has country-specific pension schemes for its employees. The schemes are recognised in the accounts in accordance with IAS 19. In Norway, Storebrand has a defined-contribution pension. Storebrand is a member of the Norwegian contractual early retirement (AFP) pension scheme. The Norwegian AFP scheme is regarded as a defined-benefit scheme, but there is insufficient quantitative information to be able to estimate reliable accounting obligations and costs.

In Sweden, SPP has agreed, in accordance with the Finance Companies' Service Pension Plan (BTP Plan), to collective, defined-benefit pension plans for its employees. A group defined-benefit pension implies that an employee is guaranteed a certain pension based on the pay scale at the time of retirement on termination of the employment.

15-1. Defined-benefit scheme

Pension costs and pension obligations for defined-benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the calculated return on pension plan assets.

Actuarial gains and losses and the impact of changes in assumptions are recognised in total comprehensive income during the period in which they arise. Employees who resign before reaching retirement age or leave the scheme will be issued ordinary paid-up policies.

15-2. Defined-contribution scheme

A defined-contribution pension scheme involves the Group in paying an annual contribution to the employees' collective pension savings. The future pension will depend upon the size of the contribution and the annual return on the pension savings. The Group does not have any further work-related obligations after the annual contribution has been paid. No provisions are made for ongoing pension liabilities for these types of schemes. Defined-contribution pension schemes are recognised directly in the financial statements.

16. Tangible fixed assets and intangible assets

The Group's tangible fixed assets comprise equipment, fixtures and fittings, IT systems and properties used by the Group for its own activities.

Equipment, inventory and IT systems are valued at acquisition cost less accumulated depreciation and any write-downs.

Properties used for the Group's own activities are measured at appreciated value less accumulated depreciation and write-downs. The fair value of these properties is tested annually in the same way as described for investment properties. The increase in value for buildings used by the Group for its own activities is recognised through total comprehensive income. Any write-down of the value of such a property is recognised first in the revaluation reserve for increases in the value of the property in question. If the write-down exceeds the revaluation reserve for the property in question, the excess is expensed over the income statement.

The write-down period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. The disposal value is similarly reviewed. Properties are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are measured then separately for each component.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. Any impairment losses are charged to the income statement as the difference between the carrying value and the recoverable amount. The recoverable amount is the greater of the fair value less costs of sale and the value in use. On each reporting date it is determined as to whether there is a basis for reversing previous impairment losses on non-financial assets.

17. Tax

The Group's tax liabilities are valued in accordance with IAS 12 and clarifications in IFRIC 23.

The tax cost in the income statement consists of tax payable and changes in deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in total comprehensive income. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Deferred tax is calculated on the basis of the Group's tax loss carryforward, deductible temporary differences and taxable temporary differences.

Any deferred tax assets shall be recognised if it is considered probable that the tax asset will be recovered. Assets and liabilities associated with deferred tax are recognised as a net amount when there is a legal right to offset assets and liabilities for tax payable and the Group has the ability and intention to settle net tax payable.

Changes in assets and liabilities associated with deferred tax that are due to changes in the tax rate are generally recognised in the income statement.

Reference is made to Note 26 - Tax for further information.

18. Provision for dividends

The proposed dividend is classified as equity until approved by the general meeting and presented as liabilities after this date. The proposed dividend is not included in the calculation of the solvency capital.

19. Leases

Leases are recognised in the balance sheet. The present value of the combined lease payments shall be recognised on the balance sheet as debt and an asset that reflects the right of use of the asset during the lease period. Storebrand has chosen to classify the right to use the asset as tangible fixed assets and the lease liability as other debt. The recognised asset is amortised over the lease period and the depreciation expense is recognised as an operating expense on an ongoing basis. The interest expense on the lease liability is recognised as a financial expense. Leases with a duration of less than 12 months and leases that include assets valued at less than approximately NOK 50,000 will not be recognised in the balance sheet, but will be recognised as an operating expense over the lease period.

20. Statement of cash flows

The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and use. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice.

21. Biological assets

Pursuant to IAS 41, investments in forestry are measured as biological assets. Biological assets are measured at fair value, which is defined based on alternative fair value estimates, or the present value of expected net cash flows. Changes in the value of biological assets are recognised in the income statement. Ownership rights to biological assets are recognised at the point in time when the purchase agreement is signed. Annual income and expenses are calculated for forestry and outlying fields.

Note 2: Critical accounting estimates and judgements

In preparing the consolidated financial statements the management are required to apply estimates, make discretionary assessments and apply assumptions for uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.

A description of the most important elements and assessments in which discretion is used and which may influence recognised amounts or key figures is provided below and in Note 13 for Solvency II and in Note 26 for Tax.

Actual results may differ from these estimates.

Insurance contracts

Insurance risk is the risk of higher than expected payments and/or unfavourable changes in the value of an insurance liability due to the actual development differing from what was expected when premiums or provisions were calculated.

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An immaterial asset (value of business in-force – VIF) linked to the insurance contracts in the Swedish activities is also included. This asset originated from Storebrand's purchase of the insurance business. There are several factors that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to higher life expectancy, future returns and invalidity, as well as the development of future costs and legal aspects, such as amendments to legislation and judgments handed down in court cases, etc.

In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, may have an impact on the amount recorded that is linked to the insurance contracts. The Norwegian insurance contracts with guaranteed interest rates are discounted at the premium calculation rate (around 3.2 per cent). The Swedish insurance liabilities with guaranteed interest rates have been discounted by a yield curve that coincides with the Solvency II yield curve.

In the Norwegian business, a significant share of the insurance contracts have annual interest rate guarantees. Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the market value adjustment reserve and additional statutory reserves, so that the effect on the owner's result may be limited. Correspondingly, increases in values could, to a large extent, increase the size of such funds.

In the Swedish business, there are no contracts with an annual interest rate guarantee, but there are insurance contracts with interest rate guarantees which enable them to receive a guaranteed terminal value. These contracts are discounted by a market-based calculated interest rate where parts of the yield curve used are not liquid. Changes in the discount rate may have a significant impact on the size of the insurance liabilities and impact the result. If the associated customer assets have a higher value than the recognised value of these insurance liabilities, then the difference will represent a conditional customer allocated fund – conditional bonus (buffer capital). Changes in the assumptions for future cost, mortality and other biometric assumptions may also have a significant impact on the recognised insurance liabilities. Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the conditional bonus, so that the effect on the owner's result may be limited. If the value of the individual insurance contract is higher than the associated customer assets, the owner will have to cover the deficient capital.

Further information about insurance liabilities is provided in Notes 7, 38 and 39.

Investment properties

Investment properties are measured at fair value. The commercial real estate market in Norway and Sweden is not particularly liquid, nor is it transparent. Uncertainty will be linked to the valuations, and they require exercise of professional judgement, especially in periods with turbulent finance markets.

Key elements included in valuations that require exercising judgement are:

- Market rent and vacancy trends
- Quality and duration of rental income
- Owners' costs
- Technical standard and any need for upgrading
- Discount rates for both certain and uncertain cash flows, as well as residual value

External valuations are also obtained for parts of the portfolio every quarter. All properties must have an external valuation during at least a 3 year period.

Reference is also made to Note 12 in which the valuation of investment properties at fair value is described in more detail.

Financial instruments at fair value

There will be some uncertainty associated with the pricing of financial instruments, particularly instruments that are not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions, and for these investments various valuation techniques are applied in order to fix fair value. These include private equity investments, investments

in foreign properties, and other financial instruments where theoretical models are used in pricing. Any changes to the assumptions could affect recognised amounts. The majority of such financial instruments are included in the customer portfolio.

There is uncertainty linked to the valuation of fixed-rate loans recorded at fair value, due to variation in the interest rate terms offered by banks and since individual borrowers often have different credit risks.

Reference is also made to Note 12 in which the valuation of financial instruments at fair value is described in more detail.

Deferred tax and uncertain tax positions

Calculation of deferred tax assets, deferred tax liabilities and the income tax expense is based on the interpretation of rules and estimates.

The Group's business activities may give rise to disputes, etc. related to tax positions with an uncertain outcome. The Group makes provisions for uncertain and disputed tax positions with best estimates of expected amounts, subject to decisions by the tax authorities in accordance with IAS 12 and IFRIC 23. The provisions are reversed if the disputed tax position is decided to the benefit of the Group and can no longer be appealed.

Reference is made to further information in Note 26.

Note 3: Acquisition

Cubera

On 11 February, Storebrand Asset Management AS entered into an agreement to acquire Cubera Private Equity AS [Cubera]. Cubera is a Nordic firm offering investors exposure to Nordic private equity primarily through the secondary market. The firm is a leading player within Nordic private equity and has around NOK 9 billion under management, mainly from international investors.

The transaction was completed on 1 April 2019.

The purchase price of the acquisition was NOK 329 million and was settled with cash only. The purchase price may increase with up to NOK 225 million related to fundraising to new funds managed by Cubera.

Business combinations are recognised in accordance with the acquisition method. Upon acquisition of a subsidiary, a fair value analysis is performed, and assets and liabilities are assessed at fair value at the time of purchase. The residual value in the acquisition will constitute goodwill.

Excess value of NOK 383 million has been identified before deferred tax in the acquisition analysis. Of the total excess value, NOK 225 million is linked to customer relations, which is amortized over 7 years, while NOK 140 million is linked to customer contracts, which are amortized over 5 years. In addition, excess value has been identified excess value of NOK 18 million related to IT systems, which are amortized over 3 years. Deferred tax of NOK 92 million has been calculated for the excess value. Goodwill amounts to NOK 206 million and this item is not depreciated, but is tested yearly against impairment.

ACQUISITION ANALYSIS CUBERA

NOK million	Book values in the company	Excess value upon acquisition	Book values
Assets			
- Customer lists		225	225
- Customer contracts		140	140
- IT systems		18	18
Total intangible assets	1	383	384
Other assets	6		6
Bank deposits	30		30
Total assets	36	383	419
Liabilities			
Current liabilities	7		7
Deferred tax		92	92
Net identifiable assets and liabilities	29	291	320
Goodwill			206
Fair value at acquisition date			526
Conditional payment ¹⁾			198
Cash payment			329

1) Estimated present value earnout at acquisition date

Note 4: Profit by segments

Storebrand's operation includes the segments Savings, Insurance, Guaranteed Pension and Other.

Savings

The savings segment includes products for retirement savings with no interest rate guarantees. The segment consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products. In addition, certain other subsidiaries in Storebrand Livsforsikring and SPP are included in Savings.

Insurance

The insurance segment provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

Guaranteed pension

The guaranteed Pension segment includes long-term pension savings products that give customers a guaranteed rate of return. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

Other

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with loans to commercial enterprises by Storebrand Bank and the activities at BenCo are reported in this segment. The elimination of intra-group transactions that have been included in the other segments has also been included.

Reconciliation between the income statement and alternative statement of the result (segment)

The results in the segments are reconciled against the Group result before amortisation and write-downs of intangible assets. The Group's income statement includes gross income and costs linked to both the insurance customers and owners (shareholders). The alternative statement of the result only includes result elements relating to owners (shareholders) which are the result elements that the Group has performance measures and follow-up for. The result lines that are used in segment reporting will therefore not be identical with the result lines in the consolidated income statement. Below is an overall description of the most important differences.

Fee and administration income consists of fees and fixed administrative income. In the Group's income statement, the item is classified as premium income, net interest income from bank or other income depending on the type of activity. The Group's income statement also includes savings elements for insurance contracts and possibly transferred reserve.

Price of return guarantee and profit risk (fee incomes) – Storebrand Life Insurance AS

The return guarantees in group pension insurance with a return guarantee must be priced upfront. The level of the return guarantee, the size of the buffer capital (additional statutory reserves and unrealised gains), and the investment risk of the portfolio in which the pensions assets are invested determine the price that the customer pays for his or her return guarantee. Return guarantees are priced on the basis of the risk to which the equity is exposed. The insurance company bears all the downside risk and must carry reserves against the policy if the buffer reserves are insufficient or unavailable.

The insurance result consists of insurance premiums and claims.

Insurance premiums consist of premium income relating to risk products (insurance segment) that are classified as premium income in the Group's income statement.

Claims consist of paid-out claims and changes in provisions for claims incurred but not reported (IBNR) and claims reported but not settled (RBNS) relating to risk products that are classified as claims in the Group's income statement.

Administration costs consist of the Group's operating costs in the Group's income statement minus operating costs allocated to traditional individual products with profit sharing.

Financial items and risk result life and pensions include risk result life and pensions and financial result includes net profit sharing and Loan Losses.

Risk result life and pensions consists of the difference between risk premium and claims for products relating to defined-contribution pension, unit linked insurance contracts (savings segment) and defined-benefit pension (guaranteed pension segment). Risk premium is classified as premium income in the Group's income statement.

The financial result consists of the return for the company portfolios of Storebrand ASA, Storebrand Livsforsikring AS and SPP Pension & Försäkring AB (Other segment), while returns for the other company portfolios in the Group are a financial result within the segment which the business is associated with. Returns on company portfolios are classified as net income from financial assets and property for companies in the Group's income statement. The financial result also includes returns on customer assets relating to products within the insurance segment, and in the Group's income statement this item will be entered under net income from financial assets and property for customers. In the alternative income statement, the result before tax of certain unimportant subsidiaries is included in the financial result, while in the Group's income statement, this is shown as other income, operating costs and other costs.

Net profit sharing***Storebrand Livsforsikring AS***

A modified profit-sharing regime was introduced for old and new individual contracts that have left group pension insurance policies (paid-up policies), which allows the company to retain up to 20 per cent of the profit from returns after any allocations to additional statutory reserves. The modified profit-sharing model means that any negative risk result can be deducted from the customers' interest profit before sharing, if it is not covered by the risk equalisation fund.

Individual endowment insurance and pensions written by the Group prior to 1 January 2008 will continue to apply the profit rules effective prior to 2008. New contracts may not be established in this portfolio. The Group can retain up to 35 per cent of the total result after allocations to additional statutory reserves.

Any negative returns on customer portfolios and returns lower than the interest guarantee that cannot be covered by additional statutory reserves must be covered by the company's equity and will be included in the net profit-sharing and losses line.

SPP Pension & Försäkring AB

For premiums paid from and including 2016, previous profit sharing is replaced by a guarantee fee for premium-determined insurance (IF portfolio). The guarantee fee is annual and is calculated as a percentage of the capital. It goes to the company.

For contributions agreed to prior to 2016, the profit sharing is maintained, i.e. that if the total return on assets in one calendar year for a premium-determined insurance (IF portfolio) exceeds the guaranteed interest, profit sharing will be triggered. When profit sharing is triggered, 90 per cent of the total return on assets passes to the policyholder and 10 per cent to the company. The company's share of the total return on assets is included in the financial result.

In the case of defined-benefit contracts (KF portfolio), the company is entitled to charge an indexing fee if the group profit allows the indexing of the insurance. Indexing is allowed up to a maximum equalling the change in the consumer price index (CPI) between the previous two Septembers. Pensions that are paid out are indexed if the consolidated figures on 30 September exceed 107 per cent, and half of the fee is charged. The whole fee is charged if the consolidated figures on 30 September exceed 120 per cent, in which case paid-up policies can also be included. The total fee equals 0.8 per cent of the insurance capital.

The guaranteed liability is continuously monitored. If the guaranteed liability is higher than the value of the assets, a provision must be made in the form of a deferred capital contribution. If the assets are lower than the guaranteed liability when the insurance payments start, the company supplies capital up to the guaranteed liability in the form of a realised capital contribution. Changes in the deferred capital contribution are included in the financial result.

Loan losses:

balance sheet of Storebrand Bank Group. In the Group's income statement, the item is classified under loan losses. With regard to loan losses that are on the balance sheet of the Storebrand Livförsäkring Group, these will not be included on this line in either the alternative income statement or in the Group's income statement, but in the Group's income statement will be included in the item, net income from financial assets and property for customers.

Amortisation of intangible assets includes depreciation and possible write-downs of intangible assets established through acquisitions of enterprises.

GROUP PROFIT BY SEGMENTS

NOK million	2019	2018
Savings	1,364	1,257
Insurance	439	748
Guaranteed pension	1,029	1,148
Other	205	5
Group profit before amortisation	3,037	3,158
Amortisation of intangible assets	-444	-360
Group pre-tax profit	2,593	2,799

SECTION 9. ANNUAL ACCOUNTS AND NOTES

NOK million	Savings		Insurance		Guaranteed pension	
	2019	2018	2019	2018	2019	2018
Fee and administration income	3,996	3,709			1,475	1,440
Insurance result			1,005	1,291		
- Insurance premiums f.o.a.			3,909	3,854		
- Claims f.o.a.			-2,904	-2,562		
Operating cost	-2,621	-2,405	-648	-614	-819	-816
Operating profit	1,375	1,303	357	677	657	624
Financial items and risk result life & pension	-11	-46	83	71	372	525
Group profit before amortisation	1,364	1,257	439	748	1,029	1,148
Amortisation of intangible assets ¹⁾						
Group pre-tax profit						

NOK million	Other ²⁾		Storebrand Group	
	2019	2018	2019	2018
Fee and administration income	-164	-138	5,308	5,011
Insurance result			1,005	1,291
- Insurance premiums f.o.a.			3,909	3,854
- Claims f.o.a.			-2,904	-2,562
Operating cost	73	49	-4,015	-3,786
Operating profit	-91	-89	2,298	2,516
Financial items and risk result life & pension	296	93	739	642
Group profit before amortisation	205	5	3,037	3,158
Amortisation of intangible assets ¹⁾			-444	-360
Group pre-tax profit			2,593	2,799

1) Amortisation of intangible assets are included in Storebrand Group

2) Includes eliminations of group transactions

STOREBRAND GROUP ARE REPRESENTED IN THE FOLLOWING COUNTRIES:

Segment/Country	Norway	Sweden	UK	Netherlands	Denmark	Germany
Savings	X	X	X	X	X	X
Insurance	X	X				
Guaranteed pension	X	X				
Other	X	X		X		

KEY FIGURES BY BUSINESS AREA

NOK million	2019	2018
Group		
Earnings per ordinary share	4.43	7.89
Equity	33,398	32,873
Savings		
Premium income Unit Linked	17,168	16,021
Unit Linked reserves	219,793	179,299
AuM asset management	831,204	707,297
Retail lending	48,161	46,526
Insurance		
Total written premiums	4,698	4,455
Claims ratio	74%	66%
Cost ratio	17%	16%
Combined ratio	91%	82%
Guaranteed pension		
Guaranteed reserves	263,185	260,573
Guaranteed reserves in % of total reserves	54.5%	59.2%
Net transfer out of guaranteed reserves	103	165
Buffer capital in % of customer reserves Storebrand Life Group ¹⁾	8.6%	6.4%
Buffer capital in % of customer reserves SPP ²⁾	10.7%	8.7%
Solidity		
Solvency II ³⁾	176%	173%
Solidity capital (Storebrand Life Group) ⁴⁾	62,442	58,978
Capital adequacy Storebrand Bank	19.6%	18.9%
Core Capital adequacy Storebrand Bank	17.5%	16.6%

1) Additional statutory reserves + market value adjustment reserve

2) Conditional bonuses

3) See note 13 for specification of Solvency II

4) The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

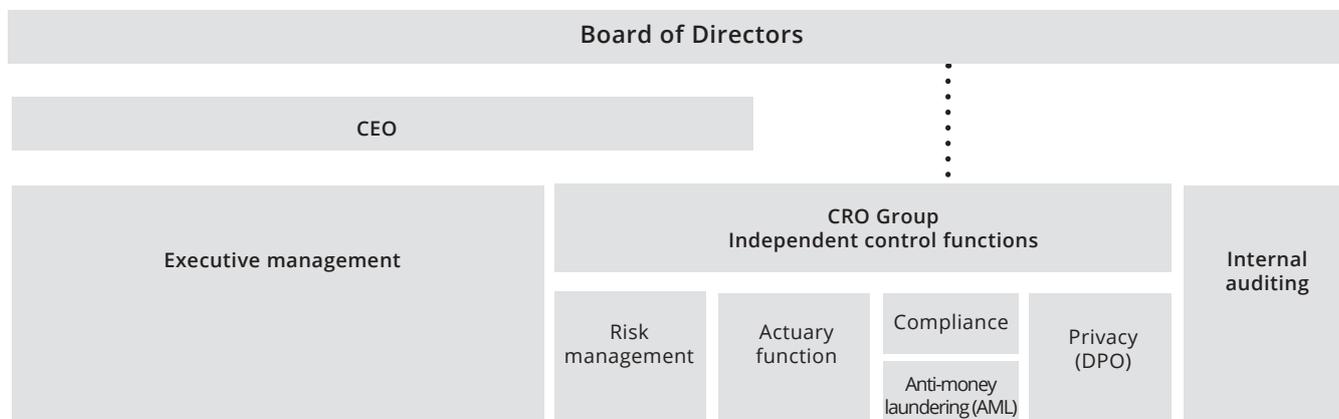
Note 5: Risk management and internal control

Storebrand's income and performance are dependent on external factors that are associated with uncertainty. The most important external risk factors are the developments in the financial markets and changes in life expectancy in the Norwegian and Swedish populations. Certain internal operational factors can also result in losses, e.g. errors linked to the management of the customers' assets or payment of pension.

Continuous monitoring and active risk management are core areas of the Group's activities and organisation. The basis for risk management is laid down in the Board's annual review of the strategy and planning process, which sets the appetite for risk, risk targets and overriding risk limits for the operations. At the Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility.

Organisation of risk management

The Group's organisation of the responsibility for risk management follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and Group level.



The boards of directors of both Storebrand ASA and the group companies have the overall responsibility for limiting and following up the risks associated with the activities. The boards set annual limits and guidelines for risk-taking in the company, receive reports on the actual risk levels, and perform a forward-looking assessment of the risk situation.

The Board of Storebrand ASA has established a Risk Committee consisting of 3 Board members. The main task of the Risk Committee is to prepare matters to be considered by the Board in the area of risk, with a special focus on the Group's appetite for risk, risk strategy and investment strategy. The Committee should contribute forward-looking, decision-making support related to the Board's discussion of risk taking, financial forecasts and the treatment of risk reporting.

Managers at all levels in the company are responsible for risk management within their own area of responsibility. Good risk management requires targeted work on objectives, strategies and action plans, identification and assessment of risks, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

Independent control functions

Independent control functions have been established for risk management for the business (Risk Management Function/Chief Risk Officer), for compliance with the regulations (Compliance Function), for ensuring the insurance liabilities are calculated correctly (Actuary Function), for data protection (Data Protection Officer), for money laundering (Anti Money Laundering) and for the bank's lending. Relevant functions have been established for both the Storebrand Group (the Group) and all of the companies requiring a licence. The independent control functions are organised directly under the companies' managing directors and report to the respective company's board.

In terms of function, the independent control functions are affiliated with the Group CRO, who is responsible to the group CEO and reports to the board of Storebrand ASA. The Group CRO shall ensure that all significant risks are identified, measured and appropriately reported. The Group CRO function shall be actively involved in the development of the Group's risk strategy and maintain a holistic view of the company's risk exposure. This includes responsibility for ensuring compliance with the relevant regulations for risk management and the consolidated companies' operations.

The internal audit function is organised directly under the Board and shall provide the boards of the relevant consolidated companies with confirmation concerning the appropriateness and effectiveness of the company's risk management, including how well the various lines of defence are working.

Note 6: Operational risk

Operational risk is the risk of loss due to inadequate or failing internal processes or systems, human error or external events. The definition includes compliance risk: Compliance risk is the risk of loss or public sanctions as a result of non-compliance with external or internal rules.

Risk management shall ensure that the risk level at any time is compatible with the appetite for risk and within internal and regulatory frameworks. The Group seeks to reduce operational risk through an effective system for internal control. Risks are followed up through the management's risk reviews, with documentation of risks, measures and the follow-up of incidents. In addition, Internal Audit carries out independent checks through audit projects adopted by the Board.

Contingency plans have been prepared to deal with serious incidents in business-critical processes and recovery plans.

Storebrand's IT systems are vital for operations and reliable financial reporting. Errors and disruptions may have consequences for commercial operations and can impact on the trust the Group has from both customers and shareholders. In the worst case, abnormal situations can result in penalties from the supervisory authorities. Storebrand's IT platform is characterised by complexity and integration between different specialist systems and joint systems. The operation of the IT systems has largely been outsourced to different service providers. A management model has been established with close follow-up of providers and internal control activities in order to reduce the risk associated with the development, administration and operation of the IT systems, as well as information security. The bank platform and insurance platform are based on purchased standard systems that are operated and monitored through outsourcing agreements. There is a greater degree of own development for the life insurance activities, while parts of the operation of this have also been outsourced. The unit administration linked to the savings part of the group defined-contributed based occupational pension and unit linked products is managed in a purchased system solution.

Note 7: Insurance risk

Storebrand offers traditional life and pension insurance as both group and individual contracts. Contracts are also offered in which the customer has the choice of investment.

The insurance risk in Norway is largely standardised for contracts in the same industry as a result of detailed regulation from the authorities. In Sweden, the framework conditions for insurance contracts entail major differences between the contracts within the same industry.

The insurance risk associated with an increase in life expectancy and thereby an increase in future pension payments (longevity) is the greatest risk for the Group. Other risks include disability risk and mortality risk. The life insurance risks are:

1. Long life expectancy – The risk of erroneously estimating life expectancy and future pension payments. Historical developments have shown that an increasing number of people attain retirement age and live longer as pensioners than was previously the case. There is a great deal of uncertainty surrounding future mortality development. In the event of longer life expectancy beyond that assumed in the premium tariffs, the owner could risk higher charges on the owner's result in order to cover necessary statutory provisions.
2. Disability – The risk of erroneous estimation of future illness and disability. There will be uncertainty associated with the future development of disability, including disability pensioners who are returned to the workforce.
3. Death – The risk of erroneous estimation of mortality or erroneous estimation of payment to surviving relatives. Over the last few years, a decrease in mortality and fewer young surviving relatives have been registered, compared with earlier years.

In the Guaranteed Pensions segment, the Group has a significant insurance risk relating to estimation of life expectancy and future pension payments for group and individual insurance agreements. In addition, there is an insurance risk associated with estimates of disability and pensions left to spouses and/or children. The disability coverage in Guaranteed Pensions is primarily sold together with a retirement pension. The risk of mortality is low in Guaranteed Pensions when viewed in relation to other risks. In SPP it is possible to change the future premiums for the IF portfolio, reducing the risk significantly. In Norway it is also possible to change the future premiums of group policies, but only for new accumulation, entailing reduced risk.

Occupational pension agreements (hybrid) are reported in the Guaranteed Pension segment when a customer has an agreement without a choice for investment of the pension assets. This is a small portfolio with limited insurance risk.

In the Savings segment the Group has a low insurance risk. The insurance risk is largely associated with death, with some long-life risk for paid-up policies with investment options.

In the Insurance segment, the Group has an insurance risk associated with disability and death. In addition, there are insurance risks associated with occupational injury, critical illness, cancer insurance, child insurance, accident insurance and health insurance. For occupational injury, the risk is first and foremost potential errors in the assessment of the level of provisions, because the number of claim years can be up to 25 years. The insurance risk within critical illness, cancer, accident and health insurance is considered to be limited based on the volume and underlying volatility of the products. Within P&C insurance, the risk of house fire and personal injury for motor vehicle insurance constitute the main risks.

The Other segment also includes the insurance risk at Euroben, which offers pension products to multinational companies. The insurance risk primarily relates to group life insurance, early retirement pensions and pensions for expatriate employees. These are defined-benefit pensions that can be time-limited or lifelong and the insurance risk is limited.

Description of products

Risk premiums and tariffs

Guaranteed Pension

Group pension insurance schemes in Norway follow the premiums for traditional retirement and survivor coverage in the industry tariff K2013. The premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

For individual insurance in Norway, the premiums for death risk and long life expectancy risk are based on tariffs produced by insurance companies on the basis of their shared experience. This applies to both endowment and pension insurance. Disability premiums are based on the company's own experience.

The risk premium for group insurance in Sweden is calculated as an equalised premium within the insurance group, based on the group distribution of age and gender, as well as the requirement for coverage of next of kin. The risk premium for individual insurance is determined individually and is based on age and gender.

SPP's mortality assumptions are based on the general mortality tariff DUS14, adjusted for the company's own observations.

The new public sector occupational pension enters into force from 2020 and includes retirement pensions in the public sector. The new scheme is a premium pension and is a net pension recognisable from the private sector. Premium pension means that the pension is accrued each year based on the employee's salary. This is as opposed to the previous schemes whereby the pension was calculated based on the final salary. The premium pension ensures a life-long retirement pension, and the retirement pension can be fully or partly withdrawn from and including the age of 62 until and including the age of 75. Payment of the pension will start at the age of 75 regardless. Members who are not entitled to an AFP are given a conditional occupational pension as a supplement to the retirement pension.

Insurance

Tariffs for group life insurance and certain risk insurances within group pensions also depend on the industry or occupation, in addition to age and gender. Group life insurance also applies tariffs based on claims experience. The company's tariff for group life insurance, both for life and disability cover, is based on the company's own experience.

Newer individual endowment policies are priced without taking gender into account. The tariffs for all individual endowment policies are based on the company's own experiences.

For P&C insurance (occupational injury, property and motor vehicle) the tariffs are based on the company's own experiences.

Management of insurance risk

Insurance risk is monitored separately for every line of insurance in the current insurance portfolio. The development of the risk results is followed throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the company has collected for the period and the sum of provisions and payments that must be made for insured

events that occur in the period. The risk result takes into account insured events that have not yet been reported, but which the company, on the basis of experience, assumes have occurred.

When writing individual risk cover, the customer is subject to a health check. The result of the health check is reflected in the level of premium quoted. When arranging group policies with risk cover, all employees of small companies are subject to a health check, while for companies with many employees a declaration of fitness for work is required. In the assessment of risk (underwriting), the company's industrial category, sector and sickness record are also taken into account.

Large claims or special events constitute a major risk for all products. The largest claims will typically be in the group life, occupational injury and personal injury (motor vehicle accidents) segments.

The company manages its insurance risk through a variety of reinsurance programmes. Through catastrophe reinsurance (excess of loss), the company covers losses (single claims and reserves provisions) where a single event causes more than two deaths or disability cases. This cover is also subject to an upper limit. A reinsurance agreement for life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practises. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

The company also manages its insurance risk through international pooling. This implies that multinational corporate customers can equalise the results between the various units internationally. Pooling is offered for group life and risk cover within group defined-benefit and defined-contribution pensions.

Risk result

The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents.

The table below specifies the risk result for the largest entities in the Group and also states the effect of reinsurance and pooling on the result. The risk result in the table shows the total risk result for distribution to customers and owner (the insurance company).

SPECIFICATION OF RISK RESULT

NOK million	Storebrand Life Insurance AS		SPP Pension & Försäkring AB	
	2019	2018	2019	2018
Survival	-58	2	-39	21
Death	416	367	19	-4
Disability	443	643	92	69
Reinsurance	2	47	-1	-2
Pooling	22	52	-14	-15
Other ¹⁾	-101	-29	-4	-209
Total risk result	724	1,081	53	-140

1) Change in estimate linked to closed risk product in SPP.

Adequacy test

In accordance with the accounting standard IFRS 4 Insurance Contracts, the insurance liabilities that are included shall be adequate and a liability adequacy test shall be performed. Storebrand satisfies the adequacy tests for 2019, and these therefore had no impact on the results in the financial statements for 2019.

Note 8: Financial market risk

Market risk means changes in the value of assets as a result of unexpected volatility or changes in prices on the financial markets. It also refers to the risk that the value of the insurance liability develops differently to that of the assets.

The most significant market risks for Storebrand are interest rate risk, share market risk, property price risk, credit risk, and exchange rate risk.

For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different portfolios. There are three main types of sub-portfolio: company portfolios, customer portfolios without a guarantee (unit linked insurance) and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on the profit.

The market risk in unit linked insurance is at the customers' risk and expense, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based largely on the size of the reserves, while the costs tend to be fixed. Lower than expected returns on the financial market will therefore have a negative effect on Storebrand's future income and profit.

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of measures to reduce risk depends on several factors, the most important being the size and flexibility of the customer buffers and level and duration of the return guarantee. If the investment return is not sufficient to meet the guaranteed interest rate, the shortfall may be met by using customer buffers built up from previous years' surpluses.

For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds and interest rate swaps, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee. Long-term interest rates fell slightly in both Norway and Sweden in 2019. Short-term money market rates increased slightly in both Norway and Sweden.

The composition of the assets within each sub-portfolio is determined by the company's investment strategy. The investment strategy also establishes guidelines and limits for the company's risk management, credit exposure, counterparty exposure, currency risk, use of derivatives, and requirements regarding liquidity

ASSET ALLOCATION

	Customer portfolios with guarantee	Customer portfolios without guarantee	Company portfolios
Properties at fair value	11%	2%	
Bonds at amortised cost	38%		25%
Money market	2%	4%	3%
Bonds at fair value	28%	15%	72%
Equities at fair value	8%	79%	
Loans at amortised cost	14%		
Total	100%	100%	100%

Storebrand aims to take low financial risk for the company portfolios, and most of the funds were invested in short and medium-term fixed income securities with low credit risk.

The financial risk related to customer portfolios without a guarantee is borne by the insured person, and the insured person can choose the risk profile. Storebrand's role is to offer a good, broad range of funds, to assemble profiles adapted to different risk profiles, and to offer systematic reduction of risk towards retirement age. The most significant market risks are share market risk and exchange rate risk.

The most significant market risks facing guaranteed customer portfolios are linked to equity risk, interest rate risk, credit risk and property price risk. There were no major changes in the investment allocation during 2019. In Norway, most of the credit risk is linked to securities, which are carried at amortised cost. This reduces the risk to the company's profit significantly.

The market risk is managed by segmenting the portfolios in relation to risk-bearing capacity. For customers who have large customer buffers, investments are made with higher market risk that give increased expected returns. Equity risk is also managed by means of dynamic risk management, the objectives of which are to maintain good risk-bearing capacity and to adjust the financial risk to the buffer situation and the company's financial strength. By exercising this type of risk management, Storebrand expects to create good returns both for individual years and over time.

For company portfolios and guaranteed customer portfolios, most of the assets that are in currencies other than the domestic currency are hedged. This limits the currency risk from the investment portfolios.

Foreign exchange risk primarily arises as a result of investments in international securities, including as a result of ownership in SPP.

In the consolidated financial statements, the value of assets and results from the Swedish operations are affected by changes in the value of the Swedish krone. Storebrand Livsforsikring AS has hedged parts of the value of SPP through forward foreign exchange contracts and borrowings in Swedish kroner..

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

NOK million	Balance sheet items exclu- ding currency derivatives	Forwad contracts	Net position	
	Net in balance sheet	Net sales	in currency	in NOK
DKK	157	-256	-100	-131
CAD	127	-327	-201	-1,365
EUR	1,098	-1,273	-183	-1,739
GBP	123	-217	-94	-1,101
JPY	26,214	-45,381	-19,167	-1,556
SEK	212,671	-456	211,978	206,694
USD	3,655	-5,132	-1,478	-12,960
NOK ¹⁾	33,945	-1,890	32,039	32,202
Other currency types				-1,653
Insurance liabilities in foreign exchange	-209,425		-209,425	-204,526
Total net currency positions 2019				13,866
Total net currency positions 2018				5,152

1) Equity and bond funds denominated in NOK with foreign currency exposure in i.a. EUR and USD NOK 28 billion.

The table above shows the currency positions as at 31 December 2019. The currency exposure is primarily related to investments in the Norwegian and Swedish insurance business.

Storebrand Life Insurance:

The company hedges most of the foreign exchange risk in the customer portfolios on an ongoing basis. Foreign exchange risk exists primarily as a result of investments in international securities, as well as subordinated loans in a foreign currency to a certain extent. Hedging is performed by means of forward foreign exchange contracts at the portfolio level, and the currency positions are monitored continuously against a total limit. Negative currency positions are closed out no later than the day after they arose. In addition, separate limits have been defined so that active currency positions can be taken. Storebrand employs a currency hedging principle called block hedging, which makes the execution of currency hedging more efficient.

SPP

SPP uses currency hedging for its investments to a certain degree. Currency exposure may be between 0 and 30 per cent in accordance with the investment strategy.

Banking business

Storebrand Bank ASA hedges net balance sheet items by means of forward contracts.

The permitted limit for the bank's foreign exchange position is 0.50 per cent of primary capital, which is approximately 12 million at present.

Guaranteed customer portfolios in more details.*Storebrand Livsforsikring*

The annual guaranteed return to the customers follows the basic interest rate. New premiums were taken in with a basic interest rate of 2.0 per cent, and pensions were adjusted upwards with a basic interest rate of 0.5 per cent.

The percentage distribution of the insurance reserves by the various basic annual interest rates as at 31 December is as follows:

Interest rate	2019	2018
6%	0.3%	0.3%
5%	0.3%	0.3%
4%	44.4%	45.8%
3.4%	0.3%	0.4%
3%	29.0%	29.5%
2.75%	1.8%	1.8%
2.50%	11.0%	11.0%
2.00%	11.2%	9.5%
0.50%	1.3%	1.0%
0%	0.5%	0.5%

The table includes premium reserve excluding IBNS

Average interest rate guarantee in per cent	2019	2018
Individual endowment insurance	2.6%	2.6%
Individual pension insurance	3.8%	3.8%
Group pension insurance	2.5%	2.5%
Paid-up policy	3.3%	3.3%
Group life insurance	0.1%	0.1%
Total	3.2%	3.2%

The table includes premium reserve including IBNS

There is a 0 per cent interest rate guarantee for premium funds, defined-contribution funds, pensioners' surplus funds and additional statutory reserves.

The interest rate guarantee must be fulfilled on an annual basis. If the company's investment return in any given year is lower than the guaranteed interest rate, the equivalent of up to one year's guaranteed return for the individual policy can be covered by transfers from the policy's additional statutory reserves.

To achieve adequate returns with the present interest rates, it is necessary to take an investment risk. This is primarily done by investing in shares, property and corporate bonds.

Interest rate risk is in a special position because changes in interest rates also affect the fair value of the insurance liability for the solvency calculation. Since pension disbursements may be many years in the future, the insurance liability is particularly sensitive to changes in interest rates. In the Norwegian business, greater interest rate sensitivity from the investments will entail increased risk

that the return is below the guaranteed level. The risk management must therefore balance the risk of the profit for the year (interest rate increase) with the reinvestment risk if interest rates fall below the guarantee in the future. Bonds at amortised cost are an important risk management tool.

SPP Pension & Forsäkring

The guaranteed interest rate is determined by the insurance company and is used when calculating the premium and the guaranteed benefit. The guaranteed interest rate does not entail that there is an annual minimum guarantee for the return as is the case in Norway.

New premiums in individual defined-contribution pensions (IF) have a guarantee of 1.25% for 85% of the premium. Group defined-benefit pension (KF) is closed to new members.

SPP bears the risk of achieving a return equal to the guaranteed interest on the policyholders' assets over time and that the level of the contracts' assets is greater than the present value of the insurance liabilities. For IF, profit sharing becomes relevant in SPP if the return exceeds the guaranteed yield. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for SPP. In the case of KF, a certain degree of consolidation, i.e. that the assets are greater than the present value of the liabilities by a certain percentage, is required in order for the owner to receive profit-sharing income (indexing fee).

If the assets in an insurance contract in the company are less than the market value of the liability, an equity contribution is allocated that reflects this shortfall. This is termed a deferred capital contribution (DCC), and changes in DCC are recognised in the income statement as they occur. When the contracts' assets exceed the present value of the liabilities, a buffer, which is termed the conditional bonus, is established. Changes in this customer buffer are not recognised in the income statement.

Interest rate	2019	2018
5.20%	12.7%	13.0%
4,5%-5,2%	0.4%	0.4%
4.00%	3.7%	1.6%
3.00%	48.8%	47.0%
2,75%-4,0%	5.4%	7.0%
2.70%	0.1%	0.1%
2.50%	6.2%	6.9%
1.60%	0.0%	0.0%
1.50%	2.6%	4.1%
1.25%	4.1%	4.6%
1,25% *	7.6%	5.1%
0,5%-2,5%	4.0%	4.3%
0.00%	4.1%	5.9%

* 1,25% på 85% av Premien

Average interest rate guarantee in per cent	2019	2018
Individual pension insurance	3.1%	3.3%
Group pension insurance	2.6%	2.5%
Individual occupational pension insurance	3.1%	3.1%
Total	2.9%	2.8%

In the Swedish operations management of interest rate risk is based on the principle that the interest rate risk from assets shall approximately correspond to the interest rate risk from the insurance liabilities.

Sensitivity analyses

The tables show the fall in value for Storebrand Life Insurance and SPP's investment portfolios as a result of immediate changes in value related to financial market risk. The calculation is model-based and the result is dependent on the choice of stress level for each category of asset. The stresses have been applied to the company portfolio and guaranteed customer portfolios as at 31 December 2019. The effect of each stress changes the return in each profile.

Unit linked insurance without a guaranteed annual return is not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market will not directly affect the result or buffer capital.

The amount of stress is the same that is used for the company's risk management. Two stress tests have been defined. Stress test 1 is a fall in the value of shares, corporate bonds and property in combination with lower interest rates. Stress test 2 is a somewhat smaller fall in the value of shares, corporate bonds and property in combination with higher interest rates.

Level of stress

	2019	2018
Interest level (parallel shift)	-100bp	+100bp
Equity	-20%	- 12%
Property	- 12%	- 7%
Credit spread (share of Solvency II)	50%	30%

Because it is the immediate market changes that are calculated, dynamic risk management will not affect the outcome. If it is assumed that the market changes occur over a period of time, then dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive to some extent.

As a result of customer buffers, the effect of the stresses on the result will be lower than the combined change in value in the table. As at 31 December 2019, the customer buffers are of such a size that the effects on the result are significantly lower.

Stresstest 1

Sensitivity	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK million	Share of portfolio	SEK million	Share of portfolio
Interest rate risk	3,341	1.6%	421	0.5%
Equity risk	-3,201	-1.5%	-2,038	-2.2%
Property risk	-2,388	-1.1%	-1,170	-1.3%
Credit risk	-850	-0.4%	-704	-0.8%
Total	-3,098	-1.5%	-3,490	-3.8%

Stresstest 2

Sensitivity	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK million	Share of portfolio	SEK million	Share of portfolio
Interest rate risk	-3,341	-1.6%	-421	-0.5%
Equity risk	-1,920	-0.9%	-1,223	-1.3%
Property risk	-1,393	-0.7%	-682	-0.7%
Credit risk	-510	-0.2%	-422	-0.5%
Total	-7,164	-3.4%	-2,749	-3.0%

Storebrand Livsforsikring

For Storebrand Livsforsikring it is stress test 2, which includes an increase in interest rates, that makes the greatest impact. The overall market risk is NOK 7.2 billion, which is equivalent to 3.4 per cent of the investment portfolio.

If the stress causes the return to fall below the guarantee, it will have a negative impact on the result if the customer buffer is not adequate. Other negative effects on the result are a lower return from the company portfolio and that there is no profit sharing from paid-up policies and individual contracts.

SPP Pension & Insurance

For SPP it is stress test 1, which includes a fall in interest rates, that creates the greatest impact. The overall market risk is SEK 3.5 billion, which is equivalent to 3.8 per cent of the investment portfolio.

The buffer situation for the individual contracts will determine if all or portions of the fall in value will affect the financial result. Only the portion of the fall in value that cannot be settled against the customer buffer will be charged to the result. In addition, the reduced profit sharing or loss of the indexing fees may affect the financial result.

Other operations

The other companies in the Storebrand Group are not included in the sensitivity analysis, as there is little market risk in these areas. The equity of these companies is invested with little or no allocation to high-risk assets, and the products do not entail a direct risk for the company as a result of price fluctuations in the financial market.

Note 9: Liquidity risk

Liquidity risk is the risk that the company is unable to fulfil its obligations without incurring substantial additional expenses in the form of reduced prices for assets that must be realised, or in the form of especially expensive financing.

For the insurance companies, the life insurance companies in particular, the insurance liabilities are long-term and the cash flows are generally known long before they fall due. In addition, liquidity is required to handle payments related to operations, and there are liquidity needs related to derivative contracts. The liquidity risk is handled by liquidity forecasts and the fact that portions of the investments are in very liquid securities, such as government bonds. The liquidity risk is considered low based on these measures.

Liquidity risk is one of the largest risk factors for the banking business, and the regulations stipulate requirements for liquidity management and liquidity indicators. The guidelines for liquidity risk specify principles for liquidity management, and limits stipulated by the Board for different minimum liquidity and financing indicators. In addition to this, an annual funding strategy and funding plan are being drawn up that set out the overall limits for the bank's funding activities.

Separate liquidity strategies have also been drawn up for other subsidiaries in accordance with the statutory requirements. These strategies specify limits and measures for ensuring good liquidity and a minimum allocation to assets that can be sold at short notice. The strategies define limits for allocations to various asset types and mean the companies have money market investments, bonds, equities and other liquid investments that can be disposed of as required.

In addition to clear strategies and the risk management of liquidity reserves in each subsidiary, the Group's holding company has established a liquidity buffer. The development of the liquid holdings is continuously monitored at the Group level in relation to internal limits. A particular risk is the fact that during certain periods the financial markets can be closed for new borrowing. Measures for minimising the liquidity risk are to maintain a regular maturity structure for the loans, low costs, an adequate liquidity buffer and credit agreements with banks which the company can draw on if necessary.

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES ¹⁾

NOK million	0-6 months	7-12 months	2-3 years	4-5 years	> 5 years	Total cashflows	Total booked value
Subordinated loan capital ²⁾	1,161	75	2,469	5,359	976	10,040	8,925
Liabilities to financial institutions	446					446	446
Deposits from bank customers	14,399	5				14,404	14,404
Debt raised from issuance of securities	4,115	497	11,381	4,037	-8	20,022	18,729
Other current liabilities	8,194		80			8,274	8,274
Uncalled residual liabilities Limited partnership	7,297					7,297	
Unused credit lines lending	3,072					3,072	
Lending commitments	1,466					1,466	
Total financial liabilities 2019	40,150	576	13,930	9,395	968	65,020	50,778
Derivatives related to funding 2019	-115	98	-50	-114		-181	-5
Total financial liabilities 2018	32,471	1,403	12,280	11,834	2,049	60,036	46,803
Derivatives related to funding 2018	-111	29	-76	-159		-317	23

1) Liabilities for which repayment may be demanded immediately are included in the 0-6 month column.

2) In the case of perpetual subordinated loans the cash flow is calculated through to the first call date.

SPECIFICATION OF SUBORDINATED LOAN CAPITAL¹⁾

NOK million	Nominal value	Currency	Interest	Maturity	Book value
Issuer					
Perpetual subordinated loan capital²⁾					
Storebrand Livsforsikring AS	872	NOK	Variable	2020	874
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
Dated subordinated loan capital					
Storebrand Livsforsikring AS	1,000	SEK	Variable	2022	939
Storebrand Livsforsikring AS	1,000	SEK	Variable	2024	940
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	3,243
Storebrand Livsforsikring AS	750	SEK	Variable	2021	709
Storebrand Livsforsikring AS	900	SEK	Variable	2025	844
Storebrand Bank ASA	150	NOK	Variable	2022	151
Storebrand Bank ASA	125	NOK	Variable	2025	125
Total subordinated loans and hybrid tier 1 capital 2019					8,925
Total subordinated loans and hybrid tier 1 capital 2018					8,224

1) Storebrand Bank ASA has issued hybrid tier 1 capital bonds/hybrid capital that is classified as equity. See the statement of changes in equity.

2) In the case of perpetual subordinated loans the cash flow is calculated through to the first call date.

SPECIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

NOK million	Book value	
	2019	2018
Call date		
2019		2
2020	446	
Total liabilities to financial institutions	446	2

SPECIFICATION OF SECURITIES ISSUED

NOK million	Book value	
	2019	2018
Call date		
2019		2,779
2020	3,769	4,314
2021	4,916	4,414
2022	6,023	4,519
2023	4,021	1,503
Total securities issued	18,729	17,529

The loan agreements and credit facilities contain covenants.

Covered bonds

For issued covered bonds, a regulatory requirement for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent for bonds issued before 21 June 2017 apply.

Credit facilities

Storebrand ASA has an unused credit facility of EUR 240 million, expiration December 2024.

FINANCING ACTIVITIES - MOVEMENTS DURING THE YEAR

NOK million	Subordinated loan capital	Liabilities to financial institutions	Securities issued
Book value 1.1.19	8,224	2	17,529
Admission of new loans/liabilities	1,052	446	4,500
Repayment of loans/liabilities	-253	-2	-3,290
Change in accrued interest	1		-5
Translation differences	-101		
Change in value/amortisation	1		-5
Book value 31.12.19	8,925	446	18,729

Note 10: Credit risk

Storebrand is exposed to risk of losses as a result of counterparties not fulfilling their debt obligations. This risk also includes losses on lending and losses related to the failure of counterparties to fulfil their financial derivative contracts.

The maximum limits for credit exposure to individual counterparties and for overall credit exposure to rating categories are set by the boards of the individual companies in the Group. Particular attention is paid to ensuring diversification of credit exposure in order to avoid concentrating credit exposure on any particular debtors or sectors. Changes in the credit standing of debtors are monitored and followed up. Thus far, the Group has used published credit ratings wherever possible, supplemented by the company's own credit evaluation.

Underlying investments in funds managed by Storebrand are included in the tables.

Credit risk by counterparty

BONDS AND OTHER FIXED-INCOME SECURITIES AT FAIR VALUE

NOK million	AAA Fair value	AA Fair value	A Virkelig verdi	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Government and government guaranteed bonds	22,890	14,431	415	335		259	38,331
Corporate bonds	20,926	7,089	25,389	27,169	734	12,109	93,416
Structured notes				1			1
Collateralised securities	3,587	554				201	4,341
Total interest bearing securities stated by rating	47,403	22,073	25,805	27,505	734	12,569	136,089
Bond funds not managed by Storebrand							16,846
Non-interest bearing securities managed by Storebrand							10,440
Total 2019	47,403	22,073	25,805	27,505	734	12,569	163,375
Total 2018	43,974	28,548	34,613	26,452	3,630	7,142	163,294

INTEREST BEARING SECURITIES AT AMORTISED COST

Category of issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Government and government guaranteed bonds	10,669	14,276	2,976				27,921
Corporate bonds	25,843	10,385	41,435	12,905		19,327	109,895
Structured notes		290				1,220	1,510
Collateralised securities	504						504
Total 2019	37,016	24,952	44,411	12,905		20,547	139,830
Total 2018	40,127	25,945	25,220	10,168	11,810	25,253	138,524

Counterparties

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Not rated Fair value	Total Fair value
Derivatives		3,224	1,734	53	596		5,607
Of which derivatives in bond funds, managed by Storebrand		167	109		18		294
Total derivatives excluding derivatives in bond funds 2019		3,057	1,625	53	578		5,313
Total derivatives excluding derivatives in bond funds 2018		2,484	1,490	77	596		4,646
Bank deposits	303	3,606	7,837	494		108	12,348
Of which bank deposits in bond funds, managed by Storebrand		-110	1,370	494			1,754
Total bank deposits excluding bank deposits in bond funds 2019	303	3,716	6,466			108	10,594
Total bank deposits excluding bank deposits in bond funds 2018	376	6,303	2,218	15	159	19	9,090
Loans to financial institutions		20	21				41

Rating classes based on Standard & Poor's.
NIG = Non-investment grade.

INVESTMENTS SUBJECT TO NETTING AGREEMENTS/CSA

NOK million	Booked value fin. assets	Booked value fin. liabilities	Net booked fin. assets/ liabilities	"Cash (+/-)"	Sikkerhetsstillelser	
					Securities (+/-)	Net exposure
Investments subject to netting agreements	5,260	994	4,266	2,586	-322	2,002
Investments not subject to netting agreements	53		53			
Total 2019	5,313	994	4,319			
Total 2018	4,926	4,607	319			

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVO)

NOK million	2019	2018
Booked value maximum exposure for credit risk	159,045	155,902
Net credit risk	159,045	155,902
This year's change in fair value due to change in credit risk	-276	-712

Storebrand has none related credit derivatives or collateral

CREDIT RISK FOR THE LOAN PORTFOLIO

COMMITMENTS BY CUSTOMER GOUPS

NOK million	Lending to and receivables from customers	Guarantees	Unused credit-lines	Total commitments	Unimpaired commitments	Impaired commitments	Individual write-downs	Net defaulted commitments
Sale and operation of real estate	10,597	1		10,598		22	-9	13
Other service providers	1			2				
Wage-earners and others	47,540		3,129	50,669	72	30	-11	91
Others	2,581		25	2,606	2		-8	-7
Total	60,719	1	3,155	63,875	73	52	-28	97
- Individual write-downs	-28			-28				
+ Group write-downs	-32			-32				
Total loans to and receivables from customers 2019¹⁾	60,659	1	3,155	63,815	73	52	-28	97
Total loans to and receivables from customers 2018 ²⁾	59,436	1	3,444	62,881	71	59	-21	108
1) 2019:								
- Of which Storebrand Bank	30,187	1	3,072	33,260	73	52	-20	105
- Of which Storebrand Livsforsikring	30,472		83	30,555			-8	-8
2) 2018:								
- Of which Storebrand Bank	28,456	1	3,362	31,819	71	59	21	108
- Of which Storebrand Livsforsikring	30,980		83	31,062				

The majority of the loans at Storebrand consist of home loans to retail market customers. The home loans are approved and administered by Storebrand Bank, but a significant share of the loans have been transferred to Storebrand Livsforsikring as a part of the investment portfolio. Storebrand Livsforsikring and SPP also have loans to companies as part of the investment portfolio. Storebrand Bank's corporate market segment has largely been discontinued.

As of 31 December 2019, Storebrand had loans to customers totalling NOK 60.7 billion net after provisions for losses of NOK 0.1 billion. Of this, NOK 13.2 billion was to the corporate market and NOK 47.5 billion to the retail market.

The corporate market portfolio consists of income generating properties and development properties with few customers and low level of default that are primarily secured by mortgages in commercial property. Storebrand Bank's corporate market loans segment has largely been discontinued.

In the retail market, most of the loans are secured by means of home mortgages. Customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, checks are conducted of customers in relation to policy rules and they are given a credit rating.

SECTION 9. ANNUAL ACCOUNTS AND NOTES

The weighted average loan-to-value ratio for home loans is approximately 58 per cent. Over 97 per cent of home loans have a loan to value ratio within 85 per cent and approximately 99.3 per cent are within a 100 per cent loan to value ratio. Approximately 50 per cent of the home loans are within a 60 per cent LVR. The portfolio is considered to have a low to moderate credit risk.

TOTAL COMMITMENTS BY REMAINING TERM

NOK million	2019				2018			
	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments
Up to one month	20		5	25	234		4	238
1 - 3 months	259		23	282	318		35	353
3 months - 1 year	806	1	121	928	1,782	1	139	1,922
1 - 5 years	10,639		758	11,397	9,527		881	10,408
More than 5 years	48,995		2,248	51,243	47,679		2,385	50,064
Total gross commitments	60,719	1	3,155	63,875	59,540	1	3,444	62,985

Commitments are regarded as non-performing and loss exposed when a credit facility has been overdrawn for more than 90 days and when an instalment loan has arrears older than 90 days and the amount is at least NOK 2000.

CREDIT RISKS BY CUSTOMER GROUPS

NOK million	Gross non-performing commitments	Individual write-downs	Net non-performing commitments	Total recognised value changes during the period
Sale and operation of real estate	22	9	13	
Wage-earners and others	102	11	91	-1
Others	2	-8	2	
Total 2019	125	11	105	-1
Total 2018	129	-28	108	-80

In the case of default, Storebrand Bank ASA will sell the securities or repossess the properties if this is most suitable.

TOTAL ENGAGEMENT AMOUNT BY REMAINING TERM TO MATURITY

NOK million	2019			2018		
	Loans to and receivables from customers	Unused credit-lines	Total commitments	Loans to and receivables from customers	Unused credit-lines	Total commitments
Overdue 1-30 days	285		285	155	1	156
Overdue 31-60 days	58		58	54		54
Overdue 61-90 days	46		46	2		2
Overdue more than 90 days	91		91	71		71
Total	480		481	281	2	283

Note 11: Concentrations of risk

Most of the risk for the Storebrand Group relates to the guaranteed pension products in the life insurance companies. These risks are consolidated in the Storebrand Life Insurance Group, which includes Storebrand Livsforsikring AS, SPP Livförsäkring AB and the business in Ireland (BenCo). Other companies directly owned by Storebrand ASA that are exposed to significant risks are Storebrand Forsikring AS, Storebrand Helseforsikring AS, Storebrand Asset Management Group and Storebrand Bank Group.

For the life insurance businesses, the greatest risks are largely the same in Norway and Sweden. The financial market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, and long life in particular can be influenced by universal trends.

Both the insurance business and the banking business are exposed to credit risk. The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification, while the bank is mostly exposed to direct loans for residential property in Norway. There is no significant concentration risk across bonds and loans.

The financial market and investment risks are largely related to the customer portfolios in the life insurance business. The risk associated with a negative outcome in the financial market is described and quantified in Note 8, financial market risk. The banking business has little direct exposure to types of risk other than credit.

In the short term, an interest rate increase will negatively impact on the returns for the life insurance companies. An interest rate increase can also result in bank customers having lower debt-servicing capacity and increased losses for the banking business.

The risk from the P&C insurance and health insurance risk in Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS has a low correlation with the risk from the rest of the businesses in the Group.

In the asset management business, the principal risk is operational risk in the form of behaviour that can trigger claims and/or impact on reputation. Since the asset management business is the principal manager of the insurance businesses, errors in asset management could result in errors in the insurance businesses.

Note 12: Valuation of financial instruments and properties

The Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Fund units are generally valued at the updated official NAV prices when such prices exist. Bonds are generally valued based on prices collected from Nordic bond pricing and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. This principally applies to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will most often be specific to the issuer.

Unlisted derivatives, such as forward exchange contracts and interest rate and foreign exchange swaps, are also valued theoretically. Money market rates, swap rates and exchange rates that form the basis for valuations are supplied by Reuters and Bloomberg. The valuations of currency options and swaptions are provided by Markit.

The Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. This involves controlling and assessing the likelihood of unusual changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

Level 1: Financial instruments valued on the basis of quoted prices for identical assets in active markets

This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level.

Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1

This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, as well as non-standardised interest rate and foreign exchange derivatives are classified as level 2. Fund investments, with the exception of private equity funds, are generally classified as level 2, and encompass equity, interest rate, and hedge funds.

Level 3: Financial instruments valued on the basis of information that is not observable in accordance with level 2

Equities classified as level 3 are primarily investments in unlisted/private companies as well as funds consisting of these. These include investments in forestry, microfinance, infrastructure and property. Private equity is generally classified at this level through direct investments or investments in funds. Private customer loans and funds consisting of these are also at level 3.

The types of mutual funds classified as level 3 are discussed in more detail below with a reference to the type of mutual fund and the valuation method. Storebrand is of the opinion that the valuation method used represents a best estimate of the mutual fund's market value.

Equities

Forestry represents most of the value of the level 3 shares. An external valuation was carried out as at 31 December which forms the basis for the valuation of the company's investments. The valuation is based on models that include non-observable assumptions.

Alternative investments organised as limited liability companies (such as microfinance, property and infrastructure) are equity investments that are valued based on the value-adjusted equity reported by external sources when available.

In the case of direct private equity investments, the valuation is normally based on either the most recent transaction or a model in which a company that is in continuous operation is assessed by comparing the key figures with groups of equivalent listed companies.

Fund units

Of the fund units, it is primarily private equity investments and property funds that represent the majority at level 3. Moreover, there are also some other types of funds, such as infrastructure funds and microfinance, loan funds and property funds here. The majority of Storebrand's private equity investments are investments in private equity funds. These fund investments are valued based on the value reported by the funds. Most of the funds report on a quarterly basis, while a few report less often. Reporting typically takes place with a few months' delay. The most recently received valuations are used as a basis, adjusted for cash flows and market effects in the period from the most recent valuation until the reporting date. For private equity, the market effect is calculated based on the development in value in the relevant index, multiplied by the estimated beta in relation to this index.

Indirect real estate investments are primarily investments in funds with underlying real estate investments where Storebrand's intention is to own the investments throughout the fund's lifetime. The valuation of the property funds is carried out based on information received from each fund manager, adjusted for cash flows in the period from the most recent valuation until the reporting date. Estimated values prepared by the fund companies will be used if these are available.

Loans to customers

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the balance sheet date is determined by assessing the market conditions, market price and the associated swap interest rate. However, the fair value of loans to corporate customers with margin loans is lower than the amortised cost because certain loans run with lower margins than they would have done if they had been taken up as of the end of 2019. The value shortfall is calculated by discounting the difference between the agreed margin and the current market price over the remaining duration.

Corporate bonds

Among level 3 bonds, non-performing loans will be left for estimated expected payment.

Investment properties

The investment properties primarily consist of office buildings located in Oslo and Stockholm and shopping centres in Southern Norway.

Office properties and shopping centres in Norway:

When calculating fair value, Storebrand uses an internal cash flow model. The required rate of return is of greatest importance when calculating the fair value for investment properties. Net cash flows for the individual property are discounted by an individual required rate of return. A future income and expense picture for the first 10 years has been estimated for the office properties and a final value has been calculated for the end of the 10th year based on market rent and normal operating costs for the property. In the net income stream, consideration has been made to existing and future loss of income due to vacancy, necessary investments and an assessment of the future development in the market rent. The majority of new contracts that are entered into have a duration of five or ten years. The cash flows from these lease agreements (contractual rent) are included in the valuations. To estimate the long-term, future non-contractual rental incomes, a forecasting model has been developed. The model is based on historical observations in Dagens Næringsliv's property index (adjusted by CPI) and market estimates. A long-term, time-weighted average of the annual observations is calculated in which the oldest observations are weighted with the lowest importance. For non-contractual rent in the short-term, the current rental prices and market situation are used.

An individual required rate of return is determined for each property. The required rate of return is viewed in connection with the related cash flow for the property. The knowledge available about the market's required rate of return, including transactions and appraisals, is used when determining the cash flow.

The required rate of return is divided into the following elements:

- Risk-free interest
- Risk premium, adjusted for:
- Type of property
- Location
- Structural standard
- Environmental standard
- Duration of contract
- Quality of tenant
- Other factors such as transactions and perception in the market, vacancy and general knowledge about the market and the individual property.

External valuation:

For properties in the Norwegian business, a methodical approach is taken to a selection of properties that are to be externally valued each quarter so that all properties have had an external valuation at least every three years. In 2019, external valuations were obtained for properties worth NOK 16 billion (77 per cent of the portfolio's value as of 31 December 2019).

External valuations are obtained for properties in the Swedish business. Shopping centres and commercial premises are valued annually, while other wholly-owned property investments are valued on a quarterly basis.

VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

NOK million	Level 1	Level 2	Level 3	31.12.19	31.12.18
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets:					
Equities and units					
- Equities	28,007	226	532	28,765	24,038
- Fund units	197	156,365	9,016	165,578	133,323
Total equities and fund units 31.12.19	28,205	156,591	9,548	194,343	
Total equities and fund units 31.12.18	23,379	125,493	8,489		157,361
Loans to customers					
- Loans to customers - corporate			6,736	6,736	5,708
- Loans to customers - retail			389	389	220
Loans to customers 31.12.19			7,125	7,125	
Loans to customers 31.12.18			5,928		5,928
Bonds and other fixed-income securities					
- Government bonds	10,638	21,618		32,256	34,347
- Corporate bonds		60,040	15	60,055	50,890
- Structured notes					79
- Collateralised securities		3,648		3,648	22,793
- Bond funds	180	55,010	5,490	60,680	49,478
Total bonds and other fixed-income securities 31.12.19	10,818	140,316	5,505	156,639	
Total bonds and other fixed-income securities 31.12.18	13,839	140,370	3,377		157,586
Derivatives:					
- Equity derivatives		1		1	
- Interest derivatives		2,537		2,537	2,820
- Currency derivatives		1,781		1,781	-2,781
Total derivatives 31.12.19		4,319		4,319	
- of which derivatives with a positive market value		5,314		5,314	4,646
- of which derivatives with a negative market value		-995		-995	-4,607
Total derivatives 31.12.18		39			39
Properties:					
Investment properties			29,415	29,415	28,266
Properties for own use			1,375	1,375	1,420
Total properties 31.12.19			30,790	30,790	
Total properties 31.12.18			29,686		29,686

MOVEMENTS BETWEEN QUOTED PRICES AND OBSERVABLE ASSUMPTIONS

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and fund units	48	37

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities and bonds in the last measuring period. On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities and bonds in the last measuring period.

FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

NOK million	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds	Investment properties	Properties for own use
Book value 01.01.19	640	7,849	5,928	56	3,321	28,266	1,420
Net gains/losses on financial instruments	30	1,300	94	2	-49	716	-34
Supply	22	1,076	2,350		2,681	551	43
Sales	-9	-1,112	-874	-42	-356		-2
Translation differences	-6	-98	-208	-1	-107	-360	-92
Other	-145		-165			242	40
Book value 31.12.19	532	9,016	7,125	15	5,490	29,415	1,375

As of 31.12.19, Storebrand Livsforisikring had NOK 4.044 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "Investment in associated Companies and joint ventures" in the Consolidated Financial Statements.

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

NOK million	Level 1	Level 2	Level 3	Total fair value 31.12.19	Book value 31.12.19	Total fair value 31.12.18	Book value 31.12.18
	Quoted prices	Observable assumptions	Non-observable assumptions				
Financial assets							
Loans to and due from financial institutions		41		41	41	318	318
Loans to customers - corporate			6,180	6,180	6,206	6,981	6,999
Loans to customers - retail			47,327	47,327	47,327	46,508	46,508
Bonds held to maturity		14,433		14,433	13,377	15,679	14,403
Bonds classified as loans and receivables		100,191	1,537	101,728	98,046	98,485	94,723
Total financial assets 31.12.2019		114,665	55,044	169,709	164,997		
Total financial assets 31.12.2018		114,798	53,173			167,971	162,951
Financial liabilities							
Debt raised by issuance of securities		18,728		18,728	18,729	17,565	17,529
Liabilities to financial institutions		446		446	446	2	2
Deposits from banking customers		14,404		14,404	14,404	14,419	14,419
Subordinated loan capital		9,010		9,010	8,925	8,218	8,224
Total financial liabilities 31.12.2019		42,589		42,589	42,504		
Total financial liabilities 31.12.2018		40,205				40,205	40,175

SENSITIVITY ASSESSMENTS

Equities

It is primarily investments in forests that are classified under equity at level 3. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return.

NOK million	Change in value at change in discount rate	
	Increase + 25 bp	Decrease - 25 bp
Change in fair value per 31.12.19	-19	21
Change in fair value per 31.12.18	-56	57

Fund units

Large portions of the portfolio are private equity funds invested in companies priced against comparable listed companies. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. The private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.46

NOK million	Change MSCI World	
	Increase + 10 %	Increase + 10 %
Change in fair value per 31.12.19	413	-413
Change in fair value per 31.12.18	455	-455

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. Remaining indirect property investments are no longer leveraged.

NOK million	Change in value underlying real estate	
	Increase + 10 %	Decrease - 10 %
Change in fair value per 31.12.19	1	-1
Change in fair value per 31.12.18	1	-1

Loans to customers

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

Loans from SPP Pension & Försäkring AB are appraised at fair value. The value of these loans is determined by future cash flows being discounted by an associated swap curve adjusted for a customer-specific credit spread

NOK million	Change in marketspread	
	+ 10 bp	- 10 bp
Change in fair value per 31.12.19	-29	29
Change in fair value per 31.12.18	-34	34

Corporate bonds

Corporate bonds at level 3 are typical non-performing loans and convertible bonds.

They are not priced by a discount rate as bonds normally are, and therefore these investments are included in the same sensitivity test as private equity.

NOK million	Change MSCI World	
	Increase + 10 %	Decrease - 10 %
Change in fair value per 31.12.19	0	0
Change in fair value per 31.12.18	3	-3

Properties

The sensitivity assessment for properties includes investments properties.

The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 4.5 per cent. About 25 per cent of the property's cash flow is linked to lease agreement. This means that the changes in the uncertain parts of the cash flow by 1 per cent result in a change in value of 0.75 per cent.

NOK million	Change in required rate of return	
	0,25 %	-0,25 %
Change in fair value per 31.12.19	-1,560	1,699
Change in fair value per 31.12.18	-1,373	1,522

Note 13: Solidity and capital management

The Storebrand Group is an insurance-dominated, cross-sectoral financial group with capital requirements in accordance with Solvency II. Storebrand calculates Solvency II according to the standard method as defined in the Solvency II Regulations.

Consolidation is carried out in accordance with Section 18-2 of the Norwegian Act relating to Financial Undertakings and Financial Groups. The solvency capital requirement and minimum capital requirement for the group are calculated in accordance with Section 46 (1)-(3) of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

Capital management

Storebrand places particular emphasis on continually and systematically adapting the levels of equity in the Group. The level is adapted to the financial risk and capital requirements in the business, where growth and the composition of segments are important motivating factors for the need for capital. The purpose of capital management is to ensure an efficient capital structure and provide for an appropriate balance between in-house goals and regulatory and rating company requirements. If there is a need for new capital, this is raised by the holding company Storebrand ASA, which is listed on the stock exchange and is the ultimate parent company.

The Storebrand companies are subject to various capital requirements depending on the type of business. In addition to the capital requirements for the Storebrand Group and insurance companies, the banking and asset management businesses have capital requirements in accordance with CRD IV. The companies in the group governed by CRD IV are included in the group's solvency capital and solvency capital requirements with their respective primary capital and capital requirements.

Storebrand has the goal of paying a dividend of more than 50% of the Group profit after tax. The board has the ambition of ordinary dividends per share being, at a minimum, at the same nominal level as the previous year. The normal dividend is paid with a sustainable solvency margin of more than 150%. If there is a solvency margin of more than 180%, the board's intention is to propose extraordinary dividends or share buy-backs. In general, equity in the Group can be controlled without material limitations if the capital requirement is met and the respective legal entities have sufficient solvency.

SOLVENCY CAPITAL

NOK million	Total	31.12.19			31.12.18	
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	2,339	2,339				2,339
Share premium	10,521	10,521				10,521
Reconciliation reserve	27,169	27,169				23,444
Subordinated loans	7,651		1,114	6,536		7,780
Deferred tax assets	268				268	873
Risk equalisation reserve	466			466		234
Minority interests	57				57	56
Unavailable minority interests	-41				-41	-37
Deductions for CRD IV subsidiaries	-2,970	-2,970				-3,311
Expected paid out dividend 2019	-1,517	-1,517				-1,402
Total basic solvency capital	43,943	35,542	1,114	7,002	285	40,498
Subordinated capital for subsidiaries regulated in accordance with CRD IV	2,970					3,311
Total solvency capital	46,913					43,808
Total solvency capital available to cover the minimum capital requirement	38,614	35,542	1,114	1,958		34,623

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

NOK million	2019	2018
Market	22,040	20,917
Counterparty	779	625
Life	10,702	10,412
Health	761	713
P&C	307	278
Operational	1,493	1,485
Diversification	-7,207	-6,838
Loss-absorbing tax effect	-4,847	-4,764
Total solvency capital requirement - insurance company	24,028	22,827
Capital requirements for subsidiaries regulated in accordance with CRD IV	2,683	2,482
Total solvency capital requirement	26,711	25,309
Solvency margin with transitional rules	176%	173%
Minimum capital requirement	9,788	9,711
Minimum margin	394%	357%

Storebrand has the goal of paying a dividend of more than 50% of the Group profit after tax. The board has the ambition of ordinary dividends per share being, at a minimum, at the same nominal level as the previous year. The normal dividend is paid with a sustainable solvency margin of more than 150%. If there is a solvency margin of more than 180%, the board's intention is to propose extraordinary dividends or share buy-backs. In general, equity in the Group can be controlled without material limitations if the capital requirement is met and the respective legal entities have sufficient solvency.

CAPITAL- AND CAPITAL REQUIREMENT IN ACCORDANCE WITH THE CONGLOMERATE DIRECTIVE

NOK million	2019	2018
Capital requirements for CRD IV companies	2,937	2,714
Solvency capital requirements for insurance	24,028	22,827
Total capital requirements	26,966	25,541
Net primary capital for companies included in the CRD IV report	2,970	3,311
Net primary capital for insurance	43,943	40,498
Total net primary capital	46,913	43,808
Overfunding	19,947	18,267

Under Solvency II, the capital requirement from the CRD IV companies in the Group is included in accordance with their respective capital requirements. In a multi-sectoral financial group, all the capital requirements of the CRD IV companies are calculated based on their respective applicable requirements, including buffer requirement for the largest company in the Group (Storebrand Bank). This increases the total requirement from the CRD IV companies in relation to what is included in the Solvency II calculation. As at 31 December 2019, the difference amounted to NOK 255 million.

Note 14: Premium income

NOK million	2019	2018
Savings:		
Unit Linked Storebrand Life Insurance	14,204	13,173
Unit Linked SPP	8,751	7,326
Total savings	22,955	20,499
Of which premium reserve transferred to company	5,784	4,479
Insurance:		
P&C & Individual life ¹⁾	1,915	1,817
Group life ²⁾	662	732
Pension related disability insurance	1,188	1,151
Total insurance	3,765	3,700
Of which premium reserve transferred to company	34	10
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	3,110	3,086
Paid-up policies Storebrand Life Insurance	103	-50
Traditional individual life and pension Storebrand Life Insurance	234	238
SPP Guaranteed Products	2,169	2,068
Total guaranteed pension	5,616	5,342
Of which premium reserve transferred to company	420	77
Other:		
BenCo	30	90
Total other	30	90
Total premium income	32,366	29,631
Of which premium reserve transferred to company	6,239	4,566

1) Individual life and disability, property and casualty insurance

2) Group life, workers comp. And health insurance

Note 15: Net income analysed by class of financial instrument

NOK million	Dividend/ interest income etc.	Net gains and losses on financial assets	Net revaluation on investments	Total 2019	Of which		2018
					Company	Customer	
Profit on equities and fund units	1,357	3,858	32,143	37,358	40	37,318	-5,258
Profit on bonds and other fixed- income securities at fair value	2,424	156	2,188	4,767	600	4,167	1,023
Profit on financial derivatives	915	540	-24	1,431	7	1,424	-2,061
Profit on loans	25			25	14	11	140
Total gains and losses on financial assets at fair value	4,720	4,554	34,307	43,581	661	42,920	-6,155
- of which FVO (fair value option)	3,781	10	-16	3,775	138		3,158
- of which trading	2,271		-6	2,266	-6		1,152
Net income bonds to amortised cost, loans and accounts receivables	4,115	11		4,126	214	3,912	4,370
Net income loans	1,348			1,348	802	546	1,209
Total gains and losses on financial assets at amortised cost	5,463	11		5,474	1,016	4,457	5,579

LOSSES FROM LOANS

NOK million	2019	2018
Write-downs/income recognition for loans and guarantees for the period		
Change in individual loan write-downs for the period	1	22
Change in grouped loan write-downs for the period	16	-12
Other corrections to write-downs	-1	1
Realised losses on loans where provisions have previously been made	-21	-25
Realised losses on loans where no provisions have previously been made		-11
Recovery of loan losses realised previously	1	3
Write-downs/income recognition for loans and guarantees for the period	-3	-23

Note 16: Net income from properties

NOK million	2019	2018
Rent income from properties ¹⁾	1,556	1,357
Operating expenses (including maintenance and repairs) relating to properties that have provided rent income during the period ²⁾	-346	-327
Result minority defined as liabilities	-59	
Total	1,151	1,030
Change in fair value	713	457
Total income properties	1,864	1,487
¹⁾ Of which real estate for own use	82	74
²⁾ Of which properties for own use	-29	-29
Allocation by company and customers:		
Customer	1,864	1,487
Total income from properties	1,864	1,487

Note 17: Other income

NOK million	2019	2018
Fee and commission income, banking	107	106
Net fee and commission income, banking	107	106
Management fees, asset management	2,111	1,937
Net agio/disagio Bank	10	221
Management fees	17	364
Return commissions/Kick-back	1,117	764
Insurance related income	250	187
Revenue from companies other than banking and insurance	115	125
Other income	32	325
Total other income	3,758	4,028

Note 18: Insurance claims

NOK million	2019	2018
Savings:		
Unit Linked Storebrand Life Insurance	-6,758	-4,614
Unit Linked SPP	-3,732	-3,487
Total savings	-10,490	-8,101
Of which premium reserve transferred to company	-6,020	-4,238
Insurance:		
P&C & Individual life ¹⁾	-1,255	-1,065
Group life ²⁾	-715	-622
Pension related disability insurance	-158	-147
Total insurance	-2,128	-1,833
Of which premium reserve transferred to company	-45	-32
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	-1,218	-1,219
Paid-up policies Storebrand Life Insurance	-6,182	-5,829
Traditional individual life and pension Storebrand Life Insurance	-1,368	-1,395
SPP Guaranteed Products	-4,961	-5,710
Total guaranteed pension	-13,729	-14,153
Of which premium reserve transferred to company	-291	-995
Other:		
BenCo	-409	-1,054
Total other	-409	-1,054
Total net premium income	-26,756	-25,142
Of which premium reserve transferred to company	-6,357	-5,265

1) Individual life and disability, property and casualty insurance

2) Group life, workers comp. And health insurance

The table below shows the anticipated compensation payments

DEVELOPMENT IN EXPECTED INSURANCE CLAIM PAYMENTS - LIFE INSURANCE

NOK billion	Storebrand Life Insurance	SPP	BenCo
0-1 year	16	6	
1-3 years	40	13	1
> 3 years	233	159	7
Total	289	178	8

DEVELOPMENT IN INSURANCE CLAIM PAYMENT - P&C INSURANCE, EXCLUSIVE RUN-OFF

NOK million	2014	2015	2016	2017	2018	2019	Total
Calculated gross cost of claims							
At end of the policy year	513	685	793	797	760	825	
- one year later	501	687	774	764	749		
- two years later	500	661	750	756			
- three years later	489	648	741				
- four years later	478	641					
- five years later	472						
Calculated amount 31.12.19							
Total disbursed to present	462	613	698	694	664	514	3,645
Claims reserve	10	28	43	62	86	311	539
Claims reserve for previous years (before 2014)							9
Total claims reserve							548

The overview shows the development in the estimate for occurred insurance claims over time and the remaining claims reserve.

The overview also excludes the "Naturskadepool", Norwegian Motor Insurers' Bureau (TFF), reinsurance and claim settlement costs on all products.

Note 19: Change in capital buffer

NOK million	2019	2018
Change in market value adjustment reserve	-3,255	1,462
Change in additional statutory reserves	-779	-68
Change in conditional bonuses	-1,858	336
Total change in capital buffer	-5,892	1,729

Note 20: Operating expenses and number of employees

OPERATING EXPENSES

NOK million	2019	2018
Personnel expenses	-2,281	-2,143
Amortisation/write-downs	-231	-147
Other operating expenses	-2,316	-2,252
Total operating expenses	-4,828	-4,542

PECIFICATION OF AMORTISATION/WRITE-DOWNS

NOK million		2019	2018
Amortisation/write-downs tangible fixed assets	see note 28	-6	-6
Amortisation/write-downs IFRS 16 assets	see note 28	-132	
Amortisation/write-downs IT systems	see note 27	-92	-139
Amortisation/write-downs properties for own use	see note 33	-2	-2
Total amortisation/write-down in income statement		-231	-147

NUMBER OF EMPLOYEES ¹⁾

	2019	2018
Number of employees 31.12	1,759	1,789
Average number of employees	1,774	1,766
Number of person-years 31.12	1,739	1,767
Average number of person-years	1,753	1,747

1) Including Storebrand Helseforsikring with 100 per cent.

Note 21: Pension expenses and pension liabilities

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have a defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:

- Saving starts from the first krone of salary.
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 99,858 at 31 December 2019)
- In addition, 13 per cent of salary between 7.1 and 12 G is saved.
- Savings rate for salary over 12 G is 20 per cent.

Employees and former employees who had salaries in excess of 12G until 31 December 2014 were offered a cash redemption option for their accrued rights with payment at the start of 2015. For employees who were a part of the executive management team, these payments were distributed over 5 years, with last payment in 2019.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.5 % in 2019. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

Employees who were on sick leave and partially disabled during the transition to the defined-contribution pension, remain in the defined-benefit pension scheme. There are also pension liabilities for the defined-benefit scheme related to direct pensions for certain former employees and former board members.

The pension plan for employees at SPP in Sweden follows the plan for bank employees in Sweden (BTP).

SPP has a defined-contribution occupational pension known as BTP1. All new employees were enrolled in this pension agreement from and including 1 January 2014. In BTP1, the employer pays a premium for pension savings that is calculated based on pensionable salary up to 30 times the "basic income amount" (inkomstbasbelopp). The insurance includes retirement pension with or without mortality inheritance, disability pension and children's pension. The premium is calculated independently of age and is calculated primarily based on the monthly salary. The premium is paid monthly in two parts, a fixed part that is 2.5 per cent of the pensionable salary up to and including 7.5 times the "basic income amount". The optional part of the premium is 2 per cent of salary up to and including 7.5 times the "basic income amount" and 30 per cent of salary between 7.5 and 30 times the "basic income amount".

The pension in the BTP2 agreement (defined-benefit occupational pension that is a closed scheme) amounts to 10 per cent of the annual salary up to 7.5 times the "basic income amount" (which was SEK 64,400 in 2019 and will be SEK 66.800 in 2020), 65 per cent of salary in the interval from 7.5 to 20, and 32.5 per cent in the interval from 20 to 30. No retirement pension is paid for the portion of salary in excess of 30 times the "basic income amount". Full pension entitlement is reached after 30 years of membership in the pension scheme. In addition to the defined-benefit part, the BTP plan has a smaller defined-contribution component. Here the employees can decide themselves how assets are to be invested (traditional insurance or unit-linked insurance). The defined-contribution part is 2 per cent of the annual salary.

The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the trade unions that are part of BTP, and will be changed to age 68 from 2020.

The retirement age for SPP's CEO is 65 years. The CEO is covered by BTP1. In addition, the CEO has a defined-contribution based additional pension with SPP. The premium for this insurance is 20 per cent of salary that exceeds 30 times the "basic income amount".

The pension for the employees at Euroben Life and Pension LTD is covered by a defined-contribution scheme.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2019	2018
Present value of insured pension liabilities	1,062	1,018
Fair value of pension assets	-994	-913
Net pension liabilities/assets insured scheme	68	105
Present value of unsecured liabilities	196	213
Net pension liabilities recognised in statement of financial position	264	317

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK million	2019	2018
Pension assets	2	5
Pension liabilities	266	322

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2019	2018
Net pension liabilities 01.01	1,231	1,260
Pensions earned in the period	13	15
Pension cost recognised in period	25	17
Estimate deviations	84	18
Gain/loss on insurance reductions	2	-4
Pensions paid	-53	-55
Changes to pension scheme	-4	
Pension liabilities additions/disposals and currency adjustments	-37	-21
Net pension liabilities 31.12	1,259	1,231

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2019	2018
Pension assets at fair value 01.01	914	928
Expected return	18	21
Estimate deviation	87	-15
Premiums paid	32	27
Pensions paid	-21	-27
Changes to pension scheme	-4	
Pension liabilities additions/disposals and currency adjustments	-32	-20
Net pension assets 31.12	995	914

Expected premium payments (pension assets) in 2020	21
Expected premium payments (contributions) in 2020	203
Expected AFP early retirement scheme payments in 2020	15
Expected payments from operations (uninsured scheme) in 2020	40

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE/SPP COMPOSED AT 31.12:

NOK million	Storebrand Livsforsikring		SPP	
	2019	2018	2019	2018
Real estate at fair value	13%	14%	12%	12%
Bonds at amortised cost	36%	36%		
Loans at amortised cost	13%	14%	14%	11%
Equities and units at fair value	15%	12%	11%	9%
Bonds at fair value	20%	24%	63%	68%
Other short-term financial assets	1%	1%		
Total	100%	100%	100%	100%

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring and SPP.

	2019	2018	2019	2018
Realised return on assets	3.6%	2.2%	8.8%	2.3%

NET PENSION EXPENSES BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK million	2019	2018
Current service cost	13	15
Net interest cost/expected return	7	8
Changes to pension scheme	3	-4
Total for defined benefit schemes	23	19
The period's payment to contribution scheme	188	166
The period's payment to contractual pension	17	17
"Net pension cost recognised in profit and loss account in the period"	229	203

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2019	2018
Actuarial loss (gain) - change in discount rate	119	59
Actuarial loss (gain) - change in other financial assumptions	-25	-17
Actuarial loss (gain) - experience DBO	-10	-36
Loss (gain) - experience Assets	-99	27
Investment manage cost	12	
Asset ceiling - asset adjustment		-5
Remeasurements loss (gain) in the period	-4	28

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

NOK million	Storebrand Livsforsikring		SPP	
	2019	2018	2019	2018
Discount rate	2.2%	2.8%	1.5%	2.3%
Expected earnings growth	2.00%	2.50%	3.5%	3.5%
Expected annual increase in social security pensions	2.00%	2.00%		
Expected annual increase in pensions payment	0,0%	0.0%	2.0%	2.0%
Disability table	KU	KU		
Mortality table	K2013BE	K2013BE	DUS14	DUS14

Financial assumptions:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2019.

The actuarial assumptions in Sweden follow the industry's mutual mortality table DUS14 adjusted for corporate differences. The average employee turnover rate is estimated to be 4 per cent p.a.

Sensitivity analysis pension calculations

Storebrand's risk associated with the pension scheme relates to the changes in the financial and actuarial assumptions that must be used in the calculations and the actual return on the pension funds. The pension liabilities are particularly sensitive to changes in the discount rate. A reduction of the discount rate will in isolation entail an increase in pension liabilities.

For the Norwegian companies that have converted to defined contribution pensions as of 1 January 2015, the sensitivity has not been calculated, and the figures below illustrate the sensitivity for the Swedish companies.

The following estimates are based on facts and circumstances as of 31 December 2019 and are calculated for each individual when all other assumptions are kept constant:

SWEDEN

	Discount rate		Expected earnings growth		Mortality - change in expected life expectancy	
	1,0%	-1,0%	1,0%	-1,0%	+ 1 year	- 1 year
Percentage change in pension:						
- Pension liabilities	-10%	12%	-1%	-4%	2%	-2%
- The period's net pension costs	-12%	15%	7%	-6%	-1%	-1%

Note 22: Remuneration to senior employees and elected officers of the company

NOK thousand	Ordinary salary ¹⁾	Other benefits ²⁾	Total remuneration for the year	Pension accrued for the year	Post termination salary (months)	Loan ³⁾	No. of shares owned ⁴⁾
Senior employees							
Odd Arild Grefstad	6,899	191	7,090	1,353	24	6,780	162,269
Lars Aa. Løddesøl	5,339	205	5,545	1,031	18	10,564	100,026
Geir Holmgren	4,529	207	4,736	848	12	7,051	67,089
Heidi Skaaret	4,447	180	4,627	851	12	3,254	69,690
Staffan Hansén	5,547	32	5,579	1,200	12		66,689
Jan Erik Saugestad	5,893	157	6,050	1,144	12	1,200	58,411
Jostein Dalland ⁵⁾	3,608	138	3,745	628	12	-	-
Karin Greve-Isdahl	2,590	41	2,631	468	12	15,569	12,861
Wenche Annie Martinussen ⁵⁾	2,845	131	2,976	514	12	-	-
Trygve Håkedal ⁶⁾	2,523	35	2,558	378		7,695	8,034
Tove Selnes ⁶⁾	2,858	172	3,031	421		7,264	14,964
Terje Løken ⁶⁾	2,542	151	2,693	342		3,199	8,921
Total 2019	49,621	1,639	51,260	9,180		78,150	568,954
Total 2018	40,010	1,311	41,321	7,467		51,509	471,313

1) A proportion of the executive management's fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.

2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.

3) Employees can borrow up to NOK 7.0 million at a subsidised interest rate, which is set at 42 bp below the best current market interest rate. Excess loan amounts will be subject to market terms.

4) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

5) Senior employee only part of the year

6) Senior employee from August. Reported remuneration is for the total year

NOK thousand	Remuneration	Loan	No. of shares owned ¹⁾
Board of Directors			
Didrik Munch	855		32,000
Laila Synnøve Dahlen	392		12,500
Martin Skancke	628		22,000
Karin Bing Orgland	523		17,000
Jan Chr. Opsahl ²⁾	93		-
Liv Sandbæk	438		
Karl Sandlund ²⁾	327		-
Heidi Storruste	446	340	3,925
Arne Fredrik Håstein	366	3,135	5,404
Ingvild Pedersen	124	2,030	1,964
Magnus Gard	315	5,381	613
Total 2019	4,507	10,886	95,406
Total 2018	4,371	9,401	1,171,947

1) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.

2) Board member only part of the year

Loans to Group employees totalled NOK 2.819 million.

STOREBRAND ASA – THE BOARD OF DIRECTORS’ STATEMENT ON THE FIXING OF SALARIES AND OTHER REMUNERATION OF EXECUTIVE PERSONNEL

The Board of Directors’ statement on the fixing of the salaries and other remuneration of executive personnel, cf. Section 6-16 (a) of the Norwegian Public Limited Companies Act, shall be presented to the General Meeting for an advisory vote with regard to the indicative guidelines for the next financial year and a separate advisory vote with regard to binding guidelines for shares, subscription rights, etc. for the next financial year.

The statement is worded as follows:

The Board of Directors of Storebrand ASA has had a dedicated Compensation Committee since 2000. The Compensation Committee is tasked with making a recommendation to the Board of Directors concerning all matters regarding the Company’s remuneration of its Chief Executive Officer. The Committee is responsible for keeping itself informed and proposing guidelines for the determination of remuneration of executive employees in the Group. The Committee also acts as an advisory body to the Chief Executive Officer with regard to remuneration schemes that encompass all employees of the Storebrand Group, including Storebrand’s bonus and pension schemes. The Compensation Committee satisfies the follow-up requirements set forth in the remuneration schemes.

Storebrand Asset Management AS has two subsidiaries, Skagen AS and Cubera Private Equity AS, each of which has its own board-appointed compensation committee and separate guidelines for financial remuneration. The Group’s guidelines will therefore not directly apply for these two subsidiaries in 2020.

1. ADVISORY GUIDELINES FOR THE COMING FINANCIAL YEAR

Storebrand aims to base remuneration on competitive and motivating principles that help attract, develop and retain highly qualified staff.

Storebrand shall have an incentive model that supports the strategy, with emphasis on the customers’ interests and long-term perspective, an ambitious model of cooperation, as well as transparency that enhances the Group’s reputation. Therefore, the Company will primarily stress a fixed salary as a means of overall financial compensation, and utilise variable remuneration to a limited extent.

The salaries of executive employees are determined based on the position's responsibilities and level of complexity. Comparisons with equivalent external positions are regularly made in order to adjust the salary level to the market rates. Storebrand does not wish to be a pay leader in relation to the industry.

Bonus scheme and other benefits

The Group's executive management team and executive personnel who have a significant influence on the Company's risk receive only fixed salaries. Some members of the executive management have fringe benefits in the form of a car allowance and fixed amounts for coverage of expenses for newspaper, telephone and electronic communication. These are arrangements linked to employment contracts entered into in the past and are not included in new contracts.

Pension scheme and insurance

The Company shall arrange and pay for ordinary group pension scheme common to all employees, from the moment employment commences, and in accordance with the pension rules in force at any given time. All employees are also included in group insurance schemes which apply in the event of illness, disability or death. Since 2015, the Company has had defined-contribution pension schemes for all employees. For executive management, the calculated cash value of pension rights for pay above 12 G that was already earned as of the transition to a defined-contribution scheme was paid out over a five-year period, with the final payment in 2019. The payment period was fixed, regardless of whether the employee left the company before the end of that period.

Severance pay

The CEO is entitled to 24 months of severance pay. Other members of the executive management have severance pay agreements of up to 18 months from the agreed resignation date. The amount of potential severance pay will be subject to an assessment in accordance with the individual agreements and relevant rules pertaining to remuneration.

The severance pay corresponds to the pensionable salary at the end of the employment, excluding any bonus schemes. Deductions are made to the severance pay for all work-related income, including fees from the provision of services, offices held, etc.

2. BINDING GUIDELINES FOR SHARES, SUBSCRIPTION RIGHTS, OPTIONS, ETC. FOR THE UPCOMING 2020 FINANCIAL YEAR

To ensure that the Group's executive management team has incentive schemes that accord with the long-term interests of the owners, a proportion of the fixed salary will be linked to the purchase of physical Storebrand shares with a lock-in period of three years. The Chief Executive Officer may decide that a limited group of employees shall be covered by an equivalent scheme. The purchase of shares will take place once a year.

Like other employees of Storebrand, executive employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount in accordance with the share programme for employees.

3. STATEMENT ON THE EXECUTIVE EMPLOYEE REMUNERATION POLICY DURING THE PREVIOUS FINANCIAL YEAR

The guidelines for the executive remuneration policy set for 2019 have been followed. The annual independent assessment of the guidelines and the practising of these guidelines in connection with bonuses to be paid in 2020 will be carried out during 2020.

4. STATEMENT ON THE EFFECTS OF SHARE-BASED REMUNERATION AGREEMENTS ON THE COMPANY AND THE SHAREHOLDERS

A proportion of the executive management's fixed salary will be linked to the purchase of physical Storebrand shares with a lock-in period of three years. The purchase of shares will take place once a year.

In the opinion of the Board of Directors, this has a positive effect on the Company and the shareholders, given the structure of the scheme and the size of each executive vice president's portfolio of shares in Storebrand ASA.

Note 23: Remuneration paid to auditors

NOK million	2019	2018
Statutory audit	-10	-10
Other reporting duties	-1	-1
Tax advice	-1	-1
Other non-audit services	-1	-1
Total remuneration to auditors	-12	-13

The amounts are excluding VAT.

Note 24: Other expenses

NOK million	2019	2018
Insurance related expenses		-53
Losses on claims, insurance	-267	-118
Management fees	-762	-618
Earnout	-157	-40
Other expenses	-51	-24
Total other expenses	-1,238	-853

Note 25: Interest expenses

NOK mill.	2019	2018
Interest expenses subordinated loan	-374	-373
Interest expenses financial institutions	-413	-344
Interest expenses deposits from banking customers	-99	-84
Interest expenses IFRS 16 liabilities	-25	
Other interest expenses	-35	-12
Total interest expenses	-947	-813

Note 26: Tax

TAX EXPENSES IN THE RESULT

NOK million	2019	2018
Tax payable	-16	-17
Change in deferred tax	-495	915
Total tax charge	-511	898

RECONCILIATION OF EXPECTED AND ACTUAL TAX EXPENSES

NOK million	2019	2018
Pre-tax profit	2,593	2,799
Expected income tax at nominal rate	-648	-700
Tax effect of		
realised/unrealised shares	-64	-112
share dividends received	32	12
associated companies	3	11
permanent differences	52	1,681
deferred tax on the increase in value of properties for customer assets ¹⁾	-451	
deferred tax on the increase in value of properties for customer assets covered by customer returns ¹⁾	451	
change in tax rate	16	6
Changes from previous years	99	
Total tax charge	-511	898
Effective tax rate ²⁾	20%	-32%

1) Provisions are made for deferred tax on the increase in value during the ownership of real estate in SPP Fastigheter AB in accordance with IAS 12 and guiding principles for consolidation. The real estate investments are made on behalf of the customer assets. Each real estate is owned by a separate investment company, and a sale of real estate itself would entail a tax expense that will reduce the return on the customer assets and will not affect the income tax for SPP / Storebrand. The deferred tax is in the consolidated financial reporting recognised as a claim on the customer funds and will not affect the income tax expense for SPP / Storebrand. Deferred tax relating to real estate investments in the customer assets is not netted against other temporary differences in the balance sheet.

2) The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway. The income tax expense is also influenced by tax effects relating to previous years. The tax rate for companies in Norway was changed from 23 to 22 per cent with effect from 1 January 2019. It was also agreed to keep the rate at 25 per cent for companies subject to the financial tax. The Storebrand Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalising deferred tax/ deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual companies is used (22 or 25 per cent). The tax rate for companies in Sweden was changed from 22 per cent in 2018 to 21.4 per cent in 2019.

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

NOK million	2019	2018
Tax-increasing temporary differences		
Securities	283	
Properties	2,126	
Fixed assets	8	8
Gains/losses account	78	67
Other	1,377	1,202
Total tax-increasing temporary differences	3,872	1,278
Tax-reducing temporary differences		
Securities	-7	-144
Fixed assets	-22	-51
Provisions	-30	-26
Accrued pension liabilities	-166	-183
Other	753	86
Total tax-reducing temporary differences	527	-318
Carryforward losses	-6,685	-7,808
Net basis for deferred tax and tax assets	-2,287	-6,848
Net deferred tax assets/liabilities in balance sheet	-663	-1,714
Recognised in balance sheet		
Deferred tax assets	1,430	1,972
Deferred tax	768	258

Uncertain tax positions

The tax rules for the insurance industry have undergone changes in recent years. In some cases, Storebrand and the Norwegian Tax Administration have had different interpretations of the tax rules and associated transitional rules. As a result of this, uncertain tax positions arise in connection with the recognised tax expenses. Whether or not the uncertain tax positions have to be recognised in the financial statements is assessed in accordance with IAS 12 and IFRIC 23. Uncertain tax positions will only be recognised in the financial statements if the company considers it to be preponderance that the Norwegian Tax Administration's interpretation will be accepted in a court of law. Significant uncertain tax positions are described below.

A. In 2015, Storebrand Livsforsikring AS discontinued the Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and a corresponding increase in the tax loss carryforward. In January 2018, Storebrand Livsforsikring AS received notice of an adjustment to the tax returns for 2015 which claimed that the calculated loss was excessive, but provided no further quantification. Storebrand Livsforsikring AS disagrees with the arguments that were put forward and submitted its response to the Norwegian Tax Administration on 2 March 2018. The notice was unclear, but based on the notice, a provision was made in the 2017 annual financial statements for an uncertain tax position of approximately NOK 1.6 billion related to the former booked tax loss (appears as a reduction in the loss carryforward and, in isolation, gave an associated increased tax expense for 2017 of approximately NOK 0.4 billion). In May 2019, Storebrand Livsforsikring AS received a draft decision from the Norwegian Tax Administration claiming changes in the tax return from 2015. Storebrand disagrees with the notice from the Norwegian Tax Administration and submitted its response in October 2019. The company considers it to be preponderance that Storebrand's understanding of the tax legislation will be accepted by a court of law and thus, no uncertain tax position has been recognised in the financial statements based on the received draft decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.

B. New tax rules for life insurance and pension companies were introduced for the 2018 financial year. These rules contained transitional rules for how the companies should revalue/write-down the tax values as at 31 December 2018. In December 2018, the Norwegian Directorate of Taxes published an interpretive statement that Storebrand does not consider to be in accordance with the wording of the relevant act. When presenting the national budget for 2020 in October 2019, the Ministry of Finance proposed a clarification of the wording of the transitional rules in line with the interpretive statement from the Norwegian Directorate of Taxes. The clarification was approved by the Norwegian Parliament in December 2019. Storebrand considers there to be uncertainty regarding the value such subsequent work on a legal rule has as a source of law, and which in this instance only applies for a previous financial year. In the tax return for 2018, Storebrand Livsforsikring AS applied the wording in the original transitional rule, but in October 2019 received a notice of adjustment of tax assessment in line with the interpretive statement from the Norwegian Directorate of Taxes and the clarification from the Ministry of Finance. Storebrand Livsforsikring AS disagrees with the Norwegian Tax Administration's interpretation, but considers it uncertain as to whether the company's interpretation will be accepted if the case is decided by a court of law. The uncertain tax position has therefore been recognised in the financial statements. Based on our best estimate, the difference between Storebrand's interpretation and the Norwegian Tax Administration's interpretation is approximately NOK 4.2 billion in an uncertain tax position. If Storebrand's interpretation is accepted, a deferred tax expense of approximately NOK 1 billion will be derecognised from the financial statements.

C. The outcome of the interpretation of tax rules for group contributions referred to above under (A) will have an impact when calculating the effect from the transitional rules for the new tax rules referred to under point (B). An equivalent interpretation to that described under (A) has been used as a basis in the financial statements when calculating tax input values on property shares owned by customer assets for 2016 and 2017. There is thus an uncertain tax position relating to the effect from the transitional rules described in (B). This effect will depend on the interpretation and outcome of (A). If Storebrand's position is accepted under (A), Storebrand will recognise a tax income of approximately NOK 0.8 billion. If the Norwegian Tax Administration prevails with its argument under point (A), Storebrand will recognise a tax expense of approximately NOK 0.6 billion.

The timeline for the continued process with the Norwegian Tax Administration is unclear, but if necessary, Storebrand will seek clarification from the court of law for the aforementioned uncertain tax positions.

Note 27: Intangible assets and excess value on purchased insurance contracts

NOK million	Intangible assets				2019	2018
	IT systems	VIF ¹⁾	Other intangible assets	Goodwill		
Acquisition cost 01.01	993	9,950	1,368	2,292	14,604	14,434
Additions in the period						
- Developed internally	124				124	56
- Purchased separately	92				92	137
- Purchased via acquisition/merger			384	206	590	281
Disposals in the period	-69				-69	-48
Currency differences on converting foreign units	-7	-376	-26	-31	-440	-256
Acquisition cost 31.12	1,133	9,574	1,727	2,467	14,901	14,604
Accumulated depreciation and write-downs 01.01	-567	-6,745	-880	-305	-8,498	-8,139
Write-downs in the period	-35				-35	-29
Amortisation in the period	-57	-341	-104		-502	-504
Disposals in the period	69				69	28
Currency differences on converting foreign units		258	25		284	147
Acc. depreciation and write-downs 31.12	-590	-6,827	-959	-305	-8,681	-8,498
Book value 31.12	543	2,747	768	2,162	6,220	6,106

1) Value of business-in-force, the difference between market value and book value of the insurance in SPP and Silver.

SPECIFICATION OF AMORTISATION OF INTANGIBLE ASSETS

NOK million	2019	2018
Amortisation in the period - VIF	-341	-343
Amortisation in the period - other intangible assets	-104	-55
Negative GW - booked as income		38
Total write-downs/amortisation of intangible assets in income statement	-444	-360

Write-downs/amortisation of IT-systems are booked as operating expenses

SPECIFICATION OF INTAGIBLE ASSETS

NOK million	Useful economic life	Depr. rate	Depr. method	Book value 2019
IT systems	5 years	20%	Straight line	543
Value of business in force SPP	20 years	5%	Straight line	2,522
Value of business in force Silver	10 years	10%	Straight line	225
Customer lists Skagen	10 years	10%	Straight line	318
Customer lists Cubera	7 years	14%	Straight line	201
Customer contracts Cubera	5 years	20%	Straight line	120
Brand name Skagen	10 years	10%	Straight line	115
Database Cubera	3 years	33%	Straight line	14
Total				4,057

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK million	Business area	Acquisition cost	Accumulated	Book value 01.01	Supply/	Book value 31.12
		01.01	write-downs		disposals/	
			01.01		currency effect	
Delphi Fondsforvaltning	Savings	35	-4	32		32
Storebrand Bank ASA	Other	422	-300	122		122
SPP	Guarant. pension/Savings	780		780	-30	750
SPP Fonder	Savings	48		48	-3	45
Skagen	Savings	1,007		1,007		1,007
Cubera	Savings				206	206
Total		2,292	-304	1,988	174	2,162

Goodwill is not amortised, but is tested annually for impairment.

Intangible assets linked to acquisition of SPP

In 2007, Storebrand Livsforsikring AS acquired SPP Pension & Försäkring AB and its subsidiaries (SPP). The majority of the intangible assets linked to the acquisition of SPP include the value of business in force (VIF), for which liability adequacy tests are conducted in accordance with the requirements in IFRS 4. To determine whether goodwill and other intangible assets linked to SPP have declined in value, an estimate is made of the recoverable amount by calculating the entity specific value of the business. SPP is considered to be a separate cash flow generating unit.

In calculating the entity specific value, the management have made use of budgets and forecasts approved by the Board of Directors for the next three years (2020-2022). The management has made assessments for the period from 2023 to 2029, and the annual growth rate for the elements in the income statement have been estimated. When calculating the terminal value, a growth rate equivalent to Sveriges Riksbank's inflation target of 2.0 per cent is used. The primary drivers of improved long-term results will be the return on total assets, underlying inflation and salary increase in the market (which drives premium growth). The entity specific value is calculated using discount rate after tax of 5.2 per cent. The discount rate is calculated as the risk-free interest rate included a premium that reflects the risk of the business.

Calculations related to the future are uncertain. The value will be impacted by various growth parameters, expected return and the required rate of return used as a basis, etc. The aim of the calculations is to achieve a satisfactory level of certainty that the recoverable amount, cf. IAS 36, is not lower than the value recognised in the accounts.

Intangible assets linked to the banking business

When assessing the recoverable amount for the banking business an estimate for the entity specific value has been found by using a discounted cash flow model of the expected profits after tax. Budgets and forecasts approved by the Board of Directors for the next three years (2020 to 2022) are used as the basis for the valuation.

The cash flow is based on two elements, profit/loss after tax to equity and the expected change in regulatory capital. It is also assumed that all capital in addition to regulatory tied-up capital, can be distributed to the owner at the end of each period. For the period after 2022, a growth rate of 2.0 percent has been used. The same growth rate is used in the calculation of the terminal value. The entity specific value is calculated using a discount rate after tax of 5.1 per cent. The discount rate is calculated as the risk-free interest rate included a premium that reflects the risk of the business.

There is uncertainty related to the assumptions that have been made in the valuation. The value will be affected by the assumptions for the interest rate margin, expected losses on lending, growth parameters and capital requirements, the discount rate. The aim of the calculations is to achieve a satisfactory level of certainty that the recoverable amount, cf. IAS 36, is not lower than the value recognised in the accounts.

Intangible assets linked to the acquisition of Skagen

Storebrand Asset Management AS acquired Skagen AS in 2017. The intangible assets linked to Skagen are customer lists, the Skagen brand and goodwill. Budgets and forecasts approved by the Board of Directors for the next three years (2020 to 2022) are used as the basis for the valuation. For the period from 2023 to 2025, a growth rate in line with the expected return from the stock market is used for the revenue and the expected inflation rate for the costs. A growth rate equivalent to Norges Bank's inflation target of 2.0 per cent is used for calculating the terminal value. The entity specific value is calculated using a discount return after tax of 10 per cent.

There is uncertainty related to the assumptions that have been made in the valuation. The value will be influenced by changes in the assumptions regarding expected returns of the financial markets, costs, management fees, growth parameters, and the discount rate. The aim of the calculations is to achieve a satisfactory level of certainty that the entity specific value, cf. IAS 36, is not lower than the value recognised in the accounts.

Intangible assets linked to the acquisition of Cubera Private Equity

Storebrand Asset Management AS acquired Cubera Private Equity AS in 2019. The intangible assets linked to Cubera are customer lists, customer relations and information regarding the private equity market. Budgets and forecasts approved by the Board of Directors for the next three years (2020 to 2022) are used as the basis for the valuation. For the period from 2023 to 2025, a growth rate in line with the private equity market has been used as a basis for revenues and a fixed relationship between revenues and costs has been used to estimate the costs. A growth rate equivalent to Norges Bank's inflation target of 2.0 per cent is used for calculating the terminal value. The entity specific value is calculated using a discount return after tax of 10 per cent.

There is uncertainty related to the assumptions that have been made in the valuation. The value will be influenced by changes in the assumptions regarding expected returns of the financial markets, costs, management fees, growth parameters, and the required rate of return that is used as the discount rate. The aim of the calculations is to achieve a satisfactory level of certainty that the entity specific value, cf. IAS 36, is not lower than the value recognised in the accounts.

Intangible assets linked to the acquisition of Silver

Storebrand Livsforsikring AS acquired Silver Pensjonsforsikring AS (Silver) in 2018 and the company was merged with Storebrand Livsforsikring AS the same year. The intangible assets linked to the acquisition of Silver include the value of business in force (VIF), which is included in Storebrand Livsforsikring's liability adequacy test in accordance with the requirements in IFRS 4. To determine whether intangible assets linked to Silver have declined in value, an estimate is made of the recoverable amount for the contracts in the acquired business. The recoverable amount is determined by calculating the entity specific value of the business. Silver has been integrated into Storebrand Livsforsikring's business and is predominantly part of the savings segment. The assessment of the intangible assets is done by estimating the value of the contracts that were purchased, despite these not being a separate cash-generating unit. The assets under management and income margins are forecasted based on observable developments since the acquisition and expected natural negative growth in the portfolio.

There is uncertainty related to the assumptions that have been made in the valuation. The value will be influenced by the assumptions regarding expected returns in the financial markets, costs, transfers, income development and the discount rate. The aim of the estimation is to achieve a satisfactory level of certainty that the entity specific value, cf. IAS 36, is not lower than the value recognised in the accounts.

Note 28: Tangible fixed assets and lease agreements

NOK million	Vehicles/ equipment	Real estate	2019	2018
Book value 01.01	42	1	43	543
Additions	12		12	3
Disposals	-1		-1	-492
Addition via acquisition/merger				-1
Depreciation	-6		-6	-9
Book value 31.12	48	1	49	43

For specification of write-downs and depreciation, see note 20.

DEPRECIATION PLAN AND FINANCIAL LIFETIME:

Depreciation method:	Straight line
Vehicles/equipment	3-10 years
Fixtures & fittings	3-8 years
Properties	15 years

SPECIFICATION OF TANGIBLE FIXED ASSETS AND LEASE AGREEMENTS IN BALANCE SHEET

NOK million	2019	2018
Tangible fixed assets	49	43
IFRS 16 assets	1,026	
Book value 31.12	1,075	43
Allocation by company and customers		
Tangible fixed assets - company	1,075	43
Total tangible fixed assets and lease agreements	1,075	43

LEASE AGREEMENTS

The Group's leased assets include offices and other real estate, IT equipment and other equipment. The Group's right-of-use assets are categorised and presented in the table below:

NOK million	Buildings	IT-equipment	Other equipment	Total
Book value 01.01	1,019	68	1	1,088
Additions	78		1	79
Book value 31.12	1,097	68	2	1,167
Accumulated write-downs/depreciations 01.01				
Depreciation	-115	-16		-132
Currency differences from converting foreign units	-7	-3		-10
Accumulated write-downs/depreciations 31.12	-123	-19		-141
Booked value 31.12	975	50	1	1,026

Applied practical solutions

The Group also leases PCs, IT equipment and machinery with contract terms from 1 to 3 years. The Group has decided not to recognise leases when the underlying asset has a low value and therefore does not recognise lease liabilities and right-of-use assets for any of these leases. Instead, the lease payments are expensed as they are incurred. The Group also does not recognise lease liabilities and right-of-use assets for short-term leases of less than 12 months.

LEASE LIABILITIES

NOK million	Amount
Less than 1 year	142
1-2 years	135
2-3 years	132
3-4 years	111
4-5 years	105
Mote than 5 years	511
Total non-discounted lease liabilities 31. 12.2019	1,136

CHANGES IN LEASE LIABILITIES

NOK million	Amount
Upon initial adoption 01.01.2019	1,080
New/changed lease liabilities recognised during the period	87
Payment of principal	-146
Payment of interest	25
Exchange rate differences when converting foreign unit	-10
Total lease liabilities 31. 12.2019	1,037

OTHER LEASE EXPENSES INCLUDED IN THE INCOME STATEMENT

NOK million	Amount
Lease agreement with lower value	-10
Total lease expenses included in operating expenses	-10

Note 29: Investments in other companies

Applies to subsidiaries with a significant minority, associated companies and joint ventures.

IFRS 10 establishes a model for evaluating control that will apply to all companies. Control exists when the investor has power over the investment object and possesses the right to variable yields from the investment object and simultaneously possesses the power and possibility to steer activities in the investment object that affect the yield.

In the Group's financial statements, securities funds in which Storebrand has an ownership percentage of around 40 per cent or more, and which are also managed by management companies within the Storebrand Group, are consolidated 100 per cent on the balance sheet. Minority ownership interests in consolidated securities funds are shown on one line for assets and correspondingly on one line for liabilities. In consequence of other investors in the funds being able to request redemption of their ownership interests from the respective funds, such are deemed to be minority interests that are classified as liabilities in Storebrand's consolidated financial statements.

SPECIFICATION OF SUBSIDIARIES WITH SUBSTANTIAL MINORITY (100% FIGURES)

NOK million	2019 Benco	2018 Benco
Assets	10,712	16,376
Liabilities	10,200	15,877
Equity - majority	512	449
Equity - minority	51	50
Ownership interest - minority	10	10
Voting rights as a percentage of the total number of shares	10	10
Income	882	486
Result after tax	32	30
Total comprehensive income	32	30
Dividend paid to minority		2

SPECIFICATION OF ASSOCIATED COMPANIES AND JOINT VENTURES CLASSIFIED AS SUBSTANTIAL (100% FIGURES)

NOK million	2019		2018	
	Storebrand	Helseforsikring AS	Storebrand	Helseforsikring AS
Accounting method		Equity-method		Equity-method
Type of operation		Insurance		Insurance
Type of interest		Joint venture		Joint venture
Current assets		584		700
Fixed assets		66		38
Short term liabilities		50		66
Long term liabilities		373		363
Cash and cash equivalents		28		29
Income		735		689
Result after tax		47		64
Total comprehensive income		47		64
Dividend paid		130		79

PROFIT AND OWNERSHIP INTERESTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

NOK million	Business location	Ownership share	Profit	Book value 31.12
Associated companies				
Inntre Holding AS	Steinkjær	34.3%	14	109
Handelsboderna i Sverige Fastighets AB ¹⁾	Stockholm	0.0%	1	
Storebrand Eiendomsfond Norge KS	Bærum	20.2%	177	2,426
Joint ventures				
Försäkringsgirot AB	Stockholm	25.0%	1	4
Ruseløkkveien 26 AS	Oslo	50.0%	164	1,619
Storebrand Helseforsikring AS	Lysaker	50.0%	24	113
Total 2019			379	4,272
Booked in the statement of financial position				
Investments in associated companies - company			39	227
Investments in associated companies - customers			341	4,045
Total 2019			379	4,272
Total 2018			341	4,045

1) Handelsboderna in Sverige Fastighets AB is sold during 2019

Note 30: Classification of financial assets and liabilities

NOK million	Loans and receivables	Investments, held to maturity	Fair value, held for sale	Fair value	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	10,594					10,594
Shares and fund units	0			194,343		194,343
Bonds and other fixed-income securities	98,046	13,377		156,639		268,062
Loans to financial institutions	41					41
Loans to customers	53,534			7,126		60,659
Accounts receivable and other short-term receivables	5,273					5,273
Derivatives			5,256	58		5,314
Total financial assets 2019	167,488	13,378	5,256	358,166		544,287
Total financial assets 2018	165,375	14,403	4,831	320,970		505,579
Financial liabilities						
Subordinated loan capital					8,925	8,925
Liabilities to financial institutions					446	446
Deposits from banking customers					14,404	14,404
Securities issued					18,729	18,729
Derivatives			932		62	994
Other current liabilities				10	8,264	8,274
Total financial liabilities 2019			932	10	50,831	51,772
Total financial liabilities 2018			4,535	72	46,803	51,410

Note 31: Bonds at amortised cost

LOANS AND RECEIVABLES

NOK million	2019		2018	
	Book value	Fair value	Book value	Fair value
Government bonds	26,249	27,964	26,994	28,945
Corporate bonds	69,772	71,750	65,944	67,757
Structured notes	1,525	1,510	1,484	1,482
Collateralised securities	501	504	300	301
Total bonds at amortised cost	98,046	101,728	94,723	98,485
Storebrand Bank				
Modified duration		0.1		0.2
Average effective yield		1.9 %		1.4%
Storebrand Life Insurance				
Modified duration		6.2		6.4
Average effective yield	2.7%	3.3%	2.7%	3.4%
Distribution between company and customers				
Loans and receivables company	8,256		8,349	
Loans and receivables customers with guarantee	89,790		86,374	
Total	98,046		94,723	

BONDS HELD TO MATURITY

NOK million	2019		2018	
	Book value	Fair value	Book value	Fair value
Corporate bonds	13,377	14,433	13,880	15,109
Collateralised securities			523	570
Total bonds at amortised cost	13,377	14,433	14,403	15,679
Modified duration		3.8		4.3
Average effective yield	2.4%	4.4%	2.7%	4.5%
Distribution between company and customers:				
Bonds held to maturity - customers with guarantees	13,377		14,403	
Total	13,377		14,403	

A yield is calculated for each bond, based on both the paper's book value and the observed market price (fair value). For fixed income securities with no observed market prices the effective interest rate is calculated on the basis of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

Note 32: Loans to customers

NOK million	2019	2018
Corporate market ¹⁾	12,943	12,756
Retail market	47,768	46,742
Gross loans	60,712	59,498
Write-downs of loans losses	-53	-63
Net loans ²⁾	60,658	59,435
¹⁾ Of which Storebrand Bank	13	33
²⁾ Of which Storebrand Bank	30,187	28,456
Of which Storebrand Livsforsikring	30,472	30,979
Allocation by company and customers:		
Net loans to customers - company	30,187	28,457
net loans to customers - customers with guarantee	30,471	30,978
Total	60,658	59,435

NON-PERFORMING AND LOSS-EXPOSED LOANS

NOK million	2019	2018
Non-performing and loss-exposed loans without identified impairment	73	71
Non-performing and loss-exposed loans with identified impairment	52	59
Gross non-performing loans	125	129
Individual write-downs	-20	-21
Net non-performing loans ¹⁾	105	108

1) The figures apply in their entirety Storebrand Bank

For further information about lending, see note 10 Credit risk.

Note 33: Properties

NOK million	31.12.19	31.12.18	31.12.19		m2
			Required rate of return % ¹⁾	Average duration of lease (years) ³⁾	
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	7,682	7,201	4,00 - 4,45	4.6	94,332
Rest of Greater Oslo	4,360	4,102	4,00 - 5,63	4.7	85,247
Office buildings in Sweden	719	693	4.48	4.8	16,987
Shopping centres (including parking and storage)					
Rest of Norway	5,955	6,101	4,75 - 6,69	3.4	157,113
Housing Sweden ²⁾	2,137	2,131	5.67	3.8	86,316
Car parks					
Multi-storey car parks in Oslo	898	924	4.30	2.0	27,393
Other properties:					
Cultural/conference centres Sweden ²⁾	239	224	6.50	12.7	18,757
Housing properties Sweden ²⁾	2,143	1,775	4.25	0.2	60,306
Hotel Sweden ²⁾	2,563	2,508	4.38	10.3	35,872
Service properties Sverige ²⁾	2,016	1,923	4.73	10.2	64,089
Properties under development Norway	653	635	7.60		38,820
Conference centres Norway	49	50			
Total investment properties	29,415	28,266			685,231
Properties for own use	1,375	1,420	3.75	4.3	19,528
Total properties	30,790	29,686			704,759
Allocation by company and customers:					
Properties - company	49	50			
Properties - customers with guarantee	26,901	26,333			
Properties - customers without guarantee	3,839	3,303			
Total	30,790	29,686			

1) The properties are valued on the basis of the following effective required rate of return (included 2.0 per cent inflation)

2) All of the properties in Sweden are appraised externally. The appraisal is based on the required rates of return in the market (including 2 per cent inflation)

3) The average duration of the leases has been calculated proportionately based on the value of the individual properties.

As of 31.12.19, Storebrand Life Insurance had NOK 4.044 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo.

The investments are classified as "Investment in associated Companies and joint ventures" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo invest exclusively in real estate at fair value.

Vacancy

Norway

The vacancy rate for lettable areas was 6.3 per cent (6.1 per cent) at the end of 2019.

The vacancy rate for areas with ongoing development projects is 57.2 per cent (76.9 per cent).

At the end of 2019, a total of 12.1 per cent (12.7 per cent) of the floor space in the investment properties was vacant.

Sweden

At the end of 2019, there was practically no vacancy in the investment properties

Transactions:

Purchases: Further NOK 193 millions in property acquisitions in SPP have been agreed on in 4th quarter 2019 in addition to the figures that has been finalised and included in the financial statements as of 31 December 2019

Sale: No further property sales has been agreed on in Storebrand/SPP in addition to the figures that has been finalised and included in the financial statements as of 31 December 2019

PROPERTIES FOR OWN USE

NOK million	2019	2017
Book value 01.01	1,420	1,408
Additions	6	6
Revaluation booked in balance sheet	-34	39
Depreciation	-13	-13
Write-ups due to write-downs in the period	11	12
Currency differences from converting foreign units	-55	-31
Other change	40	
Book value 31.12	1,375	1,420
Acquisition cost opening balance	545	534
Acquisition cost closing balance	551	540
Accumulated depreciation and write-downs opening balance	-664	-587
Accumulated depreciation and write-downs closing balance	-677	-600
Allocation by company and customers:		
Properties for own use - customers	1,375	1,420
Total	1,375	1,420

Depreciation method:	Straight line
Depreciation plan and financial lifetime	50 years

Note 34: Accounts receivable and other short-term receivables

NOK million	2019	2018
Accounts receivable	711	633
Receivables in connection with direct insurance	310	539
Pre-paid expenses	188	215
Fee earned	358	72
Claims on insurance brokers	290	395
Prepayment of yield tax		408
Client funds	225	34
Collateral	1,086	1,894
Tax receivable	1,309	2,975
Activated sales costs (Swedish business)	583	553
Pre-paid tax abroad		106
Other current receivables	213	192
Book value 31.12	5,273	8,017
Allocation by company and customers:		
Accounts receivable and other short-term receivables - company	4,824	7,005
Accounts receivable and other short-term receivables - customers	450	1,012
Total	5,273	8,017

AGE DISTRIBUTION FOR ACCOUNTS RECEIVABLE 31.12 (GROSS)

NOK million	2019	2018
Receivables not fallen due	685	619
Past due 1 - 30 days	27	12
Past due 31 - 60 days	4	1
Past due 61 - 90 days	1	1
Past due > 90 days	5	1
Gross accounts receivable	721	635
Provisions for losses	-9	-2
Net accounts receivable	711	633

Note 35: Equities and fund units

NOK million	2019 Fair value	2018 Fair value
Equities	28,768	24,038
Private Equity fund investments	1,471	1,418
Fund units	164,104	131,904
Total equities and fund units	194,343	157,361
Allocation by company and customers:		
Equities and fund units - company	323	295
Equities and fund units - customers with guarantee	25,677	23,402
Equities and fund units - customers without guarantee	168,344	133,664
Total	194,343	157,361

Note 36: Bonds and other fixed-income securities

NOK million	2019 Fair value	2018 Fair value
Government bonds	32,256	34,491
Corporate bonds	60,055	51,028
Structured notes		79
Collateralised securities	3,648	22,510
Bond funds	60,680	49,478
Total bonds and other fixed-income securities	156,639	157,586
Allocation by company and customers:		
Bonds and other fixed-income securities - company	28,512	24,055
Bonds and other fixed-income securities - customers with guarantee	83,881	91,894
Bonds and other fixed-income securities - customers without guarantee	44,245	41,637
Total	156,639	157,586

	Fair value					
	Storebrand Life Insurance	SPP Pension & Insurance	Euroben	Storebrand Bank	Storebrand Insurance	Storebrand ASA
Modified duration	7.2	7.3	4.3	0.2	0.5	0.5
Average effective yield	2.4%	0.7%	0.5%	1.9%	2.1%	2.1%

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity. Interest derivatives are included in the calculation of modified duration and average effective interest rate.

Note 37: Derivatives

Nominal volume

Financial derivatives are related to underlying amounts which are not recognised in the statement of financial position. In order to quantify the scope of the derivatives, reference is made to amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative presents.

Gross nominal volume principally indicates the size of the exposure, while net nominal volume provides some indication of the risk exposure. However, nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions.

A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Average gross nominal volume are based on daily calculations of gross nominal volume.

NOK million	Gross nominal volume ¹⁾	Gross booked value fin. assets	Gross booked value fin. liabi- lities	Net amounts taken into account netting agreements		Net amount
				Fin. assets	Fin. liabilities	
Equity derivatives		1				1
Interest derivatives	80,259	3,501	834			2,667
Currency derivatives	72,146	1,811	160			1,651
Total derivater 31.12.19		5,313	994			4,319
Total derivater 31.12.18		4,646	4,607	89		39
Distribution between company and customers:						
Derivatives - company						1,097
Derivatives - customers with guarantee						2,320
Derivatives - customers without guarantee						902
Total						4,319

1) Values 31.12.

Note 38: Technical insurance reserves - life insurance

SPECIFICATION OF BUFFER CAPITAL ITEMS CONCERNING LIFE INSURANCE

NOK million	Guaranteed pension	Savings	Insurance ¹⁾	BenCo	Total Store-brand Group 2019	Total Store-brand Group 2018
Additional statutory reserves	9,023				9,023	8,494
Conditional bonus	7,802			1,500	9,302	8,243
Market value adjustment reserve	5,348		152		5,500	2,245
Total buffer capital	22,173		152	1,500	23,825	18,983

SPECIFICATION OF BALANCE SHEET ITEMS CONCERNING LIFE INSURANCE

NOK million	Guaranteed pension	Savings	Insurance ¹⁾	BenCo	Total Store-brand Group 2019	Total Store-brand Group 2018
Premium reserve	240,372	219,803	4,854	8,346	473,375	440,504
- of which IBNS	1,825	10	2,916	61	4,813	4,883
Pension surplus fund						4
Premium fund/deposit fund	2,016				2,016	2,153
Other technical reserves			649		649	622
- of which IBNS			607		607	562
Supplerende avsetning						8
Total insurance liabilities - life insurance	242,388	219,803	5,502	8,346	476,040	443,290

1) Including personal risk and employee insurance of the Insurance segment.

MARKET VALUE ADJUSTMENT RESERVE

NOK million	2019	2018
Equities	4,424	1,776
Interest-bearing	1,076	469
Total market value adjustment reserves at fair value	5,500	2,246

NOK million	Guaranteed pension	Savings	Insurance	BenCo	Total
Total insurance liabilities - life insurance 01.01	244,890	179,300	5,298	13,802	443,290
Premium income	5,907	23,096	2,384	30	31,417
Capital return	9,711	32,397	210	828	43,146
Insurance claims	-13,206	-10,537	-1,197	-409	-25,349
Other ¹⁾	-1,985	-1,314	-1,193	-5,583	-10,075
Translation differences	-2,929	-3,139		-322	-6,390
Total insurance liabilities - life insurance 31.12.	242,388	219,803	5,502	8,346	476,040

1) Including sale of Nordben

See note 39 for insurance liabilities - P&C.

Note 39: Technical insurance reserves - P&C insurance

ASSETS AND LIABILITIES - P&C INSURANCE

NOK million	2019	2018
Reinsurance share of insurance technical reserves	26	21
Total assets	26	21
Premium reserve	537	470
Claims reserve	594	581
- of which IBNS	566	553
- of which administration reserve	28	28
Total liabilities	1,131	1,051

See note 38 for insurance liabilities - life insurance.

Note 40: Other current liabilities

NOK million	2019	2018
Accounts payable	169	260
Accrued expenses	965	701
Appropriations earnout	423	105
Other appropriations	162	290
Governmental fees and tax withholding	298	313
Collateral received derivatives in cash	2,929	1,709
Liabilities in connection with direct insurance	1,196	1,485
Liabilities to broker	500	319
Liabilities tax/tax appropriations	29	63
Minority SPP Fastighet KB	1,140	891
Other current liabilities	465	492
Book value 31.12	8,274	6,629

SPECIFICATION OF RESTRUCTURING RESERVES

NOK million	2019	2018
Book value 01.01	38	49
Increase in the period	50	7
Amount recognised against reserves in the period	-32	-18
Book value 31.12	57	38

Note 41: Hedge accounting

Fair value hedging of interest rate risk and cash flow hedging of foreign exchange risk

Storebrand uses fair value hedging for the interest rate risk. The hedged items are financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss. Hedge effectiveness is monitored at an individual security level.

Storebrand uses cash flow hedging of the foreign exchange risk for the principal and the foreign exchange risk for the credit margin. The hedged items are liabilities measured at amortised cost. Derivatives are recognised at fair value. The proportion of the profit or loss on the hedging instrument that is deemed to be effective hedging is recognised in total comprehensive income. The proportion is subsequently reclassified to profit or loss in step with the hedged item's effect on earnings.

HEDGING INSTRUMENT/HEDGED ITEM

NOK million	2019					2018				
	Contract/ nominal value	Book value ¹⁾			Recog- nised of compre- hensive income	Contract/ nominal value	Book value ¹⁾			Recog- nised of compre- hensive income
		Assets	Liabilities	Booked			Assets	Liabilities	Booked	
Interest rate swaps	3,073	1,073		-15	-55	4,623	1,171		-60	-12
Subordinated loans	-2,238		3,243	-5	53	-2,238		3,255	-14	14
Debt raised through issuance of securities	800		798	21		2,350		2,406	45	

1) Book values as at 31.12.

Hedging of net investment in Storebrand Holding AB

In 2019, Storebrand used hedge accounting for its net investment in Storebrand Holding AB. Three-month rolling currency derivatives were used, and the spot element of these was used as a hedging instrument. A time-limited subordinated loan of SEK 1,000 million was taken up in 2019. The loan was used as a hedging instrument linked to the hedging of the net investment in Storebrand Holding AB. The effective share of the hedging instruments is recognised in total comprehensive income. There is partial hedging of the net investment in Storebrand Holding AB and it is therefore expected that the hedge effectiveness in the future will be about 100 per cent.

HEDGING INSTRUMENT/HEDGED ITEM

NOK million	2019			2018		
	Contract/ nominal value	Book value ¹⁾		Contract/ nominal value	Book value ¹⁾	
		Assets	Liabilities		Assets	Liabilities
Currency derivatives	-4,700		27	-5,302		222
Loan used as hedging instrument	-3,650		3,426	-2,650		2,588
Underlying items		9,045			9,242	

1) Book values at 31.12.

Storebrand hedges an exposure in the reference interest rate EURIBOR 3M.

Storebrand hedges an exposure of EUR 300 million nominal value in EURIBOR 3M.

Storebrand follows market developments relating to the discontinuation of reference interest rates. New reference interest rates will influence the management of customer portfolios, but the scope and efficiency will particularly depend on the future for NIBOR and STIBOR.

LIBOR for different currencies will be available until the end of 2021, but the transition to new “overnight interest rates” appears to be progressing faster than first assumed. This may result in some of the “Panel banks” not providing data to maintain the LIBOR interest rates until the end of 2021. This could make the LIBOR interest rates less attractive to use and the transition to new “overnight” reference interest rates before the end of 2021 may be in all of the parties’ interests. The transition to new reference interest rates and specification of “fallbacks” will be calculated by ISDA and published by Bloomberg. To ensure the wording of the agreements between the market players, ISDA will release a “Protocol” at the end of Q1 2020 and it is expected that most market players will accede to the “Protocol”. Storebrand Asset Management has the ambition of acceding to the “Protocol” on behalf of the life insurance companies in the Group. NIBOR and STIBOR will not be immediately affected, and the administrator of these reference interest rates has an ambition of also continuing these beyond 2021. GBP LIBOR is expected to be replaced by SONIA (Sterling Overnight Index Average). USD LIBOR is expected to be replaced by SOFR (Secured Overnight Financing Rate), and EUR LIBOR will be replaced by EUR ESTER. The transfer to “overnight interest rates” for the major currencies may also influence the continuation of NIBOR. NIBOR will then be able to be replaced with NOWA (Norwegian Overnight Weighted Average).

The derivative that hedges the EURIBOR 3M risk is a cross currency swap of EUR 300 million nominal value.

Note 42: Collateral

NOK million	2019	2018
Collateral for Derivatives trading	477	4,055
Collateral received in connection with Derivatives trading	-3,939	-1,669
Total received and pledged collateral	-3,462	2,385

Collateral pledged in connection with futures and options are regulated on a daily basis in the daily margin clearing on individual contracts. Collaterals are received and given both as cash and securities.

NOK million	2019	2018
Book value of bonds pledged as collateral for the bank's lending from Norges Bank	904	1,205
Booked value of securities pledged as collateral in other financial institutions	151	151
Total	1,055	1,355

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has none F-loan in Norges Bank as per 31.12.2019.

Of total loans of NOK 30.1 billion, NOK 20,4 billion has been mortgaged in connection with the issuing of covered bonds (covered bond rate) in Storebrand Boligkreditt AS.

Loans in Storebrand Boligkreditt AS are security for covered bonds in the company, and these assets have therefore been mortgaged through the bondholders’ pre-emptive rights to the security in the company. Storebrand Boligkreditt AS has overcollateralization (OC) of 39,5 per cent, but committed OC is 11.59 per cent. Storebrand Boligkreditt AS therefore has security that is NOK 3.8 billion more than was committed in the loan programme. Storebrand Bank ASA considers the risk associated with the transfer rate of mortgages to Storebrand Boligkreditt AS as low.

Note 43: Contingent liabilities

NOK million	2019	2018
Guarantees	1	1
Unused credit limit lending	3,072	3,362
Uncalled residual liabilities re limited partnership	7,297	5,818
Loan commitment retail market	1,466	1,672
Total contingent liabilities	11,837	10,853

1) The debt instrument is conditional upon the company being released from administration

Guarantees principally concern payment guarantees and contract guarantees.

Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes.

Note 44: Securities lending and buy-back guarantees

COVERED BONDS - STOREBRAND BANK GROUP

NOK million	2019	2018
Transferred bonds still recognised on the statement of financial position	403	
Liabilities related to the assets	403	

Transferred bonds that are included in buyback agreements (repos) are not derecognised, since all risk and return on the securities are retained by Storebrand Bank ASA.

Note 45: Information related parties

Companies in the Storebrand Group have transactions with related parties who are shareholders in Storebrand ASA and senior employees. These are transactions that are part of the products and services offered by the Group's companies to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, P&C insurance, leasing of premises, bank deposits, lending, asset management and fund saving. See note 22 for further information about senior employees.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the Group. See note 1 Accounting Policies for further information.

For further information about close associates, see notes 29 and 40.

Note 46: Sold/liquidated business

Nordben Life and Pension Insurance Co. Ltd og Interben Trustees Ltd are sold out from the Group during 2019.

STOREBRAND ASA

Income statement

NOK million	Note	2019	2018
Operating income			
Income from investments in subsidiaries	2	3,230	4,131
Net income and gains from financial instruments:			
- equities and other units	3	2	1
- bonds and other fixed-income securities	3	50	26
- financial derivatives/other financial instruments	3	-6	-7
Other financial income		1	33
Operating income		3,278	4,184
Interest expenses		-51	-60
Other financial expenses			35
Operating expenses			
Personnel expenses	4, 5, 6	-40	-41
Amortisation	13	-62	-44
Total operating expenses		-102	-86
Total expenses		-153	-111
Pre-tax profit		3,125	4,074
Tax	7	-173	-111
Profit for year		2,952	3,963

Statement of total comprehensive income

NOK million	Note	2019	2018
Profit for year		2,952	3,963
Other result elements not to be classified to profit/loss			
Change in estimate deviation pension	5	-8	9
Tax on other result elements		2	-2
Total other result elements		-6	6
Total comprehensive income		2,946	3,969

STOREBRAND ASA

Statement of financial position

NOK million	Note	31.12.19	31.12.18
Fixed assets			
Deferred tax assets	7	41	47
Tangible fixed assets	13	27	26
Shares in subsidiaries and associated companies	8	20,042	19,286
Total fixed assets		20,110	19,359
Current assets			
Owed within group	17	3,166	4,092
Other current receivables		16	21
Investments in trading portfolio:			
- equities and other units	9	44	22
- bonds and other fixed-income securities	10, 12	3,260	1,820
- financial derivatives/other financial instruments	11, 12, 15	3	9
Bank deposits	12	34	34
Total current assets		6,523	5,998
Total assets		26,633	25,357
Equity and liabilities			
Share capital		2,339	2,339
Own shares		-5	-2
Share premium reserve		10,521	10,521
Total paid in equity		12,856	12,858
Other equity		9,794	8,395
Total equity		22,650	21,253
Non-current liabilities			
Pension liabilities	5	154	161
Securities issued	14, 15	1,309	1,813
Total non-current liabilities		1,463	1,974
Current liabilities			
Debt within group	17	900	597
Provision for dividend		1,517	1,402
Other current liabilities		103	131
Total current liabilities		2,520	2,130
Total equity and liabilities		26,633	25,357

Lysaker, 11 February 2020
Board of Directors of Storebrand ASA

Didrik Munch
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Liv Sandbæk

Martin Skancke

Karl Sandlund

Fredrik Törnqvist

Magnus Gard

Odd Arild Grefstad
Group Chief Executive Officer

STOREBRAND ASA

Statement of changes in equity

NOK million	Share capital ¹⁾	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2017	2,339	-5	10,521	5,793	18,648
Profit for the period				3,963	3,963
Total other result elements				6	6
Total comprehensive income				3,969	3,969
Provision for dividend				-1,402	-1,402
Own share bought back ²⁾		3		48	50
Employee share ²⁾				-13	-13
Equity at 31. December 2018	2,339	-2	10,521	8,395	21,253
Profit for the period				2,952	2,952
Total other result elements				-6	-6
Total comprehensive income				2,946	2,946
Provision for dividend				-1,514	-1,514
Own share bought back ²⁾		-5		-63	-68
Own share sold ²⁾		2		36	38
Employee share ²⁾				-6	-6
Equity at 31. December 2019	2,339	-5	10,521	9,794	22,650

1) 467 813 982 shares with a nominal value of NOK 5.

2) In 2019, Storebrand ASA has bought 1 000 000 own shares. In 2019, 487 950 shares were sold to our own employees. Holding of own shares 31. December 2019 was 943 190.

STOREBRAND ASA

Statement of cash flow

NOK million	2019	2018
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	67	47
Net receipts/payments - securities at fair value	-1,475	-477
Payments relating to operations	-128	-89
Net receipts/payments - other operational activities	4,157	2,247
Net cash flow from operational activities	2,621	1,728
Cash flow from investment activities		
Net receipts - sale of subsidiaries		33
Net payments - sale/capitalisation of subsidiaries	-629	-131
Net receipts/payments - sale/purchase of property and fixed assets	-1	2
Net cash flow from investment activities	-630	-95
Cash flow from financing activities		
Payments - repayments of loans	-500	-450
Receipts - new loans	1	1
Payments - interest on loans	-58	-72
Receipts - sold own share to employees	33	37
Payments - buy own shares	-68	
Payments - dividends	-1,399	-1,168
Net cash flow from financing activities	-1,991	-1,651
Net cash flow for the period	0	-19
Net movement in cash and cash equivalents	0	-19
Cash and cash equivalents at start of the period	34	53
Cash and cash equivalents at the end of the period	34	34

STOREBRAND ASA

Notes to the financial statement

- Note 1: Accounting policies
- Note 2: Income from investments in subsidiaries
- Note 3: Net income for various classes of financial instruments
- Note 4: Personnel costs
- Note 5: Pensions costs and pension liabilities
- Note 6: Remuneration to the CEO and elected officers of the company
- Note 7: Tax
- Note 8: Parent company's shares in subsidiaries and associated companies
- Note 9: Equities
- Note 10: Bonds and other fixed-income securities
- Note 11: Financial derivatives
- Note 12: Financial risks
- Note 13: Tangible fixed assets
- Note 14: Securities issued
- Note 15: Hedge accounting
- Note 16: Shareholders
- Note 17: Information about close associates
- Note 18: Number of employees/person-years

Note 1: Accounting policies

Storebrand ASA is the holding company of the Storebrand Group. The Storebrand Group is engaged in life and P&C insurance, banking and asset management, with insurance being the primary business. The financial statements of Storebrand ASA have accordingly been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting policies in Norway, and the Norwegian Regulations relating to annual accounts for nonlife insurance companies. Storebrand ASA has used the simplified IFRS provisions in the regulations for recognition and measurement.

Use of estimates and discretionary assumptions

In preparing the annual financial statements, Storebrand has made assumptions and used estimates that affect the reported value of assets, liabilities, revenues, costs, as well as the information provided on contingent liabilities. Future events may cause these estimates to change. Such changes will be recognised in the financial statements when there is a sufficient basis for using new estimates. The most important estimates and assessments are related to the valuation of the company's subsidiaries and the assumptions used for pension calculations.

Classification and valuation policies

Assets intended for permanent ownership and use are classified as fixed assets, and assets and receivables due for payment within one year are classified as current assets. Equivalent policies have been applied to liability items.

Profit and loss account and statement of financial position

Storebrand ASA is a holding company with subsidiaries in the fields of insurance, banking and asset management. The layout plan in the Regulations relating to annual financial statements for nonlife insurance companies has not been used, a custom layout plan has been used.

Investments in subsidiaries, dividends and group contributions

In the company's accounts, investments in subsidiaries and associated companies are valued at the acquisition cost less any write-downs. The need to write down is assessed at the end of each accounting period. Storebrand ASA's primary income is the return on capital invested in subsidiaries. Group contributions and dividends received in respect of these investments are therefore recorded as ordinary operating income. Proposed and approved dividends and group contributions from subsidiaries at the end of the year are recognised in the financial statements of Storebrand ASA as income in that financial year.

A prerequisite for recognition is that this is earned equity by a subsidiary. Otherwise, this is recognised as an equity transaction, which means that the ownership interest in the subsidiary is reduced by dividends or group contributions.

Tangible fixed assets

Tangible fixed assets for own use are recognised at acquisition cost less accumulated depreciation. Write-downs are made if the book value exceeds the recoverable amount of the asset.

Pension liabilities for company's own employees

Storebrand ASA have defined-contribution pension, but have some pension obligation that are recorded as defined-benefit pension.

The defined-contribution pension scheme involves the company paying an annual contribution to the employees' collective pension savings. The future pension will depend upon the size of the contribution and the annual return on the pension savings. The company does not have any further work-related obligations after the annual contribution has been paid. No provisions are made for ongoing pension liabilities for these types of schemes. Defined-contribution pension schemes are recognised directly in the financial statements.

Tax

The tax cost in the profit and loss account consists of tax payable and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded on the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly against equity to the extent that it relates to items that are themselves directly applied against equity.

Currency

Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

Financial instruments

Equities and units

Equities and units are valued at fair value. For securities listed on an exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the balance sheet date.

Any repurchase of own shares is dealt with as an equity transaction, and own shares (treasury stock) are presented as a reduction in equity.

Bonds and other fixed income securities

Bonds and other fixed income securities are included in the statement of financial position from such time the company becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are recognised on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset/liability.

Financial assets are derecognised when the contractual right to the cash flows from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Bonds and other fixed income securities are recognised at fair value.

Fair value is the amount for which an asset could be sold for, or a liability settled with, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on an exchange or other regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives

Financial derivatives are recognised at fair value. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

Bond funding

Bond loans are recorded at amortised cost using the effective interest rate method. The amortised cost includes the transaction costs on the date of issue.

Accounting treatment of derivatives as hedging

Fair value hedging

Storebrand uses fair value hedging, and the hedged items are fixed rate funding measured at amortised cost. Derivatives that fall within this category are recognised at fair value through profit or loss. Changes in the value of the hedged item that relate to the hedged risk are applied to the book value of the item and recognised through profit or loss.

Note 2: Income from investments in subsidiaries

NOK million	2019	2018
Storebrand Livsforsikring	2,200	3,200
Storebrand Bank ASA	244	153
Storebrand Asset Management AS	568	415
Storebrand Forsikring AS	153	324
Storebrand Helseforsikring AS	65	39
Total	3,230	4,131

Group contribution from Storebrand ASA, see note 8

Note 3: Net income for various classes of financial instruments

NOK million	Dividend/inte- rest income	Net gain/loss on realisation	Net unreali- sed gain/loss	2019	2018
Net income from equities and units			2	2	1
Net income from bonds and other fixed income securi- ties	54	-3	-1	50	26
Net income from financial derivatives		-6		-6	-7
Net income and gains from financial assets at fair value	54	-9	1	47	20
– of which FVO (Fair Value Option)	54	-3	1	52	27
– of which trading		-6		-6	-7

Note 4: Personnel costs

NOK million	2019	2018
Ordinary wages and salaries	-20	-21
Employer's social security contributions	-6	-6
Personnel costs ¹⁾	-8	-9
Other benefits	-6	-6
Total	-40	-41

1) See the specification in note 5

Note 5 : Pensions costs and pension liabilities

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have a defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:

- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 99,858 as at 31 December 2019)
- In addition, 13 per cent of salary between 7.1 and 12 G is saved
- Savings rate for salary over 12 G is 20 per cent

Employees and former employees who had salaries in excess of 12G until 31 December 2014 were offered a cash redemption option for their accrued rights with payment at the start of 2015. For employees who were a part of the executive management team, these payments were distributed over 5 years and the last payment in 2019.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.5 % in 2019. Storebrand employees in Norway who were born before 1 January 1956 can choose between drawing an AFP scheme pension or retiring at the age of 65 and receiving a direct pension

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from the company until they reach the age of 67. Employees can choose to receive benefits from the AFP scheme from the age of 62 and still continue to work.

Employees who were on sick leave and partially disabled during the transition to the defined-contribution pension, remain in the defined-benefit pension scheme. There are also pension liabilities for the defined-benefit scheme related to direct pensions for certain former employees and former board members.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2019	2018
Present value of insured pension benefit liabilities	2	2
Pension assets at fair value	-7	-7
Net pension liabilities/assets for the insured schemes	-5	-5
Present value of the uninsured pension liabilities	159	166
Net pension liabilities in the statement of financial position	154	161

CHANGES IN THE NET DEFINED BENEFITS PENSION LIABILITIES IN THE PERIOD:

NOK million	2019	2018
Net pension liabilities 01.01	168	183
Interest on pension liabilities	4	5
Pension experience adjustments	8	-9
Pensions paid	-19	-11
Net pension liabilities 31.12	161	168

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2019	2018
Pension assets at fair value 01.01.	7	7
Pension experience adjustments	-1	
Net pension assets 31.12	7	7

Expected premium payments are estimated to be NOK 1 million and the payments from operations are estimated to be NOK 11 million in 2020.

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE, WHICH ARE COMPOSED OF AS PER 31.12.:

NOK million	2019	2018
Properties and real estate	13%	14%
Bonds at amortised cost	36%	36%
Loan	13%	14%
Equities and units	15%	12%
Bonds	20%	24%
Other short term financial assets	1%	1%
Total	100%	100%
Booked returns on assets managed by Storebrand Life Insurance were:	3.6%	2.2%

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNTS IN THE PERIOD

NOK million	2019	2018
Net interest/expected return	4	4
Total for defined benefit schemes	4	4
The period's payment to contribution scheme	4	5
Net pension cost booked to profit and loss accounts in the period	8	9

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2019	2018
Actuarial loss (gain) - change in discount rate	8	-2
Actuarial loss (gain) - experience DBO		-6
Loss (gain) - experience Assets	1	
Remeasurements loss (gain) in the period	8	-9

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY AS PER 31.12.

NOK million	2019	2018
Economic assumptions:		
Discount rate	2.2 %	2.8%
Expected earnings growth	2.00%	2.50%
Expected annual increase in social security pension	2.00%	2.50%
Expected annual increase in pensions in payment	0.0 %	0.0 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

Financial assumptions:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2019.

Note 6: Remuneration of the CEO and elected officers of the company

NOK thousand	2019	2018
Chief Executive Officer ¹⁾		
Salary ²⁾	6,899	6,761
Other taxable benefits	191	194
Total remuneration	7,090	6,955
Pension costs ³⁾	1,353	1,253
Chairman of the Board	855	760
Board of Directors including the Chairman	4,730	4,371
Remuneration paid to auditors		
Statutory audit	1,896	1,261
Other reporting duties	20	33

1) Odd Arild Grefstad is the CEO of Storebrand ASA and the amount stated in the note is the total remuneration from the Group. He has a guaranteed salary for 24 months after the ordinary period of notice. All work-related income including consulting assignments will be deducted.

2) A proportion of the executive management's fixed salary will be linked to the purchase of physical Storebrand shares with a lock-in period of three years. The purchase of shares will take place once a year.

3) Pension costs include accrual for the year. See also the description of the pension scheme in Note 5.

For further information on senior employees, the Board of Directors and the Board's statement on fixing the salary and other remuneration of senior employees, see note 22 in the Storebrand Group.

Note 7: Tax

THE DIFFERENCE BETWEEN THE FINANCIAL RESULTS AND THE TAX BASIS FOR THE YEAR IS PROVIDED BELOW.

NOK million	2019	2018
Pre-tax profit	3,125	4,074
Dividend	-219	-39
Gain/loss equities		-28
Tax-free group contribution	-2,202	-3,527
Permanent differences	-21	-27
Change in temporary differences	-22	-24
Tax base for the year	662	428
- Use of losses carried forward		-327
Payable tax	662	101

TAX COST

NOK million	2019	2018
Payable tax group contribution	-168	-25
Change in deferred tax	-5	-86
Tax cost	-173	-111

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

NOK million	2019	2018
Tax increasing temporary differences		
Other	1	1
Total tax increasing temporary differences	1	1
Tax reducing temporary differences		
Securities	-9	-8
Operating assets	-1	-1
Provisions		-6
Accrued pension liabilities	-154	-161
Gains/losses account	-2	-2
Other		-10
Total tax reducing temporary differences	-165	-188
Net tax increasing/(reducing) temporary differences	-165	-187
Net deferred tax asset/liability in the statement of financial position	41	47

RECONCILIATION OF TAX COST AND ORDINARY PROFIT

NOK million	2019	2018
Pre-tax profit	3,125	4,074
Expected tax at nominal rate	-781	-1,018
Tax effect of:		
dividends received	55	10
gains on equities		7
permanent differences	551	890
changes from previous year	3	
Tax cost	-173	-111
Effective tax rate ¹⁾	6%	3%

Note 8: Parent company's shares in subsidiaries and associated companies

NOK million	Business office	Interest/ votes in %	Carrying amount	
			2019	2018
Subsidiaries				
Storebrand Livsforsikring AS ¹⁾	Oslo	100%	14 303	13 788
Storebrand Bank ASA ²⁾	Oslo	100%	2 493	2 309
Storebrand Asset Management AS	Oslo	100%	2 746	2 748
Storebrand Forsikring AS ³⁾	Oslo	100%	394	359
Storebrand Facilities AS	Oslo	100%	25	
Jointly controlled/associated companies				
Storebrand Helseforsikring AS	Oslo	50%	78	78
AS Værdalsbruket ⁴⁾	Værdal	25%	4	4
Sum			20 042	19 286

1) Group contribution in 2019 of NOK 512 million as capital contribution.

2) Group contribution in 2019 of NOK 184 million as capital contribution.

182 3) Group contribution in 2019 of NOK 35 million as capital contribution.

4) 74.9 per cent owned by Storebrand Livsforsikring AS.

Note 9: Equities

NOK million	Fair value	
	2019	2018
Equities	44	22
Total equities	44	22

Note 10: Bonds and other fixed-income securities

NOK million	Fair value	
	2019	2018
State and state guaranteed		363
Company bonds		1,024
Covered bonds		433
Bond funds	3,260	
Total bonds and other fixed-income securities	3,260	1,820
Modified duration	0.5	0.6
Average effective yield	2.12%	1.13%

Note 11: Financial derivatives

NOK million	Gross nominal volume ¹⁾	Gross booked value fin. assetsr	Gross booked fin. liabilities	Net amount
Interest rate swaps ¹⁾	600	11	7	3
Total derivatives 2019	600	11	7	3
Total derivatives 2018	300	9		9

1) Used for hedge accounting, also see note 15

Note 12: Financial risks

CREDIT RISK BY COUNTERPARTY

Bonds and other fixed-income securities at fair value

Category of issuer or guarantor	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Not rated Fair value	Total Fair value
NOK million						
State and state guaranteed	27				195	222
Company bonds	78	173	383	29	2,145	2,808
Supranational organisations	17				201	217
Other						13
Total 2019	121	173	383	29	2,541	3,260
Total 2018	487	431	901			1,820

COUNTERPARTIES

NOK million	Fair value		Total
	AA	A	
Derivatives	3		3
Bank deposits	11	23	34

The rating classes are based on Standard & Poors's.

Interest rate risk

Storebrand ASA has both interest-bearing securities and interest-bearing debt. A change in interest rates will have a limited effect on the company's equity.

Liquidity risk

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 months	7-12 months	2-3 years	4-5 years	Total value	Carrying amount
Securities issued/bank loans	517	323	526		1,366	1,309
Total financial liabilities 2019	517	323	526		1,366	1,309
Derivatives related to funding 2019	5	-10			-6	-3
Total financial liabilities 2018	19	531	850	507	1,907	1,813
Derivatives related to funding 2018	5	-10	-6		-11	-9

Storebrand ASA had as per 31 December 2019 liquid assets of NOK 3,3 billion.

Currency risk

Storebrand ASA has low currency risk

Note 13: Tangible fixed assets

EQUIPMENT, FIXTURES & FITTINGS

NOK million	2019	2018
Acquisition cost 01.01	34	36
Accumulated depreciation	-7	-7
Carrying amount 01.01	26	28
Additions	1	
Disposals		-2
Carrying amount 31.12	27	26

Straight line depreciation periods for tangible fixed assets are as follows

Equipment, fixtures and fittings	4-8 years
IT systems	3 years

Note 14: Bond and bank loans

NOK million	Interest rate	Currency	Net nominal value	2019	2018
Bond loan 2014/2020 ¹⁾	Fixed	NOK	300	305	311
Bond loan 2014/2019	Variable	NOK	500		500
Bond loan 2017/2020	Variable	NOK	500	502	501
Bond loan 2017/2022	Variable	NOK	500	501	501
Total bond and bank loans ²⁾				1,309	1,813

1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.

2) Loans are booked at amortised cost and include earned not due interest.

Signed loan agreements and drawing facility have covenant requirements. Storebrand ASA has an unused drawing facility of EUR 200 million, expiration december 2024.

Note 15: Hedge accounting

The company uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level.

HEDGING INSTRUMENT/HEDGED ITEM – FAIR VALUE HEDGING

NOK million	Contract/ nominal value	2019			Contract/ nominal value	2018		
		Carrying amount ¹⁾				Carrying amount ¹⁾		
		Assets	Liabilities	Booked		Assets	Liabilities	Booked
Interest rate swaps	300	3		-6	300	9		-7
Securities issued	300		305	6	300		311	7

1) Carrying amount 31.12.

Note 16: Shareholders

THE 20 LARGEST SHAREHOLDERS ¹⁾

	Ownership interest in %
Folketrygdfondet	11.0
Allianz Global Investors	6.3
T Rowe Price Global Investments	4.9
Handelsbanken Asset Management	4.1
Danske Bank Asset Management	3.9
DNB Asset Management	3.4
Vanguard Group	2.9
KLP	2.7
M&G Investment Management	2.6
EQT Fund Management	2.5
BlackRock	2.0
OM Holding AS	1.8
Storebrand Asset Management	1.7
Deka Investment	1.4
HSBC Trinkaus & Burkhardt	1.4
Nordea Asset Management	1.3
Arrowstreet Capital	1.2
Dimensional Fund Advisors	1.1
Carnegie Investment Bank (PB)	1.0
BMO Global Asset Management (UK)	1.0
Foreign ownership of total shares	56%

Note 17: Information about close associates

	Number of shares ¹⁾
Senior employees	
Odd Arild Grefstad	162,269
Lars Aa. Løddesøl	100,026
Geir Holmgren	67,089
Heidi Skaaret	69,690
Staffan Hansén	66,689
Jan Erik Saugestad	58,411
Karin Greve-Isdahl	12,861
Trygve Håkedal	8,034
Tove Selnes	14,964
Terje Løken	8,921

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Board of Directors	
Didrik Munch	32,000
Laila Synnøve Dahlen	12,500
Martin Skancke	22,000
Karin Bing Orgland	17,000
Liv Sandbæk	0
Karl Sandlund	3,000
Heidi Storruste	3,925
Arne Fredrik Håstein	5,404
Ingvild Pedersen	1,964
Magnus Gard	613

1) The summary shows the number of shares owned by the individual, as well as his or her immediate family and companies where the individual exercises significant influence, confer the Accounting Act, Section 7-26.

TRANSACTIONS BETWEEN GROUP COMPANIES

NOK million	2019	2018
Profit and loss account items:		
Group contributions and dividends from subsidiaries	3,230	4,131
Purchase and sale of services (net)	-47	-26
Statement of financial position items:		
Due from group companies	3,166	4,092
Payable to group companies	900	597

Note 18: Number of employees/person-years

	2019	2018
Number of employees	6	8
Number of full time equivalent positions	6	8
Average number of employees	7	8

– Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand ASA and the Storebrand Group for the 2019 financial year and as at 31 December 2019 (2019 Annual Report).

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as the other disclosure obligations stipulated in the Norwegian Accounting Act that must be applied as at 31 December 2019. The annual financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act, Norwegian Regulations relating to annual accounts, etc. for insurance companies and the additional requirements in the Norwegian Securities Trading Act. The annual report for the Group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2019.

In the best judgment of the Board and the CEO, the annual financial statements for 2019 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2019. In the best judgment of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand ASA and the Storebrand Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 11 February 2020
Board of Directors of Storebrand ASA

Didrik Munch
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Liv Sandbæk

Martin Skancke

Karl Sandlund

Fredrik Törnqvist

Magnus Gard

Odd Arild Grefstad
Group Chief Executive Officer



To the General Meeting of Storebrand ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Storebrand ASA, which comprise:

- The financial statements of the parent company Storebrand ASA (the Company), which comprise the statement of financial position as at 31 December 2019, the income statement, statement of total comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Storebrand ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The group's activities are largely unchanged compared to last year.



We have not identified regulatory changes, transactions or other material events that qualified as new key audit matters for our audit of the 2019 financial statements. Our areas of focus related to “Valuation of life insurance liabilities”, “Valuation of investment property” and “Valuation of financial instruments measured at fair value” have been the same in 2019 as the previous year. Due to new tax regulations among other things we have focused on “New tax regulations and uncertain tax positions”. Our focus on the groups IT-systems relevant for financial reporting have also been maintained, and the description of our audit approach is integrated in how we have addressed the other key audit matters.

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of life insurance liabilities

We focused on the valuation of the insurance liabilities because it is significant estimates in the financial statements. The estimates involves complex assessment concerning the probability that insured events occurs, and uncertainty related to whether the provisions are sufficient to cover the total liabilities to the policyholders. Small adjustments of the assumptions may have significant impact on the estimates.

The calculation of the insurance liabilities will to a large extent depend on good quality of data in the insurance system and use of assumptions that are in accordance with regulatory requirements and appropriate industry standards.

Refer to note 1, 2, 7 and 38 in the financial statements where management further describes the insurance liabilities, assumptions and uncertainty of the estimates.

In our audit we have considered and tested the design and effectiveness of established controls for review of used assumptions and calculation methods, including the company’s internal recalculations of the insurance liabilities. We also examined whether management had established effective controls that ensured good data quality for the calculation of the insurance liabilities. This included controls related to data collection, data processing, reconciliation of the insurance systems and IT General Controls relevant for financial reporting. Those controls we elected to base our audit on, was working efficiently.

We also performed independent calculations for a selection of insurance obligations using our internal actuarial models and compared these with the company’s calculations. We used our internal actuaries for this work. The comparison did not indicate any deviations of significance.

We considered and challenged management’s use of key assumptions such as risk of death, risk of disability, long life expectancy, discount rate and other actuarial assumptions that the estimated insurance liabilities are based on. We did the same for the method and the models the management used. We used our own internal actuaries for parts of this work. Our findings is that assumptions, methods and models were in accordance with industry standards, regulatory requirements, and that they were used consistently.

We also considered and found that the information regarding the insurance liabilities in notes to the financial statements is sufficient and adequate.

Valuation of investment properties

The Group has investment properties that mainly consists of office and retail

Through our audit we have assessed and tested design and effectiveness of established controls for review of



properties. We have focused on investment property because it represents an estimate and a substantial part of the assets in the Group's statement of financial position.

These properties are measured at fair value and classified in level 3 according to IFRS 13. Valuation of the properties involves use of assumptions which are subject to management judgement. Important assumptions for the value of individual properties are primarily expected future cash flows and discount rate.

The basis for management's estimate is an internal valuation model and external valuations. Management obtain observations of market data from various market participants. Management considers reasonableness of their own estimates through obtaining valuations from external valuers for a sample of properties on a continuing basis. The valuers were engaged by management.

Refer to note 1, 2, 12 and 33 in the financial statements for management's further description of investment properties, the methods used and the assumptions the valuations are based on.

applied assumptions and calculation methods, including the company's internal valuation of investment properties. We particularly examined whether management had established controls to ensure assessment of market rent and discount rate. We found that routines to ensure that these elements regularly were checked against both external valuations and marked data was established. Those controls that we elected to base our audit on, was in our view working efficiently.

We obtained, read through and understood the internal valuation model. We concluded that the model contains the elements required by the financial reporting framework and therefore is appropriate as a basis for determining fair value on the Group's investment properties. We tested whether and concluded that the model made mathematically correct calculations.

In our assessment of the valuation, we challenged the assumptions for expected future cash flows and discount rate by comparing a sample of properties against information from relevant external sources. Substantial changes in value from previous periods was subject to discussions with management. We concluded that assumptions were consistent with information from relevant sources and that explanations regarding substantial changes in value were based on changes in the information from relevant sources. We also assessed the qualifications, competence and objectivity of the external valuers. We reviewed the engagement letters with the valuers to assess whether there were any clauses or fee provisions that may have affected their objectivity or in any other way limited their engagement. We did not find any indications of such circumstances. We compared the internal valuations against the valuers estimates on values for a sample of properties. We challenged management on substantial deviations and obtained explanations on deviations. We assessed management's explanations as reasonable.

We also assessed and came to the conclusion that the information about investment properties in the notes to the financial statements were in accordance with the accounting principles and provides an adequate description of the method and the underlying assumptions that is used for the valuation.



Valuation of financial assets measured at fair value

We have focused on this area both because financial assets represent a substantial part of the assets in the statement of financial position, and because the fair value in certain instances will have to be estimated using valuation models that apply judgement.

Most of the financial assets that are measured at fair value is based on quoted prices in active markets (level 1 investments), or derived from observable market information (level 2 investments). Routines and processes that ensures an accurate basis for the valuation is important for these assets.

For financial assets that is measured based on models and certain assumptions that is not observable (level 3 investments), we focused on assessing both the models and the assumptions underlying the valuation.

Refer to note 2 and 12 in the financial statements for a further description of management's valuation of financial assets measured at fair value.

In our audit we considered design and tested effectiveness of Storebrand's established controls over valuation of financial assets measured at fair value. Particularly we focused on those controls that ensured complete and accurate use of quoted market prices and other observable masterdata, return on investments controls and IT General Controls relevant for financial reporting. In our opinion, the controls that we have chosen to base our audit on are working effectively.

For financial assets measured through use of models and assumptions that are not observable, we assessed valuation principles, the models and assumptions that were used. We found that the models and assumptions were reasonable and used consistently.

For a sample of investments, we also tested that fair value was in accordance with external valuations. We considered the reliability of the sources of information, when relevant. Our tests did not reveal substantial deviations.

We also assessed and found that the information in the notes regarding the Group's valuation principles and fair value determination were sufficient and adequate.

New tax rules and uncertain tax positions

Tax rules for life insurance companies and financial groups are complex and has changed significantly during the last couple of years. As described in note 26 uncertain tax positions have occurred as part of the group's activities related to liquidation of a subsidiary in 2015 and new tax rules for life insurance companies in 2018. Management applied significant judgment in their assessment of whether the uncertain tax positions should be recognized in the financial statements. The uncertain tax positions has therefore been a focus area.

We have reviewed and challenged management assessment of the uncertain tax positions. Management obtained external legal opinions as a basis for their conclusions. We evaluated the competence, integrity and objectivity of the external legal advisors. We evaluated the external legal opinions, and whether the arguments used by the legal advisors are reasonable and that the considerations were neutral.

We also assessed the information regarding the uncertain tax positions in the financial statements. We found that the information meets the requirements in the accounting standards.



Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.



Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 11 February 2020
PricewaterhouseCoopers AS

Magne Sem
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

10

Governance

- 198 Corporate Governance
- 207 Companies in the Storebrand Group





Corporate governance

Good corporate governance is important to ensure that an enterprise can achieve its defined goals, including best possible utilisation of resources and good value creation. The Storebrand Group (hereinafter referred to as Storebrand) works continuously on improving both the overall decision-making processes and the day-to-day management of the company.

Storebrand's corporate governance principles have been laid down in accordance with the Norwegian Corporate Governance Board's (NUES) Code of Practice. The Board of Directors of Storebrand ASA (hereinafter referred to as the board) and management an annual review of Storebrand's corporate governance policies and compliance therewith. Storebrand reports in accordance with section 3-3b of the Norwegian Accounting Act and the NUES Code of Practice.

Storebrand publishes an integrated report annually presenting financial, social, environmental and governance issues that are material for Storebrand. The materiality analysis is discussed on pages 16-17 above).

Statement on corporate governance (no deviation from recommendations)

The statement below describes how Storebrand complies with the 15 sections of the NUES Code of Practice.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board has decided that the Norwegian Code of Practice for Corporate Governance shall be followed. Compliance with the Code of Practice is discussed in the Directors' Report. Storebrand complies with the Code of Practice without any significant exceptions. One minor deviation has been accounted for below under section 3.

2. BUSINESS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Storebrand ASA is the parent company in a financial group, and its statutory object is to manage its equity interests in Storebrand's subsidiaries in compliance with the current legislation. Storebrand's main business areas encompass pensions and savings, insurance and banking. The Articles of Association are available in their entirety on the Storebrand's website www.storebrand.no.

The market is kept updated on Storebrand's goals, strategies and creation of value through quarterly performance presentations and other thematic presentations. Read more about the Company's goals and main strategies in the Directors' Report under the heading Strategy.

Storebrand aims to be a world-class savings group that delivers better pensions – simple and sustainable. Storebrand's strategy and corporate values are described in the framework "Our driving force" which represents a common direction for how Storebrand will deliver attractive results to customers and owners.

Storebrand's strategy is to deliver profitable growth within established focus areas through simple and sustainable solutions. The Board conducts ongoing evaluations of the goals, strategy and risk profile. More information about "Our driving force" and focus areas can be found in the section on Storebrand in the annual report.

Since 1995 Storebrand has been focussed on sustainable investments, taking an active position on how both the customers and their own funds are invested. Storebrand believes that companies that integrate environmental, social and governance considerations in their business activities reduce risk and create new opportunities for the business activities and capital owners. Our work with sustainable investing is described in detail in section 3 of our annual report above. This includes our principles for sustainable investments, which are approved by the group board and integrated throughout the group's operations.

Storebrand has conducted a materiality assessment to define the most important focus areas. These are described in section 1 above. Increased diversity is an important part of Storebrand's recruitment policy. Storebrand seeks to maintain and develop an organisation with real equality. Read more on our work with diversity in Section 5 above.

Storebrand has its own code of ethics. Guidelines for whistle-blowing, social events, combating corruption, etc. have also been established. See section 6 Keeping Our House in Order for more information.

3. EQUITY AND DIVIDENDS (DEVIATIONS FROM THE CODE OF PRACTICE)

The Board of Storebrand ASA continuously monitors Storebrand's capital adequacy in light of its goals, strategy and risk profile. Read more under the heading "Capital situation, rating and risk" in the Directors' Report.

The Board of Directors has adopted and made known a dividend policy whereby Storebrand aims to pay a dividend of over 50 per cent of the group profit after tax. The ambition of the Board is to pay an ordinary dividend per share of at least the same nominal level as in the previous year. Normally, dividends are paid when there is a sustainable solvency margin of more than 150 per cent. With a solvency margin above 180 per cent, the Board's intention is to propose extraordinary dividends or the buyback of shares.

The dividend is adopted by the General Meeting, based on a proposal put forward by the Board of Directors. The General Meeting may, by simple majority, authorise the Board of Directors to distribute a dividend pursuant to Section 8-1, second paragraph of the Norwegian Public Limited Companies Act. This shall be based on the annual financial statements adopted by the General Meeting. This authorisation may not be granted for a period longer than until the next Annual General Meeting. In addition, the authorisation shall be based on the adopted dividend policy. The General Meeting was not requested to provide such authorisation in 2019.

Storebrand ASA would like to have various tools available for its efforts to maintain an optimal capital structure for Storebrand to contribute to good shareholder returns and financial resilience. At the 2019 Annual General Meeting, the Board was granted authorisation to increase the share capital through issuing new shares for a total maximum value of NOK 233,906,991. This authorisation may be used for the acquisition of businesses in consideration for new shares or for increasing the share capital by other means. The Board of Directors may decide to waive the shareholders' preferential rights to subscribe for new shares in accordance with the authorisation. This authorisation may be used for one or more new issues. This authorisation is valid until the next Annual General Meeting.

At the same General Meeting, the Board of Directors was authorised to buy back shares for a maximum value of NOK 233,906,991. The total holdings of treasury shares must, however, never exceed 10 per cent of the share capital. The buyback of treasury shares may be a tool for the distribution of surplus capital to shareholders in addition to dividends. In addition, each year Storebrand ASA sells shares to employees from its own holdings in connection with the share purchase scheme and long-term incentive schemes for employees of Storebrand. Accordingly, it is appropriate to authorise the Board of Directors to buy shares in the market to cover the aforementioned needs or any other needs. This authorisation is valid until the next Annual General Meeting. Otherwise, there are no provisions in Storebrand ASA's Articles of Association that regulate the buyback or issuance of shares.

Deviation from the Code of Practice: The Board's authorisations to increase the share capital and buy back shares are limited to defined purposes. However, no provision was made for the General Meeting to vote on each individual purpose to be covered by the authorisations.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Storebrand ASA has only one class of share. There are no specific restrictions on the ownership of shares or voting rights beyond the restrictions imposed by the Act on Financial Undertakings and Financial Groups. Through their work, the management and Board of Directors of Storebrand focus strongly on the equal treatment of shareholders.

The general competence rules for board members and executive personnel may be found in the rules of procedure for the Board of Storebrand ASA, rules of procedure for the boards of subsidiaries, instructions for the CEO, guidelines for conflicts of interest and Storebrand's code of ethics. Board members must inform the company if they have direct or indirect material interests in an agreement concluded by one of the companies in the Storebrand Group. The Board shall ensure that an independent third party assesses the value of transactions that are not insubstantial in nature. Furthermore, the rules of procedure for the Board stipulate that no board member may

participate in discussions or a decision concerning matters that are of such material importance to them or a close associate that the member must be regarded as having a conspicuous personal or special financial interest in the matter. Each board member has a responsibility to continuously assess whether or not such a situation exists. Transactions with close associates involving Storebrand's employees and other officers of the Group are regulated by Storebrand's code of ethics. Employees shall on their own initiative immediately report conflicts of interest that may arise to their immediate superior as soon as they become aware of such a situation. In general, an employee is defined as disqualified if circumstances exist that could result in others questioning the person's impartiality in relation to matters other than Storebrand's interests.

In the event of capital increases in accordance with the authorisation set out in Item 3 above, the Board may decide that the shareholders' preferential rights shall be waived. For a complete account of shareholder matters, see section 7 above.

5. FREELY NEGOTIABLE SHARES (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Shares in Storebrand ASA are listed on Oslo Børs (Oslo Stock Exchange). The shares are freely negotiable, and the Articles of Association do thus not contain any restrictions with regard to the negotiability of the shares. All the shares carry equal rights, cf. point 4 above.

6. GENERAL MEETING (NO DEVIATIONS FROM THE CODE OF PRACTICE)

General Meeting

Pursuant to the Articles of Association, Storebrand ASA's General Meeting shall be held by the end of June each year. The General Meeting was held on 10th April 2019. All shareholders with a known address will receive notice of the General Meeting, which will be sent out no later than 21 days prior to the General Meeting. Pursuant to the Articles of Association, the deadline for giving notice of attendance shall be set at no later than five calendar days prior to the General Meeting. In accordance with Storebrand's Articles of Association, the opportunity to make other agenda papers available on the Storebrand website is exercised, cf. Section 5-11a of the Norwegian Public Limited Companies Act. A shareholder may nevertheless demand to receive agenda papers by post.

All shareholders may participate at the General Meeting. Storebrand's Articles of Association allow shareholders to vote in advance by means of electronic communication, cf. section 5-8b of the Norwegian Public Limited Companies Act.

It is also possible to vote by proxy. Provisions have been made so that the proxy form is linked to each individual item to be considered. We will seek whenever possible to design the form so that it also allows voting for candidates who are to be elected. The voting rules for the General Meeting allow separate votes for each member of the various bodies. Further information about voting in advance, use of proxies and the shareholders' rights to have matters discussed at the General Meeting is available both in the notice of the General Meeting and on Storebrand's website.

The Chairman of the Board, at least one representative from the Nomination Committee and the external auditor must attend the General Meeting. The board members of Storebrand ASA are not obligated to attend, but are encouraged to attend. The Group Chief Executive Officer, executive management team and the Group Legal Director participate from the management. The minutes of the General Meeting are available on Storebrand's website in both Norwegian and English. The General Meeting is opened by the Chairman. The Board of Directors endorses an independent meeting chairman elected by the General Meeting.

The General Meeting shall:

- consider the annual accounts, consisting of the income statement, the balance sheet and the annual report,
- including the consolidated income statement and balance sheet, and the auditor's report,
- decide upon adoption of the income statement and balance sheet,
- decide upon adoption of the consolidated income statement and balance sheet,
- decide upon the allocation of profit or manner of covering losses in accordance with the adopted balance sheet, and upon the distribution of dividends,
- elect the auditor,
- appoint members to the Nomination Committee, and this should include the Chairman of the Nomination Commit-

tee, elect members to the Board of Directors, and this should include the Chairman of the Board Directors,

- consider the Board's statement on the fixing of salaries and other remuneration to executive personnel,
- adopt the remuneration of the members of the Board of Directors and board committees,
- adopt the remuneration of the members of the Nomination Committee,
- adopt the remuneration of the auditor,
- and transact any other business listed on the agenda.

Decisions are generally made on the basis of an ordinary majority. Pursuant to Norwegian law, however, a special majority is required for certain decisions, including decisions about setting aside pre-emptive rights in connection with any share issues, mergers, spin-offs, amendments to the Articles of Association or authorisations to increase or reduce the share capital. Such decisions require approval by at least two-thirds of both the votes cast and the share capital represented at the General Meeting.

7. NOMINATION COMMITTEE (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Storebrand ASA's Articles of Association regulate the Nomination Committee, which consists of four or five members and an observer elected by the employees. For 2019-2020 election period, the Nomination Committee has four members.

The Chairman of the Nomination Committee and the other members are elected annually by the General Meeting. The employees' representative will participate as a permanent member of the Committee in discussions and nominations concerning the election of the Chairman of the Board of Directors, as well as in other contexts where this would be natural, in accordance with an invitation from the Chairman of the Committee.

The majority of the Nomination Committee is independent of the Board of Directors and the management. The Nomination Committee is composed with a view to safeguarding the interests of the community of shareholders. In the General Meeting's rules of procedure for the Nomination Committee, there are provisions concerning the rotation of members of the Nomination Committee.

The Articles of Association stipulate that the Nomination Committee should work in accordance with the rules of procedure adopted by the General Meeting. The Nomination Committee's rules of procedure were adopted at the 2019 Annual General Meeting. In accordance with the rules of procedure, the Nomination Committee shall, for example, give attention to the following when preparing nominations for representatives for the companies' governing and controlling bodies: expertise, experience, capacity, gender distribution, independence and the interests of the community of shareholders. More information about the members has been published on Storebrand's website.

The Nomination Committee annually writes to the Company's 30 largest shareholders with an invitation to suggest candidates for the Board of Directors and Nomination Committee. A corresponding request to the shareholders is published on the company's website. The Nomination Committee is tasked with proposing candidates and remuneration for the Board of Directors and Nomination Committee, through recommendations to the General Meeting.

An attempt is made to adapt the remuneration of the members of the Nomination Committee to the nature of the tasks and time spent on committee work. The Nomination Committee held 14 meetings in 2019.

8. THE COMPOSITION AND INDEPENDENCE OF THE BOARD OF DIRECTORS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Articles of Association stipulate that between five and seven Board members shall be elected by the General Meeting based on nominations from the Nomination Committee. The Board Chairman shall be elected by the General Meeting.

Two members, or three members if the General Meeting elects six or seven board members, shall be elected by and from among the employees. The board members are elected for one year at a time. The day-to-day management is not represented on the Board of Directors. At the end of 2019, the Board consisted of nine members (four women and five men).

None of the members elected by the General Meeting have any employment, professional or consultancy relationship with

Storebrand beyond their appointment to the Board of Directors. The backgrounds of the individual board members are described in the annual report and on Storebrand's website. The composition of the Board of Directors satisfies the independence requirements set forth in the Code of Practice. There are few instances of disqualification during the consideration of matters by the Board (none in 2019). An assessment of the individual board members' independence is noted in the list of governing and controlling bodies under the heading "Members of Storebrand ASA's Board of Directors and Committees". An overview of the number of shares in Storebrand ASA owned by members of governing bodies as at 31 December 2019 is included in the notes to the financial statements for Storebrand ASA (Information on related parties). None of the board members have held office for more than ten years.

9. WORK OF THE BOARD OF DIRECTORS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Duties of the Board of Directors

In 2019, eleven board meetings were held, of which two meetings were conducted at the subsidiary SPP in Stockholm. The aggregate rate of Board member participation in 2019 was 99%.

Storebrand's future strategy is discussed at the Board's annual strategy meeting, which establishes guidelines for the management's preparation of plans and budgets in connection with the annual financial plan, which must be approved by the Board.

The Board shall stay informed about Storebrand's financial position and development, and it shall ensure that the Company's value creation and profitability are safeguarded in the best possible manner on behalf of the owners. The Board shall also ensure that the activities are subjected to adequate control and ensure that Storebrand has adequate capital based on the scope of, and risks associated with, its activities.

The Board has established guidelines that give board members and senior employees a duty to familiarise Storebrand with the essential interests they may have in matters that the Board is to consider. This also applies to interests that do not imply disqualification, but which may be necessary to take into account when matters are considered. Reference is made to Item 4 above.

The work of the Board is regulated by special rules of procedure for the Board, which are reviewed annually. In order to ensure sound and well-considered decisions, importance is attached to ensuring that meetings of the Board are well prepared so that all the members can participate in the decision-making process. The Board prepares an annual schedule for its meetings and the topics it will consider. The agenda for the next board meeting is normally presented to the Board based on the approved schedule for the year and a list of matters carried forward from previous meetings. The final agenda is fixed in consultation with the Chairman of the Board. Time is set aside at each board meeting to evaluate the meeting without the management present. The Board is entitled to appoint external advisers to help it with its work whenever it deems this necessary. The Board has also drawn up instructions for the CEO.

The Board conducts an annual evaluation of its work and methods, which provides a basis for changes and measures. The report from the Board's evaluation, or relevant excerpts, will be made available to the Nomination Committee, which will use the evaluation in its work.

Board Committees

The Board has established three subcommittees in the form of the Compensation Committee, Audit Committee and Risk Committee. The composition helps ensure a thorough and independent consideration of matters that concern internal control, financial reporting, risk assessment and remuneration of executive personnel. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are made, however, by the full Board. The committees are able to hold meetings and consider matters at their own initiative and without the participation of company management.

The Compensation Committee assists the Board with all matters concerning the Chief Executive Officer's remuneration. The Committee monitors the remuneration of Storebrand's executive personnel and proposes guidelines for fixing executive personnel remuneration and the Board's statement on the fixing of executive personnel remuneration, which is presented to the General Meeting annually. In addition, the Committee safeguards the areas required by the Compensation Regulations in Norway and Sweden. The Compensation Committee held three meetings in 2019.

The Audit Committee assists the Board by reviewing, evaluating and, where necessary, proposing appropriate measures with respect to the Group's overall controls, financial and operational reporting, risk management/control, and internal and external auditing. The Audit Committee held nine meetings in 2019, including a joint meeting with the Risk Committee. The external and internal auditors participate in the meetings. The majority of the Committee members are independent of the company.

The main task of the Risk Committee is to prepare matters to be considered by the Group's Board of Directors in the area of risk, with a special focus on Storebrand's risk appetite and risk strategy, including the investment strategy. The Committee should contribute forward-looking decision-making support related to the Board's discussion of risk taking, financial forecasts and the treatment of risk reporting. The Risk Committee held seven meetings in 2019, including a joint meeting with the Audit Committee.

10. RISK MANAGEMENT AND INTERNAL CONTROL (NO DEVIATIONS FROM THE CODE OF PRACTICE)

Management and control

The Board of Directors has drawn up general policies and guidelines for management and control. These policies deal with the Board's responsibility for determining Storebrand's appetite for risk and risk profile, approval of the organisation of the business, assignment of areas of responsibility and authority, requirements concerning reporting lines and information, and risk management and internal control requirements. The Board's and Chief Executive Officer's areas of responsibility are defined in the rules of procedure for the Board and the instructions for the Chief Executive Officer, respectively. The Board of Directors has drawn up instructions for Storebrand's subsidiaries that are to ensure that they implement and comply with Storebrand's management and control policies and guidelines.

The Investor Relations guidelines ensure reliable, timely and identical information to investors, lenders and other stakeholders in the securities market.

As an extension of the general policies and guidelines, a code of ethics has been drawn up that applies to all employees and representatives of Storebrand, in addition to corporate rules

for areas such as risk management, internal control, financial reporting, handling inside information and share trading by primary insiders. Guidelines and information about information security, contingency plans, measures against money laundering and other financial criminality have also been drawn up. Storebrand is subject to statutory supervision in the countries where it has operations that require a licence, including the Financial Supervisory Authority of Norway, as well as its own supervisory bodies and external auditor.

Risk management and internal control

The assessment and management of risk are integrated into Storebrand's corporate governance. This management system shall ensure that there is a correlation between goals and actions at all levels of Storebrand and the overall policy of creating value for Storebrand's shareholders.

Storebrand's financial and operational goals are defined annually in a board-approved business plan. The business plan builds on separate decisions on risk strategy and investment strategies, and includes three-year financial forecasts, budgets and action plans. The Board of Directors receives ongoing reports on the status of the strategy implementation.

Storebrand Compass is the company's monitoring tool. It provides comprehensive reports for management and the Board concerning financial and operational targets. In addition, the Board of Directors receives risk reports from the risk management function, which monitors the development of key figures for risk and solidity.

Risk assessment forms part of the managerial responsibilities in the organisation. Its purpose is to identify, assess and manage risks that can hinder a unit's ability to achieve its goals. The process covers both the risk of incurring losses and failing profitability linked to economic downturns, changes in the general conditions, changed customer behaviour, etc., and the risk of incurring losses due to inadequate or failing internal processes, systems, human error or external events. Developments in the financial markets are important risk factors in relation to Storebrand's earnings and solvency position. In addition to assessing the effects of sudden shifts in the equity markets or interest rate levels (stress tests), scenario analysis is used to estimate the effect of various sequences of events in the financial markets

on Storebrand's financial performance and solvency. This provides important premises for the Board's general discussion of risk appetite, risk allocation and capital adequacy.

The responsibility for Storebrand's control functions for risk management and internal control lies with the Chief Risk Officer function under the management of the Group Chief Risk Officer. The Group Chief Risk Officer reports directly to the Chief Executive Office. The Chief Risk Officer function is responsible for supporting the Board and group management team with respect to the establishment of a risk strategy and operationalisation of the setting of limits and monitoring of risk taking across Storebrand's business areas.

Storebrand has a common internal audit function, which conducts an independent review of the robustness of the management model. The internal audit function's instructions and annual plan are determined by the Board pursuant to the current legislation, regulations and international standards. The internal audit function produces quarterly reports for the boards of the respective Storebrand companies.

The appraisal of all Storebrand employees is integrated into corporate governance and is designed to ensure that the adopted strategies are implemented. The policies for earning and paying any variable remuneration to Storebrand's risk managers comply with the regulations relating to remuneration in financial institutions, cf. Section 12 below. The Chief Risk Officer and employees with control functions related to risk management, internal control and compliance only have fixed salaries.

Financial information and Storebrand's accounting process

Storebrand publishes four interim financial statements, in addition to the ordinary annual financial statements. The financial statements must satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies and be published according to the schedule adopted by the Board of Storebrand ASA.

Storebrand's consolidated financial statements are prepared by the Consolidated Accounts Unit, which reports to the Group Chief Financial Officer. Key managers in the Consolidated Accounts Unit have fixed annual compensation that is not

influenced by Storebrand's accounting results. The division of work involved in the preparation of the financial statements is organised in such a way that the Consolidated Accounts Unit does not carry out valuations of investment assets. Instead it exercises a control function in relation to the accounting processes of the group companies.

A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. Assessments relating to significant accounting items and any changes in principles etc. are described in a separate document (assessment item memo). The Board's Audit Committee conducts a preparatory review of interim financial statements and annual financial statements, focusing in particular on the discretionary valuations and estimates that have been made prior to consideration by the Board.

Monthly and quarterly operating reports are prepared in which the results by business area and product area are analysed and assessed against set budgets. The operating reports are reconciled against other financial reporting.

11. REMUNERATION OF THE BOARD OF DIRECTORS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The General Meeting fixes the Board's remuneration annually on the basis of the recommendations of the Nomination Committee. The fees paid to the members of the Board are not linked to earnings, option schemes or similar arrangements. Members of the Board and Board Committees do not receive incentive-based remuneration; instead they receive a fixed annual compensation, either per year or per meeting the member attends, or a combination of such remuneration. The shareholder-elected members of the Board do not participate in Storebrand's pension schemes. None of the shareholder-elected members of the Board carry out any duties for Storebrand beyond their appointment to the Board. More detailed information on the remuneration, loans and shareholdings of board members can be found in Note 23 (Group) and Notes 6 and 17 (ASA). Board members are encouraged to hold shares in the company.

12. REMUNERATION OF EXECUTIVE PERSONNEL (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board determines the structure of the remuneration of

executive personnel at Storebrand, and a statement on the fixing of remuneration (executive remuneration statement) is presented to the General Meeting. The executive remuneration statement shall clearly specify which guidelines are binding and which are advisory. The General Meeting shall vote separately on the binding and advisory guidelines. The remuneration consists of fixed salaries, variable remuneration, pension schemes and other fringe benefits deemed to be natural in a financial group. The aim of the remuneration is to motivate greater efforts to ensure long-term value creation and resource utilisation in the company. In the opinion of the Board, the overall remuneration shall be competitive, but not leading. An annual assessment is carried out based on external market data to ensure remuneration is adequate in relation to equivalent positions in the market.

Storebrand shall have an incentive model that supports Company strategy, with emphasis on the customer's interests and long-term perspective and an ambitious model of cooperation, as well as transparency that enhances the Storebrand's reputation. The Group's executive management only receive fixed salaries and use a percentage of their fixed salaries to purchase shares in Storebrand with a lock-in period of three years. This is to clarify that the Storebrand's top management acts in accordance with the long-term interests of the owners.

The employees' performance and achievements are regularly followed up against the operational goals of the individual business areas, directly related to Storebrand's strategy. This helps to further strengthen agreement between the owners and the management.

More detailed information about the remuneration of executive personnel may be found in Note 23 (Group) and Notes 6 and 17 (ASA), and in the Board's statement on the fixing of salaries and other remuneration to executive personnel, which is included in the notice of the General Meeting and available at www.storebrand.no. Executive personnel are encouraged to hold shares in Storebrand ASA, even beyond the lock-in period.

13. INFORMATION AND COMMUNICATION (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the General Meeting. Storebrand's

reporting with regard to sustainable investments goes beyond the statutory requirements. Storebrand's financial calendar is published on the Internet and in the company's annual report. Financial information is published in the quarterly and annual reports, as described under Item 10 above – Financial information and Storebrand's accounting process. Documentation that is published is available on Storebrand's website. All reporting is based on the principle of transparency and takes into account the need for the equal treatment of all participants in the securities markets and the rules concerning good stock exchange practices. Storebrand has its own guidelines for handling insider information, see also Item 10 – Management and control, above.

14. TAKEOVERS (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The Board of Directors has prepared guidelines for how to act in the event of a possible takeover bid for the company. These guidelines are based on the Board of Directors ensuring the transparency of the process and that all the shareholders are treated equally and given an opportunity to evaluate the bid that has been made. It follows from the guidelines that the Board of Directors will evaluate the bid and issue a statement on the Board's opinion of the bid, in addition to obtaining a valuation from an independent expert. In addition, the Board of Directors will, in the event of any takeover bid, seek whenever possible to maximise the shareholders' assets. The guidelines cover the situation before and after a bid is made.

15. AUDITOR (NO DEVIATIONS FROM THE CODE OF PRACTICE)

The external auditor is elected by the General Meeting of Storebrand ASA and is responsible for the financial auditing. The external auditor issues an auditor's report in connection with the annual financial statements and conducts limited audits of the interim financial statements. The external auditor attends board meetings in which interim financial statements are reviewed and all meetings of the Audit Committee, unless the items on the agenda do not require the presence of the auditor. The Board has decided that the external auditor must rotate the partner responsible for the audit assignment every seven years. The external auditor's work and independence are evaluated annually by the Board's Audit Committee. The auditor shall also meet with the Board of Directors at least once a year without the management being present. The other companies in Storebrand use the same auditor as Storebrand ASA.

OTHER

As one of the largest investors in the Norwegian stock market, Storebrand has considerable potential influence over the development of listed companies. Storebrand attaches importance to exercising its ownership in listed companies based on straightforward and consistent ownership principles that place considerable emphasis on sustainability. Storebrand applies the Norwegian Code of Practice for Corporate Governance in this role. Storebrand has had an administrative Corporate Governance Committee since 2006. The Committee is responsible for ensuring good corporate governance across Storebrand. Storebrand Asset Management AS has had a Corporate Governance Committee for several years. The Committee has a mandate to set the level of ambition and establish frameworks for corporate governance. The Committee shall coordinate Storebrand's use of voting rights, including prioritising matters and ensuring consistency in the work. The Committee shall meet every quarter. Storebrand has issued guidelines with respect to employees holding positions of trust in external companies, which regulate, for example, the number of external board positions. Further information on Storebrand's corporate governance may be found at www.storebrand.no > About Storebrand > Facts on Storebrand, where we have also published an overview of the members of Storebrand's governing and controlling bodies, CVs for the members of Storebrand ASA's Board of Directors, the Articles of Association, and ownership policies.

Statement in accordance with Section 3-3b, second paragraph of the Norwegian Accounting Act

A summary of the matters that Storebrand is to report on in accordance with Section 3-3b, second paragraph of the Norwegian Accounting Act follows below. The items follow the numbering used in the provision.

1. The principles for Storebrand's corporate governance have been prepared in accordance with Norwegian law, and they are based on the Norwegian Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES).
2. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.
3. Any deviations from the Code of Practice are commented on under each section in the statement above, see the deviations discussed in Item 3.
4. A description of the main elements of Storebrand's systems for internal control and risk management related to the financial reporting process is discussed in Section 10 above.
5. Provisions in the Articles of Association that refer to the provisions in Section 5 of the Norwegian Public Limited Companies Act with regard to the General Meeting are discussed in Item 6 above.
6. The composition of the governing bodies and a description of the main elements in the current rules of procedure and guidelines can be found in Items 6, 7, 8 and 9 above.
7. The provisions in the Articles of Association that regulate the appointment and replacement of board members are discussed in Item 8 above.
8. Provisions in the Articles of Association and authorisations granting the Board the authority to buy back or issue the Group's own shares are discussed in Item 3 above.

Companies in the Storebrand Group

	Organisation number	Ownership interest
STOREBRAND ASA	916 300 484	100.0%
Storebrand Livsforsikring AS	958 995 369	100.0%
Storebrand Holding AB	556734-9815	100.0%
SPP Konsult AB	556045-7581	100.0%
SPP Spar AB	556892-4830	100.0%
SPP Pension & Försäkring AB	556401-8599	100.0%
SPP Fastigheter AB ¹⁾	556745-7428	100.0%
SPP Hyresförvaltning	556883-1340	100.0%
Storebrand & SPP Business Services AB	556594-9517	100.0%
Storebrand Eiendomsfond Invest AS	995 871 424	100.0%
Storebrand Eiendom Trygg AS	876 734 702	100.0%
Storebrand Eiendom Vekst AS	916 268 416	100.0%
Storebrand Eiendom Utvikling AS	990 653 402	100.0%
Storebrand Finansiell Rådgivning AS	989 150 200	100.0%
Storebrand Pensjonstjenester AS	931 936 492	100.0%
Storebrand Infrastruktur AS	991 853 545	100.0%
AS Værdalsbruket ²⁾	920 082 165	74.9%
Norsk Pensjon AS	890 050 212	25.0%
Benco Insurance Holding BV	34331716	89.96%
Euroben Life & Pension DAC		100.0%
Storebrand Bank ASA	953 299 216	100.0%
Storebrand Boligkreditt AS	990 645 515	100.0%
Ring Eiendomsmegling AS	987 227 575	100.0%
Storebrand Asset Management AS	930 208 868	100.0%
SPP Fonder AB	556397-8922	100.0%
Storebrand Fastigheter AB	556801-1802	100.0%
SKAGEN AS	867 462 732	100.0%
Cubera Private Equity AS	989 580 353	100.0%
Storebrand Forsikring AS	930 553 506	100.0%
Storebrand Facilities AS	924 353 554	100.0%
Storebrand Helseforsikring AS	980 126 196	50.0%

1) Euroben Life & Pension DAC owns 7.3%

2) Storebrand ASA owns 25.1 per cent and Storebrand's total ownership interest is 100 per cent for AS Værdalsbruket.



Sustainability assurance

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TCFD Index

Governance

Disclose Storebrand's governance around climate-related risks and opportunities.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on Storebrand's businesses, strategy, and financial planning where such information is material.

TCFD Recommended Disclosures	Page Reference	TCFD Recommended Disclosures	Page Reference
a Describe the board's oversight of climate-related risks and opportunities	72-73	a Describe the climate-related risks and opportunities Storebrand has identified over the short, medium and long term	18-23
b Describe the management's role in assessing and managing climate-related risks and opportunities	72-73	b Describe the impact of climate-related risks and opportunities on Storebrand's businesses, strategy, and financial planning	14-17, 20-23, 27-31
		c Describe the resilience of Storebrand's strategy, taking into consideration different climate-related scenarios	14-17, 20-23, 27-31

Risk Management

Disclose how Storebrand identifies, assesses and manages climate-related risks.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

TCFD Recommended Disclosures	Page Reference	TCFD Recommended Disclosures	Page Reference
a Describe Storebrand's processes for identifying and assessing climate-related risks	20-21	a Disclose the metrics used by Storebrand to assess climate-related risks and opportunities in line with its strategy and risk management process.	20-23, 33, 57, 61
b Describe Storebrand's processes for managing climate-related risks	18-23	b Disclose Scope 1, Scope 2 and Scope 3 GHG emissions, and the related risks	33, 61
c Describe how processes for identifying, assessing and managing climate-related risks are integrated into Storebrand's overall risk management	19, 72-73	c Disclose the targets used by Storebrand to manage climate-related risks and opportunities and performance against targets	20-23, 33, 57, 61

GRI Index

An index of the GRI indicators we are reporting on and where the report contains information about the indicators follows below.

GRI STANDARDS - COMPULSORY INDICATORS

GRI Ref.	Title	Text	Section	Subsection	Disclosure
Organizational Profile					
102-1	Name of the organisation	Storebrand ASA	GRI Index	GRI Index	
102-2	Activities, brands, products, and services		This is Storebrand	Our purpose and vision	Full
102-3	Location of headquarters	Professor Kohts vei 9, Lysaker, Oslo, Norge	GRI Index	GRI Index	Full
102-4	Location of operations		This is Storebrand	Our purpose and vision	Full
102-5	Ownership and legal form		Director's Report	Companies in the Storebrand Group	Full
102-6	Markets served		This is Storebrand	Our purpose and vision	Full
102-7	Scale of organisation		This is Storebrand	Our purpose and vision	Full
			People	Key Performance Indicators	Full
			Director's Report	Group Financial Results for 2019	Full
102-8	Information on employees and other workers		People	Committed and Courageous Employees	Partial
			People	Key Performance Indicators	
102-9	Supply chain		Keep Own House in Order	Good Environmental and Working Conditions Throughout the value Chain	Full
102-10	Significant changes to the organisation and its supply chain		Group CEO Foreword	Group CEO Foreword	Full
102-11	Precautionary Principle or approach		This is Storebrand Climate Risk and Opportunity Financial Capital and Our Investment Universe	Sustainability as Core Business Climate Risk and Opportunity A Driving Force for Sustainable Investments	Full

GRI Ref.	Title	Text	Section	Subsection	Disclosure
102-12	External initiatives	UN PRI UN Global Compact Global Reporting Initiative UN Sustainable Development Goals Task Force on Climate-Related Financial Disclosures (TCFD) Paris Agreement 2015 Carbon Disclosure Project Global 100 UN Principles for Responsible Business Conduct UN Declaration for Human Rights UN environmental conventions UN Principle for Sustainable Insurance UNEP Finance Initiative Portfolio Decarbonisation Coalition Accounting for Sustainability UN Convention Against Corruption ILO's Fundamental Conventions Montreal Pledge Tobacco-Free Portfolios UN Women Empowerment Principles	This is Storebrand Keep Our Own House in Order Director's Report	Sustainability as Core Business (all sub-sections) Corporate Governance	Full
102-13	Membership of associations	UNEP FI investor group on TCFD Climate Action 100+ Net-Zero Asset Owner Alliance Global Real Estate Sustainability Benchmark(GRESB) NORSIF PRI Investor Commitment to Support a Just Transition on Climate Change	This is Storebrand Climate Risk and Opportunity Financial Capital and Our Investment Universe	Sustainability as Core Business Climate Risk and Opportunity A Driving Force for Sustainable Investments	Full
Strategy					
102-14	Statement from senior decision maker		CEO Foreword	CEO Foreword	Full
Ethics and integrity					
102-16	Values, standards, principles and norms		This is Storebrand Keep Our Own House in Order Director's Report	Sustainability as Core Business (all sub-sections) Corporate Governance	Full
Governance					
102-18	Governance structure		This is Storebrand Director's Report	Organisation Executive Management Board of Directors & Committees Risk Corporate Governance	Full

GRI Ref.	Title	Text	Section	Subsection	Disclosure
Stakeholder Engagement					
102-40	List of stakeholder groups			Material Issues	Full
102-41	Collective bargaining agreements	100% in Norway and 100% in Sweden	GRI Index	GRI Index	Full
102-42	Identifying and selecting stakeholders		This is Storebrand	Material Issues	Full
102-43	Approach to stakeholder engagement		This is Storebrand	Material Issues	Full
102-44	Key topics and concerns raised		This is Storebrand All	Material Issues "Why" section at beginning of each sub-section	Full
Reporting Practice					
102-45	Entities included in the consolidated financial statements		Director's Report	Group Financial Results for 2019	Full
102-46	Defining report content and topic Boundaries		This is Storebrand	Material Issues	Full
102-47	List of material topics		This is Storebrand	Material Issues	Full
102-48	Restatements of information		Financial Capital and Our Investment Universe Keep Own House in Order	Key Performance Indicators Key Performance Indicators	Full
102-49	Changes in reporting	No significant changes	GRI Index	GRI Index	Full
102-50	Reporting period	1st January 2019 - 31st December 2019	GRI Index	GRI Index	Full
102-51	Date of previous report	1st January 2018 - 31st December 2018	GRI Index	GRI Index	Full
102-52	Reporting cycle	Annually	GRI Index	GRI Index	Full
102-53	Contact point	https://www.storebrand.no/en/investor-relations	GRI Index	GRI Index	Full
102-54	Claims of reporting in accordance with the GRI Standards		This is Storebrand	Material Issues	Full
102-55	GRI content index	This table is the GRI Index	GRI Index	GRI Index	Full
102-56	External assurance		Auditor's statement	Auditor's statement	Full

GRI STANDARDS- PERFORMANCE INDICATORS

GRI Ref.	Title	Text	Section	Subsection	Disclosure
Economic Performance					
103-1	Explanation of the material topic and its Boundary		Director's Report This is Storebrand Financial Capital and our Investment Universe	Risk; Corporate Governance Climate Risk and Opportunity; Scenario Analysis Providing a return to our owners and customers	Full
103-2	The management approach and its components		Director's Report	Directors' Report, Section 2 Financial capital and our investment universe	Full
103-3	Evaluation of the management approach		Financial Capital and our Investment Universe Director's Report	Providing a return to our owners and customers Corporate Governance	Full
201-1	Direct economic value generated and distributed		Financial Capital and our Investment Universe Director's Report	Providing a return to our owners and customers Group Financial Results for 2019	Full
201-2	Financial implications and other risks and opportunities due to climate change		Climate Risk and Opportunity Financial Capital and our Investment Universe	Climate Risk and Opportunity A Driving Force for Sustainable Development	Full
Anti-corruption					
103-1	Explanation of the material topic and its Boundary		Keep Own House in Order	Corruption	Full
103-2	The management approach and its components		Keep Own House in Order	Corruption	Full
103-3	Evaluation of the management approach		Keep Own House in Order	Corruption	Full
205-2	Communication and training about anti-corruption policies and procedures		Keep Own House in Order	Corruption	Full
Emissions					
103-1	Explanation of the material topic and its Boundary		Financial Capital and our Investment Universe Keep Own House in Order	A Driving Force for Sustainable Investments Reducing our Internal Carbon Footprint	Full
103-2	The management approach and its components		Financial Capital and our Investment Universe Keep Own House in Order	A Driving Force for Sustainable Investments Reducing our Internal Carbon Footprint	Full
103-3	Evaluation of the management approach		Financial Capital and our Investment Universe Keep Own House in Order	A Driving Force for Sustainable Investments Reducing our Internal Carbon Footprint	Full
305-4	GHG emissions intensity		Financial Capital and our Investment Universe Keep Own House in Order	Key Performance Indicators Key Performance Indicators	Full

GRI Ref.	Title	Text	Section	Subsection	Disclosure
Diversity and Equal Opportunity					
103-1	Explanation of the material topic and its Boundary		People	Diversity	Full
103-2	The management approach and its components		People	Diversity	Full
103-3	Evaluation of the management approach		People	Diversity	Full
405-1	Diversity of governance bodies and employees		People	Key Performance Indicators	Full
405-2	Ratio of basic salary and remuneration of women to men		People	Key Performance Indicators	Full
Human Rights Assessment					
103-1	Explanation of the material topic and its Boundary		Financial Capital and our Investment Universe	A Driving Force for Sustainable Investments	Full
103-2	The management approach and its components		Financial Capital and our Investment Universe	A Driving Force for Sustainable Investments	Full
103-3	Evaluation of the management approach		Financial Capital and our Investment Universe	A Driving Force for Sustainable Investments	Full
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Financial Capital and our Investment Universe	A Driving Force for Sustainable Investments	Full
Public Policy					
103-1	Explanation of the material topic and its Boundary		Keep Our Own House in Order	Anti-Corruption; Anti-money Laundering; Corporate Citizenship	Full
103-2	The management approach and its components		Keep Our Own House in Order	Anti-Corruption; Anti-money Laundering; Corporate Citizenship	Full
103-3	Evaluation of the management approach		Keep Our Own House in Order	Anti-Corruption; Anti-money Laundering; Corporate Citizenship	Full
415-1	Political contributions		GRI Index	GRI Index	Full

GRI Ref.	Title	Text	Section	Subsection	Disclosure
Marketing and Labeling					
103-1	Explanation of the material topic and its Boundary		Customer and Community Relations	Financial Freedom in all Stages of Life; Digital Trust	Full
103-2	The management approach and its components		Customer and Community Relations	Financial Freedom in all Stages of Life; Digital Trust	Full
103-3	Evaluation of the management approach		Customer and Community Relations	Financial Freedom in all Stages of Life; Digital Trust	Full
417-2	Incidents of non-compliance concerning product and service information and labeling		Customer and Community Relations	Digital Trust; Key performance Indicators	Partial
417-3	Incidents of non-compliance concerning marketing communications		Customer and Community Relations	Digital trust	Full
Customer Privacy					
103-1	Explanation of the material topic and its Boundary		Customer and Community Relations	Digital Trust; Financial Freedom in all Stages of Life	Full
103-2	The management approach and its components		Customer and Community Relations	Digital Trust; Financial Freedom in all Stages of Life	Full
103-3	Evaluation of the management approach		Customer and Community Relations	Digital Trust; Financial Freedom in all Stages of Life	Full
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Customer and Community Relations	Financial Freedom in all Stages of Life; Digital Trust; Key performance Indicators	Full
Active ownership					
103-1	Explanation of the material topic and its Boundary		Financial Capital and our Investment Universe	Providing a return to our owners and customers; A Driving Force for Sustainable Investments	Full
103-2	The management approach and its components		Financial Capital and our Investment Universe	Providing a return to our owners and customers; A Driving Force for Sustainable Investments	Full
103-3	Evaluation of the management approach		Financial Capital and our Investment Universe	Providing a return to our owners and customers; A Driving Force for Sustainable Investments	Full
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation as interacted on environmental or social issues.		Financial Capital and our Investment Universe	A Driving Force for Sustainable Investments; Key Performance Indicators	Full
FS11	Percentage of assets subject to positive and negative environmental or social screening		Financial Capital and our Investment Universe	A Driving Force for Sustainable Investments; Key Performance Indicators	Full

To: Board of Directors in Storebrand ASA

Independent statement regarding Storebrand ASA's sustainability reporting

We have examined whether Storebrand ASA has developed GRI Index for 2019 and measurements and reporting of key performance indicators for sustainability (sustainability reporting) per 06.02.2020.

Storebrand's GRI Index for 2019 is an overview of which principles, aspects and indicators from the The Global Reporting Initiative guidelines that Storebrand ASA use to measure and report on sustainability; together with a reference to where material sustainability information is reported. Storebrand's GRI Index 2019 is available on Storebrand's website (www.Storebrand.no/sustainability/reports). We have examined whether Storebrand has developed a GRI Index for 2019 and whether mandatory disclosures are presented according to the Standards published by The Global Reporting Initiative (www.globalreporting.org/standards) (criteria).

Key performance indicators for sustainability are the tables containing sustainability indicators that Storebrand ASA measure and control. The tables are available and included in Storebrand ASA's annual report 2019, specifically at the end of the four chapters titled «*Financial capital and our investment universe*», «*Customer and community relations*», «*People*» and «*Keeping our house in order*». Storebrand has defined the key performance indicators and explained how they are measured in the tables (criteria). We have examined the basis for the measurements and checked the calculations of the measurements.

Tasks and responsibilities of management

Management is responsible for GRI Index 2019 and that the Index is developed in accordance with the Standards published by The Global Reporting Initiative. Management is also responsible for key performance indicators for sustainability and that these are developed in accordance with the definitions given in the tables at the end of the chapters «*Financial capital and our investment universe*», «*Customer and community relations*», «*People*» and «*Keeping our house in order*». Their responsibility includes developing, implementing and maintaining internal controls that ensure the development and reporting of the GRI Index and key performance indicators for sustainability.

Our independence and quality control

We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and maintains a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory claim.

The Auditors responsibilities

Our responsibility is to express an opinion on Storebrand ASA's sustainability reporting based on our control. We have performed our work and will issue our statement in accordance with the Standard on



Assurance Engagements ISAE 3000: "Assurance engagements other than audits or review of historical financial information".

Our work involves performing procedures to obtain evidence that Storebrand's GRI Index 2019 and key performance indicators for sustainability are developed in accordance with the Standards published by The Global Reporting Initiative and the criteria for reporting and measurement that are given in relation to each table containing key performance indicators. The procedures selected depend on our judgement, including assessments of the risks that the sustainability reporting as a whole are free from material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the subject matter. Therefore, we design procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our control also includes an assessment of whether the applied criteria are appropriate and an assessment of the overall presentation of the subject matter.

Our controls include meetings with representatives from Storebrand ASA that are responsible for the key areas covered by the sustainability reporting, including responsible for investing, HR and those responsible for the sustainability reporting for Storebrand ASA's own operations and real estate portfolios; evaluating internal controls and procedures for reporting key performance indicators for sustainability; collecting and reviewing relevant information that supports the presentation of key performance indicators; evaluating the completeness and accuracy of the key performance indicators; and controlling the calculations of key performance indicators based on an assessment of the risk that the key performance indicators contain information that is incorrect.

In our opinion, sufficient evidence has been obtained and we consider that our work provides an appropriate basis to form our conclusion.

Conclusion

In our opinion

GRI Index 2019 is, in all material respects, developed and presented in accordance with the requirements of the Standards published by The Global Reporting Initiative; and

Key performance indicators for sustainability are, in all material aspects, developed, measured and reported in accordance with the definitions and explanations provided in relation to each table containing key performance indicators.

Oslo, 11 February 2020

PricewaterhouseCoopers AS

Magne Sem

State authorized public accountant

(This translation from Norwegian has been made for information purposes only)



Appendix

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Definitions key performance indicators

These definitions refer to the tables of key performance indicators in sections 3-6 of this report.

3. FINANCIAL CAPITAL AND INVESTMENT UNIVERSE

Return On Equity: Return on equity

Solvency II: Common European regulatory framework for insurance regulation. Under Solvency II, the size of the capital requirement will be determined by how much risk the company is exposed to.

Dividends: (see Dividend Policy on p.70)

Percentage AuM screened for sustainability: All companies in our investment universe is screened for sustainability according to our standards: <https://www.storebrand.no/en/sustainability/investments>.

Fossil-free products: These companies should not have more than 5% revenue from the production or distribution of fossil fuels, and fossil reserves should not exceed 100 million tonnes of CO₂.

Carbon footprint from investments: Results per Q3 2018 based on TCFD's definition. Total carbon footprint is the sum of the companies' carbon emissions over the companies' revenues, weighted for our ownership in the respective companies. The measurement unit shows carbon emissions per million fund currency in NOK. The method is the same for equities and bonds.

Investment in solutions (solution companies, Green Bonds, and real estate with Green Building Certificate): clean tech and renewable energy and green bonds in both equity and interest investments in Storebrand and SPP. Direct Real Estate investments under operational control in Norway and Sweden with a Green building certification.

Investment in green bonds: Green Bonds enable capital-raising and investment for new and existing projects with environmental benefits.

Investment in solution companies: Investments in sustainable companies through our portfolio of clean tech and renewable energy investments in Storebrand and SPP.

Certified green property: Direct real estate investments under operational control in Norway and Sweden with a Green building certification.

Energy intensity, real estate investments: Temperature corrected energy consumption per gross square meter of heated property area in direct real estate investments under operational control in Norway and Sweden. Consumption measured by energy suppliers (electricity, district heating/cooling and other) and registered in the environmental monitoring system.

Water intensity, real estate investments: Water consumption in cubic meters per square meter of heated property area in direct real estate investments under operational control in Norway and Sweden. Consumption measured and registered in the environmental monitoring system.

CO₂ emissions real estate investments: GHG emissions from direct real estate investments, per square meter of gross heated area. Includes direct and indirect emissions (scope1-3), including tenants' energy and water consumption as well as waste production. The carbon footprint is calculated by CemaSys AS according to the GHG protocol. Nordic mix emission factor is the basis for the calculation of emissions from electric power with "location based" method.

Percentage waste sorted for recycling: Rate of waste from building operations including tenants, sorted at the source for recycling. The rest fraction is further sorted mechanically at the waste recycling centre, where non-recyclables goes to incineration with heat recovery. Includes direct real estate investments under operational control in Norway.

4. CUSTOMER AND COMMUNITY RELATIONS

Net Promoter System: Net Promoter System (NPS) is a measurement tool for customer satisfaction where the customer gives a score from 0 to 10 with 10 as the best result.

Market Share: Savings, Retail Market Norway Based on Q3 figures from Finance Norway and VFF (Verdipapirfondenes forening).

Market Position: Pension, Corporate Market Norway: Based on Q3 figures from Finance Norway.

Percentage female: pension savings: Share of female customers who are saving for pension.

Recognised for sustainable value creation: Results from survey asking how many connect the Storebrand brand name with sustainability, environmental stewardship and corporate responsibility.

Expected pension as percentage of salary: The pension percentage (median) is the customers expected pension from all sources (including private savings, folketrygden, AFP and defined benefit/defined contribution pension), as a percentage of customer's existing salary.

5. PEOPLE

Sick leave: Number of sick leave hours divided by number of hours worked Storebrand/SPP.

Number of employees: Number of employees working at Storebrand Norway + SPP Sweden as of 31.12.19.

Gender balance, management: Share of female employees. Defined as a management position with personnel responsibilities. Project managers are not included.

Management level 1-3:

Level 1 = Chief Executive Officer

Level 2 = Executive management

Level 3 = Reporting to executive management

Turnover rate: Number of exits (excluding retirement) from 1st January to 31st December / average number of employees during the same period.

New hires: Number of hires during from 1st January to 31st December in Norway and Sweden.

Hay Grade: The figures only applies for Storebrand in Norway. Hay Grade above 24 is not included, as only men are represented here (applies for 3 positions only). Hay Grade is a widely recognised method to enable organisations to map and align roles. The system is used by several organisations in Norway and internationally. The system allows for comparisons of salaries for positions with similar demands to competence, experience and complexity. The system is used for comparing salaries for positions across the organisation and similar positions with similar Hay Grade in the labor market.

CEO - Average Worker Pay Ratio: Basic salary as a ratio of mean average salary for all employees.

6. KEEPING OWN HOUSE IN ORDER

Environmentally-certified procurement: Percentage of spend for contracts with a total value exceeding 1 million NOK with active suppliers certified or fulfilling requirements according to one or several of the following environmental certifications: Miljøbas, Eco-Lighthouse, Svanen, ISO 14001, CO2 neutral, ISO 14001.

GHG emissions (tonnes CO₂e / tonnes CO₂e per FTE): GHG emissions per FTE from the Group's Norwegian and Swedish operations. Includes direct and indirect emissions, including air travel and other transportation, energy consumption and waste (scope 1-3). The carbon footprint is calculated by CemaSys AS according to the GHG protocol. Nordic mix emission factor is the basis for the calculation of emissions from electric power with "location based" method.

CO₂e emissions from air travel: Total CO₂e emissions from air travel divided by the average number of number of full-time equivalent employees in Norway and Sweden from 1st January to 31st December.

Scope 1 emissions: Ton CO₂-equivalents, measured in accordance to Greenhouse gas protocol, per FTE.

Scope 2 emissions: Ton CO₂-equivalents, measured in accordance to Greenhouse gas protocol, per FTE.

Scope 3 emissions: Ton CO₂-equivalents, measured in accordance to Greenhouse gas protocol, per FTE.

Energy use: Temperature corrected energy consumption per square meter heated area in head offices in Norway and Sweden. Consumption measured by the energy suppliers, electricity and district heating/cooling and registered in the environmental monitoring system.

Water use: Water consumption in cubic meters per square meter of heated area in head offices in Norway and Sweden. Consumption measured and registered in the environmental monitoring system.

Amount of waste sorted for recycling: Rate of waste sorted at the source for recycling in head offices in Norway and Sweden. Non-sorted waste is further sorted mechanically at the waste recycling centre, where non-recyclables go to incineration with heat recovery. Includes direct real estate investments under operational control in Norway.

Paper use: Consumption of office paper (copy- and bond paper), envelopes, advertising, including externally reprinted and regulatory letter attachments in Kg per full time employee in Norwegian and Swedish operations.

CDP rating: Rating received from CDP.

E-learning completed: Employees who are registered as having completed the e-learning course in our learning management system.

Number of complaints handled by the Norwegian Financial Services Complaints Board: Complaints being handled by Norwegian Financial Services Complaints Board (Finansklagenemnda) throughout the year.

Executive management CVs



ODD ARILD GREFSTAD (1965)

Group Chief Executive Officer
Storebrand ASA

Education

State-Authorised Public Accountant
Authorised Financial Analyst (AFA)

Previous positions

2011–2012: Managing Director, Storebrand Life Insurance
2008–2011: Executive Vice President Finance and Legal, Storebrand ASA
2002–2008: Executive Vice President Finance, Storebrand ASA
1998–2002: Manager of the Group Controller Unit, Storebrand ASA
1997–1998: Group Controller, Life Insurance, Storebrand ASA
1994–1997: Vice President, Internal Auditing, Storebrand ASA
1989–1994: External Auditing, Arthur Andersen & Co

Ownership in Storebrand

Number of shares as of 31 December 2019:
162,269



LARS AA. LØDDESØL (1964)

Group Chief Financial Officer
Storebrand ASA

Education

MSc in Economics and Business Administration, BI Norwegian Business School
MBA, Thunderbird School of Global Management, USA (AGSIM)

Previous positions

2008–2011: Executive Vice President, Life and Pensions Norway and Managing Director, Storebrand Livsforsikring AS
2004–2008: Executive Vice President, Corporate Market Life Insurance, Storebrand Livsforsikring AS
2001–2004: CFO, Storebrand ASA
1994–2001: Vice President/Relationship Manager, Citibank International plc
1990–1994: Asst. Treasurer, Scandinavian Airlines Systems

Ownership in Storebrand

Number of shares as of 31 December 2019:
10,0026



HEIDI SKAARET (1961)

Executive Vice President,
Retail Market

Education

MSc in Economics and Business Administration,
University of Washington, USA

Previous positions

2008–2012: Lindorff Group AB, Executive Vice President, Scandinavia Region, Managing Director of Lindorff AS in Norway.
2001–2008: IKANO Finans ASA, Managing Director
1987–2000: Managerial positions at Den norske Bank ASA
1986–1987: Financial Services Officer, Bank of America, San Francisco, USA
1981–1983: Nord-Video (Aftenposten, Gyldendal, Mortensen), Sales Secretary

Ownership in Storebrand

Number of shares as at 31 December 2019:
69,690



STAFFAN HANSÉN (1965)

Executive Vice President,
SPP

Education

Licentiate degree (Economics),
Åbo Academy, Finland
PhD studies at the Finnish
Doctoral programme in Economics
Stockholm School of Economics

Previous positions

2013 to present: EVP, SPP Livförsäkring AB
2011–2013: CIO, Storebrand Livsförsäkring AS
2008–2011: CIO, SPP Livförsäkring AB
2006–2008: Responsible for strategic allocation,
SPP Livförsäkring AB
2003–2006: Head of Government and Covered
Bond trading, Svenska Handelsbanken
1996–2003: Head of Fixed Income, Alfred Berg
Finland
1994–1996: Trainee, Pohjola Bank (OKOBANK)

Ownership in Storebrand

Number of shares as at 31 December 2019:
66,689



JAN ERIK SAUGESTAD (1965)

Executive Vice President,
Asset Management

Education

MSc in Engineering, Norwegian University of
Science and Technology (NTNU)
MBA (INSEAD in France)

Previous positions

2006–2015: Investment Director, Storebrand
Asset Management
1999–2006: Senior Portfolio Manager,
Storebrand Asset Management
1997–1999: Sector Head Equities, Energy/
Shipping, Handelsbanken Markets
1995–1997: Partner, Marsoft Capital
1992–1995: Head of Research, Christiania
Markets (now: Nordea Markets)
1990–1991: Junior Consultant, McKinsey &
Company

Ownership in Storebrand

Number of shares as of 31 December 2019:
58,411



TERJE LØKEN (1975)

Executive Vice President
Digital & Innovation

Education

Master Computer Science, NTNU Norway

Previous positions

2017-2019: Chief Digital Officer (CDO),
Storebrand Livsförsäkring AS
2013-2016: Head of Digital and Mobile IT,
Storebrand Livsförsäkring AS
2009-2013: Chief Architect (CTO), Storebrand
Livsförsäkring AS
2008-2009: Enterprise Architect, Storebrand
Livsförsäkring AS
2001-2008: Technology Manager (previously
Technical Lead, Sr. Software Engineer, Software
Engineer), Fast Search & Transfer
1999-2001: Computer Engineer, Sintef Tele
og Data

Ownership in Storebrand

Number of shares as of 31 December 2019:
8,921



GEIR HOLMGREN (1972)

Executive Vice President,
Corporate Market

Education

Cand. Scient degree with actuarial qualifications,
University of Oslo, Norway
MBA, Griffith University Brisbane, Australia

Previous positions

2013–2015: Executive Vice President,
Guaranteed Pension, Storebrand ASA
2011–2012: Manager Customer Service and
Product, Storebrand Livsforsikring AS
2003–2011: Product Manager,
Storebrand Livsforsikring AS
2002–2003: Product Manager Unit linked
Insurance, Storebrand Livsforsikring AS
2000–2002: Product Manager Defined Contribu-
tion Pensions, Storebrand Livsforsikring AS
1998–2000: Sales International Life Insurance,
Storebrand Livsforsikring AS
1997–1998: Actuary Trainee,
Storebrand Livsforsikring AS
1995–1997: Teacher, University of Oslo

Ownership in Storebrand

Number of shares as at 31 December 2019:
67,089



TRYGVE HÅKEDAL (1979)

Executive Vice President
Technology

Education

Master of Science, Advanced Computing,
Imperial College London
Bachelor of Science, Computing Science,
Newcastle University

Previous positions

2016-2019 SVP IT Strategy & Architecture,
Storebrand Group
2013-2015 Chief Architect & Head of IT Strategy,
Storebrand Group
2009-2013 Enterprise Architect, Storebrand Group
2008-2009 Analyst, Goldman Sachs
2006-2008 Consultant, Accenture
2003-2004 Project Test Manager, Opera Software

Ownership in Storebrand

Number of shares as of 31 December 2019: 8,034



KARIN GREVE-ISDAHL (1979)

Executive Vice President Sustainability,
Communications and Industry Policy

Education

Master of International Relations,
Bond University, Australia
Bachelor of Communications,
Bond University, Australia

Previous positions

2014–2017: Vice President Communications,
Opera Software
2009–2014: Communications Director, SN Power
2008–2009: Business Reporter, TV 2
2005–2008: TV Reporter, CNBC/FBC Media
2004–2005: Researcher, CNBC Europe

Ownership in Storebrand

Number of shares as of 31 December 2019: 12,861



TOVE SELNES (1969)

Executive Vice President
People

Education

Master in Law, Oslo University

Previous positions

2015- 2019: HR Director, Storebrand Livsforsikring

2007-2015: Group Director HR, Opera Software

2004-2007: HR Director, Eltel Networks

1997-2004: HR Manager East Norway Region, Avinor

1995-1997: Legal Advisor, Aetat

Ownership in Storebrand

Number of shares as of 31 December 2019: 14,964

Group Board of Directors CVs



DIDRIK MUNCH (1956)

Board Chairman Storebrand ASA since 2017

Position

Self-employed

Education

Norwegian Police University College

Cand. jur law degree

Previous positions

Group Chief Executive Officer, Schibsted Norway (2011–2018)

Group Chief Executive Officer, Media Norway (2008–2011)

Chief Executive Officer, Bergens Tidende (1997–2008)

Division Director, Corporate Market, DNB (1995–1997)

Regional Bank Manager, Corporate Market Bergen, DNB (1992–1995)

Various managerial roles at Nevi and DNB (1987–1992)

Attorney, Kyrre AS (1987–1987)

Police intendant I/II, the Bergen Police Department (1984–1986)

Police inspector, the Oslo/Bergen Police Department (1979–1984)

Positions of trust

Board Chairman, NWT Media AS

Board Director, Grieg Star Shipping

Board Director, Lerøy Seafood Group

Board Chairman, SH Holding (Solstrand Fjord Hotel)

Ownership in Storebrand

Number of shares as at 31 December 2019: 32,000



LAILA S. DAHLEN (1968)

Board member Storebrand ASA since 2013

Position

CPO, Schibsted News Media

Education

State-Authorised Public Accountant, Norwegian School of Economics (NHH)

MSc in Economics and Business Administration, BI Norwegian Business School

Master of Science in Finance, University of Wisconsin, USA

Previous positions

SVP Product and UX, Schibsted Marketplaces/Adevinta ASA (2017–2019)

Product Director, Finn.no AS (2011–2017)

COO, Kelkoo/Yahoo London (2007–2009)

VP Marketplace, Yahoo Europe London (2006–2007)

Regional Manager Scandinavia and the Netherlands, Kelkoo/Yahoo Stockholm (2003–2006)

VP International Operations, Kelkoo Paris (2000–2001)

Manager, PricewaterhouseCoopers Oslo (1993–2000)

Positions of trust

Board Director, FINN.no AS

Board Chairman, Schibsted Marketplaces Products & Technology AS

Board Director, Lendo AS

Board Director, E24 AS

Ownership in Storebrand

Number of shares as at 31 December 2019: 12,500



KARIN BING ORLAND (1959)

Board member Storebrand ASA since 2015

Position

Self-employed

Education

MSc in Economics and Business Administration
Norwegian School of Economics (NHH)
Top Manager Programme (IMD, BI and Management in Lund)

Previous positions

Executive Vice President of DNB, and various managerial positions in the same group (1985–2013)
Consultant, the Ministry of Trade and Shipping (1983–1985)
Board Director and Chairman of the Audit Committee at Norske Skog ASA
Board Director, Norwegian Finance Holding ASA
Board Director, Scatec Solar ASA
Board Director, HAV Eiendom AS
Director of Boligselskapet INI AS, Grønland
Board Chairman of Røisheim Hotell AS and director at Røisheim Eiendom AS
Chairman of Visit Jotunheimen AS

Positions of trust

Board Chairman, Entur AS
Board Chairman, GIEK
Board Director and Chairman of Audit Committee, KID ASA
Board Director and Chairman of Audit Committee, Grieg Seafood ASA

Ownership in Storebrand

Number of shares as at 31 December 2019: 17,000



LIV SANDBÆK (1962)

Board member Storebrand ASA since 2018

Education

State-Authorised Public Accountant Norwegian School of Economics (NHH)
MSc in Economics and Business Administration
BI Norwegian Business School

Previous positions

Senior Managing Director & Technology Lead, Financial Services, EALA, Accenture (2015–2018)
Chief Technology Officer, Accenture Operations (2013–2015)
Managing Director, Technology, Financial Services, EALA, Accenture (1999–2013)
Employee of Accenture (1990–1998)

Ownership in Storebrand

Number of shares as at 31 December 2019: 0



KARL SANDLUND (1977)

Director of the Board at Storebrand ASA since 2019

Position

Executive Vice President & CCO, SAS

Education

MSc Industrial Engineering and Management, University of Linköping

Previous positions

EVP Commercial, SAS (2017-2019)

EVP & Chief Strategy Officer, SAS (2014-2017)

Vice President, Network, SAS (2009-2014)

Vice President, Commercial, SAS (2007-2008)

Vice President, Corporate Development, SAS (2006-2007)

Director, Business Strategies, SAS (2004-2006)

Consultant, McKinsey & Company (2001-2004)

Ownership in Storebrand

Number of shares as at 31 December 2019: 3,000



MARTIN SKANCKE (1966)

Board member Storebrand ASA since 2014

Position

Independent consultant

Education

Authorised Financial Analyst Norwegian School of Economics (NHH)

MSc Econ, London School of Economics and Political Science

Intermediate level Russian, University of Oslo

International Finance Programme, Stockholm School of Economics

MSc in Economics and Business Administration (MBA) Norwegian School of Economics (NHH)

Previous positions

Special Adviser, Storebrand (2011–2013)

Deputy Director General and Director General, the Ministry of Finance (1994–2001, 2006–2011)

Director General, the Office of the Prime Minister (2002–2006)

Management consultant, McKinsey & Company (2001–2002)

Positions of trust

Board Director, Norfund

Board Chairman of the Principles for Responsible Investment (PRI)

Board Director, Storebrand Livsforsikring AS

Board Director, Summa Equity AB

Ownership in Storebrand

Number of shares as at 31 December 2019: 22,000



MAGNUS GARD (1978)

Employee Representative of the Board at Storebrand ASA since 2019

Position

Sales Manager Pensions and Investment,
Storebrand Finansiell Rådgivning AS

Education

MSc Economics and Business Administration (NHH)

Previous positions

Authorised Financial Advisor, Storebrand (2007 – 2014)
Account Manager, Mamut ASA (2004 – 2007)
Sales Executive, Rosa Index AS (2004)
Internship, Centennial AS (2003-2004)

Ownership in Storebrand

Number of shares as at 31 December 2019: 613



HEIDI STORRUSTE (1965)

Employee-elected board member Storebrand ASA since 2013

Position

Agile Coach, Digital & Innovation at Storebrand Livsforsikring

Education

Bachelor of Management, Norwegian Business School (BI)
Certified Executive Coach, Coach Team AS
DNCF Certified Coach, Metaresource AS
Business Economist, Norwegian Business School (BI)

Previous positions

Team Champion, Digital Business Development , Storebrand Livsforsikring AS (2017 – 2019)
Senior employee representative, Finance Sector Union of Norway,
Storebrand/Storebrand Livsforsikring AS (2013–2017)
Project manager, Storebrand Bank ASA (2011–2013)
Process Owner, Storebrand Bank ASA (2008–2011)
Senior Consultant, Retail Market Credit , Storebrand Bank ASA (1998–2008)
Financial Consultant, Retail Market Credit, Gjensidige Bank AS (1996–1998)
Customer Consultant at Sparebankenes Kredittselskap AS (1987–1996)

Ownership in Storebrand

Number of shares as at 31 December 2019: 3,925



ARNE FREDRIK HÅSTEIN (1973)

Employee-elected board member Storebrand ASA since 2014

Position

Senior employee representative at Storebrand

Education

Master of Arts in International Finance and Accounting,
University of Newcastle upon Tyne
Bachelor of Business Administration, Norwegian Business School
(BI) / University of Texas at Austin
Authorised Portfolio Manager, Norwegian School of Economics (NHH) / NFF
Specialisation in Valuation, Norwegian School of Economics (NHH) / NFF

Previous positions

Expert Adviser, Savings and Pensions, Storebrand Livsforsikring AS (2014–2017)
Sales Manager and Product Manager, Delphi Fondene (2009–2014)
Sales Manager and Key Account Manager, Storebrand Kapitalforvaltning AS
(2005–2009)
Senior Financial Adviser, Focus Bank AS (2003–2005)
Senior Financial Adviser, Storebrand Livsforsikring AS (1999–2003)

Positions of trust

Board Member, Finance Sector Union of Norway at Storebrand
Board Member, Storebrand Art Association

Ownership in Storebrand

Number of shares as at 31 December 2019: 5,404

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