storebrand

Most people insure their assets, but forget themselves and their families.

Kathrine Glestad
Storebrand

Annual report 2019
Storebrand Livsforsikring AS

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This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group asTotales no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make.

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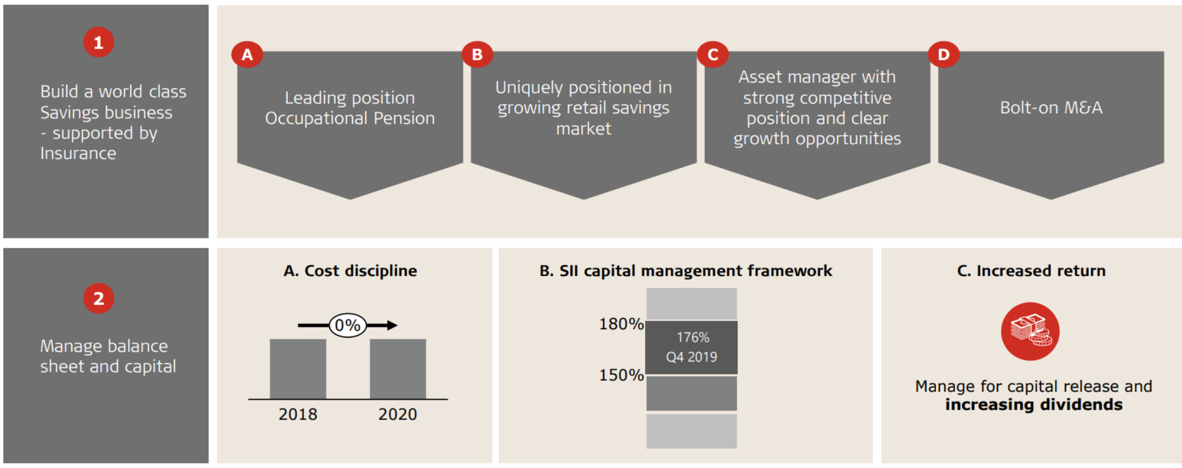
Report of the board of directors



STRATEGY

Storebrand follows a twofold strategy, illustrated in the figure above. First, Storebrand aims to build a world class Savings Group supported by Insurance. Storebrand is (A) the market leader in pension solutions to Norwegian businesses and a challenger in the Swedish market and is (B) uniquely positioned in the growing retail savings market. Additionally, (C) sister company Storebrand Asset Management has a strong competitive position and clear growth ambitions. Bolt-on acquisitions that can contribute to profitable growth may also be considered (D).

Second, through (A) disciplined use of capital and (B) cost control in products in run-off, Storebrand aims to (C) increase return to shareholders. Throughout 2019 Storebrand continued to focus the efforts on these three measures.

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 NOK 800 billion of assets Storebrand Group including Storebrand Livsforsikring manage are the most important revenue drivers and where we have the largest customer base. In addition, we aim to capitalise on the savings and pension relationship by offering complementary products and solutions within insurance.

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 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 a growth that has exceeded the market growth has enabled us to grow 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.

Further, our strategy is affected by several regulatory changes, as outlined below in a separate section. 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 security.

Against this backdrop, we continued to focus on our three strategic growth ambitions in 2019: Maintain a leading position in occupational pensions and leverage a unique position in the retail savings market. 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;
- Grow premiums within insurance at a combined ratio of 90-92 per cent.

MAINTAIN 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 per cent. The market is experiencing increased competition in anticipation of new Individual Savings Accounts.

In Sweden, we continued to grow our market share from 13 per cent to 14 per cent 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 per cent in 2019 and are expected to continue to grow by 12-15 per cent 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.

LEVERAGE A UNIQUE 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 per cent in 2019. Our partnership with the savings app Dreams continued to prove popular. The app had 150,000 downloads in Norway in 2019.

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.

OUTLOOK

Storebrand will continue to deliver on the strategy described above. 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 a 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 per cent annually. 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 as well as growth in the Insurance business.

In the Insurance business, we aim growth in portfolio premiums with a combined ratio of 90-92 per cent. 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.

Storebrand Group have maintained nominally flat costs since 2012 to 2019 and aim to do so in 2020. 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. Lower cost through automation, digitalisation and the 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 per cent, against our target of 150 per cent. 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 form 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.

CAPITAL SITUATION, RATING AND RISK

CAPITAL SITUATION

Storebrand pays particular attention to the levels of equity and loans in the Group, which are continually and systematically optimised. The level is adjusted for the financial risk and capital requirements. The growth and composition of business segments will be important driving forces behind the need for capital. The purpose of capital management is to ensure an efficient capital structure and ensure an appropriate balance between internal goals and regulatory requirements.

The Group's target is to have a solvency margin ratio in accordance with Solvency II of at least 150 per cent, including use of the transitional rules. The solvency margin for the Storebrand Group was estimated at 176 per cent at the end of 2019, including transitional rules. Without transitional rules, the solvency margin was 174 per cent. 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 demanding financial markets. The solvency margin, without transitional rules, was strengthened by 2 percentage points in 2019. The value of transitional rules remained marginal throughout the year.

Storebrand Livsforsikring AS had a solvency margin after transitional rules of 225 per cent per 31.12.19 compared to 211 per cent in 2018. The Storebrand Livsforsikring Group is no longer required to report the solvency margin, requirement at consolidated level applies for the Storebrand Group.

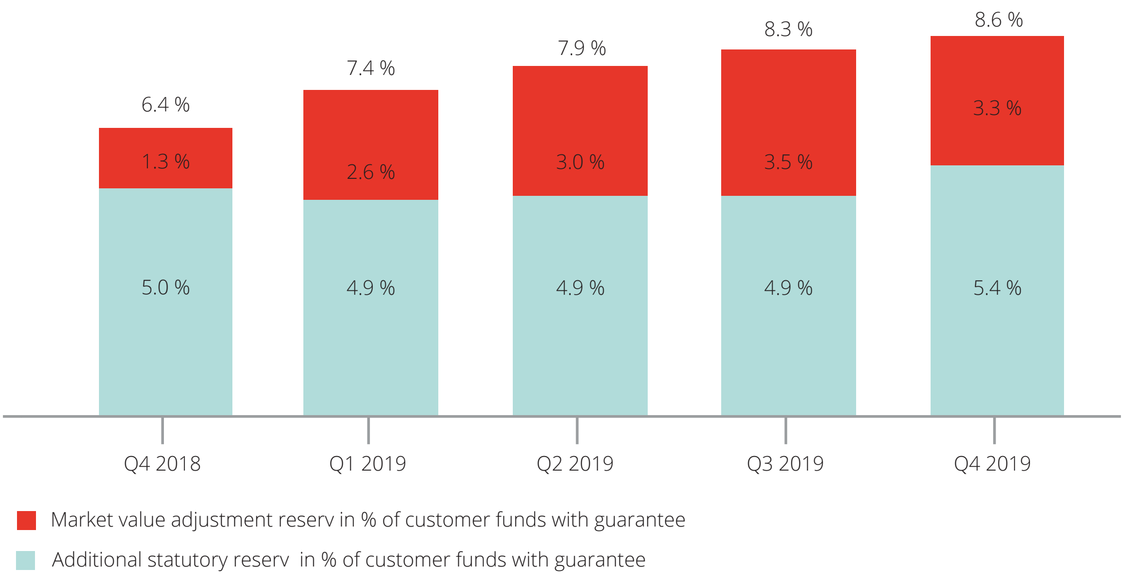
STOEBRAND LIVSFORSIKRING GROUP

SOLIDITYCAPITAL

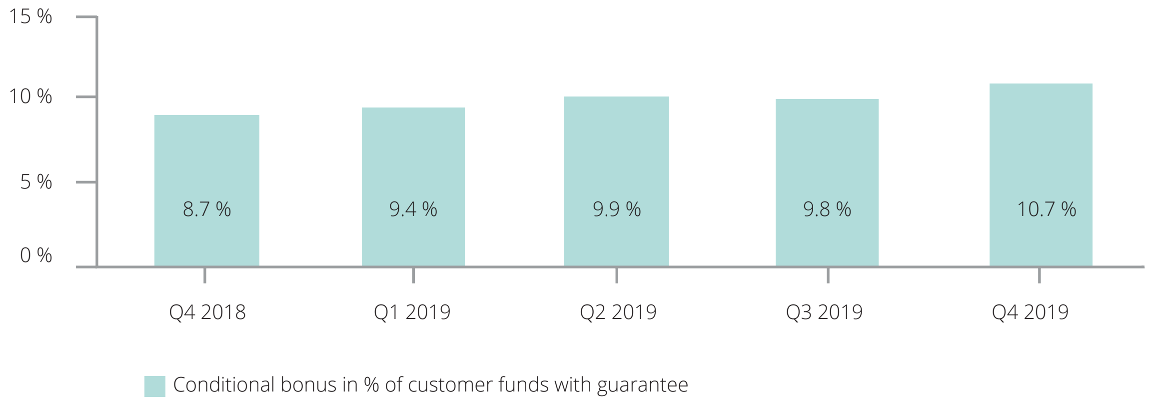
NOK million	2015	2016	2017	2018	2019
Equity	22,975	23,542	25,735	26,965	24,966
Subordinated loan capital	7,333	7,196	8,426	7,788	8,488
Risk equalisation fund	142	140	143	234	466
Market value adjustment reserve	4,520	2,648	3,707	2,245	5,500
Additional statutory reserves (ASR)	5,160	6,794	8,254	8,494	9,023
Conditional bonus (CB)	9,336	7,241	9,176	8,243	9,302
Reserves on bonds and loans to amortised cost	10,581	8,785	8,531	5,009	4,697
Total	**60,047**	**56,381**	**63,972**	**58,978**	**62,442**

The solidity capital strengthened by NOK 3.5 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 valued 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.

CUSTOMER BUFFER STOREBRAND LIVSFORSIKRING AS



CUSTOMER BUFFER SPP PENSION & FÖRSÄKRING AB



RATING

Storebrand Livsforsikring AS issues subordinated loans and is rated by the credit rating agency Standard & Poor's. Storebrand Livsforsikring AS's rating in July 2019 was confirmed as A- with stable outlook, unchanged from 2018.

Company	Rating	Outlook	Rating type
Storebrand Livsforsikring AS	A-	Stable	Insurance financial strength
Storebrand Livforsikring AS	A-	Stable	Counterparty credit
Storebrand Livforsikring AS	BBB		Subordinated debt

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 risk and liquidity risk.

The Board of Directors of Storebrand Livsforsikring AS 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 for Storebrand Group. The number of reported incidents were 6 per cent fewer compared to 2018 and the number of "high" risk incidents decreased by 8 per cent.
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. We also offer covers that provide a pay-out in the event of death, but Storebrand's risk from this is limited.

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. Therefore, an indirect market risk is embedded because negative investment return will reduce future income without reduction in operating expenses. Income will also be reduced if customers are lapsing. Market risk, and equity risk in particular, and lapse risk are therefore the main risks for unit-linked business. It is also a risk for cost increases.

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 smaller subsidiaries of Storebrand Life Insurance and SPP. The assets in the company portfolios are invested at low risk, primarily in investment grade short-term interest-bearing securities.

REGULATORY CHANGES

Below are the most significant regulatory changes and their possible effect on Storebrand.

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.

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.

SUBSIDIARIES AND ASSOCIATED COMPANIES
Storebrand Livsforsikring AS owns 100 per cent of Storebrand Holding AB, which in turn owns 100 per cent of SPP Pension & Försäkring AB, SPP Spar AB, SPP Konsult AB and Storebrand & SPP Business Services AB. SPP is a leading Swedish supplier of life insurance and occupational pensions. SPP supplies unit-linked products, traditional insurance and defined-benefit pension products as well as consultancy services that cover occupational pensions and insurance and administration solutions for municipalities and other organisations. Together, Storebrand and SPP will become the leading life insurance and pension provider in the Nordic region. SPP's head office is located in Stockholm.

In 2005 Storebrand Livsforsikring AS set up a branch in Sweden. The branch manages pension insurance policies and unit-linked agreements in the Swedish market in accordance with the Norwegian Insurance Act. New sales no longer take place in the branch. In 2008 the branch was integrated with SPP.

Storebrand Livsforsikring AS owns 89.6 per cent of Benco Insurance Holding BV, which in turn owns Euroben Life and Pension Ltd with its head office in Dublin. The company offer pension products to Nordic companies. In December 2018, an agreement was entered into for the sale of Nordben Life and Pension Insurance Company Ltd, which was owned by Benco. The transaction was completed in 2019.

Through Storebrand Pensjonstjenester AS, Storebrand offers deliveries within actuarial services, system solutions and all types of services associated with the operation of pension funds. The company is a wholly owned subsidiary of Storebrand Livsforsikring AS.

Storebrand Finansiell Rådgivning AS, which sells and advises the Storebrand Group's products in the private market, was established as a wholly owned subsidiary by Storebrand Livsforsikring AS in order to satisfy legal changes within financial advice (the MiFid directive) which entered into force on 1 November 2007.

Storebrand Eiendom Trygg AS, Storebrand Eiendoms Vekst AS and Storebrand Eiendom Utvikling AS are holding companies for the Norwegian property operations. The companies are 100 per cent owned by Storebrand Livsforsikring AS. In addition, Storebrand Livsforsikring AS owns 20.2 per cent of Storebrand Eiendomsfond Norge KS through ownership in wholly owned daughter Storebrand Eiendom Invest AS.

GROUP PROFIT

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed Storebrand ASA. For information about the Storebrand Group's result please refer to the Storebrand Group's annual report for 2019.

The official financial statements of the Storebrand Livsforsikring group are prepared in accordance with the International Financial Reporting Standards (IFRS), while the official financial statements of Storebrand Livsforsikring AS are prepared in accordance with the Annual Accounts Regulations for Lifeinsurance Companies.

The Board confirms that the financial statements were prepared on the basis of a going concern assumption. The board is not aware that events that have a material significance on the Annual Accounts of Storebrand Livsforsikring AS and Storebrand Livsforsikring group have occurred after the balance sheet date.

STOREBRAND LIVSFORSIKRING GROUP

NOK million	2019	2018
Fee and administration income	3,332	3,185
Insurance result	665	947
Operational cost	-2,510	-2,454
Operating profit	**1,486**	**1,678**
Financial items and risk result life and pension	709	637
Result before amortisation	**2,196**	**2,315**

Storebrand Livsforsikring achieved a group profit before amortisation of NOK 2,196 million kroner in 2019, compared to NOK 2,315 million in 2018. Profit before tax was NOK 1,855 million in 2019, compared to NOK 2,010 million in 2018. Profit after tax was NOK 1,522 million compared to NOK 3,098 million the year before.

Fee and administration income increased by 4.6 per cent in 2019. Adjusted for currency the increase was 6.3 per cent. The underlying income performance is marked by growth in Defined Contribution occupational pensions.

The insurance result had a combined ratio of 91 per cent (81 per cent). Higher disability claims in 2019 and the dissolution of reserves in a 2018 explain the development in the result.

Operational costs increased by 2.3 per cent. Storebrand has an ambitious plan to digitilize and improve efficiency.

Overall, the operating profit amounted to NOK 1,486 million in 2019 (NOK 1,678 million).

The financial items and risk result increased due to significant profit sharing and risk results, as well as satisfactory return on company capital.

The Storebrand Livsforsikring Group reported tax expense of NOK 333 million (tax income NOK 1,088 million) for 2019. 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 fact that the Group has operations in countries with tax rates that are different from Norway, and it varies from quarter to quarter depending on each legal entity's contribution to the group profit. The tax rate is estimated to be between 20-23 per cent for 2020. For more information on tax and uncertain tax positions, see Note 26.

GROUP PROFIT BY BUSINESS UNIT

Our financial result is reported by business segment: Savings, Insurance, Guaranteed Pension and Other.

The presentation of result by area is exclusive internal transactions.

NOK million	2019	2018
Savings	566	491
Insurance	281	554
Guaranteed pensions	1,029	1,148
Other	320	121
Profit before amortisation	**2,196**	**2,315**

The Savings business had a growth in fee and administration income of 11.1 per cent from 2018 to 2019, adjusted for currency effects. The increase is attributed to underlying growth from premiums, new business and higher savings rates.

The Insurance business showed a stable premium income development. The Insurance result was NOK 665 million in 2019 with a total combined ratio of 91 per cent (81 per cent in 2018). The insurance result gave a claims ratio of 76 per cent (66 per cent). In 2019 high disibility arose, and pricing measures are implemented.

Fee and administration income in the Guaranteed Pension business was consistent with the fact that the products are in long-term decline. Fee and administration income increased by 3.9 per cent from 2018 to 2019, adjusted for currency effects. Operating costs remained flat compared to 2018 and have declined over time, as a result of the area being in long-term decline. Profit amounted to NOK 1,029 million in 201 (NOK 1,148 million). The profit reduction is driven by positive one-off items in 2018.

The Other business unit consist of financing and ivestment of company capital. In addtion, som minor subsidiaries is reported in this unit.

SAVINGS

The Savings business and Unit Linked area includes products for retirement savings with no interest rate guarantees. The business area consists of defined contribution pensions in Norway and Sweden

PROFIT

The Savings business had a year with strong growth in assets under management fuelled by premium income, growth in new business and market return.

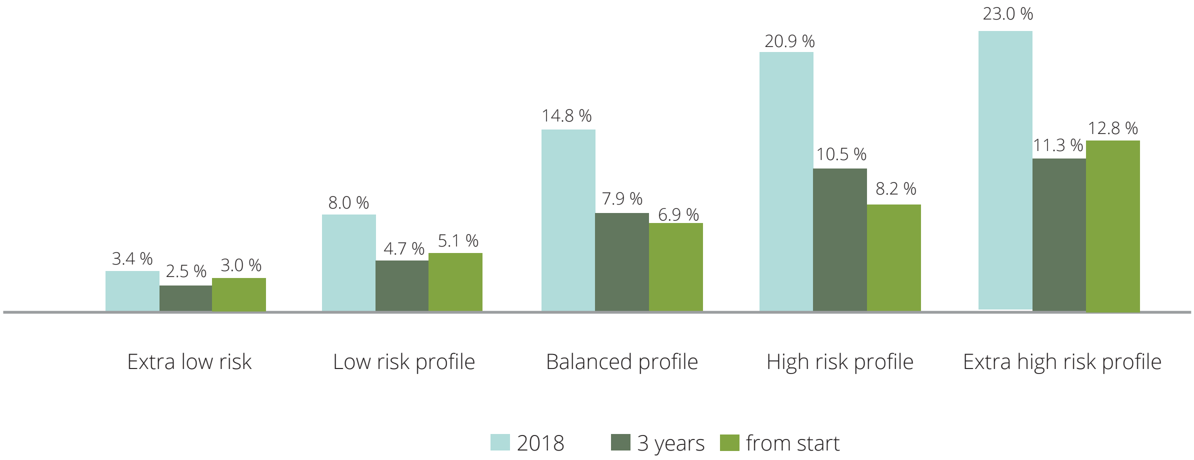
NOK million	2019	2018
Fee and administration income	1,805	1,655
Operational cost	-1,222	-1,139
Operating profit	**583**	**516**
Financial items and risk result life & pension	-17	-25
Profit before amortisation	**566**	**491**

Profit in Savings business amounted to NOK 566 million in 2019 compared to NOK 491 million the year before. The profit improvement was driven by business volume an income increase.

Total fee and administration income increased by 11.1 per cent from 2018 to 2019, adjusted for currency, to NOK 1,805 million (NOK 1,655 million). The increase is attributed to underlying growth from volume growth, new business and higher savings rates. Increased competition contributes to moderate margin pressure both for the Norwegian and the Swedish Unit Linked products.

Operational costs increased due to underlying growth in the business, which refers to investment in new products, increased sales cost and other volume driven expenses.

RETURN ON DEFAULT DEFINED CONTRIBUTION PENSION PORTFOLIOS



BALANCE SHEET AND MARKET PERFORMANCE

Defined contribution pensions continue to show strong growth due to most companies now having chosen to convert from defined benefit schemes to defined contribution-based schemes. This increases the number of members, ongoing premium payments and management volume in the defined contribution pension schemes in both Norway and Sweden, in addition to growth through the return on premium reserves.

Unit Linked premiums grew by 7 per cent and amounted to NOK 17.2 billion. The total reserves (assets under management) in Unit Linked increased by 41 billion (23 per cent) 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.

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

KEY FIGURES – SAVINGS

NOK million	2019	2018
Unit Linked-reserves	219,793	179,299
Unit Linked-premiums	17,168	14,143

INSURANCE

The Insurance business area encompasses personal risk products in the Norwegian and Swedish retail market and employee insurance and pensions-related insurance in the Norwegian and Swedish corporate market.

PROFIT

Insurance business delivered a combined ratio and premium income in line with targets. Higher disability claims in 2019 resultet in lower insurance result than in 2018, which was also positively affected by release of reserves. .

NOK million	2019	2018
Fee and administration income		
Insurance result	665	947
- Insurance premiums f.o.a.	2,750	2,780
- Claims f.o.a.	-2,086	-1,833
Operational cost	-417	-411
Operating profit	**248**	**536**
Financial items and risk result life & pension	33	18
Profit before amortisation	**281**	**554**

Profit before amortisation was NOK 281 million compared to NOK 554 million in 2018. The insurance resultat was NOK 665 million for the full year with an overall combined ratio of 91 per cent (81 per cent i 2018). The insurance premiums was in line with the year before.

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.

KEY FIGURES – INSURANCE

	2019	2018
Claims ratio	76 %	66 %
Cost ratio	15 %	15 %
Combined ratio	**91 %**	**81 %**

The combined risk result gave a claims ratio of 76 per cent (66 per cent).

Higher disability claims increase the claims ratio especially within Group Life. In Individual life and Norwegian Pension related disability insurance the profitability is satisfactory. The result for the Swedish risk products was good and explained by a lower claims ratio.

The profit in Group Life was weak in 2019 driven by higher disability claims, and price adjustment measures are implemented. Norwegian Pension related disability insurance had satisfactory profit driven by the general sound disability development in Norway. Personal risk retains satisfactory profitability with moderate growth. The result for the Swedish risk products have been satisfactory driven by solid disability result. The cost percentage was 15 per cent (15 per cent) for the year. Efficiency measures is continuously implemented.

The investment portfolio of Insurance in Norway amounted to NOK 6.4 billion (NOK 6.1 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.

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 2.6 billion (NOK 2.7 billion), of which NOK 0.7 billion (NOK 0.7 billion) from the retail market and NOK 1.9 billion (NOK 2.0 billion) from the corporate market.

Our growth in the retail market has increased 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.

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 resultsStorebrand 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.

PORTFOLIO PREMIUM (ANNUAL)

NOK million	2019	2018
Individual life *	673	645
Group life **	805	872
Pension related disability insurance ***	1,144	1,138
Portfolio premium	**2,622**	**2,655**

* Individual life disability insurance
** Group disability, workers compensation insurance
*** DC disability risk premium Norway and disability risk Sweden

GUARANTEED PENSION

The Guaranteed Pension business area encompasses long-term pension savings products that give customers a guaranteed rate of return. The business area covers defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

PROFIT

Strong risk result and market returns fuelled strong financial performance in Guaranteed Pension business, with increased customer buffer capital.

NOK million	2019	2018
Fee and administration income	1,475	1,440
Operational cost	-819	-816
Operating profit	**657**	**624**
Financial items and risk result life & pension	372	525
Profit before amortisation	**1,029**	**1,148**

The profit for Guaranteed Pension amounted to NOK 1,029 (NOK 1,148 million) 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 (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 per cent increase in income in 2019, while SPP and Norwegian Defined Benefit experienced 2 per cent and -3 per cent 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 per cent 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 minus 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 per cent growth in buffer capital. In Norway, the average value adjusted return was 5.5 per cent while the average guaranteed rate was 3.2 per cent. In Sweden, the average value adjusted return was 7.9 per cent while the average guaranteed rate was 2.8 per cent.

NOK million	2019	2018
Guaranteed reserves	263,185	260,573
Guaranteed reseves in % of total reserves	54.5 %	59.2 %
Transfer out of guaranteed reserves	103	7,729
Buffer capital in % of customer reserves Storebrand	8.6 %	6.4 %
Buffer capital in % of customer reserves SPP	10.7 %	8.7 %

Premium income for Guaranteed Pension business (without transfers) was NOK 5.6 billion in 2019. Most of the the products are in long-term decline, and the customers' choice of moving from guaranteed to non-guranteed products is in line with the group's strategy.

PREMIUM INCOME (EXCLUSIVE TRANSFERS)

NOK million	2019	2018
Defined Benefit	3,095	3,066
Paid-up policies	112	120
Individual life and pension	228	232
Guaranteed products SPP	2,169	1,846
Total	**5,603**	**5,265**

OTHER

Under Other, the company portfolios and smaller daughter companies with Storebrand Livsforsikring and SPP are reported. In addition, the result associated with the activities at BenCo is included.

NOK million	2019	2018
Fee and administration income	51	89
Operational cost	-52	-88
Operating profit	**-1**	**2**
Financial items and risk result life & pension	321	120
Profit before amortisation	**320**	**121**

The result before amortisation for the Other segment activities was NOK 320 million in 2019, compared with NOK 121 million in 2018.

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 Livsforsikring and SPP. The financial result was influenced by the low interest rate level through 2019, however reduced credit spreads involved positive returns.

CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABILITY

Storebrand offers pension, savings, insurance and banking products to individuals, businesses and public enterprises. We deliver simple and sustainable pensions, in order to reach our purpose: a future worth looking forward to. 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 economic freedom. Our investments and corporate operations shall be managed according to best sustainable practises in a manner that has a positive impact.

The financial sector has a key role to play in achieving the UN Sustainable Development Goals (SDGs). As a significant asset owner, insurer and asset manager, we 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.

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.

The sustainability principles that guide our work are:

- We base our business activities on the UN Sustainable Development 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 collaborate to achieve the UN Sustainable Development Goals with our customers, suppliers, the authorities and partners.
- We are transparent about our work and our sustainability results.

Storebrand has been at the forefront of sustainable investing since the mid 1990's and was recognised for excellent performance on sustainable investments by PRI (Principles for Responsible Investments) in 2019. All our assets of NOK 780 billion are managed according to strict sustainability criteria. In addition, nearly one third of assets under management was invested in fossil free funds at the end of 2019. All assets under management in SPP Fonder are now fossil free.

We are transparent about our work on sustainability, and report in accordance with several leading reporting standards, including GRI (core option), TCFD and CDP, in line with expectations from a range of key stakeholders. In 2019, Storebrand was one of the 12 founding members of the UN-backed Net-Zero Asset Owner Alliance, aimed at driving portfolio companies towards carbon neutrality by 2050.

We commit to several international sustainability initiatives, such as PRI (Principles for Responsible Investments), PSI (Principles for Sustainable Insurance), UN Global Compact, TCFD (Task Force on Climate-related Financial Disclosures) and CDP (Carbon Disclosure Project). Storebrand ASA's sustainability report is integrated in the annual report. The report is prepared in accordance with the GRI Standards: Core option

ETHICS AND TRUST

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.

All employees are responsible for familiarising themselves with and acting in accordance with our ethical regulations and guidelines, including completing mandatory training in ethics, anti-corruption, anti-money laundering and anti-terror financing. Managers shall ensure that this is done.

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

ENVIRONMENT

Storebrand works systematically to reduce our carbon footprint, through internal operations, investments, procurement and property management. Storebrand's own operations are "climate neutral". 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. Residual CO2 emissions from own operations are compensated for by purchasing emission quotas and investing in carbon positive projects. We set clear requirements to our suppliers and our investments.

HUMAN RESOURCES AND ORGANISATION

LEARNING AND DEVELOPMENT

A high level of skill is one of Storebrand's most important factors for success, and it forms the foundation for renewed growth. At Storebrand, expertise is synonymous with the ability of each individual employee to perform and manage certain tasks and situations. This ability is based on knowledge and experience, skills, motivation and personality.

All employees should have an opportunity to develop in line with the Company's needs. In 2019, the Company focused on strengthening its ability to learn and work more across its organisational units and disciplines. Digitalisation has enabled the development of products and services at a rate that the finance sector has never previously seen. For an organisation that is to both represent the long-term commitments Storebrand has to its customers and at the same time be in the driver's seat for digital improvements and innovation, fast and continuous learning is essential.

To communicate, involve and create a common understanding of our purpose, strategy and culture, we make use of learning technologies to give our employees options for flexible and easy access to learning, anywhere and anytime.

DIVERSITY

Storebrand's organisation must reflect our customers and the market in which the Group operates. Diversity contributes to increased innovation and learning in the organisation. In addition, our sustainability analyses show that companies that focus on diversity are more innovative and profitable.

All Storebrand employees are treated equally, regardless of their age, gender, disability, cultural background or sexual orientation. Individual qualities should be respected and valued, and we encourage age diversity among our employees. Age shall not be a decisive criterion, neither during recruitment processes nor later on in the employment relationship.

We make an active effort to ensure that all employees are satisfied regardless of their cultural background. No discrimination is accepted, neither in recruitment processes nor later on in the employment relationship. There shall be a good balance between women and men at all levels of the Company.

We want to have an inclusive recruitment process that is as transparent as possible and encourages diversity among the candidates applying.

We have a zero-tolerance policy against harassment and discrimination, and we strive for equal treatment and equal opportunities in all our internal and external recruitment and development processes.

We are actively working to maintain a gender balance among key employees. Storebrand has for several years worked systematically to identify future managerial candidates and promote an even gender distribution. There has been a focused effort on management development in the areas of strategic and operational management, communication and change.

The average age at Storebrand is 43, and average seniority is 12 years in Norway and 10 years in Sweden. Storebrand Livsforsikring Group had 1,282 (1 317) employees at year end. 35 per cent of the management group at Storebrand Norway and 53 per cent at SPP are women. 45 per cent of the employees in the Norwegian part and 53 per cent of the employees at SPP are women.

In 2018, 29 per cent prosent Storebrand Livsforsikring AS' board members were women. The proportion of women in executive management is 30 per cent.

The company seeks to ensure equal treatment and opportunities for all internal and external recruitment and development processes.

Storebrand's headquarters outside Oslo has been adapted to meet individual needs. It is a universally designed building, which was re-certified as an Eco-Lighthouse in 2018.

WORKING ENVIRONMENT AND ABSENCE DUE TO ILLNESS

Storebrand's absence due to illness has been at a stable low level for many years. The Storebrand Group's absence due to illness in 2019 was 3.1 per cent. Absence due to illness in Storebrand Livsforsikring AS was 3.0 per cent and for the Swedish business 2.5 per cent. 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.

Storebrand's health clinics at the head office in Norway, as well as good health insurance for all employees, are positive contributors to Storebrand's low sickness absence. Storebrand offers employees a service called "Rask tilbake". This is a preventative offer where employees who are at risk of getting sick can get help.

Employees at the head office in Norway can work out in a spinning room, weights room and in a separate sports hall. 65 per cent of the employees in Norway are members of Storebrand Sport. All employees in Sweden are members of SPP Leisure, where they have access to subsidised exercise and wellness services. Like in the head office in Norway, employees have access to a training facility with a variety of activities and organised training.

One personal injury was reported in 2019. No other material injuries or accidents were reported in the Storebrand Group.

MANAGEMENT AND CONTROL

Storebrand Livsforsikring systems for internal control and risk management follows Storebrand Groups guidlines. The guidelines is reviewed annualy.

Storebrand's executive management and Board of Directors review Storebrand's corporate governance policies annually. Storebrand established principles for corporate governance in 1998. Storebrand reports on the policies and practice for corporate governance in accordance with Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 17 October 2018. For further information on Storebrand's corporate governance, reference is made to a separate article on corporate governance in the annual report.

Storebrand Livsforsikring Group 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 published according to the schedule adopted by the Board of Storebrand ASA. Storebrand Livsforsikring's accounts are prepared by the Group Accounts department which is under the Storebrand Group's CFO. Key managers in Group Accounts have a fixed annual remuneration that is not affected by the group's financial results. A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. Internal meetings are held, as well as meetings in which external auditors participate, to identify risk conditions and measures in connection with significant accounting items or other circumstances. Corresponding quarterly meetings are also held with various professional centres in the group that are key to the assessment and valuation of financial instruments, real estate, determination of insurance liabilities as well as other items for assessment. These meetings have a particular focus on any market changes, specific conditions relating to default trends, specific conditions related to the insurance business, operational conditions etc. Assessments relating to significant accounting items and any changes in principles etc. are described in a separate document (assessment item memo). The external auditor participates in board meetings that deal with the quarterly accounts and annual accounts, as well as in meetings of the audit committee of Storebrand ASA. Monthly and quarterly operating reports are prepared in which the results per business area and product area are analysed and assessed against set budgets. The operating reports are reconciled against other financial reporting. Otherwise, continuous reconciliation of specialist systems, etc. takes place against the accounting system.

The work of the Board is regulated by special rules of procedure for the Board. The board of Storebrand ASA has also compiled a management document and specific instruction for the boards in subsidiaries. The Board has established three advisory committees: the Compensation Committee, Audit Committee and Risk Committee.

Storebrand Livsforsikring's articles of association stipulate that the company shall have the same nomination committee as Storebrand ASA, and hence is part of Storebrand Group's process for appointing and replacing Board members.

Storebrand Livsforsikring has no provisions in the articles of associations nor has it issued any authorities that allow the Board to resolve that the company shall repurchase or issue own shares or equity capital certificates.

In 2019, a total of 10 board meetings were held, one of them a strategy meeting.

Changes in the board
Employee elected representative Sigurd Nilsen Ribu has been replaced with Jørn Hilstad.

The Board wishes to thank the retiring members of the Board of Directors for their valuable contributions to the company.

STOREBRAND LIVSFORSIKRING AS
The profit before tax was NOK 2,168 million (NOK 2,594 million). Results are discussed under each individual segment. The following factors have had an effect on the company accounts, but no effect on the consolidated accounts. There are received dividends and group contributions from subsidiaries of NOK 786 million (NOK 912 million) in 2019.

APPLICATION OF THE YEARS RESULT
The Board of Directors proposes to the General Meeting the following allocation of profit for the year:

Other equity	minus 384 million
Net paid group contribution	2,200 million
Total allocated	**1,816 million**

Lysaker, 11 February 2020
The Board of Directors of Storebrand Livsforsikring AS

Translations – not to be signed

Odd Arild Grefstad
Chairman of the Board

Martin Skancke   Vibeke Hammer Madsen   Kari Birkeland

Jørn Hilstad   Hans Henrik Klouman   Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

Notes to the accounts

Storebrand Livsforsikring Group
Statement of Comprehensive income
1. january - 31. december

NOK million	Note	2019	2018
TECHNICAL ACCOUNT:			
Gross premiums written		24,988	24,027
Reinsurance premiums ceded		-11	-25
Premium reserves transferred from other companies		6,239	4,566
Premiums for own account	12	**31,216**	**28,568**
Income from investments in subsidiaries, associated companies and joint-controlled companies	30	285	254
Interest income and dividends etc. from financial assets	16	7,790	7,350
Net operating income from real estate	17	1,003	903
Changes in investment value	16	5,053	-2,300
Realised gains and losses on investments	16	2,235	1
Total net income from investments in the collective portfolio	12	**16,367**	**6,207**
Income from investments in subsidiaries, associated companies and joint-controlled companies	30	56	49
Interest income and dividends etc. from financial assets	16	379	570
Net operating income from real estate	17	148	127
Changes in investment value	16	29,870	-7,624
Realised gains and losses on investments	16	1,941	480
Total net income from investments in the investment selection portfolio	12	**32,394**	**-6,398**
Other insurance related income	12,18	**1,344**	**1,335**
Gross claims paid		-19,591	-19,223
Claims paid - reinsurance		10	76
Premium reserves etc. transferred to other companies		-6,357	-5,265
Claims for own account	12	**-25,938**	**-24,413**
To (from) premium reserve, gross		-531	3,212
To/from additional statutory reserves		-768	-52
Change in value adjustment fund		-3,255	1,462
Change in premium fund, deposit fund and the pension surplus fund		-2	-5
To/from technical reserves for non-life insurance business		-8	-5
Change in conditional bonus		-1,858	336
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds		-11	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	12	**-6,433**	**4,931**
Change in premium reserve		-43,761	-4,964
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	12	**-43,761**	**-4,964**
Profit on investment result		-199	-162
Risk result allocated to insurance contracts		-196	-194
Other allocation of profit		-43	-63
Funds allocated to insurance contracts	12	**-438**	**-419**

NOK million	Note	2019	2018
Management expenses		-189	-209
Selling expenses	20	-788	-739
Change in pre-paid direct selling expenses	20	51	27
Insurance-related administration expenses (incl. commissions for reinsurance received)		-1,565	-1,503
Insurance-related operating expenses	12	**-2,492**	**-2,425**
Other insurance related expenses	12,24	**-388**	**-195**
Technical insurance profit		**1,871**	**2,228**
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	30	15	14
Interest income and dividends etc. from financial assets	16	448	363
Changes in investment value	16	133	-108
Realised gains and losses on investments	16	83	133
Net income from investments in company portfolio		**679**	**403**
Other income	19	**173**	**270**
Management expenses		-18	-18
Other costs	25	-850	-873
Management expenses and other costs linked to the company portfolio		**-868**	**-890**
Profit or loss on non-technical account		**-16**	**-217**
Profit before tax		**1,855**	**2,010**
Tax costs	26	-333	1,088
Profit before other comprehensive income		**1,522**	**3,098**
Change in actuarial assumptions		14	-36
Change in value adjustment reserve own buildings		-22	48
Adjustment of insurance liabilities		22	-48
Tax on other profit elements not to be classified to profit/loss		9	4
Total other profit elements not to be classified to profit/loss		**23**	**-32**
Profit/loss cash flow hedging		-36	-23
Translation differences		-164	-358
Total other profit elements that may be classified to profit /loss		**-201**	**-381**
Total other profit elements		**-177**	**-413**
PROFIT IS ATTRIBUTABLE TO:			
Minority share of profit		1,515	3,091
Majority share of profit		7	7
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:			
Minority share of profit		1,347	2,685
Majority share of profit		-2	-1

Storebrand Livsforsikring Group
Statement of financial position
31. December

NOK million	Note	2019	2018
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill	27	750	780
Other intangible assets	27	3,073	3,457
Total intangible assets		**3,824**	**4,237**
Real estate at fair value	29	49	50
Equities and units in subsidiaries, associated companies and joint-controlled companies	30	114	100
Lending at amortised cost	9,11,28	2	2
Bonds at amortised cost	9,11,28,31	7,119	7,655
Deposits at amortised cost	9,28	582	705
Equities and other units at fair value	11,28,31	25	16
Bonds and other fixed-income securities at fair value	9,11,28,33	19,914	17,391
Derivatives at fair value	11,28,34	1,122	1,121
Total investments		**28,926**	**27,040**
Receivables in connection with direct business transactions		310	575
Receivables in connection with reinsurance transactions		17	9
Receivables with group company		112	98
Other receivables	36	3,206	6,036
Total receivables		**3,645**	**6,719**
Tangible fixed assets	35	325	12
Cash, bank	9,28	1,814	2,012
Tax assets	26	1,566	1,942
Other assets designated according to type		67	70
Total other assets		**3,772**	**4,036**
Deferred acquisition costs		583	553
Other pre-paid costs and income earned and not received		138	132
Total pre-paid costs and income earned and not received		**721**	**685**
Total assets in company portfolio		**40,887**	**42,717**
ASSETS IN CUSTOMER PORTFOLIOS			
Real estate at fair value	29	25,526	24,913
Real estate for own use	29	1,375	1,420
Equities and units in subsidiaries, associated companies and joint-controlled companies	30	3,352	3,679
Bonds held to maturity	9,11,28,31	13,377	14,403
Bonds at amortised cost	9,11,28,31	89,790	86,374
Lending at amortised cost	9,11,28	23,735	25,270
Deposits at amortised cost	9,28	6,163	4,509
Equities and other units at fair value	11,28,32	25,677	23,402
Bonds and other fixed-income securities at fair value	9,11,28,33	83,881	91,493
Lending's at fair value	9,11,28	6,393	5,172
Financial derivatives at fair value	11,28,34	3,122	3,031
Total investments in collective portfolio		**282,391**	**283,666**
Reinsurance share of insurance obligations		**69**	**48**

NOK million	Note	2019	2018
Real estate at fair value	29	3,839	3,303
Equities and units in subsidiaries, associated companies and joint-controlled companies	30	693	727
Deposits at amortised cost	9,28	1,312	948
Equities and other units at fair value	11,28,32	168,344	133,664
Bonds and other fixed-income securities at fair value	9,11,28,33	44,245	42,038
Lending's at fair value		343	535
Financial derivatives at fair value	11,28,34	1,009	389
Total investments in investment selection portfolio		**219,786**	**181,605**
Total assets in customer portfolio		**502,246**	**465,319**
TOTAL ASSETS		**543,133**	**508,036**
EQUITY AND LIABILITIES			
Share capital		3,540	3,540
Share premium		9,711	9,711
Other paid in capital		88	
Total paid in equity		**13,339**	**13,251**
Risk equalisation fund		466	234
Security reserves		5	
Other earned equity		11,627	13,714
Minority's share of equity		113	114
Total earned equity		**12,211**	**14,061**
Perpetual subordinated loan capital		1,974	2,101
Dated subordinated loan capital		6,675	5,847
Total subordinated loan capital and hybrid tier 1 capital	9,11,28	**8,649**	**7,948**
Premium reserves		253,582	260,106
Additional statutory reserves		9,023	8,494
Market value adjustment reserve		5,500	2,245
Premium fund, deposit fund and the pension surplus fund		2,016	2,157
Conditional bonus		9,302	8,243
Other technical reserve		649	622
Total insurance obligations in life insurance - contractual obligations	37,38	**280,072**	**281,868**
Premium reserve		219,793	180,406
Total insurance obligations in life insurance - investment portfolio separately	37,38	**219,793**	**180,406**
Pension liabilities etc.	21	100	149
Deferred tax	26	527	85
Other provisions for liabilities		127	24
Total provisions for liabilities		**754**	**258**
Liabilities in connection with direct insurance		1,015	1,310
Liabilities in connection with reinsurance		3	20
Financial derivatives	11,28,34	932	4,535
Liabilities to group companies		33	42
Other liabilities	39	5,560	3,876
Total liabilities		**7,543**	**9,782**
Other accrued expenses and received, unearned income		772	463
Total accrued expenses and received, unearned income		**772**	**463**
TOTAL EQUITY AND LIABILITIES		**543,133**	**508,036**

Lysaker, 11 February 2020
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Odd Arlid Grefstad
Cairman of the Board

Martin Skancke | Vibeke Hammer Madsen | Kari Birkeland

Jørn Hilstad | Hans Henrik Klouman | Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

Statement of change in equity Storebrand Livsforsikring Group

	Majority's share of equity								
NOK million	Share capital	Share premium	Other paid in equity	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Minority interests	Total equity
Equity at 31.12.2017	**3,540**	**9,711**		**13,251**	**143**		**12,370**	**114**	**25,878**
Profit for the period					91		3,000	7	3,098
Total other profit elements							-413	-1	-414
Total comprehensive income for the period					**91**		**2,587**	**6**	**2,684**
Equity transactions with owner:									
Received dividend/group contribution								4	4
Paid dividend/group contributions							-1,300	-2	-1,302
Other							57	-8	49
Equity at 31.12.2018	**3,540**	**9,711**		**13,251**	**234**		**13,714**	**114**	**27,313**
Profit for the period					232	5	1,278	7	1,522
Total other profit elements							-175	-2	-177
Total comprehensive income for the period					**232**	**5**	**1,102**	**6**	**1,345**
Equity transactions with owner:									
Received dividend/group contribution			88	88					88
Paid dividend/group contributions							-3,221		3,221
Other							33	-7	26
Equity at 31.12.2019	**3,540**	**9,711**	**88**	**13,339**	**466**	**5**	**11,628**	**113**	**25,550**

Statement of cash flow Storebrand Livsforsikring 1. January - 31. December

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2018	2019	NOK million	2019	2018
		Cash flow from operational activities		
24,039	25,236	Net received - direct insurance	17,104	16,698
-19,282	-19,913	Net claims/benefits paid - direct insurance	-12,529	-11,133
-699	-118	Net receipts/payments - policy transfers	-1,368	-799
-5,140	-765	Other net receipts/payments insurance liabilities	-260	773
1,335	1,344	Receipts - interest, commission and fees from customers	824	693
-195	-388	Payments - interest, commission and fees to customers	-368	-157
-2,425	-2,492	Net receipts/payments operations	-1,509	-1,456
-4,147	2,687	Net receipts/payments - other operational activities	-114	-2,833
-6,514	**5,591**	**Net cash flow from operational activities before financial assets**	**1,780**	**1,785**
-4,398	310	Net receipts/payments - lending's to customers	1,556	-4,209
12,896	-1,148	Net receipts/payments - financial assets	2,115	4,371
296	-368	Net receipts/payments - real estate activities		
-423	-2,092	Net change bank deposits insurance customers	-2,770	229
8,371	**-3,298**	**Net cash flow from operational activities from financial assets**	**901**	**391**
1,857	**2,293**	**Net cash flow from operational activities**	**2,681**	**2,175**
		Cash flow from investment activities		
1,176		Net payments - sale/purchase of subsidiaries		799
-520		Net payments - sale/purchase of associated companies and joint-controlled companies		-520
-4	-14	Net receipts/payments - sale/purchase of fixed assets	-15	-7
652	**-14**	**Net cash flow from investment activities**	**-15**	**272**
		Cash flow from financing activities		
845	927	Receipts of subordinated loan capital	927	845
-1,501	-128	Repayment of subordinated loan capital	-128	-1,501
-366	-355	Payments - interest on subordinated loan capital	-355	-366
	110	Receipts of dividend/group contributions	110	
-1,300	-3,200	Payment of dividend/group contributions	-3,200	-1,300
-2,322	**-2,646**	**Net cash flow from financing activities**	**-2,646**	**-2,322**
188	**-367**	**Net cash flow for the period**	**20**	**126**
-8,184	2,931	of which net cash flow for the period before financial assets	-881	-300
188	-367	Net movement in cash and cash equivalent assets	20	126
2,540	2,717	Cash and cash equivalents at start of the period	1,390	1,265
-10	46	Currency translation differences		
2,717	**2,396**	**Cash and cash equivalent assets at the end of the period**	**1,410**	**1,391**

Storebrand Livsforsikring AS
Statement of Comprehensive income
1. January - 31. December

NOK million	Note	2019	2018
TECHNICAL ACCOUNT:			
Gross premiums written		16,905	16,729
Reinsurance premiums ceded		-8	-18
Premium reserves transferred from other companies	15	3,139	2,131
Premiums for own account	12,13	**20,036**	**18,843**
Income from investments in subsidiaries, associated companies and joint-controlled companies	30	3,461	323
of which from investment in real estate companies		1,302	1,028
Interest income and dividends etc. from financial assets	16	5,389	5,594
Changes in investment value	16	1,702	-592
Realised gains and losses on investments	16	-455	-555
Total net income from investments in the collective portfolio	12	**10,097**	**4,770**
Income from investments in subsidiaries, associated companies and joint-controlled companies	30	3,870	-814
of which from investment in real estate companies		289	210
Interest income and dividends etc. from financial assets	16	64	503
Changes in investment value	16	8,534	-3,373
Realised gains and losses on investments	16	1,430	-150
Total net income from investments in the investment selection portfolio	12	**13,897**	**-3,835**
Other insurance related income	12,18	**824**	**693**
Gross claims paid		-12,226	-11,180
Claims paid - reinsurance		9	64
Premium reserves etc. transferred to other companies	15	-4,506	-2,930
Claims for own account	12	**-16,723**	**-14,046**
To (from) premium reserve, gross	38	543	335
To/from additional statutory reserves	38	-768	-60
Change in value adjustment fund	38	-3,255	1,462
Change in premium fund, deposit fund and the pension surplus fund	38	-2	-5
To/from technical reserves for non-life insurance business	38	-8	-5
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	15	-11	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	12	**-3,501**	**1,710**
Change in premium reserve		-21,134	-4,530
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	12	**-21,134**	**-4,530**
Profit on investment result	38	-199	-162
Risk result allocated to insurance contracts	38	-196	-194
Other allocation of profit		-43	-58
Funds allocated to insurance contracts	12	**-438**	**-415**
Management expenses		-189	-209
Selling expenses	20	-269	-282
Insurance-related administration expenses (incl. commissions for reinsurance received)		-1,051	-964
Insurance-related operating expenses	12	**-1,509**	**-1,456**
Other insurance related expenses	12,24	**-368**	**-157**
Technical insurance profit		**1,180**	**1,576**

NOK million	Note	2019	2018
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	30	565	908
Interest income and dividends etc. from financial assets	16	448	367
Changes in investment value	16	102	-61
Realised gains and losses on investments	16	279	135
Net income from investments in company portfolio		**1,394**	**1,350**
Other income	19	**22**	**105**
Management expenses		-18	-18
Other costs	25	-409	-419
Total management expenses and other costs linked to the company portfolio		**-427**	**-436**
Profit or loss on non-technical account		**988**	**1,019**
Profit before tax		**2,168**	**2,594**
Tax costs	26	-322	1,087
PROFIT BEFORE OTHER COMPREHENSIVE INCOME		**1,846**	**3,682**
Change in actuarial assumptions		-4	21
Tax on other profit elements not to be classified to profit/loss		10	
Total other profit elements not to be classified to profit/loss		**6**	**22**
Profit/loss cash flow hedging		-36	-23
Total other profit elements that may be classified to profit /loss		**-36**	**-23**
Total other profit elements		**-30**	**-1**
TOTAL COMPREHENSIVE INCOME		**1,816**	**3,681**

Storebrand Livsforsikring AS
Statement of financial position
31. December

NOK million	Note	2019	2018
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill			
Other intangible assets	27	338	338
Total intangible assets		**338**	**338**
Equities and units in subsidiaries, associated companies and joint-controlled companies	30	12,814	13,136
Lending's at amortised cost	9,11,28	1	1
Bonds at amortised cost	9,11,28,31	7,119	7,655
Deposits at amortised cost	9	508	486
Equities and other units at fair value	11,28,32	24	16
Bonds and other fixed-income securities at fair value	9,11,28,33	11,675	11,026
Derivatives at fair value	9,11,28,34	1,122	1,121
Total investments		**33,262**	**33,441**
Receivables in connection with direct business transactions		305	520
Receivables in connection with reinsurance transactions		9	
Receivables with group company	30	770	197
Other receivables	36	356	1,752
Total receivables		**1,439**	**2,469**
Tangible fixed assets	35	19	4
Cash, bank	9,28	902	904
Tax assets	26	1,340	1,817
Total other assets		**2,261**	**2,725**
Other pre-paid costs and income earned and not received		25	38
Total pre-paid costs and income earned and not received		**25**	**38**
Total assets in company portfolio		**37,326**	**39,012**
ASSETS IN CUSTOMER PORTFOLIOS			
Equities and units in subsidiaries, associated companies and joint-controlled companies	30	28,662	25,919
of which investment in real estate companies		19,565	18,751
Loans to and securities issued by subsidiaries, associated companies and joint-controlled companies	30		529
Bonds held to maturity	9,11,28,31	13,377	14,403
Bonds at amortised cost	9,11,28,31	89,790	86,374
Lending at amortised cost	9,11,28	23,735	25,270
Deposits at amortised cost	9,28	4,444	1,791
Equities and other units at fair value	11,28,32	7,860	6,797
Bonds and other fixed-income securities at fair value	9,11,28,33	22,173	25,166
Financial derivatives at fair value	9,11,28,34	1,080	709
Total investments in collective portfolio		**191,121**	**186,959**
Reinsurance share of insurance obligations		**67**	**48**
Equities and units in subsidiaries, associated companies and joint-controlled companies	30	20,077	15,855
of which investment in real estate companies		4,643	4,133
Loans to and securities issued by subsidiaries, associated companies and joint-controlled companies	30		106
Lending at amortised cost	9,28	986	870
Deposits at amortised cost	11,28,32	54,990	42,617
Equities and other units at fair value	9,11,28,33	37,138	34,731
Bonds and other fixed-income securities at fair value	9,11,28	343	364
Financial derivatives at fair value	9,11,28,34	1,009	389
Total investments in investment selection portfolio		**114,544**	**94,933**
Total assets in customer portfolios		**305,732**	**281,939**
TOTAL ASSETS		**343,058**	**320,951**

NOK million	Note	2019	2018
EQUITY AND LIABILITIES			
Share capital		3,540	3,540
Share premium		9,711	9,711
Other paid in capital		599	84
Total paid in equity		**13,850**	**13,335**
Risk equalisation fund		466	234
Security reserves		5	
Other earned equity		11,190	11,812
Total earned equity		**11,661**	**12,045**
Perpetual subordinated loan capital		1,974	2,101
Dated subordinated loan capital		6,675	5,847
Total subordinated loan capital and hybrid tier 1 capital	8,11,28	**8,649**	**7,948**
Premium reserves		171,973	171,927
Additional statutory reserves		9,023	8,494
Market value adjustment reserve		5,500	2,245
Premium fund, deposit fund and the pension surplus fund		2,016	2,157
Other technical reserve		649	622
Total insurance obligations in life insurance - contractual obligations	37,38	**189,161**	**185,446**
Premium reserves		114,538	93,441
Total insurance obligations in life insurance - investment portfolio separately	37,38	**114,538**	**93,441**
Pension liabilities etc.	21	7	12
Total provisions for liabilities		**7**	**12**
Liabilities in connection with direct insurance		758	1,050
Financial derivatives	9,11,28,34	421	3,910
Liabilities to group companies		2,257	3,257
Other liabilities	39	1,450	367
Total liabilities		**4,886**	**8,585**
Other accrued expenses and received, unearned income		305	139
Total accrued expenses and received, unearned income		**305**	**139**
TOTAL EQUITY AND LIABILITIES		**343,058**	**320,951**

Lysaker, 11 February 2020
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Odd Arlid Grefstad
Chairman of the Board

Martin Skancke

Vibeke Hammer Madsen

Kari Birkeland

Jørn Hilstad

Hans Henrik Klouman

Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

Statement of change in equity Storebrand Livsforsikring AS

NOK million	Share capital [1]	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Total equity
Equity at 31.12.2017	**3,540**	**9,711**		**13,251**	**143**		**11,422**	**24,815**
Profit for the period					91		3,591	3,682
Total other profit elements							-1	-1
Total comprehensive income for the period					**91**		**3,590**	**3,681**
Equity transactions with owner:								
Received dividend/group contributions			84	84				84
Paid dividend/group contributions							-3,200	-3,200
Other							1	1
Equity at 31.12.2018	**3,540**	**9,711**	**84**	**13,335**	**234**		**11,812**	**25,381**
Profit for the period					232	5	1,609	1,846
Total other profit elements							-30	-30
Total comprehensive income for the period					**232**	**5**	**1,578**	**1,816**
Equity transactions with owner:								
Received dividend/group contributions			515	515				515
Paid dividend/group contributions							-2,200	-2,200
Other								0
Equity at 31.12.2019	**3,540**	**9,711**	**599**	**13,850**	**466**	**5**	**11,190**	**25,511**

1) 35 404 200 shares par value NOK 100

Noter

Note 1 Company information and accounting policies

1. COMPANY INFORMATION

Storebrand Livsforsikring Group offers products within life insurance to private individuals, companies and public sector entities in Norway and Sweden. The Group is divided into the segments Savings, Insurance, Guaranteed Pension 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.

The financial statements are prepared in accordance with accounting regulations for life insurance company from the FSA for the parent company and the 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 IAS39 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 IFRS9, 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 IFRS9, a SPPI ("Solely payment of principal and interest") test is carried out. This is a provisional categorisation under IFRS9, based on the present asset allocation. No assessments have been made of any changes in classification and measurement of financial assets under IFRS9 in connection with the transition to IFRS17.

IFRS 9 CLASSIFICATION FINANCIAL INSTRUMENTS (IFRS 4, 39E)

IFRS 9 - FINANCIAL INSTRUMENTS TO AMORTISED COST AND FVOCI

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS 39 1.1.2019	Fair value after IFRS 9 1.1.2019	Booked value after IAS 39 31.12.2019	Fair value after IFRS 9 31.12.2019
Financial assets						
Bank deposits	AC	AC	8,175	8,175	9,871	9,871
Bonds and other fixed-income securities	AC	AC	108,432	113,469	110,287	115,021
Loans to customers	AC	FVOCI	25,272	25,253	23,736	23,736
Accounts receivable and other short-term receivables	AC	AC	6,819	6,819	4,365	4,365
Total financial assets			**148,903**	**153,922**	**148,147**	**152,881**
Financial liabilities						
Subordinated loan capital	AC	AC	7,948	7,940	8,649	8,729
Other current liabilities	AC	AC	4,404	4,404	5,816	5,816
Total financial liabilities			**13,764**	**13,756**	**15,817**	**15,898**

IFRS 9 - FINANCIAL INSTRUMENTS AT FAIR VALUE

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS 39 1.1.2019	Fair value after IFRS 9 1.1.2019	Booked value after IAS 39 31.12.2019	Fair value after IFRS 9 31.12.2019
Financial assets						
Shares and fund units	FVP&L (FVO)	FVP&L	157,082	157,082	194,045	194,045
Bonds and other fixed-income securities	FVP&L (FVO)	FVP&L	150,922	150,922	148,040	148,040
Loans to customers	FVP&L (FVO)	FVP&L	5,708	5,708	6,736	6,736
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	4,542	4,542	5,253	5,253
Total financial assets			**318,534**	**318,534**	**354,074**	**354,074**
Financial liabilities						
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	4,535	4,535	932	932
Total financial liabilities			**4,535**	**4,535**	**932**	**932**

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 and insurance liabilities in Sweden, measured at fair value, 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.

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 IAS17. 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. 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 35 Tangible fixed assets and leases.

5. NEW IFRS THAT HAVE NOT ENTERED INTO FORCE

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

<u>IFRS 17:</u>
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 IFRS17, including assessing the effects implementation of IFRS17 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

For Storebrand Livsforsikring AS (the parent company), subsidiaries that are included in the collective portfolio are recognised according to the equity method, while subsidiaries that are included in the company portfolio are recognised according to the cost method. For subsidiaries that prepare accounts in accordance with principles other than those that apply to the insurance company, the subsidiary's financial statements are restated to comply with the principles under which the insurance company's accounts are prepared.

The consolidated financial statements combine Storebrand Livsforsikring AS and companies where Storebrand Livsforsikring AS has a controlling interest. 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 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. Benco (which owns Euroben) is also a company owned by Storebrand Livsforsikring AS.

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.

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 accounts. 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 a 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, and performance fees are recognised as income once the success criteria have been met.

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 discounted present value of 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 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 near 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 through 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

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 40.

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 that are not derivatives 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 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 – NORWAY

Additional statutory reserves

The company is permitted 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.

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 recognised in 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 AND GROUP CONTRIBUTIONS

In the consolidated financial statement the proposed dividend an group contributions is classified as equity until approved by the general meeting and presented as liabilities after this date. The proposed dividend and group contributions is not included in the calculation of the solvency capital. In the company accounts for Storebrand Livsforsikring AS, Provision is made for proposed dividends and group contributions in accordance with the exemption for company accounts in accounting regulations for life insurance company.

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 measures 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 44 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 6, 37 and 38.

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 11 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.

Reference is also made to Note 11 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 Profit by segments

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 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
Under the segment 'Other', the performance of the company's portfolios in Storebrand Livsforsikring and SPP and smaller daughters are reported. It also includes result related to BenCo, which through Euroben offer pension products to multinational companies.

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 Group's 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 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:

Loan losses that are on the balance sheet of the Storebrand Livsforsikring Group, 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.

RESULT BY BUSINESS AREA

NOK million	2019	2018
Savings	566	501
Insurance	281	554
Guaranteed pension	1,029	1,138
Other	320	121
Profit before amortisation	**2,196**	**2,315**
Amortisation intangible assets	-341	-305
Profit before tax	**1,855**	**2,010**

ASSEGMENT INFORMATION AT 31.12

	Savings		Insurance		Guaranteed pension	
NOK million	2019	2018	2019	2018	2019	2018
Fee and administration income	1,805	1,654			1,475	1,441
Insurance result			665	947		
- Insurance premiums f.o.a.			2,750	2,780		
- Claims f.o.a.			-2,086	-1,833		
Operational cost	-1,222	-1,128	-417	-411	-819	-828
Operating profit	**583**	**526**	**248**	**536**	**657**	**614**
Financial items and risk result life & pension	-17	-25	33	18	372	525
Profit before amortisation	**566**	**501**	**281**	**554**	**1,029**	**1,138**
Amortisation of intangible assets						
Profit before tax	**566**	**501**	**281**	**554**	**1,029**	**1,138**

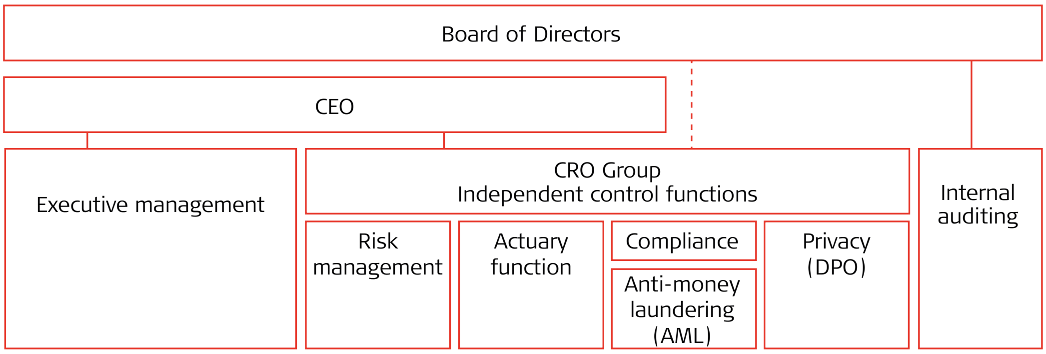
	Other		Storebrand Livsforsikring Group	
NOK million	2019	2018	2019	2018
Fee and administration income	51	89	3,332	3,185
Insurance result			665	947
- Insurance premiums f.o.a.			2,750	2,780
- Claims f.o.a.			-2,086	-1,833
Operational cost	-52	-88	-2,510	-2,454
Operating profit	**-1**	**2**	**1,486**	**1,678**
Financial items and risk result life & pension	321	120	709	637
Profit before amortisation	**320**	**121**	**2,196**	**2,315**
Amortisation of intangible assets			-341	-305
Profit before tax	**320**	**121**	**1,855**	**2,010**

Note 4 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 3-4 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 5 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 6 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 and accident 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 and accident is considered to be limited based on the volume and underlying volatility of the products.

The Other segment includes the insurance risk at BenCo. BenCo offers pension products to Nordic companies through Euroben. The insurance risk at BenCo 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 therefore 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 standard 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) 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 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

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
NOK million	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 they have thus no impact on the results in the financial statements for 2019.

Note 7 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
Real estate at fair value	11%	2%	0%
Bonds at amortised cost	38%	0%	25%
Money market	2%	4%	3%
Bonds at fair value	28%	15%	72%
Equities at fair value	8%	79%	0%
Lending at amortised cost	14%	0%	0%
Other	0%	0%	0%
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.

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

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCIES PER 31.12.19

	Storebrand Livsforsikring Group				Storebrand Livsforsikring AS			
	Balance sheet items excluding currency derivatives	Forward contracts	Net position		Balance sheet items excluding currency derivatives	Forward contracts	Net position	
NOK million	Net in balance sheet	Net sales	in currency	in NOK	Net in balance sheet	Net sales	in currency	IN NOK
AUD	99	-157	-58	-360	1	-146	-145	-897
CAD	127	-327	-201	-1,365	3	-304	-301	-2,038
CHF	92	-138	-46	-419	1	-128	-127	-1,148
DKK	156	-256	-100	-132	14	-236	-222	-293
EUR	1,091	-1,274	-183	-1,809	654	-1,099	-445	-4,394
GBP	123	-217	-94	-1,103	1	-197	-196	-2,276
HKD	246	-829	-583	-676	32	-420	-388	-437
JPY	26,214	-45,381	-19,167	-1,556	115	-42,156	-42,041	-3,399
NZD	5	-19	-14	-81	0	-18	-18	-105
SEK	212,391	-456	211,935	206,431	25,002	-10,384	14,618	13,722
SGD	20	-37	-18	-117	0	-35	-35	-229
USD	3,654	-5,132	-1,478	-12,960	1,343	-4,661	-3,318	-29,159
NOK[1)]	33,929	-1,890	32,039	32,186	53,042		53,042	53,042
Insurance liabilities in SEK	-209,425		-209,425	-204,526	-451		-451	-424
Total net currency position 2019				**13,514**				**21,965**
Total net currency position 2018				**4,748**				**17,041**

1) Equity and bond funds denominated in NOK with foreign currency exposure in i.a. EUR and USD NOK 22 billion.

STOREBRAND LIVSFORSIKRING

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

Guaranteed customer portfolios in more detail

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:

STOREBRAND LIVSFORSIKRING
Customer portfolio divided on annual guaranteed return

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 %	11.2 %	9.5 %
0.5 %	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	**3.20 %**	**3.20 %**

The table includes premium reserve excluding 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 & INSURANCE

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.

SPP PENSION & FÖRSÄKRING
Customer portfolio divided on annual guaranteed return

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%	4.1 %	5.9 %

* 1.25 per cent on 85 per cent of the premium

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	**2.88 %**	**2.82 %**

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.

Sensitivity assessments

Level of stress	Stress test 1	Stress test 2
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.

STRESS TEST 1

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
Sensitivity	NOK million	Share of portfolio	NOK million	Share of portfolio
Interest rate risk	3,341	1.6 %	421	0.5 %
Equity risk	-3,201	-1.5 %	-2,038	-2.2 %
Real estate 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 %**

STRESS TEST 2

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
Sensitivity	NOK million	Share of portfolio	NOK million	Share of portfolio
Interest rate risk	-3,341	-1.6 %	-421	-0.5 %
Equity risk	-1,920	-0.9 %	-1,223	-1.3 %
Real estate 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 8 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.
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.

STOREBRAND LIVSFORSIKRING GROUP

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 months	7-12 months	2-3 years	4-5 years	over 5 years	Total	Book value
Subordinated loan capital	1,156	70	2,303	5,349	850	9,728	8,649
Other current liabilities	7,510						7,510
Uncalled residual liabilities Limited partnership	7,297					7,297	
Total financial liabilities 2019	**15,962**	**70**	**2,303**	**5,349**	**850**	**24,535**	**16,158**
Derivatives related to funding 2019	**-113**	**90**	**-47**	**-114**		**-184**	
Total financial liabilities 2018	**11,952**	**74**	**2,360**	**4,477**	**2,049**	**20,912**	**13,805**

The agreed remaining term provides limited information about the company's liquidity risk since the vast majority of investment assets can be realised more quickly in the secondary market than the agreed remaining term. The cash flow from perpetual subordinated loans is calculated up to the first call.

STOREBRAND LIVSFORSIKRING GROUP

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Perpetual subordinated loan capital					
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
Total subordinated loan capital 2019					**8,649**
Total subordinated loan capital 2018					**7,948**

FINANCING ACTIVITIES - MOVEMENTS DURING THE YEAR

	Subordinated loan capital	
NOK million	2019	2018
Book value 1.1	7,948	8,591
Admission of new loans/liabilities	927	845
Repayment of loans/liabilities	-128	-1,501
Change in accrued interest	1	-4
Translation differences	-101	15
Change in value/amortisation	1	2
Book value 31.12	**8,649**	**7,948**

STOREBRAND LIVSFORSIKRING AS

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 months	7-12 months	2-3 years	4-5 years	over 5 years	Total	Book value
Subordinated loan capital	1,156	70	2,303	5,349	850	9,728	8,649
Other current liabilities	4,770					4,770	4,770
Uncalled residual liabilities Limited partnership	6,433					6,433	
Total financial liabilities 2019	**12,358**	**70**	**2,303**	**5,349**	**850**	**20,930**	**13,419**
Derivatives related to funding 2019	**-113**	**90**	**-47**	**-114**		**-184**	
Total financial liabilities 2018	**10,002**	**74**	**2,360**	**4,477**	**2,049**	**18,962**	**12,761**

The agreed remaining term provides limited information about th e company's liquidity risk since the vast majority of investmen t assets can be realised more quickly in the secondary market than the agreed remaining term. The cash flow from perpetual subordinated loans is calculated up to the first call.

Note 9 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.

STOREBRAND LIVSFORSIKRING GROUP

CREDIT RISK BY COUNTERPARTY

Bonds and other fixed-income securities at fair value
Category by 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 bonds	22,109	13,531	39				35,679
Corporate bonds	20,553	7,040	28,703	31,341	795	9,218	97,650
Structured notes				36			36
Collateralised securities	1,177	554					1,731
Total interest bearing securities stated by rating	**43,839**	**21,125**	**28,742**	**31,377**	**795**	**9,218**	**135,095**
Bond funds not managed by Storebrand							16,666
Non-interest bearing securities managed by Storebrand							3,016
Total 2019	**43,839**	**21,125**	**28,742**	**31,377**	**795**	**9,218**	**154,777**
Total 2018	**40,266**	**27,680**	**33,013**	**26,147**	**3,630**	**7,141**	**156,629**

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 bonds	10,379	13,972	2,976				27,327
Corporate bonds	25,843	10,385	41,435	12,905		19,327	109,895
Structured notes		290				1,220	1,510
Collateralised securities							0
Total 2019	**36,222**	**24,647**	**44,411**	**12,905**	**0**	**20,547**	**138,732**
Total 2018	**39,589**	**25,788**	**25,220**	**10,168**	**11,810**	**25,253**	**137,828**

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		3,216	1,734		596		5,546
Of which derivatives in bond funds, managed by Storebrand		167	109		18		294
Total derivatives excluding derivatives in bond funds 2019	**0**	**3,049**	**1,625**	**0**	**578**	**0**	**5,252**
Total derivatives excluding derivatives in bond funds 2018	**0**	**2,470**	**1,450**	**26**	**596**	**0**	**4,542**
Bank deposits		3,403	7,620	494		108	11,625
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	**0**	**3,513**	**6,250**	**0**	**0**	**108**	**9,871**
Total bank deposits excluding bank deposits in bond funds 2018	**0**	**5,952**	**2,030**	**15**	**159**	**19**	**8,175**

Rating classes based on Standard & Poor's.

NIG = Non-investment grade.

Investments subjected to netting agreements/CSA

NOK million	Booked value financial assets	Booked value financial liabilities	Net booked financial assets/ liabilities	Collateral		Net exposure
				Cash (+/-)	Securities (+/-)	
Investments subject to netting agreements	5,252	932	4,320	2,586	-172	1,907
Investments not subject to netting agreements						
Total counterparts 2019	**5,252**	**932**	**4,320**	**2,586**	**-172**	**1,907**
Total counterparts 2018	**4,822**	**4,535**	**286**	**0**	**-1,598**	**1,889**

Financial assets at fair value through profit and loss (FVO) - excl. interest fund

NOK million	2019	2018
Booked value maximum exposure for credit risk	154,778	156,630
Net credit risk	**154,778**	**156,630**
This year's change in fair value due to change in credit risk	-282	-720

Storebrand has none related credit derivatives or collateral

THE LOAN PORTFOLIO

The corporate market portfolio consists of income-generating real estate and development real estate with few customers and low defaults which are essentially secured on commercial property.

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, customers are checked regarding policy rules and credit ratings are classified.

The weighted average loan-to-value ratio for retail market loans is approximately 55 per cent on home loans. About 87 per cent of home loans have a loan to value ratio within 70 per cent and approximately 98 per cent are within 80 per cent loan to value ratio. About 58 per cent of the home loans are within a 60 per cent LVR. The portfolio is considered to have low to moderate credit risk.

Loans at amortised cost and loans at fair value
Commitments by customer groups

NOK million	Lending to and receivables from customers	Undrawn credit limits	Total commitments	Individual write-downs	Net non-performing loans
Sale and operation of real estate	10,575		10,575		
Wage-earners and others	17,471	83	17,554		
Others	2,434		2,434	-8	8
Total	**30,480**	**83**	**30,564**	**-8**	**8**
- Individual write-downs	-8		-8		
Total lending to and receivables from customers 2019	**30,472**	**83**	**30,555**	**-8**	**8**
Total lending to and receivables from customers 2018	**30,980**	**83**	**31,062**	**-50**	**50**

The division into customer groups is based on Statistics Norway's standard for sector and business grouping. The placement of the individual customer is determined by the customer's primary business.

Total commitments by remaining term

NOK million	2019 Lending to and receivables from customers	2019 Undrawn credit limits	2019 Total commitments	2018 Lending to and receivables from customers	2018 Undrawn credit limits	2018 Total commitments
Up to one month				200		200
2 - 3 months	140		140	166		166
4 months - 1 year	472	5	477	1,383	1	1,384
2 -5 years	8,866	31	8,897	7,607	29	7,636
More than 5 years	21,002	48	21,050	21,673	53	21,726
Total gross commitments	**30,480**	**83**	**30,564**	**31,029**	**83**	**31,112**

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 2,000.

Credit risks by customer groups

NOK mill.	Individual write-downs	Total value changes recognised in the period
Others	-8	-8
Total 2019	**-8**	**-8**
Total 2018	**-50**	**-50**

STOREBRAND LIVSFORSIKRING AS

CREDIT RISK BY COUNTERPARTY
Bonds and other fixed-income securities at fair value
Category by 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 bonds	7,207	1,868					9,075
Corporate bonds	4,170	4,237	19,960	23,889	153	1,044	53,452
Structured notes				36			36
Collateralised securities	645	295					940
Total interest bearing securities stated by rating	**12,023**	**6,400**	**19,960**	**23,924**	**153**	**1,044**	**63,503**
Bond funds not managed by Storebrand							5,519
Non-interest bearing securities managed by Storebrand							2,307
Total 2019	**12,023**	**6,400**	**19,960**	**23,924**	**153**	**1,044**	**71,329**
Total 2018	**6,220**	**12,663**	**23,764**	**19,931**		**1,591**	**71,289**

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 bonds	10,379	13,972	2,976				27,327
Corporate bonds	25,843	10,385	41,435	12,905		19,327	109,895
Structured notes		290				1,220	1,510
Total 2019	**36,222**	**24,647**	**44,411**	**12,905**		**20,547**	**138,732**
Total 2018	**39,589**	**25,788**	**25,220**	**10,168**	**11,810**	**25,253**	**137,828**

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		2,614	290		596		3,501
Of which derivatives in bond funds, managed by Storebrand		165	107		18		290
Total derivatives excluding derivatives in bond funds 2019		**2,449**	**184**	**0**	**578**		**3,211**
Total derivatives excluding derivatives in bond funds 2018		**1,564**	**128**	**19**		**508**	**2,220**
Bank deposits		3,295	4,662	494		108	8,559
Of which bank deposits in bond funds, managed by Storebrand		-118	1,343	494			1,719
Total bank deposits excluding bank deposits in bond funds 2019		**3,413**	**3,319**			**108**	**6,841**
Total bank deposits excluding bank deposits in bond funds 2018		**3,893**			**159**		**4,051**

Rating classes based on Standard & Poor's.
NIG = Non-investment grade.

Investments subjected to netting agreements/CSA

				Collateral		
NOK million	Booked value financial assets	Booked value financial liabilities	Net booked financial assets/ liabilities	Cash (+/-)	Securities (+/-)	Net exposure
Total counterparts 2019	**3,211**	**421**	**2,789**	**852**	**24**	**1,913**
Total counterparts 2018	**1,712**	**3,398**	**-1,686**	**0**	**-1,598**	**-88**

Financial assets at fair value through profit and loss (FVO) - excluding interest fund

NOK mill.	2019	2018
Booked value maximum exposure for credit risk	71,329	71,288
Net credit risk	**71,329**	**71,288**
This year's change in fair value due to change in credit risk	-17	-603

Storebrand has none related credit derivatives or collateral

THE LOAN PORTFOLIO

The corporate market portfolio consists of income-generating real estate and development real estate with few customers and low defaults which are essentially secured on commercial property.

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, customers are checked regarding policy rules and credit ratings are classified.

The weighted average loan-to-value ratio for retail market loans is approximately 55 per cent on home loans. About 87 per cent of home loans have a loan to value ratio within 70 per cent and approximately 98 per cent are within 80 per cent loan to value ratio. About 58 per cent of the home loans are within a 60 per cent LVR. The portfolio is considered to have low to moderate credit risk.

Commitments by customer groups

NOK million	Lending to and receivables from customers	Undrawn credit limits	Total commitments	Individual write-downs	Net non-performing loans
Sale and operation of real estate	5,461		5,461		
Wage-earners and others	17,471	83	17,554		
Others	1,147		1,147	-1	1
Total	**24,079**	**83**	**24,163**	**-1**	**1**
- Individual write-downs	-1		-1		0
Total lending to and receivables from customers 2019	**24,078**	**83**	**24,161**	**-1**	**1**
Total lending to and receivables from customers 2018	**25,635**	**83**	**25,717**	**-17**	**17**

The division into customer groups is based on Statistics Norway’s standard for sector and business grouping. The placement of the individual customer is determined by the customer’s primary business.

Total commitments by remaining term

	2019			2018		
NOK million	Lending to and receivables from customers	Undrawn credit limits	Total commitments	Lending to and receivables from customers	Undrawn credit limits	Total commitments
2 - 3 months	140		140	3,885		3,885
4 months - 1 year	7	5	12			
2 -5 years	4,786	31	4,816	18,187	81	18,267
More than 5 years	19,147	48	19,195	3,580	2	3,582
Total gross commitments	**24,079**	**83**	**24,163**	**25,651**	**83**	**25,734**

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 2,000.

Credit risks by customer groups

NOK million	Individual write-downs	Total value changes recognised in the period
Others	-1	-1
Total 2019	**-1**	**-1**
Total 2018	**-17**	**-17**

Note 10 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 the Storebrand Livsforsikring AS, SPP Pension & Försäkring AB and the business in Ireland (BenCo).

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.

The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification.
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 7, financial market risk.

In the short term, an interest rate increase will negatively impact on the returns for the life insurance companies

Note 11: 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.

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 date of the balance sheet 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 that 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 Norwegian activities, 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 16.4 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.

STOREBRAND LIVSFORSIKRING GROUP

FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2019	Total fair value 2018	Book value 2019	Book value 2018
Financial assets							
Loans to customers - corporate			6,169	6,169	6,981	6,194	6,999
Loans to customers - retail			17,542	17,542	18,272	17,542	18,272
Bonds held to maturity		14,433		14,433	15,679	13,377	14,403
Bonds classified as loans and receivables		99,051	1,537	100,588	97,790	96,909	94,029
Total fair value 2019		**113,483**	**25,248**	**138,732**		**134,023**	
Total fair value 2018		**113,469**	**25,253**		**138,722**		**133,703**
Financial liabilities							
Subordinated loan capital		8,729		8,729	7,940	8,649	7,948
Total fair value 2019		**8,729**		**8,729**		**8,649**	
Total fair value 2018		**7,940**			**7,940**		**7,948**

FAIR VALUE CLASSIFIED AT LEVEL

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2019	Total fair value 2018
Assets					
Equities and units					
- Equities	28,007	197	469	28,673	23,974
- Units		156,356	9,016	165,372	133,108
Total equities and units 2019	**28,007**	**156,553**	**9,485**	**194,045**	
Total equities and units 2018	**23,166**	**125,465**	**8,451**		**157,082**
Loans to customers					
- Loans to customers - corporate			6,736	6,736	5,708
Total loans to customers 2019			**6,736**	**6,736**	
Total loans to customers 2018			**5,708**		**5,708**
Bonds and other fixed income securities					
- Government bonds	10,638	20,778		31,416	32,872
- Corporate bonds		60,040	15	60,055	49,096
- Structured notes					79
- Collateralised securities		1,219		1,219	19,703
- Bond funds		49,861	5,490	55,350	49,172
Total bonds and other fixed income securities 2019	**10,638**	**131,898**	**5,505**	**148,040**	
Total bonds and other fixed income securities 2018	**13,530**	**134,015**	**3,377**		**150,922**
Derivatives:					
- Equity derivatives		1		1	
- Interest derivatives		2,539		2,539	2,788
- Currency derivatives		1,780		1,780	-2,781
Total derivatives 2019		**4,319**		**4,319**	**7**
- derivatives with a positive market value		5,253		5,253	4,542
- derivatives with a negative market value		-932		-932	-4,535
Total derivatives 2018		**7**			**7**
Real estate:					
- real estate at fair value			29,415	29,415	28,266
- real estate for own use			1,375	1,375	1,420
Total real estate 2019			**30,790**	**30,790**	
Total real estate 2018			**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 units	48	37

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period.
On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Movement level 3

NOK million	Equities	Units	Loans to customers	Corporate bonds	Bond Funds	Investment real estate	Real estate for own use
Book value 01.01	602	7,849	5,708	56	3,321	28,266	1,420
Net profit/loss	24	1,300	90	2	-49	716	-34
Supply/disposal	2	1,076	2,100		2,681	551	43
Sales/overdue/settlement	-9	-1,112	-790	-42	-356		-2
Translation differences	-6	-98	-208	-1	-107	-360	-92
Other	-145		-165			242	40
Book value 31.12.19	**469**	**9,016**	**6,736**	**15**	**5,490**	**29,415**	**1,375**

As of 31.12.19, Storebrand Livsforsikring had NOK 4,044 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26. The investments are classified as "Investment in Associated Companies/joint-controlled companies" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26 invests exclusively in real estate at fair value.

STOREBRAND LIVSFORSIKRING AS

FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2019	Total fair value 2018	Book value 2019	Book value 2018
Financial assets							
Loans to customers - corporate			6,169	6,169	6,981	6,194	6,999
Loans to customers - retail			17,542	17,542	18,272	17,542	18,272
Bonds held to maturity		14,433		14,433	15,679	13,377	14,403
Bonds classified as loans and receivables		99,051	1,537	100,588	97,790	96,909	94,029
Total fair value 2019		**113,483**	**25,248**	**138,732**		**134,023**	
Total fair value 2018		**113,469**	**25,253**		**138,722**		**133,703**
Financial liabilities							
Subordinated loan capital		8,729		8,729	7,940	8,649	7,948
Total fair value 2019		**8,729**		**8,729**		**8,649**	
Total fair value 2018		**7,940**			**7,940**		**7,948**

FAIR VALUE CLASSIFIED AT LEVEL

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2019	Total fair value 2018
Assets					
Equities and units					
- Equities	1,685	173	469	2,327	1,839
- Fund units		53,709	6,837	60,547	47,591
Total equities and units 2019	**1,685**	**53,883**	**7,306**	**62,874**	
Total equities and units 2018	**1,685**	**107,592**	**14,144**		**49,430**
Loans to customers					
- Loans to customers - corporate			343	343	
Total loans to customers 2019			**343**	**343**	
Total utlån til kunder 31.12.18					
Bonds and other fixed income securities					
- Government bonds	4,899	93		4,992	4,139
- Corporate bonds		25,787	8	25,794	25,857
- Collateralised securities		732		732	5,703
- Bond funds		38,704	763	39,467	35,225
Total bonds and other fixed income securities 2019	**4,899**	**65,316**	**771**	**70,986**	
Total bonds and other fixed income securities 2018	**4,139**	**66,193**	**592**		**70,924**
Derivatives:					
- Equity derivatives		1		1	
- Interest derivatives		1,238		1,238	1,365
- Currency derivatives		1,550		1,550	-3,056
Total derivatives 2019		**2,789**		**2,789**	
- derivatives with a positive market value		3,211		3,211	
- derivatives with a negative market value		-421		-421	
Total derivatives 2018		**-1,691**			**-1,691**

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	43	22

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period.
On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Movement level 3

NOK million	Equities	Units	Loans to customers	Corporate bonds	Bond Funds
Book value 01.01	451	5,340	364	25	567
Net profit/loss	24	1,424	-15		-20
Supply/disposal	2	900			318
Sales/overdue/settlement	-9	-827	-6	-17	-102
Book value 31.12.19	**469**	**6,837**	**343**	**8**	**763**

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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in value at change in discount rate		Change in value at change in discount rate	
NOK million	Increase + 25 bp	Decrease - 25 bp	Increase + 25 bp	Decrease - 25 bp
Change in fair value as at 31.12.19	-19	21	-19	21
Change in fair value as at 31.12.18	-56	57	-18	19

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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change MSCI World		Change MSCI World	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.19	413	-413	320	-320
Change in fair value as at 31.12.18	455	-455	251	-251

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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change indirect property investments		Change indirect property investments	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.19	1	-1	1	-1
Change in fair value as at 31.12.18	1	-1	1	-1

LOANS TO CUSTOMERS

Loans are valued at fair value. The fair value is determined by discounting future cash flows with the associated swap curve adjusted for a customer-specific credit spread. 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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in marketspread		Change in marketspread	
NOK million	+ 10 bp	- 10 bp	+ 10 bp	- 10 bp
Change in fair value as at 31.12.19	-27	27	-9	9
Change in fair value as at 31.12.18	-33	33	-10	10

CORPORATE BONDS

Corporate bonds at level 3 bonds are typically 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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	

	Change MSCI World		Change MSCI World	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.19	0	0	0	0
Change in fair value as at 31.12.18	3	-3	1	-1

PROPERTIES

The sensitivity assessment for real estate includes both investments properties and owner occupied 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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in required rate of return		Change in required rate of return	
NOK million	0,25%	-0,25%	0,25%	-0,25%
Change in fair value as at 31.12.19	-1,560	1,699	-1,065	1,129
Change in fair value as at 31.12.18	-1,373	1,522	-907	997

Note 12 Profit and loss account by class of business

NOK million	Group pension private sector	Group pension public sector	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance
Premium income	16,380	243	662	1,927	522	302
Net income from financial assets – collective portfolio	9,160	177	73	189	470	29
Net income from financial assets with investment choice	12,477			807	613	
Other insurance related income	719		-1	62	44	
Claims	-12,345	-130	-715	-1,953	-1,353	-227
– Of which agreements terminated/withdrawals from endowment policies	-146	-29		-45	-13	
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-4,032	-96	-1	42	603	-17
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-19,723			-660	-751	
Funds allocated to insurance contracts contractual obligations	-385	-9		-30	-13	
Insurance related operating costs	-963	-36	-68	-208	-165	-70
Other insurance related costs	-242	-131	10	-4		-1
Technical result 2019	**1,046**	**18**	**-41**	**172**	**-30**	**15**
Technical result 2018	**1,167**	**16**	**114**	**184**	**1**	**92**

NOK million	Storebrand Livsforsikring AS	BenCo	SPP	Storebrand Livsforsikring Group
Premium income	20,036	30	11,151	31,216
Net income from financial assets – collective portfolio	10,097	827	5,472	16,367
Net income from financial assets with investment choice	13,897		18,500	32,394
Other insurance related income	824	1	520	1,344
Claims	-16,723	-409	-8,806	-25,938
– Of which agreements terminated/withdrawals from endowment policies	-233		-95	-267
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-3,501	-407	-2,525	-6,433
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-21,134		-22,628	-43,761
Funds allocated to insurance contracts contractual obligations	-438			-438
Insurance related operating costs	-1,509	-17	-966	-2,492
Other insurance related costs	-368		-20	-388
Technical result 2019	**1,180**	**24**	**699**	**1,871**
Technical result 2018	**1,576**	**37**	**654**	**2,228**

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	2019	2018
Premium income	218	463	1,246	1,927	2,093
Net income from financial assets – collective portfolio	111	78		189	100
Net income from financial assets with investment choice			807	807	-258
Other insurance related income			61	62	57
Claims	-356	-210	-1,388	-1,953	-1,326
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	125	-79	-3	42	124
Changes in insurance obligations recognised in the Profit and Loss account with investment choice			-660	-660	-363
Funds allocated to insurance contracts contractual obligations	-30			-30	-55
Insurance related operating costs	-48	-89	-70	-208	-184
Other insurance related costs	-3	-1		-4	-4
Technical result	**16**	**162**	**-7**	**172**	**184**

ANNUITY/PENSION INSURANCE

NOK million	Profit allocation	Investment choice	2019	2018
Premium income	17	505	522	564
Net income from financial assets – collective portfolio	470		470	267
Net income from financial assets with investment choice		613	613	-230
Other insurance related income	1	44	44	41
Claims	-1,013	-340	-1,353	-1,394
Changes in insurance obligations recognised in the Profit and Loss account				
contractual obligations	604		603	846
Changes in insurance obligations recognised in the				
Profit and Loss account with investment choice		-751	-751	53
Funds allocated to insurance contracts				
contractual obligations	-13		-13	-4
Insurance related operating costs	-60	-105	-165	-140
Other insurance related costs			0	-1
Technical result	**5**	**-35**	**-30**	**1**

GROUP PENSION PRIVATE INSURANCE

NOK million	Company pension without investment choice	Paid-up policies without investment choice	Paid-up policies with investment choice	Occupational pension without profit-sharing	Pension certificate without investment choice	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice
Premium income	2,724	-6	127	1	141	144		957
Net income from financial assets – collective portfolio	1,658	7,239			114		4	131
Net income from financial assets with investment choice			1,997			73		
Other insurance related income	19	82	132			3		14
Claims	-735	-6,131	-253		-329	-1		-45
Changes in insurance obligations recognised in the Profit and Loss account								
contractual obligations	-3,171	-116		-1	167		-1	-863
Changes in insurance obligations recognised in the								
Profit and Loss account with investment choice			-1,899			-216		
Funds allocated to insurance contracts								
contractual obligations	-63	-293	28		-31		-2	-25
Insurance related operating costs	-160	-264	-60		-12	-11		-110
Other insurance related costs	-52	-106			-1	-1		
Technical result	**220**	**405**	**72**	**0**	**51**	**-9**	**0**	**59**

GROUP PENSION PRIVATE INSURANCE

NOK million	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	2019	2018
Premium income	11,111	110	1,071	16,380	14,911
Net income from financial assets – collective portfolio		13		9,160	4,333
Net income from financial assets with investment choice	6,447		3,961	12,477	-3,347
Other insurance related income	244		227	719	588
Claims	-3,650	-74	-1,126	-12,345	-10,421
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations		-46		-4,032	757
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-13,857		-3,751	-19,723	-4,220
Funds allocated to insurance contracts contractual obligations				-385	-353
Insurance related operating costs	-186		-160	-963	-962
Other insurance related costs	-82			-242	-120
Technical result	**26**	**2**	**220**	**1,046**	**1,167**

GROUP PENSION PUBLIC INSURANCE

NOK million	Defined benefit without investment choice	2019	2018
Premium income	243	243	235
Net income from financial assets – collective portfolio	177	177	32
Other insurance related income		0	0
Claims	-130	-130	-125
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-96	-96	-83
Funds allocated to insurance contracts contractual obligations	-9	-9	-4
Insurance related operating costs	-36	-36	-39
Other insurance related costs	-131	-131	
Technical result	**18**	**18**	**16**

Note 13 Profit analysis by class of insurance

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS 2019	Storebrand Livsforsikring AS 2018	BenCo 2019	SPP 2019	Storebrand Livsforsikring Group 2019	Storebrand Livsforsikring Group 2018
Financial income [1]	18,434	101	46	951	974	19	20,524	2,277	828	5,389	26,709	3,975
Guaranteed yield	-17,424	-66	-28	-935	-961	-12	-19,425	-1,954	-838	-5,222	-25,485	-3,356
- of which transferred to premium fund	-3						-2	-5			-35	-45
Investment result	**1,010**	**35**	**18**	**16**	**13**	**7**	**1,099**	**323**	**-10**	**167**	**1,223**	**618**
Risk premium	122	-9	693	603	-99	274	1,585	1,586		155	1,739	1,887
Risk addition [1]	358	9	-749	-374	122	-250	-884	-603		-98	-983	-1,028
Net reinsurance etc. [1]	22		-4	-1		7	24	98		-3	20	95
Risk result	**503**	**0**	**-60**	**228**	**23**	**30**	**724**	**1,081**		**53**	**777**	**955**
Administration premium [1]	1,422	31	68	165	118	48	1,852	1,726	51	1,421	3,323	3,155
Operating expenses	-963	-36	-68	-208	-165	-70	-1,509	-1,456	-17	-942	-2,468	-2,404
Administration result	**459**	**-5**	**0**	**-43**	**-47**	**-22**	**342**	**270**	**34**	**479**	**855**	**751**
Other results [2]								141				143
Premium for guaranteed interest	247	18					265	269			265	269
Risk profit	35	6					41	46			41	46
Gross result for sector	**2,254**	**54**	**-41**	**201**	**-11**	**15**	**2,471**	**2,130**	**24**	**699**	**3,162**	**2,782**
To/from additional statutory reserve	-823	-26		1	-5		-853	-139			-853	-139
Investment result to policyholders	-189	-9		-1			-199	-162			-199	-162
Risk result to policyholders	-196						-196	-194			-196	-194
Other allocation of profit to customer				-29	-13		-43	-58			-43	-58
Profit for the year (to owner)	**1,046**	**18**	**-41**	**172**	**-30**	**15**	**1,180**	**1,576**	**24**	**699**	**1,871**	**2,228**
To the risk equalisation fund	**232**						**232**	**220**			**232**	**220**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

2) Contribution from equity/risk equalisation fund

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	Storebrand Livsforsikring AS 2019	2018
Financial income [1]	85	59	807	951	-137
Guaranteed yield	-77	-51	-807	-935	127
Investment result	**7**	**8**	**0**	**16**	**-10**
Risk premium	190	409	4	603	592
Risk addition [1]	-153	-218	-4	-374	-318
Net reinsurance etc. [1]				-1	
Risk result	**37**	**191**	**0**	**228**	**274**
Administration premium [1]	49	53	63	165	164
Operating expenses	-48	-89	-70	-208	-184
Administration result	**1**	**-37**	**-7**	**-43**	**-19**
Other results [2]				0	-6
Gross result for sector	**45**	**162**	**-7**	**201**	**238**
To/from additional statutory reserve	1			1	1
Investment result to policyholders	-1			-1	0
Risk result to policyholders				0	0
Other allocation of profit to customer	-29			-29	-55
Profit for the year (to owner)	**16**	**162**	**-7**	**172**	**184**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.
2) Contribution from equity/risk equalisation fund

ANNUITY/PENSION INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Storebrand Livsforsikring AS 2019	2018
Financial income [1]	361	613	974	94
Guaranteed yield	-348	-613	-961	-144
Investment result	**13**	**0**	**13**	**-51**
Risk premium	-97	-1	-99	-96
Risk addition [1]	121	0	122	123
Risk result	**24**	**-1**	**23**	**27**
Administration premium [1]	46	71	118	117
Operating expenses	-60	-105	-165	-140
Administration result	**-13**	**-34**	**-47**	**-23**
Other results [2]			0	-2
Gross result for sector	**23**	**-35**	**-11**	**-48**
To/from additional statutory reserve	-5		-5	54
Other allocation of profit to customer	-13		-13	-4
Profit for the year (to owner)	**5**	**-35**	**-30**	**1**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.
2) Contribution from equity/risk equalisation fund

GROUP PENSION PRIVATE SECTOR

NOK million	Company pension without investment choice	Paid-up policies without investment choice	Paid-up policies with investment choice	Occupational pension without investment choice	Occupational pension with investment choice	Pension certificate without investment choice
Financial income [1]	828	4,974	1,997	65	73	2
Guaranteed yield	-618	-4,230	-1,997	-36	-73	
- of which transferred to premium fund	-2					
Investment result	**210**	**744**	**0**	**29**	**0**	**2**
Risk premium	-43	-448	-69	-167		
Risk addition [1]	1	877	41	218		
Net reinsurance etc. [1]	12	-1				
Risk result	**-30**	**428**	**-28**	**51**	**0**	**0**
Administration premium [1]	160	435	132	12	2	
Operating expenses	-160	-264	-60	-12	-11	-
Administration result		**171**	**72**	**0**	**-9**	**0**
Other results [2]						
Premium for guaranteed interest	237			10		
Risk profit	34					
Gross result for sector	**450**	**1,343**	**44**	**90**	**-9**	**2**
To/from additional statutory reserve	-167	-646		-8		
Investment result to policyholders	-63	-79		-21		-2
Risk result to policyholders		-214	28	-10		
Profit for the year (to owner)	**220**	**405**	**72**	**51**	**-9**	**0**
To the risk equalisation fund	**2**	**220**		**10**		

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

2) Contribution from equity/risk equalisation fund

GROUP PENSION PRIVATE SECTOR

NOK million	Occupational pension without profit-sharing	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	Storebrand Livsforsikring AS 2019	2018
Financial income [1]	82	6,446	7	3,961	18,434	2,184
Guaranteed yield	-57	-6,447	-5	-3,961	-17,424	-1,826
- of which transferred to premium fund	-1				-3	-5
Investment result	**25**	**-2**	**2**	**0**	**1,010**	**359**
Risk premium	849				122	141
Risk addition [1]	-777				359	392
Net reinsurance etc. [1]	11				22	43
Risk result	**83**	**0**			**503**	**576**
Administration premium [1]	84	214	2	381	1,422	1,297
Operating expenses	-110	-186		-160	-963	-962
Administration result	**-26**	**28**	**2**	**220**	**459**	**336**
Other results [2]					0	149
Premium for guaranteed interest					247	252
Risk profit	2				35	40
Gross result for sector	**83**	**26**	**5**	**220**	**2,254**	**1,713**
To/from additional statutory reserve			-2		-823	-193
Investment result to policyholders	-25				-189	-158
Risk result to policyholders					-196	-194
Profit for the year (to owner)	**59**	**26**	**2**	**220**	**1,046**	**1,167**
To the risk equalisation fund					**232**	**219**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.
2) Contribution from equity/risk equalisation fund

GROUP PENSION PUBLIC SECTOR

NOK million	Defined benefit without investment choice	Storebrand Livsforsikring AS 2019	2018
Financial income [1]	101	101	78
Guaranteed yield	-66	-66	-73
Investment result	35	35	5
Risk premium	-9	-9	-5
Risk addition [1]	9	9	6
Net reinsurance etc. [1]			
Risk result	**0**	**0**	**1**
Administration premium [1]	31	31	33
Operating expenses	-36	-36	-39
Administration result	**-5**	**-5**	**-6**
Premium for guaranteed interest	18	18	17
Risk profit	6	6	6
Gross result for sector	**54**	**54**	**22**
To/from additional statutory reserve	-26	-26	-1
Investment result to policyholders	-9	-9	-3
Profit for the year (to owner)	**18**	**18**	**16**

1) The items other insurance-related income (in note 18) and other insurance-related costs (in note 24) are allocated in accordance with their purpose.

2) Contribution from equity/risk equalisation fund

Note 14 Sales of insurance (new business)

NOK million	Group pension private sector	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS
2019	**130**	**3**	**602**	**121**	**8**	**865**
2018	**96**	**3**	**817**	**148**	**9**	**1,073**

Sales consist of new and additional sales, with deductions for policies where the first premium has not been paid. Premium reserves transferred to the company (note 15) are not included in these figures.

Note 15 Transfers of insurance reserves

NOK million	Group pension private sector	Group pension public sector	Endowment insurance	Annuity/ pension insurance	Storebrand Livsforsikring AS 2019	2018
Funds received						
Premium reserve	3,029		12	97	3,138	2,131
Additional statutory reserves	-11				-11	-16
Transfers of premium reserve etc.	**3,018**		**12**	**97**	**3,127**	**2,115**
Premium funds						
Number of policies/customers	9,554		77	341	9,972	9,810
Funds transferred out						
Premium reserve	-4,413		-52	-23	-4,488	-2,918
Additional statutory reserves	-10				-10	-6
Value adjustment fund	-8				-8	-6
Transfers of premium reserve etc.	**-4,431**		**-52**	**-23**	**-4,506**	**-2,930**
Premium funds	-70				-70	-120
Number of policies/customers	10,674		232	494	11,400	-9,252

Note 16 Net financial income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Interest lending	657	708	646	568
Interest bank	35	24	27	17
Interest bonds and other fixed-income securities at fair value	2,266	2,268	1,360	1,557
Interest bonds amortised cost	4,097	4,042	4,097	4,042
Interest derivatives	900	1,159	196	266
Interest income other	-692	-637	-504	-449
Equity dividends	1,355	719	80	463
Total interest income and equity dividends etc. financial assets	**8,618**	**8,283**	**5,901**	**6,465**
Revaluation of real estate	713	457		
Revaluation of equities	32,129	-8,791	8,562	-3,155
Revaluation bonds and other fixed-income securities	2,192	-1,456	1,816	-1,046
Revaluation derivatives	19	-215	-44	177
Revaluation loans	3	-27	3	-2
Total revaluation on investments	**35,056**	**-10,032**	**10,337**	**-4,026**
Profit on equities	3,090	1,895	2,434	1,674
Profit on bonds and other fixed-income securities at fair value	-197	-354	44	-288
Profits on derivatives	-3,819	-1,594	-5,591	-751
Profit on bonds at amortised cost	-1	301	-1	301
Profit on other investments	-103	163	-103	43
Currency gains, equities	763	924	-151	-89
Currency gains, bonds and other fixed-income securities	329	635	161	551
Currency gains, derivatives	4,329	-1,569	4,606	-2,265
Currency gains, bonds at amortised cost	41	33	41	33
Currency gains, other	-172	179	-186	220
Total gains and losses on financial assets	**4,260**	**614**	**1,253**	**-570**
Interest costs subordinated loans	-364	-366	-364	-366
Total interest costs	**-364**	**-366**	**-364**	**-366**

Note 17 Net income from real estate

	Storebrand Livsforsikring Group	
NOK million	2019	2018
Rent income from real estate [1]	1,552	1,357
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period [2]	-346	-327
Result minority defined as liabilities	-55	
Net operating income real estate	**1,151**	**1,030**
Change in fair value real estate	713	457
Total income real estate	**1,864**	**1,487**
1) Of which real estate for own use	82	74
2) Of which real estate for own use	-29	-29

Note 18 Other insurance related income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Interest income insurance	1	5	1	5
Management fee	114	143		
Other insurance relates fees	89		89	
Pooling	22	51	22	51
Return commissions	1,117	971	712	614
Other income	2	165		22
Total other insurance related income	**1,344**	**1,335**	**824**	**693**

Note 19 Other income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Interest income on management bank deposits	13	15	12	14
Revenue from companies other than insurance	117	145		
Kickback paid-up policies	9	10	9	10
Compensation due to takeover of pension funds		37		37
Amortisation of brand		38		38
Other income	34	25	1	6
Total other income	**173**	**270**	**22**	**105**

Note 20 Sales cost

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Salaries and personnel costs own sales resources	-268	-315	-163	-190
Other sales costs own resources	-295	-230	-88	-77
Commissions to external distributors	-226	-194	-19	-15
Total sales costs	**-788**	**-738**	**-269**	**-282**
Change in deferred acquisition costs	51	27		

Note 21 Pension costs and pension liabilities

STOREBRAND LIVSFORSIKRING GROUP

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.

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 partiality 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	1,024	982
Fair value of pension assets	-951	-871
Net pension liabilities/assets insured scheme	**72**	**110**
Present value of unsecured liabilities	28	35
Net pension liabilities recognised in statement of financial position	**100**	**146**

A pension asset of NOK 3 million is classified as other assets.
Includes employer contributions on net under-financed liabilities in the gross liabilities.

BOOKED IN STATEMENT OF FINANCIAL POSITION:

NOK million	2019	2018
Pension assets		3
Pension liabilities	100	148

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2019	2018
Net pension liabilities 01.01	1,017	1,019
Pensions earned in the period	12	14
Pension cost recognised in period	19	11
Estimate deviations	73	33
Gain/loss on insurance reductions	3	-1
Pensions paid	-32	-39
Changes to pension scheme	-4	
Pension liabilities additions/disposals and currency adjustments	-37	-21
Payroll tax of employer contribution, assets		
Net pension liabilities 31.12	**1,051**	**1,017**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2019	2018
Pension assets at fair value 01.01	871	879
Expected return	17	20
Estimate deviation	89	-5
Gain/loss on insurance reductions		
Premiums paid	31	25
Pensions paid	-21	-27
Changes to pension scheme	-4	
Pension liabilities additions/disposals and currency adjustments	-32	-20
Payroll tax of employer contribution, assets		
Net pension assets 31.12	**951**	**871**

Expected premium payments (pension assets) in 2020	20
Expected premium payments (contributions) in 2020	160
Expected AFP early retirement scheme payments in 2020	11
Expected payments from operations (uninsured scheme) in 2020	32

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE/SPP COMPOSED AT 31.12:

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
	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 %**
Realised return on assets	3,6 %	2,2 %	8,8 %	3,7 %

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring and SPP Pension & Försäkring AB. Financial instruments are measured at three different levels. Allocation of the different classes of financial instruments at levels are shown in note 11.

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK million	2019	2018
Current service cost	12	14
Net interest cost/expected return	2	3
Changes to pension scheme	3	-1
Total for defined benefit schemes	**18**	**16**
The period's payment to contribution scheme	115	110
The period's payment to contractual pension	12	9
Net pension cost recognised in profit and loss account in the period	**145**	**135**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2019	2018
Actuarial loss (gain) - change in discount rate	108	61
Actuarial loss (gain) - change in other financial assumptions	-25	-14
Actuarial loss (gain) - experience DBO	-10	-26
Loss (gain) - experience pension assets	-100	17
Investment management cost	11	
Remeasurements loss (gain) in the period	**-15**	**39**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
	2019	2018	2019	2018
Discount rate	2,2 %	2,8 %	1,5 %	2,3 %
Expected earnings growth	2,0 %	2,5 %	3,5 %	3,5 %
Expected annual increase in social security pensions	2,0 %	2,5 %		
Expected annual increase in pensions payment			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 %

STOREBRAND LIVSFORSIKRING AS

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 partiality 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 liabilities	16	23
Fair value of pension assets	-35	-45
Net pension liabilities/assets insured scheme	**-19**	**-22**
Present value of unsecured liabilities	26	33
Net pension liabilities recognised in statement of financial position	**7**	**12**

Includes employer contributions on net under-financed liabilities in the gross liabilities

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK Million	2019	2018
Pension assets	19	22
Pension liabilities	26	33

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2019	2018
Net pension liabilities 01.01	56	90
Pensions earned in the period		2
Pension cost recognised in period	1	2
Estimate deviations	-7	-26
Gain/loss on insurance reductions		
Pensions paid	-9	-11
Changes to pension scheme		
Payroll tax of employer contribution, assets	0	0
Net pension liabilities 31.12	**42**	**56**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2019	2018
Pension assets at fair value 01.01	45	48
Expected return	1	1
Estimate deviation	-11	-5
Premiums paid	0	0
Pensions paid	0	0
Changes to pension scheme		
Payroll tax of employer contribution, assets	0	0
Net pension assets 31.12	**35**	**45**

Expected premium payments (pension assets) in 2020	0
Expected premium payments (contributions) in 2020	62
Expected AFP early retirement scheme payments in 2020	9
Expected payments from operations (uninsured scheme) in 2020	4

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE COMPOSED AT 31.12:

	Storebrand Livsforsikring AS	
	2019	2018
Real estate at fair value	13 %	14 %
Bonds at amortised cost	36 %	36 %
Loans at amortised cost	13 %	14 %
Equities and units at fair value	15 %	12 %
Bonds at fair value	20 %	24 %
Other short-term financial assets	1 %	1 %
Total	**100 %**	**100 %**
Realised return on assets	3,6 %	2,2 %

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring.

Financial instruments are measured at three different levels. Allocation of the different classes of financial instruments at levels are shown in note 11

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK million	2019	2018
Current service cost		2
Net interest cost/expected return		1
Total for defined benefit schemes	**0**	**2**
The period's payment to contribution scheme	75	69
The period's payment to contractual pension	10	8
Net pension cost recognised in profit and loss account in the period	**86**	**79**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2019	2018
Actuarial loss (gain) - change in discount rate	3	-1
Actuarial loss (gain) - experience DBO	-10	-25
Loss (gain) - experience pension assets		5
Investment management cost	11	
Remeasurements loss (gain) in the period	**4**	**-21**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	2019	2018
Discount rate	2,2 %	2,8 %
Expected earnings growth	2,0 %	2,5 %
Expected annual increase in social security pensions	2,0 %	2,5 %
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.

SENSITIVITY 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.

Note 22 Remuneration of senior employees and elected officers of the company

Geir Holmgren is CEO of Storebrand Livsforsikring AS. He has a guaranteed salary for 12 months after the ordinary period of notice. All work-related income including consulting assignments will be deducted.

The company has no obligations towards the Chairman of the Board in the event of resignation or change of succession. The company pays management liability insurance for its board members.

Storebrand has set up a bonus scheme for employees. The bonus scheme is linked to the company's value creation as well as individual performances.

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)
Geir Holmgren	4,529	207	4,736	848	12	7,051	67,089
Lars Aa. Løddesøl	5,339	205	5,545	1,031	12	10,564	100,026
Heidi Skaaret	4,447	180	4,627	851	12	3,254	69,690
Karin Greve-Isdahl	2,590	41	2,631	468	12	31,143	12,861
Jostein Dalland until 8.8.2019	3,608	138	3,745	628	12		24,159
Wenche Annie Marti-nussen until 4.6.2019	2,845	131	2,976	514	12	9,519	16,625
Trygve Håkedal from 8.8.2019 5)	2,523	35	2,558	378	12	7,695	8,034
Tove Selnes from 8.8.2019 5)	2,858	172	3,031	421	12	7,264	14,964
Terje Løken from 8.8.2019 5)	2,542	151	2,693	342	12	3,199	8,921
Staffan Hansèn	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
Total 2019	**42,721**	**1,449**	**44,170**	**7,827**		**80,889**	**447,469**
Total 2018	**30,740**	**1,101**	**31,841**	**5,796**		**29,007**	**322,798**

1) A proportion of the executive management's fixed salary will be linked to the purchase of physical STB shares with a lock-i n 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) Remuneration is for the whole year.

NOK thousand	Remuneration	No. of shares owned [1]	Loan [2]
On the board			
Odd Arild Grefstad		162,269	6,780
Jan Otto Risebrobakken		7,922	5,586
Hans Henrik Klouman	223		
Vibeke Hammer Madsen	223		
Martin Skancke	223	22,000	
Kari Birkeland	157	2,789	2,902
Sigurd Nilsen Ribu	67	500	6,134
Jørn Hilstad	91	920	4,340
Total 2019	**983**	**196,400**	**25,742**
Total 2018	**1,546**	**168,139**	**25,139**

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) Employees can borrow up to NOK 7.0 million at a subsidised i nterest rate, which is set at 42 bp below the best current mark et interest rate. Excess loan amounts will be subject to market terms.

Loans to Storebrand Livsforsikring group employees totalled NOK 700 million.

Note 23 Remuneration paid to auditors

The Storebrand Group changed external auditor in 2018. Auditing expenses for 2018 include expenses for both PwC and Deloitte.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Statutory audit	-5,0	-6,0	-1,4	-1,9
Other reporting duties	-0,4		-0,2	
Tax advice		-0,3		-0,1
Other non-audit services	-0,2	-0,6	-0,1	-0,3
Total remuneration to auditors	**-5,5**	**-6,9**	**-1,7**	**-2,3**

The amounts are excluding VAT.

Note 24 Other insurance related expenses

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Pooling	-14	-15		
Interest cost for insurance	-101	-40	-101	-40
Yield tax	-3	-3		
Losses on policyholders	-267	-118	-267	-118
Other expenses	-2	-19		
Total other insurance related expenses	**-388**	**-195**	**-368**	**-157**

Note 25 Other costs

NOK million	Storebrand Livsforsikring Group 2019	2018	Storebrand Livsforsikring AS 2019	2018
Borrowing costs	-364	-366	-364	-366
Amortisation of intangible assets	-341	-343	-28	-28
Other costs	-32	-34	-16	-25
Operational costs - non insurance	-113	-130		
Total other costs	**-850**	**-873**	**-409**	**-419**

Note 26 Tax

NOK million	Storebrand Livsforsikring Group 2019	2018	Storebrand Livsforsikring AS 2019	2018
Tax payable		20		
Change deferred tax	-333	1,068	-322	1,088
Total tax charge	**-333**	**1,088**	**-322**	**1,088**

RECONCILIATION OF EXPECTED AND ACTUAL TAX EXPENSES

NOK million	Storebrand Livsforsikring Group 2019	2018	Storebrand Livsforsikring AS 2019	2018
Pre-tax profit	1,855	2,010	2,168	2,594
Expected income tax at nominal rate	-464	-503	-542	-649
Tax effect of				
realised/unrealised shares	-70	-107	-70	-107
share dividends received	17	42	195	254
associated companies	-3	3		
permanent differences	77	28		-26
deferred tax on the increase in value of real estate for customer assets [1]	-451			
deferred tax on the increase in value of real estate for customer assets covered by customer returns [1]	451			
change in tax rate		10		
Transitional rules do to new tax rules		1,615		1,615
Changes from previous years	111		95	
Total tax charge	**-333**	**1,088**	**-322**	**1,088**
Effective tax rate [2]	18 %	-54 %	15 %	-42 %

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Tax-increasing temporary differences				
Securities	260			
Real estate [1]	2,126			
Fixed assets	8	8		
Gain-/loss account	24	30		30
Other	469	535	24	150
Total tax-increasing temporary differences	**2,886**	**572**	**24**	**180**
Tax-reducing temporary differences				
Securities		-147		-147
Fixed assets	-3	-14		-11
Accrued liabilities	-12	-17		-13
Accrued pension liabilities	-2	-12		-12
Gain-/loss account	-4	-5		-4
Other		-14		
Total tax-reducing temporary differences	**-21**	**-208**		**-187**
Carry forward losses	-6,685	-7,797		-7,263
Total tax loss and assets carried forward	**-6,685**	**-7,797**		**-7,263**
Basis for net deferred tax and tax assets	**-3,821**	**-7,433**	**24**	**-7,269**
Net deferred tax assets/liabilities in balance sheet [3]	**-1,039**	**-1,858**	**-5,360**	**-1,817**
Recognised in balance sheet				
Deferred tax assets	1,566	1,942		1,817
Deferred tax liability	527	84		

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.

3) 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 carry forward. 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 carry forward 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

STOREBRAND LIVSFORSIKRING GROUP

	Intangible assets					
NOK million	IT- systems	Value of business in force	Other intangible assets	Goodwill	2019	2018
Acquisition cost 01.01	567	9,950	660	780	11,957	11,849
Additions in the period:	119					
Developed in-house	57				57	44
Purchased separately	62				62	56
Purchase through acquisition, merger etc						281
Disposals in the period	-26				-26	-15
Currency differences	-7	-376	-26	-30	-438	-256
Other changes						
Acquisition cost 31.12	**654**	**9,574**	**634**	**750**	**11,612**	**11,957**
Accumulated depreciation & write-downs 01.01	-315	-6,745	-660		-7,720	-7,479
Write-downs in the period						-7
Amortisation in the period	-38	-341			-379	-397
Disposals in the period	26				26	15
Translation differences from converting foreign units		258	25		284	148
Other changes						
Accumulated depreciation & write-downs 31.12	**-327**	**-6,827**	**-634**		**-7,789**	**-7,720**
Book value 31.12	**326**	**2,747**	**0**	**750**	**3,824**	**4,237**

SPECIFICATION OF INTANGIBLE ASSETS

NOK million	Useful economic life	Depreciation rate	Depreciation method	Book value 2019
Value of business in force Silver acquisition	10 years	10 %	Straight line	225
IT systems	5 years/10 years	20%/10%	Straight line	326
Value of business inforce SPP	20 years	5 %	Straight line	2,522
Other intangible assets (customer lists and brand name etc.)	5 years	20 %	Straight line	0

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK million	Acquisition cost 01.01	Book value 01.01	Additions/ disposals	Translation differences	Book value 31.12 2019
Goodwill on acquisitions of SPP	780	780		-30	750
Total	**780**	**780**		**-30**	**750**

Goodwill is not amortised but tested annually for impairment.

STOREBRAND LIVSFORSIKRING AS

NOK million	IT-systems	Value of business in force	2019	2018
Acquisition cost 01.01	379	281	660	350
Additions in the period:	57		57	324
Developed in-house	57		57	44
Purchased separately				281
Disposals in the period	-26		-26	-15
Other changes				
Acquisition cost 31.12	**410**	**281**	**691**	**660**
Accumulated depreciation & write-downs 01.01	-294	-28	-322	-256
Write-downs in the period				-7
Amortisation in the period	-29	-28	-57	-45
Disposals in the period	26		26	15
Other changes				
Accumulated depreciation & write-downs 31.12	**-297**	**-56**	**-353**	**-322**
Book value 31.12.	**113**	**225**	**338**	**338**

NOK million	Useful economic life	Depreciation rate	Depreciation method	Book value 2019
IT systems	5 years	20 %	Straight line	113
Value of business in force Silver acquisition	10 years	10 %	Straight line	225

INTANGIBLE ASSETS LINKED TO THE 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 Sverige's 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 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 Classification of financial assets and liabilities

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Loans and receivables	Investments, held to maturity	Fair value, held for trading	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	9,871					9,871
Shares and units				194,045		194,045
Bonds and other fixed-income securities	96,909	13,377		148,040		258,327
Loans to customers	23,736			6,736		30,473
Accounts receivable and other short-term receivables	4,365					4,365
Derivatives			5,253			5,253
Total financial assets 2019	**134,882**	**13,377**	**5,253**	**348,822**		**502,334**
Total financial assets 2018	**134,879**	**14,403**	**4,542**	**313,712**		**467,535**
Financial liabilities						
Subordinated loan capital					8,649	8,649
Derivatives			932			932
Other current liabilities					5,816	5,816
Total financial liabilities 2019			**932**		**14,465**	**15,397**
Total financial liabilities 2018			**4,535**		**13,641**	**18,299**

STOREBRAND LIVSFORSIKRING AS

NOK million	Loans and receivables	Investments, held to maturity	Fair value, held for trading	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	6,841					6,841
Shares and units				62,874		62,874
Bonds and other fixed-income securities	96,909	13,377		70,986		181,273
Loans to customers	23,735					23,735
Accounts receivable and other short-term receivables	1,465					1,465
Derivatives			3,211			3,211
Total financial assets 2019	**128,950**	**13,377**	**3,211**	**133,860**		**279,398**
Total financial assets 2018	**125,858**	**14,403**	**2,220**	**120,354**		**262,834**
Financial liabilities						
Subordinated loan capital					8,649	8,649
Derivatives			421			421
Other current liabilities					4,770	4,770
Total financial liabilities 2019			**421**		**13,419**	**13,840**
Total financial liabilities 2018			**3,910**		**12,761**	**16,672**

Note 29 Real estate

TYPE OF REAL ESTATE

			2019		
NOK million	2019	2018	Required rate of return % 1)	Average duration of lease (years) 3)	Square meter
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	7,682	7,201	4.0 - 4.45	4.6	94,332
Rest of Greater Oslo	4,360	4,102	4.0 - 5.63	4.7	85,247
Office buildings in Sweden	719	693	4.5	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
Trading Sweden 2)	2,137	2,131	5.7	3.8	86,316
Car parks					
Multi-storey car parks in Oslo	898	924	4.3	2.0	27,393
Other real estate:					
Cultural/conference centres in Sweden	239	224	6.5	12.7	18,757
Housing Sweden 2)	2,143	1,775	4.3	0.2	60,306
Hotel Sweden 2)	2,563	2,508	4.4	10.3	35,872
Service real estate Sweden 2)	2,016	1,923	4.7	10.2	64,089
Development project Norway	653	635	7.6		38,820
Conferance center Norway	49	50			
Total investment properties	**29,415**	**28,266**			**685,231**
Real estate for own use	1,375	1,420	3.8	4.3	19,528
Total real estate	**30,790**	**29,686**			**704,759**

1) The real estate are valued on the basis of the following effective required rate of return (including 2.0 per cent inflation):

2) All of the properties in Sweden are appraised externally. This 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 Livsforsikring had NOK 4 044 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26. The investments are classified as “Investment in Associated Companies/joint-controlled companies” in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26 invests exclusively in real estate at fair value.

VACANCY

Norway

At the end of 2019, a total of 6.3 per cent (6.1 per cent) of the floor space in the lettable properties was vacant.
The vacancy related to areas with ongoing development projects is 57.2 percent (76.9 percent)
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.

Sverige

At the end of 2019, there was practically no vacancy in the investment properties.

TRANSACTIONS:

Purchases: Further SEK 193 millions in property acquisitions in SPP have been agreed on in 4 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 addition to the figures that has been finalised and included in the financial statements as of 31 December 2019.

REAL ESTATE FOR OWN USE

NOK million	2019	2018
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	538
Acquisition cost closing balance	551	545
Accumulated depreciation and write-downs opening balance	-664	-651
Accumulated depreciation and write-downs closing balance	-677	-664
Allocation by company and customers:		
Properties for own use - company		
Properties for own use - customers	1,375	1,420
Total	**1,375**	**1,420**

Depreciation method:	Straight line	
Depreciation plan and financial lifetime real estate Norway:	50 year	
Depreciation plan and financial lifetime real estate Sweden:	100 year	

Note 30 Investments in subsidiaries, associated and joint-controlled companies

SPECIFICATION OF SUBSIDIARIES WITH SUBSTANTIAL MINORITY (100% FIGURES)

NOK million	2019 BenCo	2019 Værdals-bruket	2018 BenCo	2018 Værdals-bruket
Assets	10,712	248	16,376	233
Liabilities	10,200	2	15,877	4
Equity - majority	512	168	449	172
Equity - minority	51	62	50	58
Ownership interest - minority	10	25	10	25
Voting rights as a percentage of the total number of shares	10	25	10	25
Income	882	29	486	20
Result after tax	32	16	30	11
Total comprehensive income	32	16	30	11
Dividend paid to minority			2	

OWNERSHIP INTERESTS IN ASSOCIATED AND JOINT-CONTROLLED COMPANIES STOREBRAND LIVSFORSIKRING GROUP

NOK million	Business location	Ownership interest	Result	Book value s2019
Norsk Pensjon AS	Oslo	25.0 %		
Inntre Holding AS	Steinkjer	34.3 %	14	109
Storebrand Eiendomsfond Norge KS	Oslo	20.2 %	177	2,426
Ruseløkkveien 26 AS [1]	Oslo	50.0 %	164	1,619
Handelsbodarna i Sverige Fastighets AB [2]	Stockholm		1	
Försäkringsgirot AB	Stockholm	25.0 %	1	4
Visit Karlstad	Karlstad	16.0 %		0
Associated and joint-controlled companies Storebrand Livsforsikring group			**356**	**4,158**

1) Joint-controlled company

2) Handelsbodarna in Sverige Fastighets AB is sold during 2019

RECEIVABLES ON SUBSIDIARIES

NOK million	2019	2018
Storebrand Finansiell Rådgivning AS		11
Storebrand Eiendom Trygg AS		656
Total		**668**

LIABILITIES TO GROUP COMPANIES

NOK million	2019	2018
Storebrand Eiendom Utvikling AS		21
Total		**21**

OWNERSHIP INTERESTS IN SUBSIDIARIES, ASSOCIATED AND JOINT-CONTROLLED COMPANIES STOREBRAND LIVSFORSIKRING AS

NOK million			Book value 31.12		
Company	Interest in %	Voting interest in %	2019	2018	Proportion of the result 2019
Storebrand Pensjonstjenester AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	18	18	
AS Værdalsbruket, 7660 Vuku	74.9	74.9	54	54	
Storebrand Holding AB, Stockholm	100.0	100.0	12,166	12,487	565
Storebrand Finansiell Rådgivning AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	97	97	
Storebrand Eiendom Trygg AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	13,933	12,760	809
Storebrand Eiendom Vekst AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	5,317	5,005	441
Storebrand Eiendom Utvikling AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	814	710	1
Storebrand Eiendomsfond Invest AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	2,426	3,200	177
Benco Insurance Holding BV, Nederland	90.0	90.0	478	478	
Storebrand Globale Aksjer AS, Professor Koths vei 9, 1327 Lysaker	100.0	100.0	9,413	7,168	2,204
Storebrand Global ESG AS, Professor Koths vei 9, 1327 Lysaker	100.0	100.0	15,218	11,722	3,536
Subsidiaries			**59,934**	**53,701**	**7,732**
Norsk Pensjon AS, Hansteensgate 2, 0253 Oslo	25.0	25.0	1	1	
Ruseløkkveien 26, Oslo	50.0	50.0	1,619	1,209	164
Associated and joint-controlled companies			**1,620**	**1,210**	**164**
Total investment in subsidiaries, associated and joint-controlled companies			**61,553**	**54,910**	**7,896**

All transactions with assosiated companies are on market terms.

Note 31 Bonds at amortised cost

LENDING AND RECEIVABLES

	2019		2018	
NOK million	Book value	Fair value	Book value	Fair value
Government bonds	25,613	27,327	26,601	28,551
Corporate bonds	69,772	71,750	65,944	67,757
Structured notes	1,525	1,510	1,484	1,482
Total bonds at amortised cost	**96,909**	**100,588**	**94,029**	**97,790**
Modified duration		6.2		6.4
Average effective yield	2.7 %	3.3 %	2.7 %	3.4 %

BONDS HELD TO MATURITY

	2019		2018	
NOK million	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 %

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 Equities and other units

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Equities in Norwegian companies			
Finance industry			
Aker	886581432	24	24
B2Holding AS	992249986	7	7
Buskerud Telemark Vestfold Investeringsfond AS	978661459	0	0
DnB	981276957	195	228
Gjensidige Forsikring ASA	995568217	45	45
NMI Frontier Fund KS	993147044	34	34
NMI Fund III KS	993147044	27	27
NMI Global Fund KS	993147044	20	20
Norwegian Microfinance Initiative AS	993147044	13	13
SpareBank 1 SMN	937901003	9	9
Sparebank 1 SR-Bank G	937895321	11	11
Sparebanken 1 østlandet	920426530	2	2
Sparebanken Møre	937899319	3	3
Storebrand Infrastruktur ASA	991853545	3	3
Treasure ASA	916803222	0	0
Troux Holding AS	981956001	0	0
Total finance industry Norwegian		**394**	**427**
Other equities			
Mowi ASA	964118191	124	124
Telenor	982463718	159	170
Equinor ASA	923609016	251	283
Other Norwegian equities		715	743
Totalt other Norwegian equities		**1,248**	**1,321**
Equities in foreing companies			
Finance industry			
3I Group			1
Aegon NV			13
AEON Financial Service Co Ltd			0
Aflac Inc.			31
AIA Group Ltd			64
Allianz SE			56
Allstate Corp			30
Ally Financial Inc			1
American Express			38
American Financial Group Inc/OH			36
American International Group			8
Ameriprise Financial			2
Amp Ltd.		0	4

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Aon Corp			24
Arthur J Gallagher & Co			8
Ascendas Real Estate Investment Trust (REIT)			6
Assicurazioni General			6
Athene Holding Ltd			12
Aust & Nz Bank Group			44
AvalonBay Communities Inc (REIT)			50
Aviva PLC			22
Axa		0	32
Banco Bilbao Vizcaya Argentaria S.A.			5
Banco Santander			16
Bank of America Corp			240
Bank of Montreal			56
Bank of New York Mellon			51
Bank of Nova Scotia			45
Barclays Bank			19
Berkshire Hathaway B			111
Blackrock			23
BNP Paribas		0	56
BOC Hong Kong Holdings			8
Caixabank			10
Canadian Imperial Bank of Commerce			28
Capital One Financial			29
Capitaland			24
CapitaMall Trust (REIT)			1
CBOE Global Markets INC.			22
CBRE Group Inc			17
Charles Schwab Corp			5
Chubb Ltd			14
Cincinnati Finc. Corp			2
Citigroup			162
City Developments			43
CK Hutchison Holdings Ltd			6
CME Group Inc/IL			32
CNP Assurances		0	35
Comerica Inc			11
Commerzbank AG			6
Commonwealth Bank of Australia			91
Credit Agricole		0	32
Credit Suisse Group RG			6
Dai-Ichi Life Holdings, INC			2
Daito Trust Const			1
Danske Bank A/S			10
DBS Group Holdings Limited			5
Deutsche Bank			10
Deutsche Boerse			15

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Dexus Property Group (REIT)			21
Digital Realty Trust Inc (REIT)			18
Discover Financial Services			17
Duke Realty Corp (REIT)			2
E Trade Financial Corp			1
East West Bancorp Inc			6
Eaton Vance Corp			10
Erste Group Bank AG			12
Everest Re Group			1
Fabege AB			7
Fifth Third Bancorp			1
Genworth Financial A			1
Goldman Sachs			74
GPT Group (REIT)			14
Hang Seng Bank			12
HARGREAVES LANSDOWN PLC		0	2
Hartford Financial Services			17
Hong Kong Exchanges & Clearing			30
HSBC Holdings (GBP)			89
Hufvudstaden A			4
Hysan Development			4
iA Financial Corp Inc		0	1
Industrivaerden A			8
Industrivaerden C			1
Ing-Groep			40
Insurance Australia Group			3
Intact Financial Corp		0	1
Intercontinental Exchange Inc			15
Intesa SanPaolo			21
Invesco Ltd USA			2
Investec Plc			10
Investment AB Kinnevik (B)			9
Investment AB Latour - B			3
Investor AB-A			9
Investor AB-B			30
J.P Morgan Chase and Co			341
Japan Real Estate Investment Corp (REIT)			2
KBC GROEP NV			40
Keycorp			2
L E Lundbergforetagen AB - B			4
Land Securities Group PLC (REIT)			14
Legal & General Group			15
LendLease Group			15
Liberty Property Trust (REIT)			49
Lincoln National Corp			13
Lloyds Banking Group PLC			42

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Loews Corp			1
London Stock Exchange			2
M&G PLC			8
Macquarie GP LTD			1
Manulife Financial			4
Markel Corp			1
Marsh & Mclennan Cos			14
Mebuki Financial Group Inc			5
Metlife			5
Mirvac Group (REIT)			38
Mitsubishi UFJ Holdings Group			31
Mizuho Financial Group			24
Moody's			14
Morgan Stanley			44
Muenchener Rueckversicherungs RG			51
National Australian Bank			55
National bank of Canada			1
Natixis			13
Navient Corp			1
New World Development			3
Nippon Building Fund Inc (REIT)			2
Nippon Prologis REIT Inc			4
NN Group NV			14
Nomura Holdings			30
Nordea Bank Abp		0	21
Northern Trust Corporation			35
Old Mutual Ltd			8
Orix			23
Overseas-Chinese Bank			1
PNC Financial Services			73
Principal Financial Grp		0	13
Progressive Corp			23
Prologis Inc (REIT)			68
Prudential			47
Prudential Financial Inc			36
Quilter PLC			4
Raiffeisen Intl Bank			5
Ratos B			1
Regency Centers Corp (REIT)			32
Regeneron Pharmaceuticals, Inc.			17
Regions Financial			1
Reinsurance Group of America Inc			33
Renaissancere Holdings			6
Renewables Infrastructure Group Ltd/The		4	4
Resona Holdings			3
Restaurant Brands International Inc			2

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Royal Bank of Canada			99
Royal Bank of Scotland			1
SBI Holding			1
Schroders			2
Singapore Exchange			15
Skandinaviska Enskilda Banken A		0	52
Societe Generale			16
Sompo Holdings Inc			7
Standard Chartered			11
State Street			31
Stockland (REIT)			3
Sumitomo Mitsui Financial Group			4
Sumitomo Mitsui Trust Holdings			50
Sun Life Financial Inc			10
Suncorp Group Holding		0	1
SVB Financial Group			13
Svenska Handelsbanken A		0	40
Swedbank AB (A shs)			29
Swire Pacific			8
Swire Properties Ltd			13
Swiss Re Ltd			24
Synchrony Financial			6
T Rowe Price Group Inc			22
T&D HOLDINGS			23
The Travelers Companies, Inc.			4
Tokio Marine Holdings, Inc.			26
Tokyo Century Corp			1
Toronto - Dominion Bank (CAD)			66
Toshiba			20
TRUIST FINANCIAL CORP			2
Tryg			1
UBS Group AG			50
UniCredit SPA			2
United Overseas Bank			1
United Urban Investment Corp (REIT)			1
US Bancorp			54
Voya Financial Inc		0	7
Wells Fargo			117
Welltower Inc			31
Westpac Banking Corp			33
Wharf			1
Wharf Real Estate Investment Co Ltd			8
Willis Towers Watson Plc			7
Zions Bancorporation			10
Zurich Financial Services AG		0	7
Total finance industry foreign		**8**	**4,536**

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Other equities			
Chevron Corp			112
Adobe Inc			119
Toyota Motor			124
American Water Works Co Inc		1	125
Oracle Corporation			127
Linde PLC			133
Medtronic PLC			135
Verizon Communications			137
Comcast Corp A			141
Roche Holding Genuss			144
Exxon Mobil			146
Pfizer			158
Cisco Systems		0	161
Visa Inc - Class A shares			168
Pepsico Inc			175
Home Depot			185
Mastercard Inc			186
AT&T Inc			186
Alphabet Inc Class A		0	190
Merck & Co			190
Intel			194
Walt Disney		0	196
Procter & Gamble			205
United Health Group			205
Nestle			258
Facebook Inc.			288
Alphabet Inc Class C			312
Hancock Timberland VIII Inc		0	343
Amazon Com			425
Microsoft			757
Apple Inc			812
Other equities foreign		0	15,353
Total other equities foreign		**677**	**22,390**
Total equities		**2,327**	**28,675**
Of which listed equities		1,844	28,190

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Units			
BlackRock World Gold USD			111
Storebrand Emerging Private Equity Markets 2007 B3		111	111
Storebrand Int. Private Eq. 16 Ltd - Class B-3			113
Carnegie Total			116
Storebrand International Private Eq 19 Class B-7		126	126
Contrarian 65 - A			126
East Capital Rysslandsfonden			131
SKAGEN Select 30		131	131
T.Rowe Price US Large Cap Value USD			132
Equinor Aksjer Pacific		134	134
Storebrand Vekst		135	135
East Capital Östeuropafonden			139
Handelsbanken Amerika Tema			139
SPP Sverige Plus			139
Handelsbanken Tillväxtmarknad Tema			143
Storebrand Int. Private Eq. 15 Ltd - Class B-2			146
Storebrand International Private Equity 13 - B-3			147
Storebrand International Private Equity XII - B-3			152
Contrarian 65 - B			153
Storebrand Verdi A		154	154
Espiria Världen AC			154
First State China Growth Fund Class I USD			156
Carnegie Fastighetsfond Norden			157
Espiria Balanserad AC			160
Storebrand International Private Equity 14 - B-2			164
SPP Aktiefond Stabil			166
Storebrand International Private Equity IX - B3		24	168
Espiria Sverige-Världen AC			169
JPMorgan Emerging Markets Small USD			174
T.Rowe Price US Smaller Comp. USD			175
Storebrand International Private Equity VII Ltd-B3		171	178
Storebrand International Private Equity VI Ltd -B3		176	183
Storebrand Global Multifaktor Valutasikret A		184	184
Wellington Global Health Care Equity Portfolio		185	185
Placerum Balanserad			188
Storebrand International Private Equity V Ltd - B3		191	199
Handelsbanken Latinamerikafond		26	202
Placerum Dynamisk			203
Storebrand International Private Eq 18 Class B-6		208	208
Naventi Offensiv Flex			216
Storebrand Global Solutions LUX A		218	218
Delphi Nordic NOK			218

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Franklin India USD			224
Equinor Aksjer Europa		228	228
Proaktiv 85 - B			240
Storebrand Indeks Nye Markeder A		247	247
Delphi Global A		255	255
Naventi Balanserad Flex			256
IKC 0-100			270
Cicero Hållbar Mix			291
SKAGEN Kon-Tiki NOK			299
Delphi Norge		309	309
T.Rowe Price Emering Markets Equity			314
Storebrand Global Multifactor LUX A		322	322
Storebrand Global Value		326	326
SKAGEN Kon-Tiki A		354	354
Delphi Nordic		363	363
Carnegie Sverigefond			380
Storebrand Global Multifactor NOK			389
Norron Target			392
SPP Global Plus			402
Storebrand International Private Equity X - B-3		280	421
JPMorgan Global Focus EUR			423
Storebrand International Private Equity VIII LtdB3		214	425
Lannebo Mixfond			442
SKAGEN Global A		449	449
Navigera Dynamica 90 Global			450
Öhman Sweden Micro Cap			450
Wellington Global Health Care USD			462
Proaktiv 90 - A			477
Storebrand International Private Equity 13 - B-4		450	490
Storebrand International Private Equity XII - B-4		548	548
Storebrand Global ESG Plus LUX A		553	553
SPP Global Solutions - class A			561
SPP Aktiefond Stabil - class A		579	579
SKAGEN Global NOK			597
SPP Mix 100			608
Janus Henderson Global Technology USD			614
Storebrand Int. Private Eq. 17 Ltd - Class B-6		614	614
Navigera Tillväxt 1			628
Fidelity Asian Special Sits. USD			662
Handelsbanken Nordiska Småbolag			666
Equinor Aksjer USA		670	670
Enter Sverige C			677
Storebrand Int. Private Eq. 15 Ltd - Class B-4		710	710
SPP Aktiefond Japan			720
Navigera Balans 1			728
SKAGEN Select 100		732	732

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
SPP Mix 50			783
SPP Global Solutions A			783
Storebrand International Private Equity 14 - B-4		801	801
Proaktiv 80 - B			881
SPP Sverige Plus - class A			893
Storebrand Int. Private Eq. 16 Ltd - Class B-6		912	912
Proaktiv 85 - A			987
Storebrand International Private Equity XI - B-3		781	1,005
SPP Generation 80-tal			1,040
Equinor Aksjer Norge		1,063	1,063
SPP Mix 20			1,092
Storebrand Norge Fossilfri		1,116	1,116
Navigera Aktie 1			1,138
Storebrand Global Indeks B		1,170	1,170
Proaktiv 75 - B			1,176
Lannebo Småbolag			1,204
SPP Global Plus - class A			1,517
Storebrand Indeks Alle Markeder A		1,554	1,554
SPP Generation 40-tal			1,755
Storebrand Global ESG A		2,054	2,054
Proaktiv 80 - A			2,449
SPP Aktiefond Europa			2,524
Storebrand Global Solutions A		2,741	2,741
SPP Emerging Markets SRI		1,863	3,082
Storebrand Global ESG Plus A		3,084	3,084
Proaktiv 75 - A			3,319
SPP Aktiefond USA			4,607
SPP Mix 80			5,040
SPP Emerging Markets Plus – class A		4,724	5,866
Storebrand Indeks - Norge		6,083	6,083
SPP Aktiefond Sverige			6,259
Storebrand Norge I		6,293	6,293
SPP Generation 70-tal			7,893
SPP Aktiefond Global			8,266
SPP Generation 50-tal			10,605
Storebrand Global Multifactor A		14,486	14,486
SPP Generation 60-tal			17,377
Other units		1,447	4,553
Total units		**60,547**	**165,370**
Total equities and other units		**62,874**	**194,045**

Note 33 Bonds and other fixed income securities at fair value

STOREBRAND LIVSFORSIKRING GROUP

NOK million	2019 Fair value	2018 Fair value
Government bonds	31,416	32,872
Corporate bonds	60,055	49,096
Structured notes		79
Collateralised securities	1,219	19,703
Bond funds	55,350	49,172
Total bonds and other fixed-income securities	**148,040**	**150,922**

	Storebrand Livsforsikring AS	SPP Pension & Försäkring AB	Euroben Life and Pension ltd.
Modified duration	7.17	7.35	4.30
Average effective yield	2.4 %	0.7 %	0.5 %

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.

STOREBRAND LIVSFORSIKRING AS

NOK million	2019 Fair value	2018 Fair value
Government bonds	4,992	4,139
Corporate bonds	25,794	25,857
Collateralised securities	732	5,703
Bond funds	39,467	35,225
Total bonds and other fixed-income securities	**70,986**	**70,924**

Note 34 Derivates

Storebrand Livsforsikring makes active use of financial derivatives. Derivative contracts are used in particular to make effective use of exposure to investment risk in order to create the potential for a sound long-term risk-adjusted investment return. Derivatives often provide a quicker, simpler and cheaper way to increase or reduce exposure to specific risks, and can also be used to protect the investment portfolio against adverse developments. The individual share and bond portfolios use financial derivatives to manage the overall risk exposure within the limits applied. Definitions of the various derivatives contracts used can be found in the "Terms and expressions" section.

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, whilst 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

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Gross nominal volume 1)	Gross booked value financial assets	Gross booked value financial liabilities	Net booked financial. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet		Net amount
					Financial assets	Financial. liabilities	
Equity derivatives		1					1
Interest derivatives	78,118	3,440	772				2,668
Currency derivatives	72,123	1,811	160				1,651
Total derivatives 2019	**150,241**	**5,253**	**932**				**4,321**
Total derivatives 2018	187,976	4,542	4,535		79		7

1) Values 31.12.

STOREBRAND LIVSFORSIKRING AS

NOK million	Gross nominal volume 1)	Gross booked value financial assets	Gross booked value financial liabilities	Net booked financial. assets/ liabilities	Amounts that can, but are not presented net in the balance sheet		Net amount
					Financial assets	Financial. liabilities	
Equity derivatives		1					1
Interest derivatives	39,767	1,456	268				1,188
Currency derivatives	62,025	1,753	153				1,600
Total derivatives 2019	**101,792**	**3,211**	**421**				**2,789**
Total derivatives 2018	141,427	2,220	3,910				-1,691

1) Values 31.12.

Note 35 Tangible fixed assets and leases

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Equipment	Vehicles	Fixtures & fittings	2019	2018
Book value 01.01	3	0	8	12	504
Additions	10			10	2
Disposals			-1	-1	-487
Depreciation	-2		-2	-4	-6
Currency differences from converting foreign units				0	0
Book value 31.12	**11**	**0**	**6**	**17**	**12**

DEPRECIATION PLAN AND FINANCIAL LIFETIME

Depreciation method:	Straight line
Vehicles/equipment	3-4 years
Fixtures & fittings	3-8 years

SPECIFICATION OF TANGIBLE FIXED ASSETS AND LEASE AGREEMENTS IN BALANCE SHEET

NOK mill.	2019	2018
Tangible fixed assets	17	12
Right of use assets	308	
Book value 31.12	**325**	**12**

LEASES

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
Acquisition cost 01.01	209	67	1	276
Additions	63		1	64
Disposals				0
Acquisition cost 31.12	**272**	**67**	**2**	**340**
Accumulated write-downs/depreciations 01.01				
Depreciation	-6	-15	0	-22
Currency differences from converting foreign units	-7	-3	0	-10
Accumulated write-downs/depreciations 31.12	-14	-18	0	-32
Booked value 31.12	**258**	**49**	**1**	**308**

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	Amount
Less than 1 year	23
1-2 years	20
2-3 years	18
3-4 years	1
4-5 years	0
Mote than 5 years	249
Total non-discounted lease liabilities 31. 12.2019	**311**

CHANGES IN LEASE LIABILITIES

NOK mill.	Amount
Initial recognition 01.01.2019	273
New/changed lease liabilities recognised during the period	68
Payment of principal	-23
Payment of interest	2
Exchange rate differences when converting foreign unit	-10
Total lease liabilities 31. 12.2019	**309**

OTHER LEASE EXPENSES INCLUDED IN THE INCOME STATEMENT

NOK mill.	Amount
Lease agreement with lower value	-10
Total lease expenses included in operating expenses	**-10**

STOREBRAND LIVSFORSIKRING AS

NOK million	Equipment	Vehicles	Fixtures & fittings	2019	2018
Book value 01. 01	3	0	1	4	7
Additions	10			10	
Depreciation	-2	0	0	-3	-3
Booked value 31.12	**11**	**0**	**0**	**11**	**4**

DEPRECIATION PLAN AND FINANCIAL LIFETIME:

Depreciation method:	Straight line
Vehicles/equipment	3-4 years
Fixtures & fittings	3-8 years

LEASES

NOK million	Buildings	IT-equipment	Total
Acquisition cost 01.01	6	4	10
Additions			0
Disposals			0
Acquisition cost 31.12	**6**	**4**	**10**
Accumulated depreciation & write-downs 01.01			0
Depreciation	-2		-2
Write-downs in the period			0
Accumulated depreciation & write-downs 31.12.	**-2**	**0**	**-2**
Booked value 31.12	**4**	**4**	**8**

SPECIFICATION OF TANGIBLE FIXED ASSETS AND LEASE AGREEMENTS IN BALANCE SHEET

NOK million	2019	2018
Tangible fixed assets	11	4
Right of use assets	8	
Book value 31.12	**19**	**4**

NOK million	Amount
Less than 1 year	3
1-2 years	3
2-3 years	2
3-4 years	1
Total non-discounted lease liabilities 31. 12.2019	**8**

CHANGES IN LEASE LIABILITIES

NOK million	Amount
Initial recognition 01.01.2019	6
New/changed lease liabilities recognised during the period	4
Payment of principal	-2
Payment of interest	0
Total lease liabilities 31. 12.2019	**8**

OTHER LEASE EXPENSES INCLUDED IN THE INCOME STATEMENT

NOK million	Amount
Lease agreement with lower value	-5
Total lease expenses included in operating expenses	**-5**

Note 36 Other receivables

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Accounts receivable - not insurance related	23	16		
Receivables from brokers	316	334	119	169
Collateral received	1,086	1,614	183	1,538
Receivables yield tax	243	269		
Tax account	1,067	3,115		
Other current receivables	472	688	55	45
Total	**3,206**	**6,036**	**356**	**1,752**

Note 37 Insurance liabilities by class of business

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/pension insurance	Non-life insurance	Storebrand Livsforsikring AS 2019	Storebrand Livsforsikring AS 2018
Premium reserve	257,439	2,506	1,353	11,350	13,862		286,511	265,369
- of which IBNS	1,670	56	1,265	1,066	23		4,079	4,150
- of which premium income received in advance	1,502	15	20				1,537	1,651
Additional statutory reserves	7,864	236		181	741		9,023	8,494
Market value adjustment reserve	5,118	150	36	51	131	14	5,500	2,245
Premium fund	1,368	137					1,505	1,645
Deposit fund	511						511	508
Pensioners' surplus fund							0	4
Conditional bonus							0	0
Other technical reserves						649	649	622
- of which IBNS						607	607	562
Total insurance liabilities	**272,301**	**3,030**	**1,389**	**11,583**	**14,734**	**662**	**303,699**	**278,887**

NOK million	BenCo 2019	BenCo 2018	SPP Pension & Försäkring 2019	SPP Pension & Försäkring 2018	Storebrand Livsforsikring Group 2019	Storebrand Livsforsikring Group 2018
Premium reserve	8,346	13,802	178,518	161,218	473,375	440,512
- of which IBNS		45	672	688	4,752	4,883
- of which premium income received in advance					1,537	1,651
Additional statutory reserves					9,023	8,494
Market value adjustment reserve					5,500	2,245
Premium fund					1,505	1,645
Deposit fund					511	508
Pensioners' surplus fund					0	4
Conditional bonus	1,500	1,781	7,802	6,462	9,302	8,243
Other technical reserves					649	622
- of which IBNS					607	562
Total insurance liabilities	**9,847**	**15,584**	**186,319**	**167,680**	**499,865**	**462,274**

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	2019	2018
Premium reserve	2,149	1,692	7,510	11,350	10,712
Additional statutory reserves	181			181	219
Market value adjustment reserve	31	20		51	8
Total insurance liabilities	**2,361**	**1,712**	**7,510**	**11,583**	**10,649**

ANNUITY/PENSION INSURANCE

NOK million	Profit allocation	Investment choice	2019	2018
Premium reserve	8,951	4,911	13,862	13,742
Additional statutory reserves	741		741	811
Market value adjustment reserve	131		131	20
Total insurance liabilities	**9,823**	**4,911**	**14,734**	**15,351**

GROUP PENSION PRIVATE SECTOR

NOK million	Company pension without investment choice	Paid-up policies without investment choice	Paid-up policies with investment choice	Occupational pension without investment choice	Occupational pension with investment choice	Pension certificate without investment choice
Premium reserve	23,340	127,889	16,424	1,941	614	88
Additional statutory reserves	1,696	6,074		92		
Market value adjustment reserve	1,513	3,427		85		2
Premium fund	596	10		47		
Deposit fund	511					
Pensioners' surplus fund						
Total insurance liabilities	**27,656**	**137,401**	**16,424**	**2,165**	**614**	**90**

GROUP PENSION PRIVATE SECTOR

NOK million	Occupational pension without profitsharing	Defined contri-bution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	2019	2018
Premium reserve	1,809	53,670	245	31,419	257,439	237,025
Additional statutory reserves			2		7,864	7,254
Market value adjustment reserve	82		9		5,118	2,123
Premium fund	714				1,368	1,495
Deposit fund					511	508
Pensioners' surplus fund					0	4
Total insurance liabilities	**2,604**	**53,670**	**257**	**31,419**	**272,301**	**248,409**

GROUP PENSION PUBLIC SECTOR

NOK million	Defined benefit without investment choice	2019	2018
Premium reserve	2,506	2,506	2,513
Additional statutory reserves	236	236	210
Market value adjustment reserve	150	150	66
Premium fund	137	137	150
Total insurance liabilities	**3,030**	**3,030**	**2,940**

The table below shows the anticipated compensation payments (excl. repurchase and payment).

DEVELOPMENT IN EXECTED INSURANCE CLAIM PAYMENTS

NOK billion	Storebrand Livsforsikring AS	SSP	BenCo
0-1 year	16	6	0
2-3 years	40	13	1
More than 3 years	233	159	7
Total	**289**	**178**	**8**

NON-LIFE INSURANCE

	Storebrand Livsforsikring AS	
NOK million	2019	2018
Reinsurance share of technical insurance reserves	67	48
Total assets	**67**	**48**
Premium reserve	41	59
IBNS	607	562
Total assets	**649**	**622**
Market value adjustment reserve	14	7
Total insurance liabilities	**662**	**629**

MARKET VALUE ADJUSTMENT RESERVE

NOK million	2019	2018	Change 2019
Equities and units	4,424	1,776	2,648
Bond and other fixed income securities	1,076	469	607
Total	**5,500**	**2,246**	**3,255**

Note 38 Change in insurance liabilities in life insurance

INSURANCE OBLIGATIONS IN LIFE INSURANCE - CONTRACTUAL OBLIGATIONS

NOK million	Premium reserve	Additional statutory reserves	Market value adjustment reserve	Premium-, deposit- and pension surplus fund	Other technical reserves non-life insurance	Storebrand Livsforsikring AS 2019	Storebrand Livsforsikring AS 2018
Book value 01.01	**171,927**	**8,494**	**2,245**	**2,157**	**622**	**185,446**	**184,999**
Changes in insurance obligations recognised in the Profit and Loss							
2.1 Net realised reserves	-543	768	3,255	2	8	3,490	-1,726
2.2 Profit on the return	82			117		199	162
2.3 The risk profit allocated to the insurance agreements	186			10		196	194
2.4 Other allocation of profit	43					43	58
Total changes in insurance obligations recognised in the Profit and Loss	**-234**	**768**	**3,255**	**130**	**8**	**3,928**	**-1,311**
Non-realised changes in insurance liabilities							
3.1 Transfers between funds	257	-238		20		39	25
3.2 Transfers to/from the company	36			-291	19	-236	1,742
Currency differences	-14	-2				-16	-10
Total non-realised changes in insurance liabilities	**278**	**-240**		**-271**	**19**	**-213**	**1,758**
Book value 31.12	**171,972**	**9,023**	**5,500**	**2,016**	**649**	**189,160**	**185,446**

INSURANCE OBLIGATIONS IN LIFE INSURANCE - INVESTMENT CHOICE PORTFOLIO SEPARATELY

NOK million	Premium reserve	Storebrand Livsforsikring AS 2019	Storebrand Livsforsikring AS 2018
Book value 01.01	**93,441**	**93,441**	**80,372**
Changes in insurance obligations recognised in the Profit and Loss			
2.1 Net realised reserves	21,134	21,134	4,530
Total changes in insurance obligations recognised in the Profit and Loss	**21,134**	**21,134**	**4,530**
Non-realised changes in insurance liabilities			
3.1 Transfers between funds	-39	-39	-25
3.2 Transfers to/from the company			8,563
Currency differences	2	2	1
Total non-realised changes in insurance liabilities	**-37**	**-37**	**8,539**
Book value 31.12	**114,538**	**114,538**	**93,441**

Note 39 Other liabilities

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Accounts payable	141	205	59	69
Governmental fees and tax withholding	293	305	75	86
Received collateral in cash	2,929	1,680	1,149	5
Debt broker	248	258	137	110
External financing of properties	1,140	891		
Leases liabilities	309		8	
Other current liabilities	501	536	22	97
Total other current liabilities	**5,560**	**3,876**	**1,450**	**367**

Note 40 Hedge accounting

STOREBRAND LIVSFORSIKRING GROUP

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

	2019					2018				
		Book value [1]					Book value [1]			
NOK million	Contract/ nominal value	Assets	Liabilities	Booked P/L	Recognised in compre- hensive income"	Contract/ nominal value	Assets	Liabilities	Booked P/L	Recognised in comprehen- sive income"
Interest rate swaps	2,273	1,062			-55	2,273	1,121			-12
Subordinated loans	-2,238		3,243	-5	53	-2,238		3,255	-14	14

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 ABS 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 Contract/ nominal value	2019 Book value [1] Assets	2019 Book value [1] Liabilities	2018 Contract/ nominal value	2018 Book value [1] Assets	2018 Book value [1] Liabilities
Currency derivatives	-4,700		27	-5,302		222
Subordinated loans as a hedge instrument	-3,650		3,426	-2,650		2,588
Underlying items		9,045			9,242	

1) Book values at 31.12.

STOREBRAND LIVSFORSIKRING AS

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 Contract/ nominal value	2019 Book value [1] Assets	2019 Book value [1] Liabilities	2019 Booked P/L	2019 Recognised in compre-hensive income	2018 Contract/ nominal value	2018 Book value [1] Assets	2018 Book value [1] Liabilities	2018 Booked P/L	2018 Recognised in compre-hensive income
Interest rate swaps	2,273	1,062			-55	2,273	1,121			-12
Subordinated loans	-2,238		3,243	-5	53	-2,238		3,255	-14	14

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 41 Collateral

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Collateral for Derivatives trading	904	4,055	197	3,110
Collateral received in connection with Derivatives trading	-3,939	-1,669	-2,170	-5
Total received and pledged collateral	**-3,035**	**2,385**	**-1,973**	**3,104**

Collateral pledged in connection with futures and options are regulated on a daily basis in the daily margin clearing on individual contracts. Collateral is received and paid in the form of cash and securities.

Note 42 Contingent liabilities

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2019	2018	2019	2018
Uncalled residual liabilities re limited partnership	7,297	5,818	6,433	4,912
Total contingent liabilities	**7,297**	**5,818**	**6,433**	**4,912**

Storebrand Livsforsikring AS has unutilized credit limits in connection with lending to and receivables from customers. See note 9 Credit risk.

The Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become part in legal disputes.

Note 43 Transactions with related parties

Companies in the Storebrand Livsforsikring Group have transactions with other companies in the Storebrand Group, senior employees and shareholders in Storebrand ASA. These are transactions that are a part of the products and services offered by the companies in the group to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, leasing of premises, and lending.

During 2019 Storebrand Livsforsikring AS has bought mortgages from sister company Storebrand Bank ASA.The transactions are entered into in commercial terms. The portfolio of loans that have been transferred in 2019 totalled NOK 5.9 billion. The total portfolio of loans bought as of 31 December 2019 is NOK 34.6 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense for 2019 is NOK 16.6 million.

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 further description in Note 1 Accounting Principles. Also see note 22 Remuneration of senior employees and elected officers and note 30 Parent company's holding of equities in subsidiaries and associated companies.

	2019		2018	
NOK million	Sale/purchase of services	Receivables/ liabilities	Sale/purchase of services	Receivables/ liabilities
Group companies:				
Storebrand ASA	44		18	
Storebrand Bank ASA	43	-2	48	-10
Storebrand Asset Management AS	2	36	-86	25
Storebrand Forsikring AS	125	46	131	41

Note 44 Solvency II

Storebrand Livsforsikring is an insurance company with capital requirements in accordance with Solvency II.

The calculations below are for Storebrand Livsforsikring AS when Storebrand Livsforsikring Group no longer entitled to report solvency. The requirement on consolidated level only applies to Storebrand Group.

The solvency capital requirement and minimum capital requirement 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.

SOLVENCY CAPITAL

	31.12.19					31.12.18
NOK million	Total	Tier 1 unlimited	Tier 1 limited	Tier 2	Tier 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	21,146	21,146				18,881
Including the effect of the transitional arrangement	0					0
Subordinated loans	7,651		1,114	6,536		7,780
Deferred tax asset	0					584
Risk equalisation reserve	466			466		234
Expected dividend	-1,690	-1,690				-3,200
Total solvency capital	**40,823**	**32,707**	**1,114**	**7,002**		**37,530**
Total solvency capital available to cover the minimum capital requirement	**35,124**	**32,707**	**1,114**	**1,302**		**31,314**

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

NOK million	2019	2018
Market	18,583	18,688
Counterparty	702	493
Life	7,055	6,292
Health	564	522
Operational	1,036	1,007
Diversification	-5,043	-4,526
Loss-absorbing tax effect	-4,740	-4,701
Total solvency requirement	**18,156**	**17,775**
Solvency margin	**224.8 %**	**211.1 %**
Minimum capital requirement	**6,512**	**6,465**
Minimum margin	**539.3 %**	**484.4 %**

Note 45 Return on capital

STOREBRAND LIVSFORSIKRING AS

	2019		2018		2017[1)]		2016[1)]		2015 [1)]	
	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return
Contractual obligations total	3.8 %	5.5 %	3.2 %	2.4 %	4.5 %	5.1 %	5.7 %	4.5 %	5.1 %	4.2 %
As portfolio:										
Group defined benefit public									3.4 %	2.5 %
Group defined benefit private	4.2 %	6.1 %	2.2 %	0.5 %	3.8 %	4.5 %	5.5 %	4.2 %	4.9 %	3.5 %
Swedish branch	4.5 %	6.1 %	4.4 %	1.1 %	6.1 %	5.7 %	4.2 %	3.3 %	5.5 %	4.5 %
Paid-up policies total	3.9 %	5.5 %	3.5 %	2.9 %	4.7 %	5.4 %	5.7 %	4.7 %	5.4 %	4.8 %
Paid-up policies portfolio 1	4.8 %	4.7 %	4.2 %	4.2 %	5.6 %	5.6 %	5.9 %	5.8 %	7.5 %	5.9 %
Paid-up policies portfolio 2	4.6 %	4.9 %	3.9 %	3.7 %	4.9 %	4.9 %	5.8 %	5.1 %	5.5 %	4.9 %
Paid-up policies portfolio 3	3.5 %	5.7 %	3.5 %	3.7 %	4.5 %	4.5 %	5.9 %	4.5 %	3.4 %	3.7 %
Paid-up policies portfolio 4	3.1 %	6.0 %	2.9 %	1.6 %	4.5 %	4.9 %	5.4 %	4.0 %		
Paid-up policies portfolio 5	3.7 %	5.7 %	3.2 %	2.1 %	4.3 %	5.3 %				
Paid-up policies portfolio 6					4.3 %	6.4 %				
Individual	3.6 %	4.7 %	2.9 %	0.0 %	4.5 %	4.2 %	6.4 %	4.3 %	4.9 %	4.4 %

"1) Changed comparison figures to correspond to allocation in accounts

	2014	
	Booked return	Market return
Contractual obligations total	5.2 %	6.3 %
As portfolio:		
Group defined benefit public	4.3 %	4.2 %
Group defined benefit private	5.4 %	6.6 %
Group defined benefit low		
Group defined benefit standard		
Swedish branch	6.5 %	6.9 %
Paid-up policies total	5.4 %	6.4 %
Individual	4.1 %	5.8 %

	2019	2018	2017	2016	2015	2014
Return on capital company portfolio	2.8 %	2.5 %	4.6 %	4.7 %	3.0 %	5.0 %

Note 46 Number of employees

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	2019	2018	2019	2018
Number of employees 31.12	1,282	1,317	749	719
Average number of employees	1,290	1,294	740	718
Fulltime equivalent positions 31.12	1,265	1,300	740	712
Average number of fulltime equivalents	1,273	1,279	738	710

Note 47: Sold/liquidated business

Nordben Life and Pension Insurance Co. Ltd and Interben Trustees Ltd are sold out of the Storebrand Livsforsikring group in 2019.

Declaration by the Members of the Board and the CEO

STOREBRAND LIVSFORSIKRING AS OG STOREBRAND LIVSFORSIKRING GROUP

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Livsforsikring AS and Storebrand Livsforsikring Group for the 2019 financial year and as per 31 December 2019.

The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of insurance companies" for the parent company and the consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and the additional requirements of the Securities Trading Act.

In the best judgment of the Board and CEO the annual financial statements and consolidated 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 assets, liabilities, financial standing and results as a whole of the parent company and the group as per 31 December 2019. In the best judgment of the Board and 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 and consolidated financial statements. In the best judgment of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 11 February 2020
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Odd Arlid Grefstad
Cairman of the Board

Martin Skancke

Vibeke Hammer Madsen

Kari Birkeland

Jørn Hilstad

Hans Henrik Klouman

Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

To the General Meeting of Storebrand Livsforsikring AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Storebrand Livsforsikring AS, which comprise:

- The financial statements of the parent company Storebrand Livsforsikring AS (the Company), which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of change in equity and statement of cash flows 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 Livsforsikring AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of change in equity and statement of cash flows 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.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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, 6 and 37 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 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, 11 and 29 in the financial statements for management's further description of investment properties, the methods used and the assumptions the valuations are based on.

Through our audit we have assessed and tested design and effectiveness of established controls for review of 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 11 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 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 and using 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.

Terms and expressions

GENERAL

Subordinated loan capital
Subordinated loan capital is loan capital that ranks after all other debt. Subordinated loan capital forms part of the tier 2 capital for solvency capital calculations.

Duration
Average remaining term to maturity of the cash flow from interest-bearing securities. The modified duration is calculated based on the duration and expresses the sensitivity to the underlying interest rate changes.

Equity
Equity consists of paid-in capital, retained earnings and minority interests. Paid-in capital includes share capital, share premium reserve and other paid-in capital. Retained earnings include other equity and reserves.

Solvency II
Solvency II is a common set of European regulatory requirements for the insurance industry. Under Solvency II, the size of the capital requirement will be determined by the amount of risk the company is exposed to.

INSURANCE

Reinsurance (Reassurance)
The transfer of part of the risk to another insurance company.

IBNR reserves (incurred but not reported)
Reserves for the compensation of insured events that have occurred, but not yet been reported to the insurance company.

RBNS reserves (reported but not settled)
Reserves for the compensation of reported, but not yet settled claims.

LIFE INSURANCE

RETURN ON CAPITAL
The booked return on capital shows net realised income from financial assets and changes in the value of real estate and exchange rate changes for financial assets, expressed as a percentage of the year's average capital in customer funds with guarantees and in the company portfolio, respectively. The market return shows the total income realised from financial assets, changes in the value of real estate and the year's change in unrealised gains or losses, expressed as a percentage of the year's average total capital in customer funds with guarantees and in the company portfolio, respectively, at market value.

GROUP CONTRACTS
Group defined benefit pensions (DB)
Guaranteed pension payments from a specified age for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age. The product is offered in both the private and public sectors. The cover includes retirement, disability and survivor pensions.

Group defined contribution pensions (defined contribution – DC)
In group defined contribution pensions the premium is stated as a percentage of pay, while the payments are unknown. The customer bears all the financial risk during the saving period.

Group one-year risk cover
These products involve guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.

Paid-up policies (benefit) and pension capital certificate (contribution)
These are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.

Group life insurance
Group life insurance in which an insured sum is payable on the death of a member of the group. Such insurance can be extended to cover disability insurance.

Unit Linked
Life insurance offering an investment choice, whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested. Applies to both individual policies and group defined contribution pensions.

INDIVIDUAL CONTRACTS
Individual allocated annuity or pension insurance
Contracts with guaranteed payments for as long as the insured person lives. Alternatively, it can be agreed that the pension will end at a specified age.

Individual endowment insurance
Contracts involving a single payment in the event of attaining a specified age, death or disability.

Individual Unit Linked insurance
Endowment insurance or allocated annuity in which the customer bears the financial risk.

Contractual liabilities
Allocations to premium reserves for contractual liabilities shall, as a minimum, equal the difference between the capital value of the company's future liabilities and the capital value of future net premiums (prospective calculation method). Additional benefits due to an added surplus are included.

RESULT

Administration result
The administration result is the difference between the premiums paid by customers pursuant to the tariff and the company's actual operating costs. The income consists of fees based on the size of customer assets, premium volumes or numbers in the form of unit prices. Operating costs consist of, among other things, personnel costs, marketing, commissions and IT costs.

Financial result
The financial result consists of the net financial income from financial assets for the group portfolio (group and individual products without any investment choice) less the guaranteed return.

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.

Insurance reserves – life insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 – accounting policies.

Solidity capital
The term solidity capital includes equity, subordinated loan capital, market value adjustment reserve, additional statutory reserves, conditional bonuses, surplus/deficit related to bonds at amortised cost and retained earnings. The solvency capital is also calculated as a percentage of total customer funds, excluding additional statutory reserves and conditional bonuses.

FINANCIAL DERIVATIVES

The term "financial derivatives" embraces a wide range of financial instruments for which the current value and future price movements are determined by equities, bonds, foreign currencies or other traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments, such as equities and bonds, and are used as a flexible and cost-effective supplement to traditional instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

Share options

The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In general, exchange traded and cleared options are used.

Stock futures (stock index futures)

Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts, which are exchange traded, and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

Cross currency swaps

A cross currency swap is an agreement to exchange principal and interest rate terms in different currencies. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Cross currency swaps are used, for example, to hedge returns in a specific currency or to hedge foreign currency exposure.

Forward Rate Agreements (FRA)

FRAs are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed amount and period of time. This difference is settled at the start of the future interest period. FRA contracts are particularly appropriate for the management of short-term interest rate exposure.

Credit derivatives

Credit derivatives are financial contracts that transfer all or part of the credit risk associated with loans, bonds and similar instruments from the purchaser of the protection (seller of the risk) to the seller of the protection (purchaser of the risk). Credit derivatives are transferable instruments that make it possible to transfer the credit risk associated with particular assets to a third party without selling the assets.

Interest rate futures

Interest rate futures contracts are related to government bond rates or short-term benchmark interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily and settled on the following day.

Interest rate swaps/asset swaps

Interest rate swaps/asset swaps are agreements between two-parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange fixed rate payments for floating rate payments.This instrument is used to manage or change the interest rate risk.

Interest rate options

Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

Forward foreign exchange contracts/swaps

Forward foreign exchange contracts/swaps relate to the purchase or sale of a currency for an agreed price at a future date. These contracts are principally used to hedge the currency exposure arising from securities, bank deposits, subordinated loans and insurance reserves. These contracts also include spot foreign exchange transactions.

Currency options

Currency options give the holder a right, but not an obligation to a future exchange of currency at a predetermined rate. Currency options are used for hedging subordinated loans in foreign currency.

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