storebrand

Investing in a sustainable future

Facts and figures 2018

Group profit NOK million

3 158

Return on equity

13.7% [1)]

Solvency margin

173%

NOK billion invested in fossil free funds

68

Assets under Management, NOK billion

707

Assets under Management screened for sustainability criteria

100%

1) After tax, adjusted for amortisation of intangible assets

Investing in a sustainable future

Odd Arild Grefstad
Group Chief Executive Officer

2018 was a good year. Storebrand delivered great results and took a step along the road to becoming a world-class savings group. We completed a successful integration of SKAGEN and Silver into the Group, explored and refined our sustainable investments, and entered into close cooperation with the fintech company Dreams. Our financial solidity was strengthened and there was an increase in the dividends distributed to shareholders. At the same time, the financial markets experienced turbulence at the end of the year, in a somewhat uncertain macroeconomic situation.

In 2018, Storebrand presented an ambition to build a world-class savings group, supported by insurance. This ambition builds on our position in the corporate market, as the leading supplier of Norwegian occupational pensions and an offensive challenger in the Swedish market. Our goal is to create world-class customer experiences in our core areas of savings and pensions. Our driving force is to give our customers a future to look forward to by helping them secure their current and future finances. People are living longer and can expect smaller government pensions in the future. For our customers, it will therefore be necessary to save more in the years to come.

To achieve the goals we have set, we must understand the needs of our customers and ensure good interaction between the digital touchpoints and human interactions. As an organisation, we need to be even more agile, keep adapting and developing new solutions, and have a relentless focus on our customers. To support an agile way of working, we created several cross-functional teams with substantial freedom of action. These teams define, prioritise and develop digital solutions and services. In 2018, we also entered into several fintech collaborations, including as part owner and partner of the savings app Dreams. Through an understanding of behavioural psychology, Dreams makes digital savings easy and fun, and they were awarded as one of the 100 top fin-tech companies in the world in 2018.

In Norway, our savings and insurance business delivered strong operational results. In Sweden, our subsidiary, SPP, can also look back on a very good year, with strong premium growth and a positive net flow of funds to the Company. In 2019, SPP aims to deliver double-digit growth and reinforce its digital lead. In Norway, we are busy planning and building on our savings offerings , which will be the main pillar of our growth strategy going forward. We are investing over NOK 400 million in the revitalisation and renewal of several of our digital platforms in 2019. We want to be the preferred customer choice when the “Individual Pension Account” market opens in a year or two. The “Individual Pension Account” is a new financial product spearheaded by the authorities where Norwegians can combine all of their defined contribution pensions from both current and former employers.

Storebrand ended 2018 with record strong capital adequacy and liquidity. The solvency margin at year end was 173 per cent. Both the operating and financial results improved compared with the previous year. This increase is driven by strong growth in savings and insurance combined with strong cost discipline in the Group. Overall, this gives the Board an opportunity to increase the dividend to NOK 3 per share.

The acquisitions of SKAGEN and Silver strengthen our savings strategy. I’m impressed with the work done by the teams when both SKAGEN and the Silver portfolio were integrated into the Storebrand family. SKAGEN complements and broadens Storebrand’s investment offerings and customer base. This work will continue in 2019, including a stronger focus on international distribution of fund solutions. We benefit greatly from SKAGEN’s network and presence in European markets.

Storebrand´s driving force is to create a future we and our customers can look forward to. A great part of our work is therefore about working to achieve the UN Sustainable Development Goals. Sustainable and socially responsible investments lie at the core of our savings strategy. Among other things, we are supporting the UN Global Compact, the world’s largest corporate social responsibility initiative. As Norway’s largest private asset manager, our most important influence on the UN Sustainable Development Goals is tied to how we invest the more than NOK 700 billion that we manage.

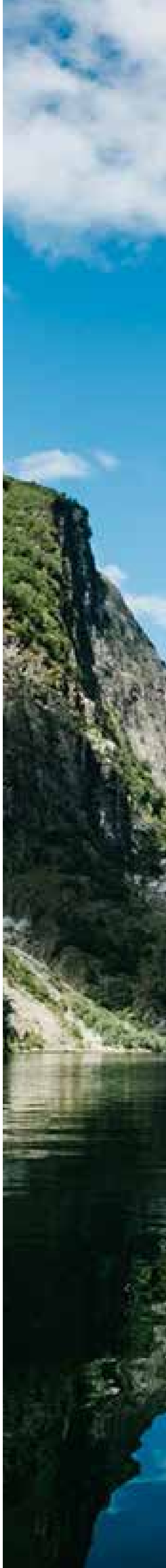
The UN Climate Panel's report in 2018 gave us an unpleasant reminder of the major climate challenges we are facing, which influence the choices we make as investors in the short, medium and long term. The financial industry is an important contributor in the efforts to limit global warming, and we have a clear strategy to invest through our own, targeted funds in companies that provide climate solutions. However, most importantly, we have strict environmental, climate and sustainability criteria for all our investments.

The entire Storebrand portfolio is regularly screened according to our sustainability criteria. By the end of 2018, 171 companies were excluded from the Storebrand investment universe. During the past year, we have had an owner dialogue with 314 companies. We have the industry's strictest policy for the exclusion of coal, and we are now tightening our policy further with the goal of excluding any company that has more than 5 per cent of their earnings from coal [1)] by 2026.

In 2018, we also launched three custom investment portfolios, that we called "Wave". Wave will only invest in companies that contribute to solving the greatest challenges of our time in the areas of renewable energy, equality and cities of the future. Going forward, we will continue to seek new investment opportunities that contribute to sustainable solutions. At the same time, we will exercise active ownership through voting and dialogue with the companies in which we invest. Our aim is to influence them to reduce their CO_2 emissions from their own activities, among other things. Sustainability is not just about corporate social responsibility, it's also good business. Money placed with us, either in savings and pension products, insurance or the bank, should be working for our customers, and it should also be working for the planet and society. It should be **Good Money.**

"Our driving force is to give our customers a future to look forward to by helping them secure their current and future finances."

Odd Arild Grefstad



1) We have already excluded any company that has more than 25 per cent of its earnings from coal..

Important events in 2018

Q1: January to March

- **Storebrand acquired** the remaining 9 per cent of the shares in **SKAGEN AS** and now owns the company wholly.

- **Storebrand won the tender competition** after Silver was placed under public administration in 2017. 16,000 customers with 24,500 contracts and NOK10 billion in assets under management were transferred to Storebrand.

Q2: April to June

- **Launch of Wave:** portfolios in which the customer invests in companies that are working to solve the greatest challenges in gender equality (Sustainability Goal 5), climate (Sustainability Goal 13) and Sustainable Cities (Sustainability Goal 11).

Q3: July to September

- **Storebrand became a co-owner of the Swedish fintech company Dreams** and launched the savings application Dreams on the Norwegian market.
- SKAGEN AS launched **Norway's largest fund platform for Share Savings Accounts (ASK)**, approximately 600 funds in a single platform.
- SPP launched the **pension robot Gajda**, a digital tool that guides the employees through the various pension elements and helps them make the right decision based on their life situation.

Q4: October to December

- **Zero coal by 2026:** Storebrand introduced changes to its investment policy for coal and will thus not be invested in the coal industry by 2026.
- **"Handshake of the Year" 2018:** The food bank Matsentralen received the Storebrand Sustainability Prize during the "Our Planet" conference.
- **Google Pay:** Storebrand launched Google Pay for easy, fast and secure mobile payments.
- **The marketing campaign featuring the pink pension piggy bank was launched**. Encouraging Norwegians to check their pension figures to see how much they have in their piggy bank was well received in the market.
- **SPP launched Sweden's first fully digital occupational pension offering**. A new IT platform and new digital tools allow companies to obtain a need-adapted pension plan without any manual work.

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This is Storebrand

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

Storebrand at a glance

Our vision and driving force

Our aim is to work for a future that we can look forward to, through delivering better pensions – simple and sustainable. We have been a part of people's lives for over 250 years. Today, we are Norway's largest private asset manager, with over NOK 700 billion invested in companies throughout the world. When more than 1.8 million Norwegians and Swedes place their savings with us , it comes with some clear obligations. We aim to manage our customers´ money profitably, so that their dream of a good retirement can be fulfilled. However, money should be managed sustainably, so that future generations have a future to look forward to. In the area of sustainable investments, we will be a courageous pathfinder and a role model for other investors.

Our vision, Recommended by our customers, is simple and gives a clear indication that the satisfaction of our customers is the most important goal for us.

We offer pension, savings, insurance and banking products to private individuals, businesses and public enterprises.

"Our vision is simple and gives a clear indication that the satisfaction of our customers is the most important goal for us".

Solvency II 2018: 173%

Dividend 2018:[2)] 68%

1) Including SKAGEN and SPP.

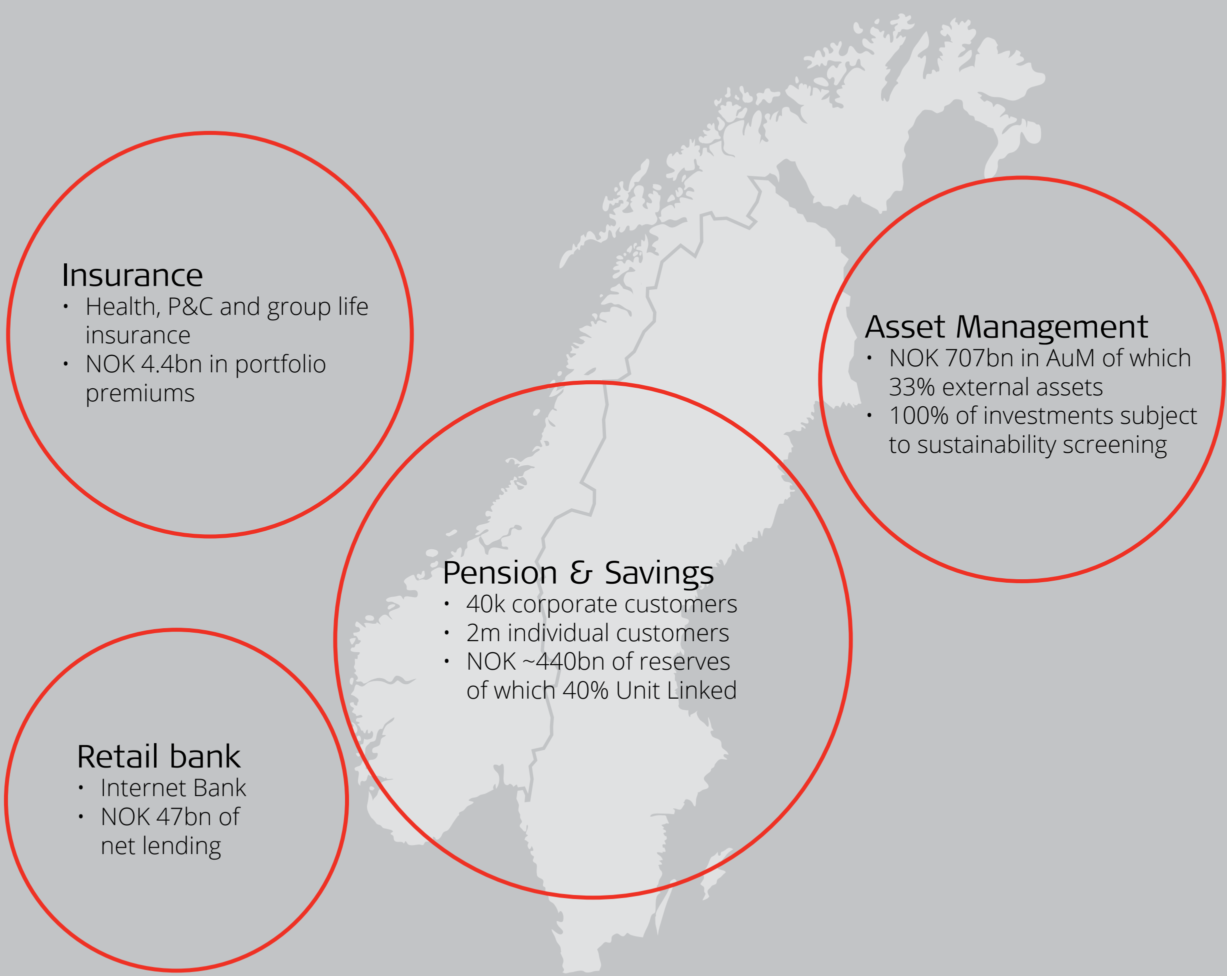
2) Adjusted for extraordinary tax income as per stock exchange release 15 January 2019.

Organisation

Legal structure (simplified)

Storebrand ASA

- Storebrand Livsforsikring AS
  - SPP Pension & Försäkring AB
- Storebrand Forsikring AS
- Storebrand Bank ASA
  - Storebrand Boligkreditt AS
- Storebrand Asset Management AS
  - SPP Fonder AB
  - SKAGEN AS
- Storebrand Helseforsikring AS (50%)



Reporting structure

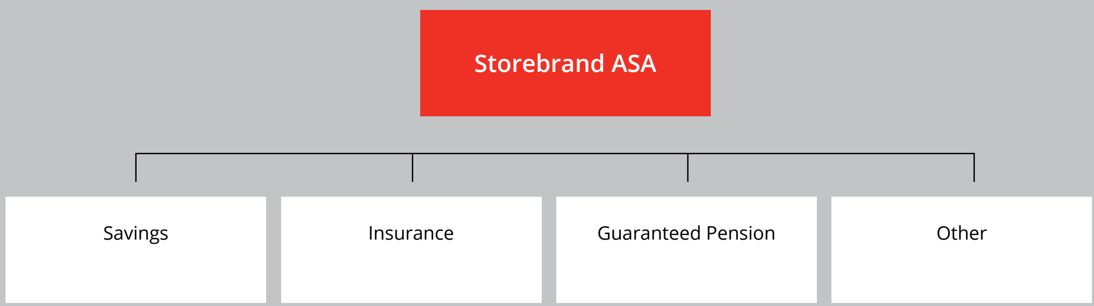
The Group is divided into the segments **Savings, Insurance, Guaranteed Pension** and **Other**.

Savings consist of products that encompass pension savings without interest rate guarantees. This includes defined contribution pensions in Norway and Sweden, asset management and banking products for private individuals.

Insurance is responsible for the Group's risk products in Norway and Sweden and provides health insurance in the Norwegian and Swedish corporate and retail markets, property and casualty insurance and personal risk products in the Norwegian retail market and employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

Guaranteed Pension consists of products that include long-term savings to a pension, where customers have a guaranteed return or performance. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

Other: The result for Storebrand ASA is reported here, as well as the result for the Company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with lending to commercial enterprises by Storebrand Bank and the activities of BenCo are reported in this segment.



Executive management

Odd Arild Grefstad (1965)

Group Chief Executive Officer

Education

State-Authorised Public Accountant and Authorised Financial Analyst, (AFA) Norwegian School of Economics and business Administration (NHH)

Previous positions

2011–2012: Managing Director, Storebrand Life Insurance AS
2002–2011: Executive Vice President, CFO and group Legal, Storebrand ASA
1998–2002: Head of business Control, Storebrand ASA
1997–1998: Group Controller, Life Insurance, Storebrand ASA
1994–1997: Vice President, Internal Audit, Storebrand ASA
1989–1994: External Auditor, Arthur Andersen & Co

Ownership in Storebrand

Number of shares as of 31 December 2018: 141,634

Lars Aa. Løddesøl (1964)

Group CFO

Education

MSc in Economics and Business Administration (Siviløkonom), BI Norwegian Business School
MBA, Thunderbird / American Graduate School of International Management, USA

Previous positions

2008–2011: Executive Vice President, Life and Pensions Norway and Managing Director, Storebrand Livsforsikring AS
2004–2008: Executive Vice President, Corporate Market Life Insurance, Storebrand Livsforsikring AS
2001–2004: CFO, Storebrand ASA
1994–2001: Vice President/Relationship Manager, Citibank International plc
1990–1994: Asst. Treasurer, Scandinavian Airlines Systems

Ownership in Storebrand

Number of shares as of 31 December 2018: 83,521

Heidi Skaaret (1961)

Executive Vice President, People & Technology

Education

MSc in Economics and Business Administration (Siviløkonom), University of Washington, USA

Previous positions

2008–2012: Executive Vice President, Scandinavia Region, Managing Director of Lindorff AS in Norway, Lindorff Group AB
2001–2008: Managing Director, IKANO Finans ASA
1987–2000: Managerial positions, Den norske Bank ASA
1986–1987: Financial Services Officer, Bank of America, San Francisco, USA

Ownership in Storebrand

Number of shares as of 31 December 2018: 54,473

Staffan Hansén (1965)

Executive Vice President,
SPP Pension & Forsäkring AB

Education
Licentiate degree (Economics),
Åbo Academy, Finland
PhD studies, Finnish Doctoral programme in Economics,
PhD studies, Stockholm School of Economics

Previous positions
2013 -2015: CEO, Storebrand Asset Management
2011–2013: CIO, Storebrand Livsforsikring AS
2008–2011: CIO, SPP Livförsäkring AB
2006–2008: Responsible for strategic allocation, SPP Livförsäkring AB
2003–2006: Head of Government and Covered Bond trading, Svenska Handelsbanken
1996–2003: Head of Fixed Income, Alfred Berg Finland
1994–1996: Trainee, Pohjola Bank (OKOBANK)

Ownership in Storebrand
Number of shares as of 31 December 2018:
55,034

Jan Erik Saugestad (1965)

Executive Vice President, Asset Management

Education
MSc, Norwegian University of Science and Technology (NTNU)
MBA, NSEAD, France

Previous positions
2006–2015: CIO, Storebrand Asset Management
2002-2006: Head of Asset Allocation, Storebrand Asset Management
1999–2002: Senior Portfolio Manager, Storebrand Asset Management
1997–1999: Sector Head Equities, Energy/Shipping, Handelsbanken Markets
1995–1997: Partner, Marsoft Capital
1992–1995: Head of Research, Nordea Markets
1990–1991: Junior Consultant, McKinsey & Company

Ownership in Storebrand
Number of shares as of 31 December 2018:
44,378

Wenche Annie Martinussen (1968)

Executive Vice President, Retail Market Norway

Education
Individual module in Master of Management in Scenarios and Foresight,
BI Norwegian Business School
Individual modules in the Master of Management in E-commerce and Master in Business and Marketing, BI Norwegian Business School

Previous positions
2015–2017: Senior Vice President Retail, Storebrand ASA
2013–2015: Senior Vice President Storebrand Direct, Storebrand ASA
2011–2013: Senior Vice President Business Development and Digitalisation, Storebrand ASA
2007–2011: Senior Vice President Digital Sales and Development, Storebrand ASA
2002–2007: Nordic Head of Internet, Group Identity and Communications, Nordea Bank AB
2001–2002: Manager Web Content Management, Electronic Banking, Nordea Bank AB
1996–2001: Sales, Product and Marketing Manager, Norwegian Trade Council, INDEX Publishing AS

Ownership in Storebrand
Number of shares as of 31 December 2018:
13,969

Geir Holmgren (1972)

Executive Vice President, Corporate Market

Education

Cand. Scient degree with actuarial qualifications, University of Oslo, Norway
MBA, Griffith University Brisbane, Australia

Previous positions

2013–2015: Executive Vice President, Guaranteed Pension, Storebrand ASA
2011–2012: Manager Customer Service and Product, Storebrand Livsforsikring AS
2003–2011: Product Manager, Storebrand Livsforsikring AS
2002–2003: Product Manager Unit linked Insurance, Storebrand Livsforsikring AS
2000–2002: Product Manager Defined Contribution Pensions, Storebrand Livsforsikring AS
1998–2000: Sales International Life Insurance, Storebrand Livsforsikring AS
1997–1998: Actuary Trainee, Storebrand Livsforsikring AS
1995–1997: Teacher, University of Oslo

Ownership in Storebrand

Number of shares as of 31 December 2018: 54,722

Jostein Dalland (1969)

Executive Vice President, Digital Business Development

Education

Siviløkonom/MBA, St.FX University, Canada
Master of Technology Management, Norwegian School of Economics (NHH)/Norwegian University of Science and Technology (NTNU)

Previous positions

2015–2016: Senior Vice President Customer and Business Development, Storebrand ASA
2011–2015: Chief Marketing Officer/SVP Marketing, Storebrand ASA
2009–2011: CEO, Inven2 AS
2007–2009: Senior Vice President Marketing and Sales, Aker BioMarine ASA
2002–2007: CEO, Natural ASA
2001–2002: Director/Partner, Reflex AS
1995–2001: Senior Vice President Pizza and various marketing positions, Orkla Foods AS
1993–1995: Management Consulting

Ownership in Storebrand

Number of shares as of 31 December 2018: 16,701

Karin Greve-Isdahl (1979)

Executive Vice President, Communications, Sustainability and Industry Policy

Education

Master of International Relations, Bond University, Australia
Bachelor of Communications, Bond University, Australia

Previous positions

2014–2017: Vice President Communications, Opera Software
2009–2014: Communications Director, SN Power
2008–2009: Business Reporter, TV 2
2005–2008: TV Reporter, CNBC/FBC Media
2004–2005: Researcher, CNBC Europe

Ownership in Storebrand

Number of shares as of 31 December 2018: 6,681

A sustainable strategy

Overall strategic goals

Storebrand revised its business strategy in 2018 on the basis of several development trends. In recent years, the regulatory framework for savings and pensions has been undergoing major changes. The introduction of the Share Savings Accounts (ASK) and Individual Pension Accounts (IPS) improved the savings terms and conditions for people. The introduction of Individual Pension Accounts in the coming years will change the occupational pension market and provide customers with greater insight into their pensions.

Due to reduced benefits from the government for future pensioners, people will have to take greater responsibility for their own financial future. We expect that the changing regulatory framework will result in people saving more. These are the main reasons why Storebrand chose to focus its strategy towards pensions and savings.

In 2018, Storebrand developed three overall strategic goals: A leading position in occupational pensions, a unique positioning in the private savings market and an asset manager with strong competitive advantages and good growth opportunities. Broad insurance offerings to both the retail and corporate markets are aimed at supporting our strategic goals.

Storebrand's ambition is to build a world-class savings group, supported by insurance. We will create first-class customer experiences in the core areas of savings and pensions. We aim to help our customers insure their lives and assets, so that they can build a future that they can look forward to. Our foundation is based on our position in the corporate market as Norway's leading provider of occupational pensions, and as an offensive challenger in the Swedish market. People are living longer and receiving less from the government, and our customers must save more in the years to come. We offer a broad palette of savings solutions, and through simple and accessible digital advisory services, we will motivate customers to take charge of their own savings and future.

Our strategy is based on a genuine commitment to a sustainable society and strong belief in sustainable investments. Through the management of over NOK 700 billion, we create a long-term return for both our owners and customers, and we make sure that our activities support a more sustainable world.

Our employees are our most important resource for delivering on our strategy. Continuous learning to understand the needs of our customers is required. We want to have a multitude of committed and courageous employees, who will find the best solutions for our customers and make bold choices that support a sustainable business model.

Three strategic focus areas

In order to ensure that we have a comprehensive and long-term approach to how we create value for our shareholders, customers, employees and society at large, we conducted a materiality analysis in 2017. Through this, we defined our main focus areas and the associated issues that we are going to solve. It is essential that we manage these issues in a good way.

Our three main focus areas and the associated issues are:

- **Financial capital and our investment universe –** our capital shall be managed sustainably with a long-term perspective and give competitive return for our customers
    - Provide competitive returns to our shareholders and customers
    - A driving force for sustainable investments
    - An active owner
- **Customer and community relations –** our customers recommend us
    - Lifelong savings
    - Engaging, relevant and responsible advisory services
    - Digital trust
    - Simple and digital customer experiences
- **Our people and systems – people first, digital always**
    - A culture for learning
    - Committed and courageous employees
    - Diversity and equal opportunities
    - Good environmental and working conditions throughout the entire value chain

The three focus areas are described in the following sections, with the approach, goals, initiatives and results for the related issues. The key performance indicators that are stated for each focus area in the annual report are reported to the executive management on a continuing basis and to the Board semi-annually.

The three focus areas are relevant to our three most important strategic goals: a leading position in occupational pensions, unique positioning in the private savings market and asset management with strong competitive advantages and growth opportunities.

Altogether, the focus areas give us a clear prioritisation of the long-term challenges and how we will work with these going forward.

The materiality analysis and focus areas are dealt with by the executive management and the Board, and they form the basis for our integrated reporting. The annual report has been prepared in accordance with the Global Reporting Initiative (GRI) standards. Read more about the materiality analysis in the Other Content section.

Supporting the UN Sustainable Development Goals

A sustainable business model means that we must deliver a return to our owners and customers, while creating positive ripple effects for our society and managing our business activities in a way that does not deprive future generations. At Storebrand we believe that sustainability and profitability go hand in hand. Storebrand, and the business community in general, are dependent on both a well-functioning society and markets in order to succeed.

Storebrand has sustainability principles that sum up how sustainability is an integral part of our overall goals. The principles were updated in 2018 and encompass all parts of Storebrand's activities, including investments, product development, procurement, employee follow-up and internal operations.

The principles are:

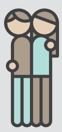
- We base our business activities on the UN Sustainable Development Goals.
- We help our customers to live more sustainably. We do this by managing our customers' money in a sustainable manner, in addition to providing sustainable financing and insurance.
- We are a responsible employer.
- Our processes and decisions are based on sustainability – from the Board and management, who have the ultimate responsibility, to each employee who promotes sustainability in their own 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.

A leading position in occupational pensions	A unique positioning in the private savings market	An asset manager with strong competitive advantages and good growth opportunities	Supported by insurance

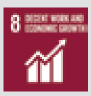
Financial Capital and Investment Universe

- Provide a return to the owners and customers
- A driving force for sustainable investments
- An active owner

Customer and community relations



- Lifelong savings
- Engaging, relevant and responsible advisory services
- Digital trust
- Simple and digital customer experiences



People and Systems

- A culture for learning
- Committed and courageous employees
- Diversity and equal opportunities
- Good environmental and working conditions throughout the entire value chain

As an asset manager of more than NOK 700 billion on behalf of our customers, Storebrand contributes first and foremost to the realisation of the UN Sustainable Development Goals through defining requirements for the companies we invest in, investing in solution-oriented companies and influencing the companies we are owners in through active ownership.

Storebrand has identified eight sustainability goals (3, 5, 6, 7, 8, 11, 12, 13) that we have the greatest impact on through our investment activities. Several of these are relevant to the three focus areas we have defined as essential to our business. We use these sustainability goals actively in our asset management, through a special sustainability rating, for example.[4]

Storebrand has also identified two sustainability goals in which we can make a difference through our Group business activities. Sustainability Goal 8, decent work and economic growth, shall ensure access to and an understanding of financial services. Storebrand is trying to encourage more people to save for their pensions and secure their own personal finances. Through our business activities, Storebrand will also contribute to achieving Goal 5, gender equality. [5]

Sustainability initiatives we support

- The UN Principles for Corporate Social Responsibility
- UN Global Compact
- UN Human Rights Conventions
- UN Environmental Conventions
- ILO Core Conventions
- UN Convention against Corruption
- UN Principles for Responsible Investment (PRI)
- UN Principles for Sustainable Insurance (PSI)
- CDP Global 100 Paris 2015
- UNEP Finance Initiative
- Portfolio Decarbonisation Coalition
- Accounting for Sustainability (A4S)
- Montreal Pledge
- Eco-Lighthouse
- Climate Neutral Organisation
- Norwegian Code of Practice for Corporate Governance
- Norwegian Forum for Responsible and Sustainable Investment
- Tobacco Free Portfolios

4) Read more about how sustainability goals are implemented in our investment universe in Section 2.

5) Read more about our specific initiatives to ensure diversity and equality in Section 4.

2

Financial Capital and Investment Universe

Storebrand will deliver profitable growth by building a world-class savings group, supported by insurance, through simple and sustainable solutions.

Provide a return to the owners

Why

As a listed company, Storebrand's most important goal is to generate a return for our shareholders. The return shall be created in a sustainable manner and contribute to positive ripple effects for society.

Approach

Storebrand shall deliver profitable growth. The guaranteed portfolios shall be managed in a capital-efficient manner and free up capital for the shareholders over time. Occupational pension is a core product in both Norway and Sweden. In Norway, employees and former employees of companies that have a pension agreement with Storebrand are offered attractive solutions in the retail market. Our vision is simple: We are successful when our customers recommend us.

Goals and ambitions

Storebrand's ambition is to create an attractive and competitive return through dividends and the creation of value. The goal is to pay a dividend of more than 50 per cent of the group profit after tax. The Board's ambition is to ensure that the ordinary dividend per share shall at least be at the same nominal level as the previous year. Ordinary dividends will be paid with a sustainable solvency margin of more than 150 per cent. If the solvency margin is over 180 per cent, the Board's intention is to propose an extraordinary dividend or buyback of shares. Furthermore, Storebrand has an ambition to continue profitable growth in priority growth areas. The Group's goal is to deliver at least a 10 per cent return on equity overall.

Storebrand has the following operational goals:

- **Maintaining the market leader position in occupational pensions in Norway**
- **Grow by more than ten per cent in the Swedish occupational pensions market**
- **Double-digit growth in private savings in Norway**
- **Five per cent premium growth in insurance**

Initiatives

Storebrand continued its focus on Savings and Insurance throughout 2018. Several initiatives were carried out to increase growth and profitability. The integration with SKAGEN laid the foundation for a common operating plat-

form and best practices with customers. We developed our digital advisory services and savings solutions. In SPP, the new advisory service tools and an improved welcome process for new customers contributed to raising the premium volume by 29 per cent compared with the previous year. Our management solutions are divided into three main categories: affordable index solutions, price-effective factor funds and narrow fund strategies that seek to generate a return greater than the market risk. All our savings solutions contain stringent sustainability requirements.

Results

The results are discussed more fully in the Directors' Report. Storebrand delivered a return on equity of 13.7 per cent, and the Board proposes to the General Meeting an ordinary dividend of NOK 1,402 million, corresponding to NOK 3 per share for 2018. Operating income grew by 13 per cent, driven by 8 per cent premium growth from collective pension agreements in Norway and Sweden.

Return on equity

A driving force for sustainable investments

Why

A long-term perspective is key, both to ensuring sustainable development and good management of the customers' pension assets. That is why we established a dedicated sustainability team for asset management already in 1995. Sustainability has been integral to investment decisions since then.

We believe that companies that take sustainability seriously will become more profitable over time. Such companies see and manage risk better, and they understand new investment opportunities when the trends change. For example, it will be more expensive for carbon intensive companies to raise capital if more investors have stringent carbon footprint requirements. In addition, there are an increasing number of new regulations that reinforce the risk of causing large carbon emissions, such as higher prices for CO_2 quotas.

As an investor, we see great potential in future-oriented companies that develop more efficient renewable energy production and new energy consumption and distribution solutions. Such companies are better positioned to meet global challenges, achieve good results and deliver a good return to Storebrand as an investor. The same applies to companies with good anti-corruption systems that respect human and labour rights.

Approach

Our portfolio managers have good tools for identifying risk and opportunities and making good, sustainable investment decisions. All companies in Storebrand's investment portfolio must satisfy the minimum requirements for human rights and international law, corruption and financial crime, climate and environmental damage, controversial weapons and tobacco. We call this the Storebrand Standard. It applies to all the funds and pension assets and shall ensure that customers' money is invested in companies that do not violate international norms. In case of serious violations of the Storebrand Standard, we use our role as the owner to make improvements in the dialogue with the company. If our dialogue is not successful, a company can be excluded from our investments.[6)]

Storebrand has developed a rating that defines how sustainable companies are. It helps us assess the company's environmental, social and management factors. The tool makes it possible to invest in companies that perform better with respect to sustainability. We also have a number of additional sustainability criteria. In this way, we transfer money flows from activities with a negative influence to companies that participate in the transformation to a sustainable society.

Storebrand supports and participates in a number of sustainability initiatives globally.[7)]

Goals and ambitions

Our ambition is to put capital to work to finance socially beneficial, sustainable solutions and to reduce exposure to activities that impact society negatively. Therefore, all our investments must satisfy the requirements of the Storebrand Standard. In addition, we clearly focus on companies with core business activities that produce goods or services that contribute directly to achieving sustainable social development. We also aim to strengthen our commitment to fossil-free fund solutions.

Storebrand aims to reduce greenhouse gas emissions from the companies we invest in and reports on our efforts in "The Portfolio Decarbonisation Coalition". We also push for portfolio companies to use standardised reporting measures to

6) Read more about our sustainability standard in the section "an active owner".

7) Read more about what initiatives we support and participate in "About Storebrand".

disclose climate risk towards investors and other stakeholders. We are a driving force for recommendations to The Task Force on Climate-related Financial Disclosures (TCFD), and our goal is to report comprehensively in accordance with this framework by 2020. Read more about this below.

Initiatives

Our entire portfolio is screened for sustainability. Since 2013, we have had a strict policy regarding investments in the coal industry. This policy was further tightened in 2018.

Storebrand has been a pioneer in developing fossil-free funds, which we started with in 2016 and expanded in 2017. In 2018, our Swedish branch, SPP, launched SPP Global Multifactor Plus, a fossil-free factor fund. SPP also launched two other fossil-free fund solutions in 2018, in addition to relaunching SPP Global Solutions.

In 2018, we launched Wave, three custom portfolios that invest exclusively in companies that contribute to solving global challenges related to renewable energy, sustainable cities and gender equality. We assess all companies in our investment universe with respect to gender equality. In addition to assessing whether the companies have a policy to prevent gender discrimination, we assess whether they have initiatives to contribute to UN Sustainable Development Goal Number 5 (equality) and 8 (decent work). Only companies with high scores are selected for the Wave portfolios.

We also implemented several initiatives to strengthen our sustainability analyses, and, among other things, focused on water risk in our investments (UN Sustainable Development Goal Number 6), which resulted in a report in collaboration with Norwegian Church Aid. In addition, we have formulated a special investment policy for deforestation, which encompasses soy, palm oil and cattle farming and will be launched in 2019.

Results

Our results with respect to the goals and ambitions mentioned above are summarised under key figures. This shows that we had excluded 171 companies from our investment universe as of the fourth quarter of 2018, because they violated our sustainability standard. The investments through Storebrand's and SPP's funds have a total carbon footprint of 21.8 tonnes of CO_2 per NOK million of revenue.[8] This is lower than the funds' comparable indexes, which showed 31.8 tonnes in equivalent units of measurement. In total, 23 per cent of our fund portfolio in SPP and Storebrand is fossil free.

Nearly 5 per cent of assets under management in Storebrand and SPPs fund portfolios is invested in companies that contribute specifically to sustainable development. [9]

Storebrand was also recognised for its focus on sustainability. In 2018, Storebrand came in second in the Ethical Bank Guide's ranking of sustainable financial institutions. Storebrand's Swedish subsidiary, SPP, received the top ranking for sustainable investments, by both Max Matthiessen, Söderberg & Partners and the Sustainable Brand Index (best of the pension companies).

For the results from our climate risk work, see the separate section.

NOK bn invested in fossile free products	Percent of AuM screened for sustainability criteria	Certified green property investments
68	100%	30%

8) The definition is based on TCFD. The fund's total carbon footprint is the sum total of the companies' carbon emissions relative to the companies' revenues, weighted for our ownership in the respective companies. The unit of measurement shows thus carbon emissions per million in the fund currency in NOK.

9) Defined as companies in which the core business activities are to produce goods or services that contribute to achieving sustainable social development.

Zero coal by 2026

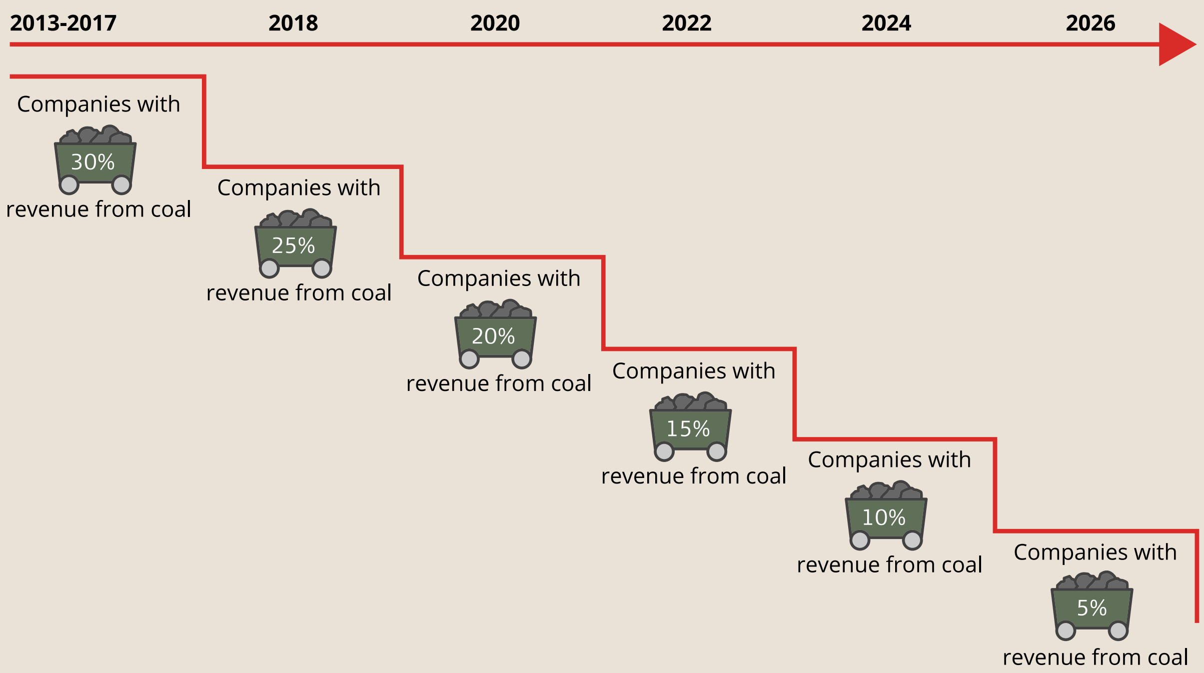
The report from the UN Climate Panel is crystal clear. In order to achieve the goal of limiting global warming to 1.5 degrees above the preindustrial level in 2100, the use of coal must be close to zero in 2050. In advance of the climate summit in December 2018, Storebrand announced its action plan for zero coal by 2026.

Already in 2013, Storebrand withdrew from companies with more than 30 per cent of their business activities in coal. Up until 2026, the Group, in accordance with the advice of the UN Climate Panel, will gradually take steps to reduce the percentage to five per cent, in practice zero coal.

"If we are to be successful in a movement towards zero emissions, we must be responsible owners and give the companies an opportunity to change. Selling out of companies is in a way the last thing we want. We want the companies to assess the risk of being in coal, and seek new investment opportunities in renewable energy," says the Executive Vice President for Asset Management, Jan Erik Saugestad.

In connection with the announcement, Storebrand encouraged other investors to tighten their coal criteria and get rid of coal-exposed investments by 2026.

The financial industry must stop financing coal power if the world is to achieve the global climate targets. Together with other investors and companies in Europe, Storebrand will make a focused effort to achieve a broad phase-out of coal, gradually excluding coal companies from the portfolios, with a total phase-out by 2026.



Storebrand's climate risk work

Climate risk has two dimensions. Storebrand takes climate risk into consideration on behalf of our shareholders because it could impact our earnings and their return on investment. We also take it into consideration on behalf of our customers because it can affect their returns and payouts.

Storebrand's exposure to climate risk shall be reviewed by the Board twice a year, as part of the process for our own risk and solvency assessment (ORSA). So far this has been a qualitative assessment. A process has been initiated to integrate climate risk into our structured risk assessment framework. This work is to be completed in 2019.

The Executive Vice President for Communications, Sustainability and Industrial Policy has overall responsibility for climate risk at the corporate level. Responsibility for risk mapping and management is delegated to the business areas. The most significant risks are related to asset management, the property portfolio, and property and casualty insurance.

Asset management

Asset management's largest financial climate risk is believed to lie in the transition to a low-emission society, where climate regulations, more rigorous emission requirements, a changed cost picture and market preferences may affect the value of investments. Our three most important initiatives to reduce climate risk are:

- **Pilot project under the auspices of UNEP FI "Implementing the TFCD[10)] Recommendations for Investors",** in which Storebrand, as one of 20 investors, participates to further develop standardised reporting in accordance with the TCFD Framework.

- **Stress testing the portfolios:** Storebrand Asset Management stress tested its investments through the 2 Degrees Investing Initiative scenario analysis tool PACTA.[11)] The transitional risk was mapped through exposure to high and low carbon technologies in the most important sectors, including fossil fuels and electrification in the transport sector. The results indicate how our investments are influenced by different scenarios, compared with reference portfolios.

- **Company dialogue**: Storebrand has participated in a number of meetings with companies we have invested in to gain knowledge of how climate-related data can be used for investment analysis. An important goal has been to understand the challenges and opportunities presented by the TCFD framework, including which data can be easily shared.

Property portfolio

Storebrand has a substantial property portfolio that may be impacted by extreme weather and long-term weather pattern changes, as well as by new requirements for energy and climate efficiency. A survey of physical risk, transitional risk and scenario analyses for existing property investments is scheduled for completion in 2019, using the modelling tool that has been developed by UNEP FI's pilot project. Property investments are considered to be well-protected against transitional risk due to stricter energy requirements and other climate-related regulations. The following risk mitigation measures have been implemented:

- **Energy/climate efficiency.** 30 per cent of the managed property portfolio is certified to meet environmental requirements.The target is 74 per cent in 2025. Continuous efficiency improvements are ensured through operational optimisation initiatives. Financial performance is quantified and documented. Our property investments are rated by GRESB (The Global property Sustainability Benchmark) in four different portfolios that are ranked first, second, third and fourth, respectively, in the Nordic region.

- **Development of a climate accounting tool** for property. When extrapolated, this should strengthen our aims, initiative planning and documentation at the portfolio level.

- **Pilot project under the auspices of UNEP FI**: Storebrand's participation in the TCFD project for investors includes the development of a special risk model for property investments. In 2019, the tool will contribute to the mapping and scenario analysis of physical risk and transitional risk.

10) TCFD stands for Task Force on Climate-related Financial Disclosures and is a recommended reporting framework for climate risk.

11) The tool is designed for financial institutions that want to measure their investments against a two-degree scenario, in cooperation with the Principles for Responsible Investment (PRI).

Property and casualty insurance

The greatest financial climate risk for property and casualty insurance is considered to be physical risk in the form of increased payments related to climate-related damage. In the long term, rising sea levels and long-term changes in the weather patterns also may have an impact. In addition, we believe that transitional risks, such as changing customer behaviour, technological developments and changing regulations, will affect the property and casualty insurance area.

In 2018, the Board and the management of our property and casualty insurance operations have simulated the effects of flood scenarios, assessed how climate conditions should be included in risk assessment and pricing in the underwriting process, as well as how recourse and dialogue can be used to influence municipalities and authorities. In 2019 quantitative mapping of risk exposure will be carried out and transitional risk will be assessed. The following initiatives have been implemented:

- **Pilot project under the auspices of UNEP FI:** Storebrand participates as one of 18 insurance companies to further develop standardised reporting in accordance with the TCFD framework through scenario analysis, financial modelling and key figures for climate-related risk and opportunities.

- **Review of the underwriting process:** developed a method for the assessment of risk and pricing associated with climate risk in underwriting.

- **Recourse and dialogue with municipalities:** employment of own resources to focus on recourse and dialogue with municipalities related to climate-related claims settlement.

- **Scenario analyses with climate risk** in connection with Storebrand's process for risk and solvency assessment (ORSA)

Key measurement parameters and initiatives

The Group is working to develop a structured framework for assessing and managing climate-related risk. This will specify responsibilities, procedures, key figures and reporting by business area. Today, these climate risk-related indicators are followed up at the corporate level:

- Carbon intensity in securities investments and direct property investments

- Reduction of investments in coal (down 5 per cent every second year)

- Share of AUM invested in solution companies, cleantech and renewable energy

- Number of active climate-related inquiries to companies we invest in

- Share of AUM in direct property investments that are environmentally classified in accordance with the BREEAM standard[12)]

12) Building Research Establishment Environment Assessment Method.

An active owner

Why

We believe that companies with a sustainable business model are the ones best equipped to both provide long-term returns to their owners and to manage the greatest challenges of our time. Therefore, we want to influence the companies we invest in to develop in a more sustainable direction. We do this through active ownership, among other things.

Approach

We exercise active ownership by voting at general meetings and through direct dialogue with the companies' management and boards. We also vote through proxies. In addition, we express our views to relevant authorities. We prioritise direct dialogue with the companies when we believe that this is the most effective way of influencing. Through participation in the UN Principles for Responsible Investments (UN PRI), we work with other investors to put pressure on the companies in the areas of climate and deforestation, among other areas.

Storebrand also manages direct property investments in Norway and Sweden totalling NOK 43 billion, which account for 6 per cent of our investment portfolio. We place stringent requirements on how the properties we manage perform, and actively seek to make improvements.

Goals and ambitions

Our ambition is to be a strong driving force to achieve lasting changes in the way companies are managed. To meet the requirements of the Paris Agreement, in 2018 we prioritised dialogue with companies that are specifically exposed to climate risk or have business activities that contribute to global warming. This way, we contributed to reducing risk and creating value on behalf of our customers. Going forward, we will step up our efforts to prevent deforestation and impose stricter investment criteria for companies that are involved in the production of beef, soy and palm oil, by requiring the implementation of a zero deforestation policy. We have 100 per cent environmentally certified property management,[13] and our goal is to ensure that all individual properties are environmentally classified in accordance with the BREEAM standard. [14]

Initiatives

In 2018, we expanded our deforestation efforts by partici-

13) Our property investments and all management services procured are ISO or Eco-Lighthouse certified.

14) Building Research Establishment Environment Assessment Method – a tool for the environmental certification of buildings.

pating as a lead investor in three different UN PRI initiatives that deal with soy, cattle and palm oil. Last year we also developed a new deforestation policy that will be launched in 2019.

Active ownership is also about visiting and following up the companies we have invested in. Last year, we visited palm oil plantations in Indonesia to discuss palm oil production, deforestation, working conditions and the living conditions of the local population. In South Korea, we discussed working conditions and anti-corruption initiatives with two different companies.

In 2018, a revised corporate policy for sustainable investments was established for the entire group – including SKAGEN, SPP and Delphi, effective as of 1 January, 2019. The most important change is a reinforcement of how we exercise active ownership. In addition to keeping a list of the companies we exclude, a list of companies we have under observation was also created. For the companies on the observation list, we retain our existing holdings, while we make an active effort to achieve real changes in how they operate.

Based on our new coal investment policy, we took a public stance in 2018 against a German energy company, requiring that they transform their energy portfolio away from coal. Companies that have more than five per cent of their business activities in coal will be excluded from our portfolio by 2026.[15]

In 2018, we also started to use proxy votes in order to influence international companies.

Results
We contacted, on our own and in cooperation with other investors, 314 companies to influence their business activities in a sustainable direction. Our dialogue led to new initiatives for the monitoring of deforestation caused by palm oil suppliers, better follow-up of methane leakage with some oil and gas companies, as well as voluntary pledges related to methane emissions in the oil and gas industry. Our talks also led to several companies engaged in soy and cattle production improving their deforestation policy.

One telecommunications company was included in the portfolio following an extensive dialogue to get the company to withdraw from authoritarian countries that used telecommunications companies to monitor the population as a basis for persecuting the opposition and journalists.

During 2018, Storebrand voted several times against the management's proposals in companies we had invested in. We also voted in several cases against the management's recommendation in relation to proposals put forth by shareholders. Examples of such proposals were the study of climate risk and the mapping and exposure of costs related to climate adaptation, the mapping of equality and wage conditions, as well as the public disclosure of costs related to lobbying or political donations.

Since 2013, 64 companies have been excluded from our investment universe due to their association with the coal industry. Another five companies will be excluded in 2020 if they do not change their practices.

The share of environmentally classified property investments has increased from 23 per cent in 2016, to 26 per cent in 2017 and 30 per cent of the AUM in 2018. We work continuously with environmental management and investment in initiatives to optimise the environmental performance of the properties we manage, and we have reduced both energy and water consumption by nearly 30 per cent through active ownership since 2011.[16]

"Our ambition is to be a strong driving force to achieve lasting changes in the way companies are managed."

Percentage of AGMs in portfolio companies where we voted to further Storebrand´s sustainability criterias:

41.6%

15) Five per cent is the lowest that managers can guarantee, based on the quality of the data available about the companies and marketing rules for funds.

16) Measuring the reduction per square meter

Key performance indicators

See more detailed definitions in section 9 Sustainability data, page 212

Key performance indicators	Result 2017	Goal 2018	Result 2018	Goal 2020	Goal 2025
Return On Equity [I)]	11,3%	>10%	13,7%	>10%	>10%
Solvency II	172%	>150%	173%	>150%	>150%
Dividends [II)]	40%	>50%	68%	>50%	>50%
Bn NOK invested in fossil free products [III)]	60	N/A	68	TBA	TBA
Total AuM invested in solution companies, cleantech and renewable energy [IV)]	1.8%	2.0%	1.9%	3.0%	4.0%
Percentage of AuM screened for sustainability criteria	100%	100%	100%	100%	100%
Carbon footprint in equity investments: Tonnes CO_2e per 1 million of sales income NOK/SEK (vs Index) [V)]	28/18	N/A	22(32)	N/A	N/A
Investments in green bonds, bn NOK/share total AuM	NEW	NEW	8,4/2,9%	TBA	TBA
Number/share of companies excluded from the investment universe	NEW	NEW	171/5,9%	N/A	N/A
Number/share of companies that have been contacted to discuss ESG through active ownership	NEW	NEW	314/10,8%	N/A	N/A
Number/share of General Meetings at which the promotion of Storebrand's sustainability criteria has been voted on	NEW	NEW	530/41,6%	N/A	N/A
Energy consumption, property management kWh/m^2	191	191	198	183	172
Water consumption, property management (Norway) m^3/m^2	0.35	0.34	0.382	0.34	0.32
Certified green property	26%	35%	30%	48%	74%
Tonnes CO2 emissions per m^2, property management	8.3	8.2	7.4	7.3	5.8
Waste sorting, property management (N)	65%	63%	65%	65%	69%

I) Adjusted for extraordinary tax income: 8.2%

II) Pay-out ratio is adjusted for extraordinary tax income as per stock exchange release 15 January 2019

III) New definition 2018. Did not report in 2017.

IV) Storebrand, SPP and SKAGEN, total AuM.

V) pr. 4th quarter 2018

3

Customer and Community Relations

We encourage customers to take charge of their own pensions and savings. We provide relevant and responsible advisory services and products for savings, as well as insurance and banking.

Lifelong savings

Why

Pension savings represent Storebrand's core service offerings. (Helping customers make the right financial choices is an important task.) In order to ensure a viable retirement, customers must be aware of their future financial status and plan accordingly.

Individuals have been given greater responsibility for their own pension finances through changes in the Norwegian pension system. Public awareness of individual responsibilities is increasing. Life expectancy is longer, putting the welfare system under pressure, and people understand that they cannot expect as much help from the government as before.

Approach

To increase the commitment to pension savings, we work to simplify communications and offer user-friendly, digital tools to our customers.

The relationship between employers and employees is an opportunity to reinforce the understanding of pension savings. We therefore actively collaborate with our corporate customers to share knowledge and advice that can help their employees make smarter choices.

Customer seminars, easy access to qualified advisers and understandable communications are important elements in our efforts to become a preferred savings group.

Market share
Individual Savings
Norway
21%

Customers shall rest assured that we manage their savings professionally and sustainably, contributing to a good return.

Goals and ambitions

My Pension Figure is a digital tool that helps customers (and potential customers) calculate their total expected pension. Figures are retrieved from the National Insurance Scheme, private savings and employers. The tool helps engage customers in taking charge of their own pensions.
In 2019, our objective is for 9 per cent, or 100,000, of our pension and savings customers to check their future pension and get an overview of their pension finances. Among them, our goal is for 33 per cent to take action to improve their future pensions.

Initiatives

In 2018, our digital calculation tool My Pension Figure played a key role in our efforts to encourage customers to take charge of their own pension. More than 80 per cent of all customers who establish a savings contract with Storebrand have checked their expected pension figure in advance. An oversized piggy bank was used as a symbol for pension money in a 2018 marketing campaign that scored 121 per cent against a Penetrace benchmark composed of other campaigns in our industry.

To make the tool more relevant and enhance the customer experience of My Pension Figure we made some technical adjustments and improvements in 2018. Among them was an improvement to the digital welcoming process for customers who checked their pension figure, and 2,500 customers were followed up by our pension advisers during the campaign period.

Results

Since 2013, about 420,000 people have obtained an overview of their expected pension using *My Pension Figure* at storebrand.no. In 2018 alone, more than 200,000 customers found their pension figures using the tool.

In 2018, more than 25,000 of our customers established a new savings agreement or expanded their savings scheme with us. Among these, more than 80 per cent had checked their pension figure first. This shows that the overview and advice we provide in connection with the pension figure contributes to increasing numbers of people starting or ramping up their own pension savings.

Our customer centre received close to 80,000 inbound customer inquiries concerning pensions and savings in 2018. Overall, the Storebrand Retail Market reported profitable growth of 40 per cent in 2018 – proof that our commitment to loyalty customers and our shift towards the retail market have been successful.

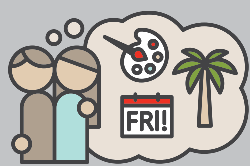
IPS

The Norwegian pension reform resulted in a financially sustainable and secure pension system. The pension level will be influenced more by events and choices during working life. To ensure a secure financial future, pension planning and savings are more important than ever. In the autumn of 2017, a tax-favoured savings scheme, Individual Pension Savings (IPS), was improved. Storebrand became one of the market leaders during the first year of the regime and grew an additional 30 per cent in 2018. By year-end 2018 we managed nearly 18,000 IPS agreements. A total of 77 per cent of Storebrand's IPS customers have a monthly savings agreement, which represents average savings of NOK 19,000 annually. Women account for 45 per cent of the agreements and save almost as much as men in this scheme, which is a higher percentage than for other forms of savings.

Maximum savings of NOK 40,000 per year

Deduction from ordinary income allowed

No tax while invested



Can be withdrawn after age 62

Payments must be distributed until at least age 80

Taxed as ordinary income when paid out

Engaging, relevant and responsible advisory services

Why

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

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

Relevant and responsible advisory services are the main prerequisites for customer satisfaction. We must guide our customers to buy products and services that are relevant and appropriate for their particular life situation. If we do this effectively, we contribute to our vision of having "our customers recommend us".

Approach

The starting point for all customer contact is the principle of "the customer first". This is reflected in our newly established service standards (in order of priority):

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

High ethical standards, good advisory services and other customer care practices, as well as relevant and updated expertise, are fundamental whenever we meet our customers. Our advisers are authorised either through a national authorisation scheme for financial advisers (AFR) or the approval scheme for salespersons and advisers in the area of property and casualty insurance (GOS). Both regimes are governed by the Financial Services Industry.

Our authorisation and qualification requirements shall be reflected in our digital interfaces with our customers. Storebrand supports Financial Services Industry in its work to develop a quality standard for electronic advisory services.

Goals and ambitions

We focus on delivering engaging and excellent customer experiences both in our efforts to attract new customers and to ensure customer satisfaction. We aim to be known for having the best sustainable savings and pension solutions. In Norway, our goal is to have the best annual improvement on the Sustainable Brand Index, whereas our goal in Sweden is to be ranked number 1 in the industry (corporate market).

Our ambition is to become the industry leader in experienced customer satisfaction, which is measured through the Net Promoter System (NPS). Our ambition for 2018 was to be in the top three. In addition, we aim to improve customer loyalty by increasing the number of customers buying several products from Storebrand.

Regardless of whether the contact is digital or physical, Storebrand's advice should be based on the customer's needs and life situation. In the area of savings, our ambition is for 75 per cent of all our advisers to be authorised at any given time. [17)]

Initiatives

The interaction between digital and physical customer service is becoming increasingly important. Teams dedicated to digital and physical customer service work together to define, prioritise and develop initiatives and focus areas. The development and further refinement of My Pension Figure, as well as the development of a new purchase solution for IPS, are examples of such joint initiatives.

In 2018, all customer advisers in the corporate and retail markets were given an introduction to the Group's newly established service standards. All new advisers are authorised, and 14 savings and investment advisers received AFR authorisation in 2018. In addition, ten new advisers received GOS authorisation, a corresponding approval scheme for insurance advisers. We have a total of 75 savings advisers and 56 insurance advisers.

An authorisation package for all Storebrand Bank advisers is planned for 2019.

Results

In 2018, we improved customer satisfaction related to advisory services measured by the NPS scores, from 41.5 per cent in 2017 to 46.1 per cent in 2018, 3.4 percentage points higher than the target for the year. At the same time, we received a top ranking in the Norwegian Customer Barometer's annual survey of customer satisfaction in the corporate market.

In the retail market, we maintained an NPS score corresponding to fourth place in 2018. Our goal for the year was to make top three. In Sweden, SPP was number seven in the NPS ranking, while our goal was to be number three.

With a market share of 19 per cent in 2018, Storebrand maintained its position as one of the market leaders in Individual Pension Savings (IPS) in strong competition with the industry at large.

In the market for transferable savings[19)], Storebrand had a market share of 20.8 per cent in 2018.

"Our ambition is to become the industry leader in customer satisfaction."

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

18) The turnover among the positions explains why our ambition is not 100 per cent.

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

Digital trust

Why

As managers of our customers' insurance, finances and future financial stability, we rely on trust to succeed.

Intelligent use of information in general, and personal data in particular, is critical in a digital world where office branches and physical customer meetings no longer exist. This strengthens our need to invest in digital trust. Our customers must be able to trust that we will handle their personal data properly and in accordance with their wishes. At the same time, they should experience that sharing personal information with us creates value for them.

Approach

Storebrand's guidelines for the processing of personal data contain principles for digital trust, such as lawful and transparent processing, purpose limitation, rights of data subjects, and requirements for built-in privacy protection.

Our employees answer phones and e-mail, process applications and act as representatives of Storebrand. Therefore, training and follow up of employees who receive and process the information, in addition to ensuring good digital security mechanisms, are key elements in building digital trust.

To document and control the effectiveness of our security efforts, we have implemented an internal control system throughout the entire value chain. Through this system, we stipulate requirements, verify and continuously improve security throughout the Group, internally, with our partners and in our customer solutions.

Storebrand assesses the ongoing privacy risk we may expose our customers to. When processing personal data that represent a high level of privacy risk, we consider the privacy consequences.

Goals and ambitions

Our ambition is to engage our customers and build long-term relationships through a good and transparent digital dialogue. At the same time, we take responsibility for safeguarding our customers' rights under the Personal Data Act, and we take their information security very seriously. Security and privacy training are mandatory for all employees, and this is followed up by both managers and the Group's compliance function.

Initiatives

In 2018, we developed and strengthened our work to ensure with privacy protection and digital trust through a group-wide programme aimed at adapting Storebrand's processing of personal data to the requirements of the new General Data Protection Regulation (GDPR).

We actively seek to improve employee security skills and awareness through our mandatory security culture programme. The program is mandatory for all managers and employees, including the Group Chief Executive Officer.
To ensure that our systems are robust, we have installed several layers in our security architecture. If a hole is detected in one of the layers, the next layer will provide protection until we have corrected the first. We conduct security tests and cyber risk assessments, with subsequent risk management measures as part of our daily operations.

Results

At the end of 2018, Storebrand had further strengthened our framework for the processing of personal data, which includes documentation of the processing that takes place, routines for handling incidents and robust controls.

In 2018, 41 incidents[20] related to the processing of personal data were reported. We reported 11 of these as non-conformities to the Norwegian Data Protection Authority in accordance with the General Data Protection Regulation. All the incidents from 2018 have been processed and closed. For non-conformities in which the risk to privacy protection was assessed as medium to high, the affected customers were contacted directly by phone or e-mail in accordance with our policies. We provided information about what had happened, actions taken, and information about whether it was necessary for the individual in question to take any separate action to ensure his or her privacy.

We also introduced initiatives to strengthen our expertise in the area of privacy protection for both employees and customers. Examples include digital training for all our employees and managers, an information film about privacy protection for our customers, simplified consent and a new privacy statement. In 2018, 89 per cent of our employees started such training.

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

Simple and digital customer experiences

Why

Of all the changes affecting our industry, technology developments and digitalisation are probably the greatest. Technology affects our entire business: our customers' behaviour and expectations, opportunities to deliver services to customers, opportunities to automate and transform how our products are delivered and function. Digitalisation enables new business models and partnerships, and it provides new opportunities and threat pictures.

Approach

When digital business development was established as a separate commercial group unit in 2017, Storebrand chose to integrate technology expertise as part of our business development and operations, erasing the historical division between "business" and "IT".

Digital Business Development is an interdisciplinary organisation, where business developers, pricing and product experts, IT architects, developers and interaction designers work together to improve customer experiences and solve customer problems by means of technology and digital services.

By maintaining a close relationship with our customers, we can understand their behaviour, challenges and problems. Through efficient use of new technology and ways of working (Cloud, Machine Learning, Big Data, Mobile, Flexible, Service Design, etc.), we can solve these problems in a smarter, faster and better way.

Goals and ambitions

We have an overall goal to increase digital sales and the use of our digital services, as well as to improve customer satisfaction. For 2018, our goal was 100,000 digital sales. Our digital customer experience is measured through the Net Promotor System (NPS), in which the customer gives a score from 0 to 10, with 10 as the best result. The goal for 2018 was to have as many positive (9–10) feedback responses as negative responses (0–6).

Initiatives

In 2018, major boosts were seen in many areas, all of which were provided by team-based work methods.

Both corporate customers and institutional customers of Storebrand Asset Management received brand new portal solutions.

For the retail market, we developed automated loan applications, optimised digital sales and purchase processes in all product areas, and we introduced major improvements in self-service and advisory service solutions for individual pension and savings customers.

Digital Business Development delivered several initiatives based on the exploration of new technologies, partnerships and business opportunities. In 2018, we contributed, among other things, to thematic investments based on sustainability goals (the savings solution Wave), automation of chat (chatbots), changing the savings habits of young people through the Dreams savings app, and digital services for pension advice for customers approaching retirement age (Soon a Pensioner).

Results

As many as 570,000 customers – 47 percent [21] – used our digital solutions in 2018, an increase of 30 per cent compared with 2017. The use of the savings solution My Pension Figure increased the most.

The total volume of digital sales in 2018 reached 118,000, corresponding to 43 per cent of total sales. This was significantly above the targeted level. The result was an increase of more than 65 per cent compared with 2017, and almost triple compared with 2016. Savings reported the highest volume of digital sales.

Results from the Net Promotor System (NPS), in which the customer gives a score from 0 to 10, with 10 as the best, at the beginning of 2018 showed that 25 per cent more scored our solutions 0–6, rather than 9-10. By the end of 2018, just as many gave a score of 9–10 as those who gave a score of 6 or lower, in line with our target for the year.

The partnership with Dreams resulted in one of the market's most popular savings services. At the end of the year, Dreams reported more than 100,000 downloads in Norway, and it was the second most popular app in the category "Finance" in the App Store.

21) 1.3 million Norwegian customers, excluding SKAGEN

Gajda

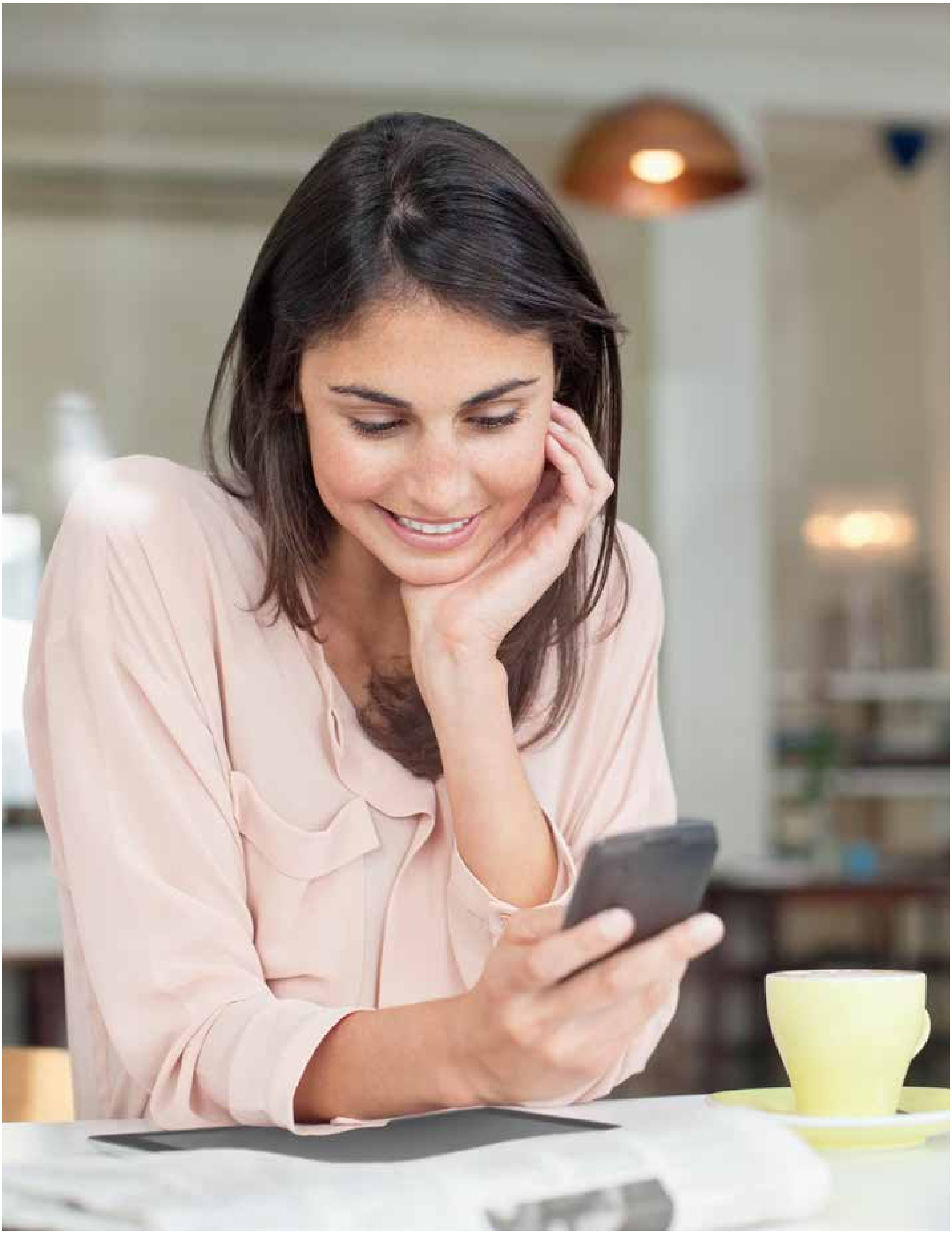
Our operations in Sweden, SPP, launched Gajda to help companies shed light on occupational pensions as a benefit for their employees, and to help them take charge of important choices for their occupational pensions. Gajda has been developed based on a customer-driven process that combines technology and finance to make it as simple and enjoyable as possible to understand pensions.

During its first year on the market, Gajda was awarded the National Government Employee Pensions Board's (SPV's) prestigious prize, Guldkanten, for the best pension information in 2018. The service also contributed to attracting the customers and positive feedback. At the request of the customers, Gajda now provides a broader offering to help even more companies engage their employees in their occupational pensions. The goal is to reach 80,000 customers by 2020.

Key performance indicators

See more detailed definitions in section 9 Sustainability data, page 212

Key performance indicators	Result 2017	Goal 2018	Result 2018	Goal 2020	Goal 2025
Dow Jones Sustainability Index	Not included	Included	Not included	Included	Included
GDPR courses employees have started (number/per cent)	NEW	NEW	1488/89%	N/A	N/A
Net Promoter System Norway Retail Market	#4	Top 3	#4	Top 3	Top 3
Net Promoter System Sweden Corporate Market (priority enterprises)	#8	Top 3	#7	Top 3	Top 3
Market share for Savings Norway	22%	Increase	21%	Increase	Increase
Market position for Occupational Pensions Corporate Market		#1	#1	#1	#1
Share of female pension savers	43%	NEW	43%	Increase	Increase
Expected pension as a percentage of salary (My Pension Figure)	58%	Increase	59%	Increase	Increase
Cases registered/handled by the Financial Complaints Board	NEW	NEW	135	N/A	N/A
Sustainable Brand Index UK	Score: 36/200 Place: 64/212	NEW	Score: 50/200 Place: 60/225	Best development in the industry, year on year	Best development in the industry, year on year
Sustainable Brand Index Sweden (B2B in the industry)		NEW	Position 1/6	1	1



4

People and Systems

“People first, digital always” is Storebrand’s HR strategy for the period 2017–2020. The strategy is designed to ensure that our organisation is capable of continuous change.

A culture for learning

Why
Digital transition has enabled the development of products and services at a rate that the finance sector has never previously seen. Our employees are our most important resource for delivering on ambitious business goals. Continuous learning to understand our customers' needs is required to ensure competitiveness in an industry undergoing rapid change. We therefore recruit and develop committed and courageous employees dedicated to finding the best solutions for our customers.

Approach
Storebrand shall facilitate the development of our employees in their daily work. Greater breadth and diversity in the expertise of employees will contribute to growth and the ability to change. Digital skills, knowledge of customer preferences and insight into market developments are important to the success of Storebrand.[22] A higher pace in working life requires employees who can exercise self-management and continuously acquire new knowledge through interdisciplinary collaboration in order to create the best customer experiences.

Goals and ambitions
Our ambition is to build a learning culture marked by innovation, responsibility for one's own learning and feedback to ensure continuous improvement. At Storebrand, all employees shall be able to develop in line with the Company's needs. In 2019 we will facilitate additional digital learning resources that strengthen the employees' opportunity to take responsibility for their own learning.

Initiatives
In 2018, we launched a new digital learning platform, Campus Storebrand to make mission-critical knowledge available. Training for the new General Data Protection Regulation (GDPR) was our first major initiative. We also used the platform for training courses in sales and customer service for employees, and on employee days under the theme "Learning is the Creation of Value".

To simplify and digitalise our HR processes, we introduced a new HR system, Workday, in March 2018. The system encompasses security solutions and access control and helps Storebrand comply with the new privacy protection rules.

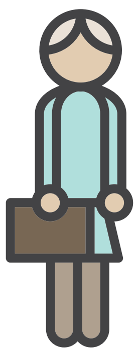
We also completed our first digital programme for middle management, Storebrand Leadership Weekly, with more than 20 middle managers from Sweden and Norway participating. The topic of the programme was trust management. We continued the rollout of work method "Build, Measure, Learn" in large parts of the organisation. This work method entails that we test, try and fail and get customer feedback before we re-test and continue to build.

Results
In 2018, we offered 115 courses via the Campus Storebrand digital learning platform. A total of 1,852 people attended one or more courses and completed a total of 5,636 hours of learning, with an average of 3.1 hours per person. By the end of 2018, more than 80 per cent of our employees had completed training for the new Personal Data Act. [23]

Our new HR system offers a digital candidate experience to everyone who seeks employment at Storebrand. The application and recruitment process are fully digitalised, from entering an application into the system until new employees sign their employment contract via a cell phone or a computer.

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

Our summer internship programme Sandbox received in excess of 300 applications in 2018. Ten students were accepted. The students had backgrounds in economics, technology, psychology, communications and design.



22) Read more about our approach to digital business development in Section 3, customer and community relations.

23) Turnover explains why it was not 100 per cent.

Committed and courageous employees

Why
Storebrand's employees are our most important source of innovation, development and growth. Employees who dare to innovate and challenge the organisation are essential if we are to realise our goal of becoming a world-class savings group.

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

Employee surveys are conducted regularly through the Peakon tool to measure well-being, commitment to work tasks, perception of sustainability and the experience of self-determination. The surveys were introduced throughout the Group in 2018, and results are followed up by the Group management on a regular basis.

Goals and ambitions
Our ambition is to strengthen employee satisfaction, job satisfaction and engagement through meaningful work, good management, a motivating working environment, development opportunities and trust in the management. Our managers shall set a clear direction and encourage employees to choose for themselves how to achieve their goals.

Openness is a prerequisite for motivation, trust and confidence. All employees shall experience that they can discuss issues with management and others in the Group. Storebrand has its own ethical guidelines.

Initiatives
With the Peakon tool, we introduced monthly "pulse measurements" to measure engagement among employees throughout the entire organisation in 2018. We have developed an e-learning course in ethics and anti-corruption that all employees must complete every three years. An external whistleblowing channel has been established through an external law firm. We also have good routines for dealing with harassment and improper conduct.

In 2019, mandatory ethics training will be offered via our HR system, Workday. All employees must review the programme annually and confirm that they have read and understood the content. All new employees receive information about the ethical rules.

Results
On average, 87 per cent of the employees responded to pulse measurements through Peakon at least once during the last three months of 2018. Peakon was introduced throughout the Group in August 2018.

The engagement score measured in Peakon increased from 7.4 to 7.9, on a scale of 1–10, in which 1 is the lowest and 10 is the highest score. The pulse measurements in the last half of 2018 also showed progress for issues such as the extent to which employees experience freedom of opinion, a high degree of self-determination or autonomy in their daily work, support from management, and learning and development. The results also showed room for improvement for the working environment, among other things. In 2018, 243 employees completed the e-learning course in ethics and anti-corruption. All employees are to complete the course every three years. All members of the Board and executive management shall complete anti-corruption courses as part of the Group's risk management.

Catalysts mentor programme

In 2018, for the second consecutive year, ten employees were given an opportunity to be a conversation partner and adviser to a student with a minority language background. Through monthly meetings at Storebrand and strength-based learning (Appreciative Enquiry), the students gained insight into Norwegian working life, help in developing themselves and advice on schools and working life.

The mentor programme is a collaboration between Storebrand and the non-profit organisation Catalysts, which is headed by Lisa Cooper. Storebrand participated as the first business partner in 2017. The objective is to prevent students from dropping out of high school through inclusion in the local community.

Diversity and equal opportunities

Why

It is important that Storebrand's organisation and business activities reflect the customers and market in which we operate. We believe that diversity contributes to an increased rate of innovation and a broader understanding of the breadth of the customer base. Our sustainability analyses also show that companies that focus on diversity are more innovative and profitable. Storebrand works systematically to ensure diversity and equality through clearly defined processes in recruitment, reorganisation, salary adjustments and offers of management training and other development initiatives.

Approach

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 in recruitment processes nor later in the employment relationship.

We make a conscious effort to ensure that all employees are satisfied regardless of their cultural backgrounds. No form of discrimination is accepted. There shall be a good balance between women and men at all levels of the Company.

Since 2017, we have worked actively to ensure gender equality, through, among things, the programme FiftyFifty, targeted recruitment measures as well as by nominating an equal number of women and men to executive positions and management development programmes. We also work actively to maintain a good gender balance among key persons who act on behalf of the Company. We intend to have a recruitment process that is as transparent and inclusive as possible. We have a zero-tolerance policy against harassment and discrimination, and we strive for equal treatment and equal opportunities in all our recruitment and development processes.

Storebrand has been an inclusive workplace enterprise since 2002, and the Group's managers have established fixed routines for the inclusive follow-up of employees in the event of illness.

Goals and ambitions

We aim to offer the best candidate journey, so that Storebrand is considered an attractive workplace for courageous pathfinders. We will continue the development of our own employees and promote individual development of management skills among women.

We shall contribute to the UN Sustainable Development Goals of gender equality, especially equality in the workplace. Our goal is a 50/50 distribution of men and women in leading positions, and an equal distribution of men and women in our management development programmes, as well as recruitment processes for management positions.
Storebrand has the goal of equal pay for equal work.

Initiatives

Throughout 2018, we improved our communication with potential new employees to make it as gender neutral as possible. There shall be (at least) one female and one male final candidate for recruitment to management positions. We expanded the use of social media to promote vacant positions.

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

Results

In Norway, 37 per cent of our managers are women, while the percentage at SPP in Sweden is 48 per cent. Among all employees, 46 per cent are women in Norway and 53 per cent are women in Sweden.

In 2018, 56 per cent of Storebrand ASA's board members were women. Three of the nine members (33 per cent) of the executive management team were women. Among the managers who reported directly to the executive management, 54 per cent were women, while women accounted for 44 per cent of all the managers in the Group.

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

The Group salary levels were reviewed in cooperation with the elected representatives in connection with the salary adjustment process for 2018. We observed a slightly lower average salary for women than for men.

The average age in the Storebrand Group was 43 at the end of the year. Average seniority was 12 years in Norway and ten years in Sweden. The Storebrand Group had a total of 1,765 employees as at 31 December 2018. [24)]

Absence due to illness has been low and stable for several years. The level was 3 per cent in 2018. Absence due to illness in the Norwegian organisation was 2.7 per cent, while it was 3.3 per cent in the Swedish organisation.

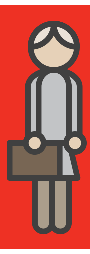
Storebrand ranks high on equality index

In 2018, Storebrand took a solid second place on the She Index, an index that shows how well Norwegian companies are working on gender balance.

In the spring of 2018, She Community Norway, asked Norway's 50 largest listed companies to participate in an index showing how they work with equality in management, what the gender balance is on the Board and top management levels and what they do to ensure equal rights for men and women.

The goal of the index is to show the development of gender balance in business over time. The index makes it possible for companies to compare their own progress with others.

Share of female leaders level 1-3:
44%



Women's share of men's salary, senior management*
107%

Women's share of men's salary, (employees up to middle management):**
98.8%

*) Based on Hay Grade 21-24. Hay Grade above 24 is not included, as only men are represented here (applies for 3 positions only). For Hay Grade definition, see page 212.

**) Based on Hay Grade 13-20. For Hay Grade definition, see page 212.

24) 1,667 in Storebrand Norway and SPP in Sweden, as well as 131 in SKAGEN.

Good environmental and working conditions throughout the entire value chain

Why

At Storebrand, sustainability is integrated into core business activities. This means that the financial, social and environmental aspects are assessed before we make decisions about purchases. Procurement is one of several areas that can directly or indirectly affect Storebrand's sustainability performance.

The focus on working conditions in the supply chain is important for safeguarding human rights, as well as for climate and environmental considerations.

Approach

Storebrand stipulates requirements for sustainability, corporate social responsibility, environmental work and ethics, both internally and for all of our partners and suppliers. In addition to following internal procurement rules, all procurement should help reduce the environmental and climate impact of the goods and services procured.

Our procurement policy is based on the Group's governing documents.[25)] The governing documents and associated routines are revised and updated annually. Sustainability is an important part of evaluating new offers and is weighted at least 20 per cent.

Storebrand is a member of the United Nations Global Compact. Suppliers and subcontractors must demonstrate that they follow the same minimum standard for human rights, labour rights and corruption prevention. They also must document the life cycle cost and environmental properties of their products. The supplier shall have good internal ethical guidelines and should observe the Guidelines of the Initiative for Ethical Trade or the social accountability/corporate social responsibility standard (SA 8000).

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

Goals and ambitions

The Group shall not use suppliers or products that violate international agreements, national legislation or internal policies. Storebrand shall contribute through its own business and procurement activities to sustainable development and to ensuring that human rights and labour laws are not violated. Our ambition for 2018 was to increase the share of environmentally certified [26)] procurement to 40 per cent, and up to 50 per cent in 2025.

Initiatives

We follow up our requirements for suppliers, both new and existing, as an integral part of our procurement processes. Sustainability is part of our requests for tenders that the supplier must answer. Sustainability is part of our evaluation of offers and negotiations, as well as in the signing of contracts, where all new suppliers must sign "Storebrand's Standard Annex for Sustainability".

We continuously follow up strategic suppliers in the largest procurement categories. In addition, ongoing action is taken against suppliers who violate the Storebrand standard for sustainable investments and are excluded from our investment universe. In 2018, one technology provider was excluded on this basis.

Results

In 2018, procurement contracts to suppliers valued at more than NOK 1 million amounted to a procurement volume of approximately NOK 2.1 billion. This also includes the management and development of direct property investments. Of this volume, 46 per cent is environmentally certified in accordance with our procurement policy. This volume represents 286 suppliers, 56 of which are certified, which accounts for 20 per cent of the suppliers.

All major new suppliers (procurement of over NOK 1 million) are assessed on the basis of social and environmental criteria.

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

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

Order in our own house

Storebrand aims to be a courageous pathfinder in the area of sustainability. This means that we want to reduce and shed light on the carbon footprint of our own business activities.

Storebrand also aims to be transparent. We are a member of Finance Norway, the trade organisation for banks and insurance companies. Storebrand has a direct dialogue with the authorities and political parties concerning regulatory issues. There is no culture in Norway of financial contributions from listed companies to political parties, and Storebrand does not make any such contributions.

Key performance indicators

See more detailed definitions in section 9 Sustainability data, page 212.

Key performance indicators	Result 2017	Goal 2018	Result 2018	Goal 2020	Goal 2025
Environmental requirements for suppliers	38%	40%	46%	50%	50%
Flights per full-time equivalent I)	3.9	3.7	4.3	3.7	3.4
Tonnes of CO_2 emissions per full-time equivalent	0.71	0.68	0.72	0.66	0.61
Energy consumption, head offices (KWh/m^2)	151	162	147	145	141
Water consumption, head offices (m^3/m^2)	0.30	0.31	0.29	0.28	0.28
Waste sorting, head offices (sorting rate)	82%	78%	72%	79%	80%
Paper consumption, head offices, kg per full-time employee II)	50	52	37	40	32
Scope 1 per employee (tonnes of CO_2 per employee)	NEW	NEW	0	TBD	TBD
Scope 2 per employee (tonnes of CO_2 per employee)	NEW	NEW	0.13	TBD	TBD
Scope 3 per employee (tonnes of CO_2 per employee)	NEW	NEW	0.6	TBD	TBD

I) The increase in 2018 is probably lower, as the figures in 2017 was underreported

II) Copy paper 2018 was reduced due to surplus stock. Some increase is to be expected in 2019.

Key performance indicators People and Systems

These Key performance indicators include only data from Storebrand and SPP.

See more detailed definitions in section 9 Sustainability data, page 212

Key performance indicators	Result 2017	Goal 2018	Result 2018	Goal 2020	Goal 2025
E-Learning courses in ethics/anti-corruption	106/136		243/26 (14,6%/1,6%)	New indicator TBD	New indicator TBD
Absence due to illness (Norway)	3.5%	3.5%	2.7%	3.5%	3.5%
Absence due to illness (Sweden)	3.5%	3.5%	3.3%	3.5%	3.5%
Gender-balanced management	38%	50%	39%	50%	50%
Number (share) of women at executive levels 1–3		50 %	25 (44%)	50%	50%
Number (share) of men at executive levels 1–3		50%	32 (56%)	50%	50%
Number (share) of women at executive level 3		50%	22 (46%)	50%	50%
Number (share) of men at executive level 3		50%	26 (54%)	50%	50%
Number of women in group management			33.3 %		
Number of women on the Board of Directors			55.6 %	50%	50%
Average salary in Norway 2018 Women			711,653		
Average salary in Norway 2018 Men			880,397		
Average salary in Sweden 2018 Women			631,393		
Average salary in Sweden 2018 Men			776,513		
Senior management, women's share of men's salary per position category (Hay Grade 21-24) [I]			107%	100%	100%
All employees up to intermediate managers, women's share of salary per position category (Hay Grade 13-20) [II]			98.8%	100%	100%

Our employees	Result 2018
Number of employees (Norway + Sweden)	1,667
Turnover among women in the Group	4.1%
Turnover among men in the Group	3.9%
Number of employees (Norway + Sweden)	1,667
Number recruited to the Group	220
Number of women recruited	78
Number of men recruited	116
Male employees under 30	115
Female employees under 30	102
Male employees 30–50	526
Female employees 30–50	408
Male employees over 50	235
Women employees over 50	284

I) Based on Hay Grade 21-24. Hay Grade above 24 is not included, as only men are represented here (applies for 3 positions only). For Hay Grade definition, see page 212.

II) For Hay Grade definition, see page 212.

5

Shareholder matters

Shareholder matters

Share capital, rights issues and number of shares

Shares in Storebrand are listed on Oslo Børs (Oslo Stock Exchange) with the ticker code STB. Storebrand ASA's share capital at the start of 2018 was NOK 2,339.1 million. The Company has 467,813,982 shares with a nominal value of NOK 5. As at 31 December 2018, the Company owned 431,140 treasury shares, which corresponds to 0.09 per cent of the total share capital. The Company has not issued any options that can dilute the existing share capital.

Shareholders

Storebrand ASA is among the largest companies listed on the Oslo Stock Exchange measured by the number of shareholders. The Company has shareholders from almost all the municipalities in Norway and from 48 countries. In terms of market capitalisation, Storebrand was the 13th-largest company on the Oslo Stock Exchange at the end of 2018.

Share purchase scheme for employees

Every year since 1996, Storebrand ASA has given its employees an opportunity to purchase shares in the Company through a share purchase scheme. The purpose of the scheme is to involve the employees more closely in the Company's value creation. In 2018, each employee was given the opportunity to buy shares in Storebrand. 787 employees, around 45 per cent of the employees, participated and subscribed for a total of 542,532 shares.

Foreign ownership

As at 31 December 2018, foreign ownership totalled 56.3 per cent, compared with 57.1 per cent at the end of the 2017.

Trading volume for shares in storebrand

In 2018, 445 million shares were traded, compared with 427 million in 2017. The trading volume in monetary terms was NOK 30,447 million in 2018, up from NOK 25,359 million in 2017. As measured in NOK, Storebrand was the 11th-most traded stock on the Oslo Stock Exchange in 2018. In relation to the average total number of shares, the turnover rate for shares in Storebrand was 95 per cent.

Share price performance

Shares in Storebrand yielded a total return (including dividends) of -4.22 per cent through 2018. In the corresponding period, the Oslo Stock Exchange's OSEBX Index ended at -1.84 per cent, whereas the European Insurance Index Beinsur yielded a total return of -5.32 per cent (NOK) for the corresponding period.

Dividend policy

Storebrand's goal is to pay a dividend of more than 50 per cent of the group profit after tax. The ambition of the Board is to pay an ordinary dividend per share of at least the same nominal level as in the previous year. Normally, dividends are paid when there is a sustainable solvency margin of more than 150 per cent. If the solvency margin is over 180 per cent, the Board's intention is to propose an extraordinary dividend or buyback of shares.

The Storebrand stock	2018	2017	2016	2015	2014	2013
Highest closing price (NOK)	75.20	70.45	47.10	35.98	40.65	39.00
Lowest closing price (NOK)	59.48	46.97	28.45	23.21	27.52	22.39
Closing price on 31/12 (NOK)	61.64	66.90	45.92	34.95	29.90	37.90
Market cap 31/12 (NOK million)	28,836	31,296	20,660	15,724	13,137	17,052
Annual turnover (1000s of shares)	770,485	614,991	703,382	707,870	546,156	569,138
Average daily turnover (1000s of shares)	3,094	2,450	2,780	2,820	2,185	2,286
Annual turnover (NOK million)	30,477	25,359	21,249	20,907	19,123	17,067
Rate of turnover (%)	95.3	94.9	131	157.3	121.4	126.5
Number of ordinary shares 31/12 (1000s of shares)	467,814	467,814	449,910	449,910	449,910	449,910
Earnings per ordinary share (NOK)	7.89	5.28	4.73	2.63	4.61	4.41
Dividend per ordinary share (NOK)	3.0	2.1	1.55	0	0	0
Total return (%)	-4.2	49.1	31.4	19.7	-23	41.3

Historical share prices have been adjusted to take account of the split between shares and subscription rights carried out in 2007.

Capital gains taxation

From 2016, new rules came into force in Norway concerning the taxation of dividends and gains on shares held by private individuals. The shareholder model entails that share dividends over the standard dividend tax exemption multiplied up by an adjustment factor (1.33 for the 2018 income year) are taxed as ordinary income for the personal shareholder (the tax rate is 23 per cent for the 2018 income year, which, together with the adjustment factor, gives an actual taxation of 30.59 per cent).

Share dividends within the standard dividend tax exemption are tax free. The dividend tax exemption is calculated by multiplying the dividend tax exemption basis by the dividend exemption interest rate. The dividend exemption interest rate is determined by the Directorate of Taxes in January of the year after the income year, and it is based on the average three-month interest rate on treasury bills (with an additional 0.5 percentage points from the 2017 income year) reduced by the tax.

Compliance

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

Investor relations

Storebrand attaches importance to comprehensive and efficient communication with financial markets. Maintaining a continuous dialogue with shareholders, investors and analysts both in Norway and internationally is a high priority. The Group has a special Investor Relations unit. This unit is responsible for establishing and coordinating contact between the Company and external parties such as the stock exchange, analysts, shareholders and other investors. All interim reports, press releases and presentations of interim reports are published on Storebrand's website: www.storebrand.no/ir.

General meeting

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

Shareholders' contact with the company

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

Largest shareholders

Fund Manager	Current Rank	Shares	% at 31.12.2018*
Folketrygdfondet	1	51 635 337	11.04
T Rowe Price Global Investments	2	22 335 362	4.77
Danske Capital	3	18 741 881	4.01
Allianz Global Investors	4	16 857 478	3.60
DNB Asset Management	5	14 631 042	3.13
Vanguard Group	6	12 594 029	2.69
Varma	7	12 431 201	2.66
BlackRock	8	11 443 310	2.45
KLP	9	11 382 664	2.43
Handelsbanken Asset Management	10	10 512 105	2.25
M&G Investment Management	11	10 429 441	2.23
Storebrand Asset Management	12	8 167 839	1.75
JPMorgan Asset Management	13	7 311 871	1.56
Barings	14	5 466 232	1.17
Nordea Asset Management	15	5 375 474	1.15
Artemis Investment Management	16	5 227 606	1.12
Alfred Berg	17	5 182 004	1.11
Solbakken AS	18	4 511 972	0.96
OM Holding AS	19	4 334 600	0.93
Source Investment Management	20	4 238 911	0.91

6

Governance

Board of Directors Storebrand ASA

The management of the Storebrand Group belongs under the Board. This means, among other things, that the Board will provide for a proper organisation of the business and establish plans, budgets and guidelines. The Board oversees the management and keeps abreast of the Storebrand Group's financial position. In addition, the Board ensures that business activities, accounting and asset management are subject to proper scrutiny. All directors are independent of significant business associates. All shareholder-elected directors are independent of executive personnel.

The Board has appointed three subcommittees: The Compensation Committee, the Audit Committee and the Risk Committee.

Didrik Munch (1956)

Board Chairman Storebrand ASA since 2017

Position

Self-employed

Education

Norwegian Police University College
Cand. jur law degree

Previous positions

Group Chief Executive Officer of Schibsted Norway (2011–2018)
Group Chief Executive Officer of Media Norway (2008–2011)
Chief Executive Officer of Bergens Tidende (1997–2008)
Division Director, Corporate Market, DNB (1995–1997)
Regional Bank Manager, Corporate Market Bergen, DNB (1992–1995)
Various managerial roles at Nevi and DNB (1987–1992)
Attorney at Kyrre AS (1987–1987)
Police intendant I/II at the Bergen Police Department (1984–1986)
Police inspector at the Oslo/Bergen Police Department (1979–1984)

Positions of trust

Board Member Grieg Star Shipping
Board Member Lerøy Seafood Group
Board Member Schibsted Media
Board Chairman SH Holding (Solstrand Fjord Hotel)

Number of shares: 15,000

Laila S. Dahlen (1968)

Board member Storebrand ASA since 2013

Position

SVP Product and UX, Schibsted Marketplaces

Education

State-Authorised Public Accountant, Norwegian School of Economics (NHH)
MSc in Economics and Business Administration (MBA),
Norwegian Business School (BI)
Master of Science in Finance, University of Wisconsin, USA

Previous positions

Product Director, FINN.no AS (2011–2017)
COO of Kelkoo/Yahoo London (2007–2009)
VP Marketplace at Yahoo Europe London (2006–2007)
Regional Manager Scandinavia and the Netherlands at Kelkoo/Yahoo Stockholm (2003–2006)
VP International Operations at Kelkoo Paris (2000–2001)
Manager at PricewaterhouseCoopers Oslo (1993–2000)

Positions of trust

Board Member FINN.no AS
Board Member Personal Finance AS
Board Chairman Schibsted Marketplaces Products & Technology AS

Number of shares: 10,500

Jan Chr. Opsahl (1949)

Board member Storebrand ASA since 2016

Position

Board Chairman of Dallas Asset Management AS

Education

Sloan Fellow, London Business School
Computer Science, University of Strathclyde
Bachelor of Arts, University of Strathclyde

Previous positions

Senior Executive at Tandberg/Cisco (2010–2012)
Executive Chairman of Tandberg ASA (1997–2010)
Group Chief Executive Officer of Tandberg ASA (1989–1997)
Group Chief Executive Officer of Tomra Systems ASA (1986–1988)
Director of Unitor ASA (1983–1986)
Chief Marketing Officer of Dyno Industrier AS (1980–1983)

Positions of trust

Board Chairman Dallas Asset Management AS
Board Member Hidden ASA
Member of the Norwegian Academy of Technological Sciences
Board Member NEL Hydrogen ASA (2014–2017)
Board Member Rec Solar ASA (2013–2015)
Board Chairman Tomra Systems ASA (1989–2008)
Board Chairman Tandberg Television ASA (1989–2007)
Deputy Board Chairman Komplett ASA (1996–2003)

Number of shares: 1,100,000

Karin Bing Orgland (1959)

Board member Storebrand ASA since 2015

Position

Self-employed

Education

MSc in Economics and Business Administration (MBA)
Norwegian School of Economics (NHH)
Top Manager Programme IMD, BI Norwegian Business School
and Management in Lund

Previous positions

Executive Vice President of DNB, as well as various managerial positions in the same group (1985–2013)
Consultant at the Ministry of Trade and Shipping (1983–1985)
Director and Chairman of the Audit Committee at Norske Skog ASA
Director of Norwegian Finance Holding ASA
Director of Scatec Solar ASA
Director of HAV Eiendom AS
Director of Boligselskapet INI AS, Grønland
Board Chairman of Røisheim Hotell AS and director at Røisheim Eiendom AS
Chairman of Visit Jotunheimen AS

Positions of trust

Board Chairman Entur AS
Board Chairman GIEK
Board Member Grieg Seafood ASA
Board Member and Head of Audit Committee KID ASA

Number of shares: 15,000

Liv Sandbæk (1962)

Board member Storebrand ASA since 2018

Education

State-Authorised Public Accountant Norwegian School of Economics (NHH)
MSc in Economics and Business Administration (MBA), Norwegian Business School (BI)

Previous positions

Senior Managing Director & Technology Lead, Financial Services, EALA, Accenture (2015–2018)
Chief Technology Officer, Accenture Operations (2013–2015)
Managing Director, Technology, Financial Services, EALA, Accenture (1999–2013)
Employee of Accenture (1990–1998)

Number of shares: 0

Martin Skancke (1966)

Board member Storebrand ASA since 2014

Position

Independent consultant

Education

Authorised Financial Analyst Norwegian School of Economics (NHH)
MSc Econ,London School of Economics and Political Science
Intermediate level Russian,University of Oslo
International Finance Programme,Stockholm School of Economics
MSc in Economics and Business Administration (MBA) Norwegian School of Economics (NHH)

Previous positions

Special Adviser at Storebrand (2011–2013)
Deputy Director General and Director General at the Ministry of Finance (1994–2001, 2006–2011)
Director General at the Office of the Prime Minister (2002–2006)
Management consultant at McKinsey & Company (2001–2002)

Positions of trust

Board Member Kommunalbanken AS
Board Member Norfund
Board Chairman Principles for Responsible Investment (PRI)
Board Member Storebrand Livsforsikring AS
Board Member Summa Equity AB

Number of shares: 16,414

Ingvild Pedersen (1985)

Employee-elected board member Storebrand ASA since 2017

Position

Manager of Corporate Partners at Storebrand Livsforsikring AS

Education

Authorised Portfolio Manager Norwegian School of Economics (NHH/NFF)
Professional Study Programme in Economics, University of Bergen

Previous positions

Customer Insight Manager at Storebrand Livsforsikring AS (2017–2018)
Product Specialist, Asset Management, Storebrand Livsforsikring AS (2015–2017)
Investment Manager at Storebrand (2011–2015)
Group Trainee at Storebrand (2009–2011)

Number of shares: 4,844

Heidi Storruste (1965)

Employee-elected board member Storebrand ASA since 2013

Position

Team Champion, Digital Business Development at Storebrand Livsforsikring AS

Education

Bachelor of Management, Norwegian Business School (BI)
Certified Executive Coach, Coach Team AS
DNCF Certified Coach, Metaresource AS
Business Economist, Norwegian Business School (BI)

Previous positions

Senior employee representative, Finance Sector Union of Norway at Storebrand/ Storebrand Livsforsikring AS (2013–2017)
Project manager at Storebrand Bank ASA (2011–2013)
Process Owner at Storebrand Bank ASA (2008–2011)
Senior Consultant, Retail Market Credit at Storebrand Bank ASA (1998–2008)
Financial Consultant, Retail Market Credit at Gjensidige Bank AS (1996–1998)
Customer Consultant at Sparebankenes Kredittselskap AS (1987–1996)

Positions of trust

Head of the Finance Sector Union of Norway at Storebrand
Board Member The Norwegian Coach Association

Number of shares: 3,365

Arne Fredrik Håstein (1973)

Employee-elected board member Storebrand ASA since 2014

Position

Senior employee representative at Storebrand

Education

Master of Arts in International Finance and Accounting, University of Newcastle upon Tyne
Bachelor of Business Administration, Norwegian Business School (BI) / University of Texas at Austin
Authorised Portfolio Manager, Norwegian School of Economics (NHH) / NFF
Specialisation in Valuation, Norwegian School of Economics (NHH) / NFF

Previous positions

Expert Adviser, Savings and Pensions at Storebrand Livsforsikring AS (2014–2017)
Sales Manager and Product Manager at Delphi Fondene (2009–2014)
Sales Manager and Key Account Manager at Storebrand Kapitalforvaltning AS (2005–2009)
Senior Financial Adviser at Focus Bank AS (2003–2005)
Senior Financial Adviser at Storebrand Livsforsikring AS (1999–2003)

Positions of trust

Board Member Finance Sector Union of Norway at Storebrand
Board Member Storebrand Art Association

Committees

Audit Committee
Chairman
Karin Bing Orgland
Members
Martin Skancke
Heidi Storruste (Employee-elected)

Compensation Committee
Chairman
Didrik Munch
Members
Laila S. Dahlen
Arne Fredrik Håstein (Employee-elected)

Risk Committee
Chairman
Martin Skancke
Members
Didrik Munch
Ingvild Pedersen (Employee-elected)

Nomination Committee
Chairman
Per Otto Dyb
Members
Leiv Askvig
Nils Halvard Bastiansen
Margareth Øvrum

Companies in the Storebrand Group

	Organisation number	Ownership interest
STOREBRAND ASA	**916 300 484**	**100,0 %**
Storebrand Livsforsikring AS	**958 995 369**	**100.0 %**
Storebrand Holding AB	556734-9815	100.0 %
SPP Konsult AB	556045-7581	100.0 %
SPP Spar AB	556892-4830	100.0 %
SPP Pension & Försäkring AB	556401-8599	100.0 %
SPP Fastigheter AB [1)]	556745-7428	100.0 %
SPP Hyresförvaltning	556883-1340	100.0 %
Storebrand & SPP Business Services AB	556594-9517	100.0 %
Storebrand Eiendomsfond Invest AS	995 871 424	21.24%
Storebrand Eiendom Trygg AS	876 734 702	100.0%
Storebrand Eiendom Vekst AS	916 268 416	100.0%
Storebrand Eiendom Utvikling AS	990 653 402	100.0%
Storebrand Finansiell Rådgivning AS	989 150 200	100.0 %
Storebrand Pensjonstjenester AS	931 936 492	100.0 %
Storebrand Infrastruktur AS	991 853 545	100.0 %
AS Værdalsbruket [2)]	920 082 165	74.9 %
Norsk Pensjon AS	890 050 212	25.0 %
Benco Insurance Holding BV	34331716	89.96 %
Norben Life & Pension Insurance Co. Ltd.		100.0 %
Euroben Life & Pension Ltd		100.0 %
Interben Trustees Limited		100.0%
Storebrand Bank ASA	**953 299 216**	**100.0 %**
Storebrand Boligkreditt AS	990 645 515	100.0 %
Ring Eiendomsmegling AS	987 227 575	100.0 %
Storebrand Asset Management AS	**930 208 868**	**100.0 %**
SPP Fonder AB	556397-8922	100.0 %
Storebrand Fastigheter AB	556801-1802	100.0 %
SKAGEN AS	867462732	100.0 %
Storebrand Forsikring AS	**930 553 506**	**100.0 %**
Storebrand Helseforsikring AS	**980 126 196**	**50.0 %**

1) Euroben Life & Pension Ltd. owns 7.3%

2) Storebrand ASA owns 25.1 per cent and Storebrand's total ownership interest is 100 per cent for AS Værdalsbruket.

Corporate governance

Good corporate governance is important to ensure that an enterprise can achieve its defined goals, including best possible utilisation of resources and good value creation. The Storebrand Group (hereinafter referred to as Storebrand) works continuously on improving both the overall decision-making processes and the day-to-day management of the company.

Storebrand's corporate governance principles have been laid down in accordance with the Norwegian Code of Practice for Corporate Governance. The management and Board of Directors of Storebrand ASA (hereafter referred to as the Board) conduct an annual review of Storebrand's adopted corporate governance policies and compliance therewith. Storebrand reports in accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance.

Storebrand publishes an integrated report that deals with the financial, environmental and social conditions and corporate governance that are the most important to Storebrand. The materiality analysis is discussed in the annual report.

Statement in accordance with the Norwegian Code of Practice for Corporate Governance

The statement below describes how Storebrand complies with the 15 sections of the Code of Practice.

1. Implementation and reporting on corporate governance (No deviations from the Code of Practice)

The Board has decided that the Norwegian Code of Practice for Corporate Governance shall be followed. Compliance with the Code of Practice is discussed in the Directors' Report. Storebrand complies with the Code of Practice without any significant exceptions. One minor deviation has been accounted for below under section 3.

2. Business (No deviations from the Code of Practice)

Storebrand ASA is the parent company in a financial group, and its statutory object is to manage its equity interests in Storebrand's subsidiaries in compliance with the current legislation. Storebrand's main business areas encompass pensions and savings, insurance and banking. The Articles of Association are available in their entirety on the Storebrand's website www.storebrand.no.

The market is kept updated on Storebrand's goals, strategies and creation of value through quarterly performance presentations and other thematic presentations. Read more about the Company's goals and main strategies in the Directors' Report under the heading Strategic highlights.

Storebrand aims to be a world-class savings group that delivers better pensions – simple and sustainable. Storebrand's strategy and corporate values are described in the framework "Our driving force" which represents a common policy for how Storebrand will deliver attractive results to customers and owners.

Storebrand's strategy is to deliver profitable growth within established focus areas through simple and sustainable solutions. The Board conducts ongoing evaluations of the goals, strategy and risk profile. More information about "Our driving force" and focus areas can be found in the section on Storebrand in the annual report.

For more than 20 years, Storebrand has been one of the best companies in sustainable investments, taking an active position on how both the customers and their own funds are invested. Storebrand believes that companies that integrate environmental, social and governance considerations in their business activities reduce risk and create new opportunities for the business activities and capital owners. Storebrand has the ambition of maintaining a position among the best companies by integrating this perspective in other business areas. Storebrand believes that this will create increased value for customers, owners, society and other stakeholders.

Storebrand believes that diversity enhances the business's relative ability to create value. Increased diversity is an important part of Storebrand's recruitment policy. Storebrand seeks to maintain and develop an organisation with real equality.

Storebrand has its own code of ethics. Guidelines for whistle-blowing, social events, combating corruption, etc. have also been established.

3. Equity and dividends (deviations from the Code of Practice)

The Board of Storebrand ASA continuously monitors Storebrand's capital adequacy in light of its goals, strategy and risk profile. Read more about Storebrand's capital situation and capital adequacy under the heading "Capital situation, rating and risk" in the Directors' Report.

The Board of Directors has adopted and made known a dividend policy whereby Storebrand aims to pay a dividend of over 50 per cent of the group profit after tax. The ambition of the Board is to pay an ordinary dividend per share of at least the same nominal level as in the previous year. Normally, dividends are paid when there is a sustainable solvency margin of more than 150 per cent. With a solvency margin above 180 per cent, the Board's intention is to propose extraordinary dividends or the buyback of shares. The dividend is adopted by the General Meeting, based on a proposal put forward by the Board of Directors. The General Meeting may, by simple majority, authorise the Board of Directors to distribute a dividend pursuant to Section 8-1, second paragraph of the Norwegian Public Limited Companies Act. This shall be based on the annual financial statements adopted by the General Meeting. This authorisation may not be granted for a period longer than until the next Annual General Meeting. In addition, the authorisation shall be based on the adopted dividend policy. The General Meeting was not requested to provide such authorisation in 2018. Read more about Storebrand's dividend policy in the Directors' Report under the heading "Dividend for 2018".

Storebrand ASA would like to have various tools available for its efforts to maintain an optimal capital structure for Storebrand to contribute to good shareholder returns and financial resilience. At the 2018 Annual General Meeting, the Board was granted authorisation to increase the share capital through issuing new shares for a total maximum value of NOK 233,906,991. This authorisation may be used for the acquisition of businesses in consideration for new shares or for increasing the share capital by other means. The Board of Directors may decide to waive the shareholders' preferential rights to subscribe for new shares in accordance with the authorisation. This authorisation may be used for one or more new issues. This authorisation is valid until the next Annual General Meeting.

At the same General Meeting, the Board of Directors was authorised to buy back shares for a maximum value of NOK 233,906,991. The total holdings of treasury shares must, however, never exceed 10 per cent of the share capital. The buyback of treasury shares may be a tool for the distribution of surplus capital to shareholders in addition to dividends. In addition, each year Storebrand ASA sells shares to employees from its own holdings in connection with the share purchase scheme and long-term incentive schemes for employees of Storebrand. Accordingly, it is appropriate to authorise the Board of Directors to buy shares in the market to cover the aforementioned needs or any other needs. This authorisation is valid until the next Annual General Meeting. Otherwise, there are no provisions in Storebrand ASA's Articles of Association that regulate the buyback or issuance of shares.

Deviation from the Code of Practice: The Board's authorisations to increase the share capital and buy back shares are not completely limited to defined purposes. No provisions have been made for the General Meeting to vote on each individual purpose to be covered by the authorisations.

4. Equal treatment of shareholders and transactions with close associates (No deviations from the Code of Practice)

Storebrand ASA has only one class of share. There are no specific restrictions on the ownership of shares or voting rights beyond the restrictions imposed by the Act on Financial Undertakings and Financial Groups. Through their work, the management and Board of Directors of Storebrand focus strongly on the equal treatment of shareholders.

The general competence rules for board members and executive personnel may be found in the rules of procedure for the Board of Storebrand ASA, rules of procedure for the boards of subsidiaries, instructions for the CEO, guidelines for conflicts of interest and Storebrand's code of ethics. Board members must inform the company if they have direct or indirect material interests in an agreement concluded by one of the companies in the Storebrand Group. The Board shall ensure that an independent third party assesses the value of transactions that are not insubstantial in nature. Furthermore, the rules of procedure for the Board stipulate that no board member may participate in discussions or a decision concerning matters that are of such material importance to them or a close associate that the member must be regarded as having a conspicuous personal or special financial interest in the matter. Each board member has a responsibility to continuously assess whether or not such a situation exists. Transactions with close associates involving Storebrand's employees and other officers of the Group are regulated by Storebrand's code of ethics. Employees shall on their own initiative immediately report conflicts of interest that may arise to their immediate superior as soon as they become aware of such a situation. In general, an employee is defined as disqualified if circumstances exist that could result in others questioning the person's impartiality in relation to matters other than Storebrand's interests.

In the event of capital increases in accordance with the authorisation set out in Item 3 above, the Board may decide that the shareholders' preferential rights shall be waived.
For a complete account of shareholder matters, see Section 5 of the annual report.

5. Freely negotiable shares (No deviations from the Code of Practice)

Shares in Storebrand ASA are listed on Oslo Børs (Oslo Stock Exchange). The shares are freely negotiable, and the Articles of Association do thus not contain any restrictions with regard to the negotiability of the shares. All the shares carry equal rights, cf.Section 4 above.

6. General Meeting (No deviations from the Code of Practice)

General Meeting

Pursuant to the Articles of Association, Storebrand ASA's General Meeting shall be held by the end of June each year. The General Meeting was held on 11. April 2018. All shareholders with a known address will receive notice of the General Meeting, which will be sent out no later than 21 days prior to the General Meeting. Pursuant to the Articles of Association, the deadline for giving notice of attendance shall be set at no later than five calendar days prior to the General Meeting. In accordance with Storebrand's Articles of Association, the opportunity to make other agenda papers available on the Storebrand website is exercised, cf. Section 5-11a of the Norwegian Public Limited Companies Act. A shareholder may nevertheless demand to receive agenda papers by post.

All shareholders may participate at the General Meeting. Storebrand's Articles of Association allow shareholders to vote in advance by means of electronic communication, cf. section 5-8b of the Norwegian Public Limited Companies Act. The arrangement therefore gives the shareholders an opportunity to vote without being represented at the General Meeting. As many shareholders as possible are thus allowed to exert an influence on Storebrand by exercising their voting rights.

It is also possible to vote by proxy. Provisions have been made so that the proxy form is linked to each individual item to be considered. We will seek whenever possible to design the form so that it also allows voting for candidates who are to be elected. The voting rules for the General Meeting allow separate votes for each member of the various bodies. Further information about voting in advance, use of proxies and the shareholders' rights to have matters discussed at the General Meeting is available both in the notice of the General Meeting and on Storebrand's website.

The Chairman of the Board, at least one representative from the Nomination Committee and the external auditor must attend the General Meeting. The board members of Storebrand ASA are not obligated to attend, but are encouraged to attend. The Group Chief Executive Officer, executive management team and the Group Legal Director participate from the management. The minutes of the General Meeting are available on Storebrand's website in both Norwegian and English. The General Meeting is opened by the Chairman. The Board of Directors endorses an independent meeting chairman elected by the General Meeting.

The General Meeting shall:

- consider the annual accounts, consisting of the income statement, the balance sheet and the annual report,
- including the consolidated income statement and balance sheet, and the auditor's report,
- decide upon adoption of the income statement and balance sheet,
- decide upon adoption of the consolidated income statement and balance sheet,
- decide upon the allocation of profit or manner of covering losses in
- accordance with the adopted balance sheet, and upon the distribution of dividends,
- elect the auditor,
- appoint members to the Nomination Committee, and this should include the Chairman of the Nomination Committee,
- elect members to the Board of Directors, and this should include the Chairman of the Board Directors,
- consider the Board's statement on the fixing of salaries and other remuneration to executive personnel,
- adopt the remuneration of the members of the Board of Directors and board committees,
- adopt the remuneration of the members of the Nomination Committee,
- adopt the remuneration of the auditor,
- and transact any other business listed on the agenda.

Decisions are generally made on the basis of an ordinary majority. Pursuant to Norwegian law, however, a special majority is required for certain decisions, including decisions about setting aside pre-emptive rights in connection with any share issues, mergers, spin-offs, amendments to the Articles of Association or authorisations to increase or reduce the share capital. Such decisions require approval by at least two-thirds of both the votes cast and the share capital represented at the General Meeting.

7. Nomination Committee (No deviations from the Code of Practice)

Storebrand ASA's Articles of Association regulate the Nomination Committee, which consists of four or five members and an observer elected by the employees. For 2018–2019 election period, the Nomination Committee has four members.

The Chairman of the Nomination Committee and the other members are elected annually by the General Meeting. The employees' representative will participate as a permanent member of the Committee in discussions and nominations concerning the election of the Chairman of the Board of Directors, as well as in other contexts where this would be natural, in accordance with an invitation from the Chairman of the Committee.

The majority of the Nomination Committee is independent of the Board of Directors and the management. The Nomination Committee is composed with a view to safeguarding the interests of the community of shareholders. In the General Meeting's rules of procedure for the Nomination Committee, there are provisions concerning the rotation of members of the Nomination Committee

The Articles of Association stipulate that the Nomination Committee should work in accordance with the rules of procedure adopted by the General Meeting. The Nomination Committee's rules of procedure were adopted at the 2018 Annual General Meeting. In accordance with the rules of procedure, the Nomination Committee shall, for example, give attention to the following when preparing nominations for representatives for the companies' governing and controlling bodies: expertise, experience, capacity, gender distribution, independence and the interests of the community of shareholders. More information about the members has been published on Storebrand's website. The Nomination Committee annually writes to the Company's 30 largest shareholders with an invitation to suggest candidates for the Board of Directors and Nomination Committee. A corresponding request to the shareholders is published on the company's website.

The Nomination Committee is tasked with proposing candidates and remuneration for the Board of Directors and Nomination Committee, through recommendations to the General Meeting.

An attempt is made to adapt the remuneration of the members of the Nomination Committee to the nature of the tasks and time spent on committee work. The Nomination Committee held 14 meetings in 2018.

8. The composition and independence of the Board of Directors (No deviations from the Code of Practice)

The Articles of Association stipulate that between five and seven Board members shall be elected by the General Meeting based on nominations from the Nomination Committee. The Board Chairman shall be elected by the General Meeting.

Two members, or three members if the General Meeting elects six or seven board members, shall be elected by and from among the employees. The board members are elected for one year at a time. The day-to-day management is not represented on the Board of Directors. At the end of 2018, the Board consisted of nine members (four men and five women).

None of the members elected by the General Meeting have any employment, professional or consultancy relationship with Storebrand beyond their appointment to the Board of Directors. The backgrounds of the individual board members are described in the annual report and on Storebrand's website. The composition of the Board of Directors satisfies the independence requirements set forth in the Code of Practice. There are few instances of disqualification during the consideration of matters by the Board (none in 2018). An assessment of the individual board members' independence is noted in the list of governing and controlling bodies under the heading "Members of Storebrand ASA's Board of Directors and Committees". An overview of the number of shares in Storebrand ASA owned by members of governing bodies as at 31 December 2018 is included in the notes to the financial statements for Storebrand ASA (Information on related parties). None of the board members have held office for more than ten years.

9. Work of the Board of Directors (no deviations from the Code of Practice)

Duties of the Board of Directors

In 2018, eleven board meetings were held, of which two meetings were conducted at the subsidiary SPP in Stockholm. Storebrand's future strategy is discussed at the Board's annual strategy meeting, which establishes guidelines for the management's preparation of plans and budgets in connection with the annual financial plan, which must be approved by the Board.

The Board shall stay informed about Storebrand's financial position and development, and it shall ensure that the Company's value creation and profitability are safeguarded in the best possible manner on behalf of the owners. The Board shall also ensure that the activities are subjected to adequate control and ensure that Storebrand has adequate capital based on the scope of, and risks associated with, its activities.

The Board has established guidelines that give board members and senior employees a duty to familiarise Storebrand with the essential interests they may have in matters that the Board is to consider. This also applies to interests that do not imply disqualification, but which may be necessary to take into account when matters are considered. Reference is made to Item 4 above.

The work of the Board is regulated by special rules of procedure for the Board, which are reviewed annually. In order to ensure sound and well-considered decisions, importance is attached to ensuring that meetings of the Board are well prepared so that all the members can participate in the decision-making process. The Board prepares an annual schedule for its meetings and the topics it will consider. The agenda for the next board meeting is normally presented to the Board based on the approved schedule for the year and a list of matters carried forward from previous meetings. The final agenda is fixed in consultation with the Chairman of the Board. Time is set aside at each board meeting to evaluate the meeting without the management present. The Board is entitled to appoint external advisers to help it with its work whenever it deems this necessary. The Board has also drawn up instructions for the CEO.

The Board conducts an annual evaluation of its work and methods, which provides a basis for changes and measures. The report from the Board's evaluation, or relevant excerpts, will be made available to the Nomination Committee, which will use the evaluation in its work.

Board Committees

The Board has established three subcommittees in the form of the Compensation Committee, Audit Committee and Risk Committee. The committees consist of three to four board members, two to three shareholder-elected board members and one employee-elected board member. The composition helps ensure a thorough and independent consideration of matters that concern internal control, financial reporting, risk assessment and remuneration of executive personnel. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are made, however, by the full Board. The committees are able to hold meetings and consider matters at their own initiative and without the participation of company management.

The Compensation Committee assists the Board with all matters concerning the Chief Executive Officer's remuneration. The Committee monitors the remuneration of Storebrand's executive personnel and proposes guidelines for fixing executive personnel remuneration and the Board's statement on the fixing of executive personnel remuneration, which is presented to the General Meeting annually. In addition, the Committee safeguards the areas required by the Compensation Regulations in Norway and Sweden. The Compensation Committee held three meetings in 2018.

The Audit Committee assists the Board by reviewing, evaluating and, where necessary, proposing appropriate measures with respect to the Group's overall controls, financial and operational reporting, risk management/control, and internal and external auditing. The Audit Committee held seven meetings in 2018, including a joint meeting with the Risk Committee. The external and internal auditors participate in the meetings. The majority of the Committee members are independent of the company.

The main task of the Risk Committee is to prepare matters to be considered by the Group's Board of Directors in the area of risk, with a special focus on Storebrand's risk appetite and risk strategy, including the investment strategy. The Committee should contribute forward-looking decision-making support related to the Board's discussion of risk taking, financial forecasts and the treatment of risk reporting. The Risk Committee held seven meetings in 2018, including a joint meeting with the Audit Committee.

10. Risk management and internal control (No deviations from the Code of Practice)

Management and control

The Board of Directors has drawn up general policies and guidelines for management and control. These policies deal with the Board's responsibility for determining Storebrand's appetite for risk and risk profile, approval of the organisation of the business, assignment of areas of responsibility and authority, requirements concerning reporting lines and information, and risk management and internal control requirements. The Board's and Chief Executive Officer's areas of responsibility are defined in the rules of procedure for the Board and the instructions for the Chief Executive Officer, respectively. The Board of Directors has drawn up instructions for Storebrand's subsidiaries that are to ensure that they implement and comply with Storebrand's management and control policies and guidelines.

Storebrand's sustainability principles summarise how the work is an integral part of Storebrand's overall goals and management and control processes. The principles were updated in 2018 and encompass all parts of Storebrand's activities, including investments, product development, procurement, employee follow-up and internal operations. The principles are discussed in the Directors' Report, under the heading Strategic highlights.

The Board adopts Storebrand's sustainability goals and scorecard, which are followed up three times a year by the executive management. Storebrand also complies with the international reporting standard GRI (Global Reporting Initiative, version G4) and uses integrated reporting. The financial results are audited by Storebrand's external auditor, see the Auditor's Report in the Other section.

The Investor Relations guidelines ensure reliable, timely and identical information to investors, lenders and other stakeholders in the securities market.

As an extension of the general policies and guidelines, a code of ethics has been drawn up that applies to all employees and representatives of Storebrand, in addition to corporate rules for areas such as risk management, internal control, financial reporting, handling inside information and share trading by primary insiders. Guidelines and information about information security, contingency plans, measures against money laundering and other financial criminality have also been drawn up. Storebrand is subject to statutory supervision in the countries where it has operations that require a licence, including the Financial Supervisory Authority of Norway, as well as its own supervisory bodies and external auditor.

Risk management and internal control

The assessment and management of risk are integrated into Storebrand's corporate governance. This management system shall ensure that there is a correlation between goals and actions at all levels of Storebrand and the overall policy of creating value for Storebrand's shareholders.

Storebrand's financial and operational goals are defined annually in a board-approved business plan. The business plan builds on separate decisions on risk strategy and investment strategies, and includes three-year financial forecasts, budgets and action plans. The Board of Directors receives ongoing reports on the status of the strategy implementation.

Storebrand Compass is the company's monitoring tool. It provides comprehensive reports for management and the Board concerning financial and operational targets. In addition, the Board of Directors receives risk reports from the risk management function, which monitors the development of key figures for risk, solidity, etc.

Risk assessment forms part of the managerial responsibilities in the organisation. Its purpose is to identify, assess and manage risks that can hinder a unit's ability to achieve its goals. The process covers both the risk of incurring losses and failing profitability linked to economic downturns, changes in the general conditions, changed customer behaviour, etc., and the risk of incurring losses due to inadequate or failing internal processes, systems, human error or external events. Developments in the financial markets are important risk factors in relation to Storebrand's earnings and solvency position. In addition to assessing the effects of sudden shifts in the equity markets or interest rate levels (stress tests), scenario analysis is used to estimate the effect of various sequences of events in the financial markets on Storebrand's financial performance and solvency. This provides important premises for the Board's general discussion of risk appetite, risk allocation and capital adequacy.

The responsibility for Storebrand's control functions for risk management and internal control lies with the Chief Risk Officer function under the management of the Group Chief Risk Officer. The Group Chief Risk Officer reports directly to the Chief Executive Office. The Chief Risk Officer function is responsible for supporting the Board and group management team with respect to the establishment of a risk strategy and operationalisation of the setting of limits and monitoring of risk raking across Storebrand's business areas.

Storebrand has a common internal audit function, which conducts an independent review of the robustness of the management model. The internal audit function's instructions and annual plan are determined by the Board pursuant to the current legislation, regulations and international standards. The internal audit function produces quarterly reports for the boards of the respective Storebrand companies.

The appraisal of all Storebrand employees is integrated into corporate governance and is designed to ensure that the adopted strategies are implemented. The policies for earning and paying any variable remuneration to Storebrand's risk managers comply with the regulations relating to remuneration in financial institutions, cf. Section 12 below. The Chief Risk Officer and employees with control functions related to risk management, internal control and compliance only have fixed salaries.

Financial information and Storebrand's accounting process

Storebrand publishes four interim financial statements, in addition to the ordinary annual financial statements. The financial statements must satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies and be published according to the schedule adopted by the Board of Storebrand ASA.

Storebrand's consolidated financial statements are prepared by the Consolidated Accounts Unit, which reports to the Group Chief Financial Officer. Key managers in the Consolidated Accounts Unit have fixed annual compensation that is not influences by Storebrand's accounting results. The division of work involved in the preparation of the financial statements is organised in such a way that the Consolidated Accounts Unit does not carry out valuations of investment assets. Instead it exercises a control function in relation to the accounting processes of the group companies.

A series of risk assessment and control measures have been established in connection with the preparation of the financial statements. Assessments relating to significant accounting items and any changes in principles etc. are described in a separate document (assessment item memo). The Board's Audit Committee conducts a preparatory review of interim financial statements and annual financial statements, focusing in particular on the discretionary valuations and estimates that have been made prior to consideration by the Board.

Monthly and quarterly operating reports are prepared in which the results by business area and product area are analysed and assessed against set budgets. The operating reports are reconciled against other financial reporting.

11. Remuneration of the Board of Directors (No deviations from the Code of Practice)

The General Meeting fixes the Board's remuneration annually on the basis of the recommendations of the Nomination Committee. The fees paid to the members of the Board are not linked to earnings, option schemes or similar arrangements. Members of the Board and Board Committees do not receive incentive-based remuneration; instead they receive a fixed annual compensation, either per year or per meeting the member attends, or a combination of such remuneration. The shareholder-elected members of the Board do not participate in Storebrand's pension schemes. None of the shareholder-elected members of the Board carry out any duties for Storebrand beyond their appointment to the Board. More detailed information on the remuneration, loans and shareholdings of board members can be found in Note 23 (Group) and Notes 6 and 17 (ASA). Board members are encouraged to hold shares in the company.

12. Remuneration of executive personnel (No deviations from the Code of Practice)

The Board determines the structure of the remuneration of executive personnel at Storebrand, and a statement on the fixing of remuneration (executive remuneration statement) is presented to the General Meeting. The executive remuneration statement shall clearly specify which guidelines are binding and which are advisory. The General Meeting shall vote separately on the binding and advisory guidelines. The remuneration consists of fixed salaries, variable remuneration, pension schemes and other fringe benefits deemed to be natural in a financial group. The aim of the remuneration is to motivate greater efforts to ensure long-term value creation and resource utilisation in the company. In the opinion of the Board, the overall remuneration shall be competitive, but not leading. An annual assessment is carried out based on external market data to ensure remuneration is adequate in relation to equivalent positions in the market.

Storebrand shall have an incentive model that supports Company strategy, with emphasis on the customer's interests and long-term perspective and an ambitious model of cooperation, as well as transparency that enhances the Storebrand's reputation. The Group's executive management only receive fixed salaries and use a percentage of their fixed salaries to purchase shares in Storebrand with a lock-in period of three years. This is to clarify that the Storebrand's top management acts in accordance with the long-term interests of the owners. The employees' performance and achievements are regularly followed up against the operational goals of the individual business areas, directly related to Storebrand's strategy. This helps to further strengthen agreement between the owners and the management.

More detailed information about the remuneration of executive personnel may be found in Note 23 (Group) and Notes 6 and 17 (ASA), and in the Board's statement on the fixing of salaries and other remuneration to executive personnel, which is included in the notice of the General Meeting and available at www.storebrand.no. Executive personnel are encouraged to hold shares in Storebrand ASA, even beyond the lock-in period.

13. Information and communication (No deviations from the Code of Practice)

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the General Meeting. Storebrand's reporting with regard to sustainable investments goes beyond the statutory requirements. Storebrand's financial calendar is published on the Internet and in the company's annual report. Financial information is published in the quarterly and annual reports, as described under Item 10 above – Financial information and Storebrand's accounting process. Documentation that is published is available on Storebrand's website. All reporting is based on the principle of transparency and takes into account the need for the equal treatment of all participants in the securities markets and the rules concerning good stock exchange practices. Storebrand has its own guidelines for handling insider information, see also Item 10 – Management and control, above.

14. Takeovers (No deviations from the Code of Practice)

The Board of Directors has prepared guidelines for how to act in the event of a possible takeover bid for the company. These guidelines are based on the Board of Directors ensuring the transparency of the process and that all the shareholders are treated equally and given an opportunity to evaluate the bid that has been made. It follows from the guidelines that the Board of Directors will evaluate the bid and issue a statement on the Board's opinion of the bid, in addition to obtaining a valuation from an independent expert. In addition, the Board of Directors will, in the event of any takeover bid, seek whenever possible to maximise the shareholders' assets. The guidelines cover the situation before and after a bid is made.

15. Auditor (No deviations from the Code of Practice)

The external auditor is elected by the General Meeting of Storebrand ASA and is responsible for the financial auditing. The external auditor issues an auditor's report in connection with the annual financial statements and conducts limited audits of the interim financial statements. The external auditor attends board meetings in which interim financial statements are reviewed and all meetings of the Audit Committee, unless the items on the agenda do not require the presence of the auditor. The Board has decided that the external auditor must rotate the partner responsible for the audit assignment every seven years. The external auditor's work and independence are evaluated annually by the Board's Audit Committee. The auditor shall also meet with the Board of Directors at least once a year without the management being present. The other companies in Storebrand use the same auditor as Storebrand ASA.

Other

As one of the largest investors in the Norwegian stock market, Storebrand has considerable potential influence over the development of listed companies. Storebrand attaches importance to exercising its ownership in listed companies on the basis of straightforward and consistent ownership principles that place considerable emphasis on sustainability. Storebrand applies the Norwegian Code of Practice for Corporate Governance in this role. Storebrand has had an administrative Corporate Governance Committee since 2006. The Committee is responsible for ensuring good corporate governance across Storebrand.

Storebrand Asset Management AS has had a Corporate Governance Committee for several years. The Committee has a mandate to set the level of ambition and establish frameworks for corporate governance. The Committee shall coordinate Storebrand's use of voting rights, including prioritising matters and ensuring consistency in the work. The Committee shall meet every quarter.

Storebrand has issued guidelines with respect to employees holding positions of trust in external companies, which regulate, for example, the number of external board positions.

Further information on Storebrand's corporate governance may be found at www.storebrand.no > About Storebrand > Facts on Storebrand, where we have also published an overview of the members of Storebrand's governing and controlling bodies, CVs for the members of Storebrand ASA's Board of Directors, the Articles of Association, and ownership policies.

Statement in accordance with Section 3-3b, second paragraph of the Norwegian Accounting Act

A summary of the matters that Storebrand is to report on in accordance with Section 3-3b, second paragraph of the Norwegian Accounting Act follows here. The items follow the numbering used in the provision.

The principles for Storebrand's corporate governance have been prepared in accordance with Norwegian law, and they are based on the Norwegian Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES).

The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

Any deviations from the Code of Practice are commented on under each section in the statement above, see the deviations discussed in Item 3.

A description of the main elements of Storebrand's systems for internal control and risk management related to the financial reporting process is discussed in Section 10 above. Provisions in the Articles of Association that refer to the provisions in Section 5 of the Norwegian Public Limited Companies Act with regard to the General Meeting are discussed in Item 6 above.

The composition of the governing bodies and a description of the main elements in the current rules of procedure and guidelines can be found in Items 6, 7, 8 and 9 above.

The provisions in the Articles of Association that regulate the appointment and replacement of board members are discussed in Item 8 above.

Provisions in the Articles of Association and authorisations granting the Board the authority to buy back or issue the Group's own shares are discussed in Item 3 above.

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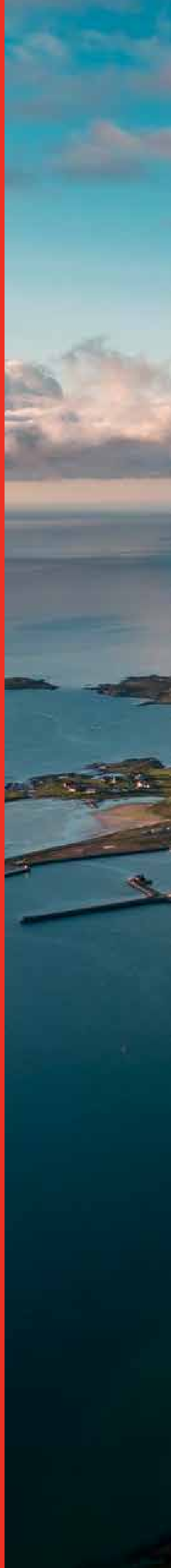
Directors´ report



Strategic Highlights

A world-class savings group supported by insurance
Storebrand developed three overall strategic goals in 2018: To have a leading position in occupational pensions, develop a unique positioning in the private savings market and to be an asset manager with strong competitive advantages and good growth opportunities. Broad insurance offerings to both the retail and corporate markets are aimed at supporting our strategic goals.

We will create first-class customer experiences in our core areas of savings and pensions. We aim to help our customers insure their lives and assets so that they can build a future they can look forward to. Our foundation is based on our position in the corporate market as Norway's leading provider of occupational pensions, and as a proactive challenger in the Swedish market. People live longer and receive less from the government. Therefore, our customers must save more in the years to come.

Continued strong growth in unit linked savings, as well as competitive and sustainable returns to our customers, contribute to increased assets under management. Storebrand is the market leader in defined contribution pensions, and is Norway's largest private asset manager, with NOK 707 billion under management.

Throughout 2018, the Group took several steps to reinforce this strategy. Acquisitions that can strengthen the Group's earning power within its strategic core are important subjects of discussions and decisions made by the Board. The acquisitions of SKAGEN and Silver, which were concluded in 2018, were a key part of our savings strategy. SKAGEN complements and broadens Storebrand's investment offerings and customer base. This work will continue in 2019, including a stronger focus on international distribution of fund solutions.

The Group's strategy is based on a genuine commitment to a sustainable society and strong faith in sustainable investments. As a major asset manager, we create long-term returns for both our owners and customers, while at the same time ensuring that our activities support a more sustainable world. Storebrand's and SPP's sustainability work strengthens the Group's competitive position, creating value for shareholders and positive ripple effects for society.

Storebrand's sustainability principles summarise how our work is an integral part of Storebrand's overarching objectives and management processes. The principles were updated and adopted by the Board in 2018 and encompass all parts of Storebrand's activities, including investments, product development, procurement, employee and organisational development and internal operations.

The new principles are:

- We base our business activities on the UN Sustainable Development Goals
- We help our customers 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 – from the Board and management, who have the ultimate responsibility, to each employee who promotes sustainability in their own area.
- We collaborate to achieve the UN Sustainable Development Goals with our customers, suppliers, the authorities and knowledge environments.
- We are open about our work and our sustainability results.

The Board adopts Storebrand's sustainability goals, which are followed up three times a year by the executive management. Storebrand also complies with the international reporting standard GRI (Global Reporting Initiative, version G4) and uses integrated reporting. The financial results are revised by Storebrand's external auditor, see the Auditor's Report. [27)]

27) Read more about our sustainability work and sustainable investments in our annual report in the sections About Storebrand: a sustainable strategy and Financial Capital and Our Investment Universe: a driving force for sustainable investments.

Growth in Savings and Insurance

Corporates, and their current and former employees, are the Group's main target groups. Most defined benefit-based pension schemes in the private sector have been discontinued and new savings occur principally in defined contribution-based schemes. In the corporate market, Storebrand has maintained its position as the market leader in defined contribution pensions in Norway, with a market share of 31 per cent. In Sweden, SPP has a strong challenger role with a market share of 13 per cent for occupational pensions outside of the collective agreements. Our asset management offers a broad range of asset classes through the brands Storebrand, SKAGEN, SPP Fonder and Delphi to the institutional and retail markets. Throughout 2018, Storebrand's commitment to sustainability was reinforced through a common sustainability policy for investments for all brands in the Group.

Storebrand's insurance area is responsible for insurance products in Norway and Sweden for businesses and private individuals. Approximately 60 per cent of the premiums come from the corporate market and the remainder come from retail customers. Earnings and profitability improved significantly in 2018. Volume growth was moderate, and initiatives taken increased the growth rate early in 2019.

Secure pensions and capital release from guaranteed pensions

The Guaranteed Pensions area is in long-term decline. Companies are requesting products with guaranteed interest rates to a lesser extent, and these products are capital-intensive for life insurance companies during periods of low interest rates. The customers' accrued pension rights are secured through a solid solvency position and robust systems for risk-taking in the business. As the pensions are paid to our customers, capital is released that the Company must pledge as security. This capital can be distributed over time to the shareholders in the form of dividends, buyback of shares or the acquisition of new capital-generating business.

Dividend for 2018

The Board adopted a new dividend policy with effect starting from the 2018 financial year. The proposed dividend policy should reflect the strong growth in fee-based earnings, more volatile financial market-related earnings and future capital release from business with guarantees. The Board's ambition is to pay a stable and increasing ordinary dividend in combination with extraordinary dividends. The expected release of capital will result in a higher distribution ratio over time. The Board will adjust the result in the case of non-operating extraordinary effects.

As a result of the transition to new tax rules, Storebrand has recognised a deferred tax related to property investments in 2018. In accordance with the old rules, the provisions would have been released by the sale of the properties. The transitional rules mean that the provisions are recognised as income earlier than expected. The tax income does not change the Board's long-term assessment of the earning potential of Storebrand, and thus does not affect the Board's basis for the assessment of dividends.

Storebrand's dividend policy from 2018:

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

The Board proposes to the General Meeting an ordinary dividend of NOK 1,402 million, corresponding to an ordinary dividend of NOK 3.0 per share for 2018.

Return on equity [28)] **Target: >10%**	Dividend ratio [30)] **Target: >50%**	Solvency margin (Storebrand Group) **Target: >150%**
2018:	**2018:**	**2018:**
8.2%[29)] / 13.7%	68%[31)]	173%

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

29) Results adjusted for the extraordinary tax effect discussed in Note 26.

30) The income statement is based on reported IFRS results for the individual companies.

31) Results adjusted for the extraordinary tax effect discussed in Note 26.

Outlook

Strategic direction

Storebrand follows a twofold strategy. First, Storebrand aims to build a world class Savings Group supported by Insurance. Storebrand is the market leader in pension solutions to Norwegian businesses and a challenger in the Swedish market, and uniquely positioned in the growing retail savings market. Storebrand Asset Management has a strong competitive position and clear growth ambitions.

Second, through cost control and disciplined use of capital, Storebrand aims to increase return to shareholders. Storebrand expects to start capital release as dividends and/or share buy backs when the solvency margin is above 180 per cent. The solvency margin is expected to grow 5 percentage points annually after dividends from today's level. The guaranteed business in long term run off is projected to release NOK 10bn of capital in the next ten years until 2027.

Financial performance

The market for defined contribution pensions is growing, and Storebrand's reserves in Unit Linked increased by 7 per cent in 2018. Storebrand has a strong challenger role in the sale of pension solutions to Swedish companies through SPP. Good growth in defined contribution pensions is expected in future. Measures are being implemented to strengthen profitability in Unit Linked pensions.

The loyalty programme for the employees of companies who have a pension scheme with Storebrand is an important future focus area. The sale of banking products and property and casualty insurance results in increased loyalty and profitability, contributing to the expected growth of the Savings and Insurance segments. Competition in the market has led to pressure on the margins in these segments, which in turn requires cost reductions and adaptations to the distribution and product solutions to achieve continued profitable growth. In order to realise our ambitions for the retail market, sales must increase going forward.

Asset management is an important business area in the Savings segment. Asset management has underlying growth in reserves from the occupational pension market and good earnings improvement. The asset management platform is competitive and scalable for continued growth.
The Guaranteed Pension segment is in long-term decline and the combined reserves for the guaranteed business are dwindling. However, there is still growth in the reserves related to paid-up policies, as a result of companies opting to convert their old defined benefit schemes to defined contribution schemes. It is expected that the growth in paid-up policies will decline in the future and that there will be flat growth in reserves over several years before the reserves start to fall. The paid-up policy portfolio contributes to a limited extent to the Group's profit at the current interest rate level. Guaranteed reserves account for an increasingly smaller portion of the Group's total pension reserves and were at 59.2 per cent at the end of the year.

Our goal is nominally flat costs from 2018 to 2020. This yields a reduction in real costs. Storebrand will continue to make selected investments in growth initiatives. Digitalisation, automation and our partnership with Cognizant are expected to provide reduced costs for the Group over the next few years.

Market performance

Norwegian interest rates increased marginally in 2018. Swedish interest rates remained relatively unchanged compared with the start of the year. Swedish interest rates are influenced by a very expansive monetary policy.

The short-term interest rate remains low in the euro area, influenced by the European Central Bank's expansive monetary policy. The first step in downscaling the central bank's programme to purchase fixed income securities has been taken, and a gradual reduction is expected going forward. This increases the likelihood of higher market interest rates.

Risk

Market risk is the Group's greatest risk. In connection with the Board's ORSA process [31], developments in interest rates, credit spreads, and share and property values are considered to be the greatest risks affecting the Group's solvency. Storebrand has adapted to low interest rates by building up buffer capital. Over time, the level of the annual interest rate guarantee will be reduced. In the long term, sustained low interest rates would represent a risk of products with high interest rate guarantees incurring losses, and therefore it is important to be able to achieve a return that exceeds the interest rate guarantee of the products. Storebrand has therefore adjusted its assets by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. For insurance risk, increased life expectancy and the disability rate trends are the factors that have the greatest influence on solvency. Operational risk is closely monitored and may also have a significant effect on solvency.

Capital management and dividends

Storebrand has established a framework for capital management that links dividends to the solvency ratio and has published a new dividend policy for 2018 onwards. The aim is to have a solvency ratio of more than 150 per cent, including the transitional rules. The solvency ratio at the end of the

31) ORSA: Own Solvency and Risk Assessment

fourth quarter was 173 per cent. Our solvency level shows that the Group is robust in relation to the risks facing the business. A gradual improvement is expected in the underlying solvency margin in the coming years. The expected creation of value by the Group and reduced capital requirements from the guaranteed business are expected to increase our solvency level in the coming years. Financial market volatility and changes to regulatory requirements may result in short-term movements in the solvency level. The Board's ambition is to pay consistently increasing dividends, combined with extraordinary dividends, to reflect the financial market volatility and release of capital. The expected release of capital will result in a higher distribution ratio over time.

A dividend of more than 50 per cent of the Group's profit after tax, as well as a higher nominal level than the ordinary dividend for 2018, is expected for 2019.

Group financial results for 2018

The Storebrand Group's annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). Pursuant to Norwegian accounting legislation, the Board of Storebrand ASA confirms that the Company meets the conditions for preparing its financial statements on the basis of a going concern assumption.

Storebrand's business activities are divided into the following segments: Savings, Insurance, Guaranteed Pension and Other.

- Group profit [32] NOK 3,158 million for 2018
- Successful integration of SKAGEN and Silver
- Solvency margin of 173 per cent
- The Board proposes a dividend of NOK 3.0 per share

Group profit

NOK million	2018	2017
Fee and administration income	5.011	4.771
Insurance result	1.291	1.146
Operational cost	-3.786	3.490
Operating profit	**2.516**	**2.427**
Financial items and risk result life	642	513
Profit before amortisation	**3.158**	**2.940**
Amortisation and write-downs of intangible assets	-360	-536
Profit before tax	**2.799**	**2.404**
Tax	898	2
Profit after tax	**3.698**	**2.405**

Storebrand achieved a group profit before amortisation of NOK 3,158 million (2, 940 million) for 2018. Group profit after tax was NOK 3,697 million (2,405 million). The figures in brackets show the comparative figures for the same period last year.

Fee and administration income increased by 3 per cent in 2018. [33] The underlying income performance is marked by higher income from products without guaranteed interest rates and a decline in income from products with guaranteed interest rates.

The insurance result had a combined ratio of 82 per cent (89 per cent). The dissolution of reserves had a positive impact on the result.

Adjusted for the consolidation of SKAGEN, the Group's operating costs were reduced by 1 per cent compared with the previous year. Storebrand has reduced costs and delivered on the goal to keep the nominal costs flat between 2015 and 2018. The goal is to have nominally flat costs from 2018 to 2020, which will entail a reduction in the real costs.

Overall, the operating profit for 2018 increased by 13 per cent [34], driven by income from savings and good insurance results. The financial result is in line with expectations, given the low interest rate level.

Amortisation of intangible assets amounted to NOK 360 million in 2018. Amortisation of NOK 136 million related to the excess value associated with the acquisition of SKAGEN increased the level of amortisation in 2017. Ordinary depreciation of intangible assets is expected to be around NOK 100 million per quarter in 2019.

The Group reported taxable accounting income of NOK 898 million in 2018 (2 million).[35] 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 2019. For more information on tax and uncertain tax positions, see Note 26.

Events after the balance sheet date

On 11 February 2019, Storebrand Asset Management signed an agreement to buy 100 per cent of the shares in the company Cubera Private Equity AS (Cubera). For more information, see Note 46 in the annual financial statements.

32) Results before strengthening of longevity reserves, amortisation and taxes.

33) Adjusted for foreign exchange (NOK/SEK), but exclusive of income from SKAGEN for the comparative figures.

34) Adjusted for foreign exchange (NOK/SEK), but exclusive of income from SKAGEN for the comparative figures.

35) The change is described in more detail in the stock exchange notice of 15 January 2019 and in Note 26.

Group result by business area

NOK million	2018	2017
Savings - non-guaranteed	1.267	1.511
Insurance	748	608
Guaranteed pension	1.138	766
Other profit	5	55
Profit before amortisation	**3.158**	**2.940**

The Savings Segment reported growth in fee and administration income of 9 per cent from 2017 to 2018. The result was NOK 1,267 million in 2018 (NOK 1,511 million in 2016). The reduction in the result is mainly due to low performance-based income from SKAGEN. Growth in assets under management in pensions and asset management, as well as growth in bank lending contributed to the earnings growth. The costs increase as a result of the acquisition, development and marketing of new product lines.

Insurance reported flat premium income. The insurance result was NOK 748 million for the year (NOK 608 million in 2017), with a total combined ratio of 82 per cent (89 per cent in 2017). The combined risk result gave a claims ratio of 66 per cent (70 per cent in 2017). The financial result reflects the low interest rate level and a conservative investment portfolio with an average rating of AA-.

Fee and administration income in the Guaranteed Pension segment were marked by the fact that a large portion of the portfolio is mature and in long-term decline. Administration income declined by 2.8 per cent. Operating costs have diminished over time, also as a result of the area being in long-term decline. The result amounted to NOK 1,138 million 2018 (NOK 766 mill in 2017). The higher result is attributed to an improvement in operational performance, increased risk result and a higher level of profit sharing.

The Other Segment consists primarily of financing and investment of the Company's funds. In addition, some minor subsidiaries are reported here.

SAVINGS

The Savings Segment encompasses products for pension savings without interest rate guarantees. The area includes defined contribution pensions in Norway and Sweden, asset management and banking products for retail customers.

NOK million	2018	2017
Fee and administration income	3,708	3,402
Operational cost	-2,394	-1,899
Operating profit	1,314	1,503
Financial items and risk result life	-46	8
Profit before amortisation	**1,267**	**1,511**

Results Savings

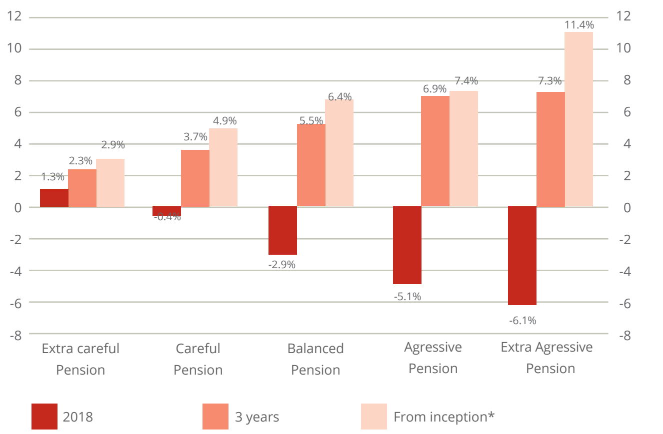
The result was NOK 1,267 million in 2018. SKAGEN was included with a result of NOK 259 million in 2017 and NOK 45 million in 2018. Adjusted for SKAGEN, the operating result for Savings increased by 2 per cent from 2017 to 2018. The earnings improvement is driven by volume and income growth.

Total fee and administration income increased by 6 per cent from 2017 to 2018, adjusted for income in SKAGEN, as well as for a negative foreign exchange effect. Income growth is driven by the customers' conversion from defined-benefit to defined-contribution pension schemes in combination with the return, new sales and higher savings rates. In addition, volume growth and transaction-based fees in asset management contributed to growth. Higher margins for lending to the retail market in the 4th quarter entailed that net interest income as a percentage of the average total assets for 2018 was 1.20 per cent, compared with 1.22 per cent in the previous year. For the Norwegian Unit Linked products, strong competition contributed to pressure on the margins. There is also pressure on the margins for unit linked insurance in Sweden. In Asset Management, an increasing relative proportion of the customers' AuM in low margin products contributed to pressure on the average margins.

Adjusted for costs in SKAGEN, the nominal cost level increased in accordance with the growth in volume related to investments in new products, higher distribution costs and other volume-related costs.

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. Volatile Financial markets in 2018, especially in the 4th quarter, have contributed to the reduction of customer assets in Sweden by 2 per cent, compared with the previous year.

Return on standard defined contribution pension portfolios in the ITP scheme



*Careful, Balanced and Agressive Pension was esablished in March 2004 . Extra Careful and Extra Agressive Pension was established in December 2011.

Balance sheet and market performance

The premium income for savings without an interest rate guarantee amounted to NOK 16 billion in 2018, which was NOK 2 billion higher than in 2017. Total reserves in non-guaranteed life insurance related savings grew by 7 per cent from 2017, to NOK 179 billion.

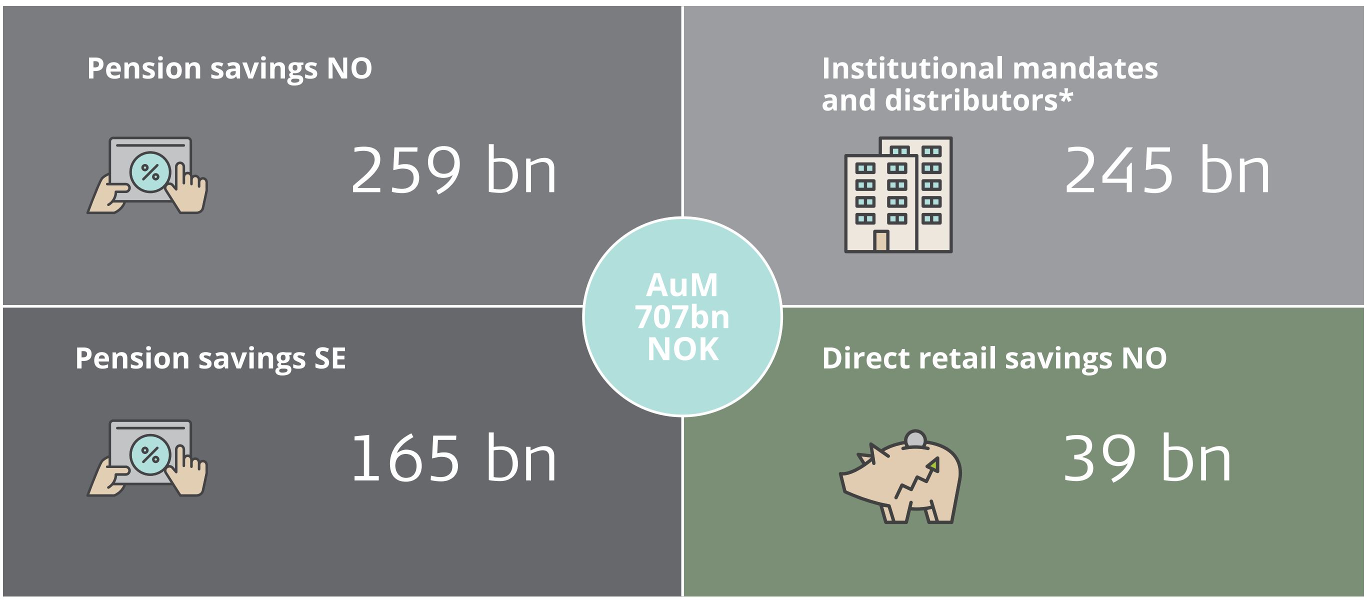
In the Norwegian market, Storebrand retained its position as a market leader in defined contribution schemes, with a 31 per cent market share. Premium growth in the defined contribution-based occupational pensions in Norway was 7 per cent in 2018. Growth was driven by sales to new customers, conversion from defined benefit pensions, higher savings rates and growth from wage adjustments. There strong competition in the market for defined contribution pensions is expected to continue.

SPP had a market share of 13 per cent in the Swedish market for other occupational pensions Unit Linked insurance. Premium income was 9 per cent higher than in 2017. The transfer balance and new sales improved substantially with the previous year.

The asset management business had NOK 14 billion under management in 2018, down from X in 2017. The decline was attributed primarily to a weaker SEK and volatile financial markets. At the end of 2018, assets under management amounted to NOK 707 billion, divided into securities funds, fund-in-funds and individual portfolios for insurance companies, pension funds, municipalities, institutional investors and investment companies. For assets under management, see the graph below.

Key figures – Savings

NOK million	2018	2017
Unit Linked reserves	179,299	167,849
Unit Linked premiums	16,021	15,017
AuM Assets Management	707,297	721,165
Retail Market Lending	46,531	42,133



*) Pension customers encompass customers of Storebrand Life Insurance who save in pension products.

36) Health insurance is 50 per cent owned by Storebrand ASA and 50 per cent owned by Munich Health

INSURANCE

Insurance is responsible for the Group's risk products in Norway and Sweden. The unit provides health insurance in the Norwegian and Swedish corporate and retail markets, property and casualty insurance and personal risk products in the Norwegian retail market, as well as employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

Results Insurance

NOK million	2018	2017
Insurance premiums for own account	3,854	3,872
Claims for own account	-2,562	-2,726
Operating costs	-614	-711
Financial result	71	173
Result before amortisation	**748**	**608**

The insurance result was NOK 748 million (608 million), with a total combined ratio of 82 per cent (89 per cent in 2017). Insurance premiums declined by 0.5 per cent in 2018. The premiums declined in the retail market due to increased competition and changes in distribution. The Group increased distribution capacity towards the end of the year. It is expected that this will increase the premium volume. The premium level was stable in the corporate market. The claims ratio was lower, which was mainly explained by a satisfactory risk performance for disability and property and casualty products, as well as dissolution gains and the dissolution of reserves. The underlying profitability and efficiency were good and showed satisfactory performance.

Key figures – Insurance

Key figures	2018	2017
Claims ratio	66%	70%
Cost ratio	16%	18%
Combined ratio	82%	89%

The combined risk result gave a claims ratio of 66 per cent (70 per cent in 2017) and the underlying risk performance was very satisfying. Health insurance delivered good results due to good claims performance, especially in the Swedish portfolio. The result for employer's liability insurance was good, driven by good risk performance and dissolution of reserves. Property and casualty insurance delivered a good underlying result, which was been further strengthened by the dissolution of reserves. Group disability pensions also reported a good result, which was driven by good disability performance in Norway. In addition, the dissolution of reserves had a positive impact on the result. Personal insurance maintained good profitability with marginal portfolio growth. The result for the Swedish risk products was lower as a result of the decline in premium income.

The cost percentage was 16 per cent (18 per cent in 2017). Non-recurring effects related to the amendment of distribution agreements previously entered into contributed to a significant cost reduction. Ongoing efficiency improvements are being made in the insurance area.

The investment portfolio of Insurance in Norway amounted to NOK 8.1 billion, which was primarily invested in fixed income securities with a short or medium duration. Financial returns were lower due to the widening of credit spreads.

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 profitability of the retail and corporate markets is considered to be satisfactory in general. To maintain profitability, Insurance must strive for competitive prices, simple and relevant products, and good coverage. The total premiums written for the segment at the end of 2018 amounted to NOK 4.5 billion, of which NOK 1.7 billion from the retail market and NOK 2.8 billion from the corporate market.

Storebrand has an established position in personal insurance and a challenger position in property and casualty insurance in the retail market. Storebrand's growth in the retail market has stagnated as a result of greater competition and a shift in the distribution strategy. Cooperation has been established with external distributors, and combined with separate channels, this should contribute to profitable growth. The Akademiker portfolio is an important driver of growth, and the rate of sales is stable. The growth in personal insurance is stable and in line with overall market growth.

The corporate market is a more mature market with lower margins and a strong focus on price. Profitability in group disability pensions has grown stronger in recent years. However, there is fierce competition, which puts pressure on the margins. Health insurance is a growing market. In terms of premiums written, Storebrand is one of the market leaders in health insurance, where the profitability is also good. Storebrand is a relatively small player in the market for employer's liability insurance, but the profitability is satisfactory. In Sweden, the disability trend has been declining for a long time, which has resulted in reduced premiums in general.

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.

Results

NOK million	2018	2017
Fee and administration income	1,441	1,483
Operating costs	-828	-889
Operating results	**614**	**595**
Risk result life & pensions	191	67
Financial results and risk result life	333	104
Result before amortisation	**1 138**	**766**

The result for Guaranteed Pension before amortisation amounted to NOK 1,138 million in 2018, an increase of NOK 372 million compared with 2017. The higher result was attributed to an improvement in operational performance, increased risk result and a higher level of profit sharing from the Swedish business.

New subscriptions for guaranteed pensions have been closed for most products, however, premium payments and the accumulation of returns for existing customers means that it will take some time before a nominal reduction in the reserves is seen. Fee and administration income performed throughout 2018 consistent with the fact that a large part of the portfolio is mature and in long-term decline. Income was NOK 1,441 million in 2018, compared with 1,483 million for the previous year. In 2018, income declined by 2.8 per cent compared with the previous year. Approximately half of the reduction in revenue was driven by foreign exchange fluctuations.

Operating costs were NOK 828 million in 2018, which was NOK 61 million lower than in 2017. Operating costs have diminished over time, as a result of the area being in long-term decline.

The risk result was NOK 191 million in 2018, compared with NOK 67 million for the previous year. There are strong risk results in the Norwegian paid-up policy portfolio, with good results for disability and reactivation in particular, but also satisfying results for death and pure endowment. The paid-up result was boosted by the dissolution of NOK 149 million in longevity reserves. In the Swedish business, the risk result was negative, as a result of reserve strengthening of NOK 216 million. SPP's underlying risk result was stable.

The profit-sharing result was NOK 333 million in 2018, compared with NOK 104 million for the previous year. The result has essentially been generated by the Swedish business. In 2018, profit sharing increased due to the dissolution of reserves in deferred capital contributions (DCC) of NOK 200 million, which was a result of improved risk management after transitioning to a new core IT system. Reserve strengthening of approximately NOK 200 million by SPP was charged to the result in 2017 as a consequence of changes in the discount rate for the market valuation of liabilities. The changes were due to a transition to a new long-term interest rate (Ultimate Forward rate) in the solvency calculations, which was also used as a basis for the reserve calculations in SPP's accounts.

Balance sheet and market performance

Customer reserves for Guaranteed Pension amounted to NOK 261 billion at the end of 2018, which was 3.8 billion lower than at the start of the year.

The products are in long-term decline, but the Norwegian paid-up policy portfolio grew due to conversion from defined benefit to defined contribution pensions. The paid-up policies amounted to NOK 133 billion at the end of 2018, compared with NOK 128 billion for the previous year. From 2014, the customers were given an offer to convert from traditional paid-up policies to paid-up policies with investment options, a product that is included in the Savings Segment.

The premium income for Guaranteed Pension (excluding transfers) was NOK 5.3 billion in 2018, on par with the previous year. The majority of the products are closed for new sales and the customers' choices for transferring from guaranteed to non-guaranteed products are in line with the Group's strategy.

Premium income (excluding transfers)

(NOK mill.)	2018	2017
Defined benefit (fee based)	3,066	3,202
Paid-up policies, Norway	120	132
Individual life and pension, Norway	232	249
Guaranteed products, Sweden	1,846	1,662
Sum	**5,265**	**5,246**

Key figures – Guaranteed Pension

(NOK mill.)	2018	2017
Guaranteed reserves	260,573	264,320
Guaranteed reserves as a % of total reserves	59.2%	61.2%
Transfer of guaranteed reserves	165	-959
Buffer capital as a % of customer assets SBL	7.2%	7.2%
Buffer capital as a % of customer assets SPP	9.0%	9.0%

OTHER RESULTS

The result for Storebrand ASA is reported under Other, as well as the result of the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP.

Results for Other

(NOK mill.)	2018	2017
Fee and administration income	102	83
Operating costs	-190	-188
Operating profit	**-89**	**-105**
Financial results and risk results life	128	161
Result before amortisation	**40**	**55**

Eliminations

NOK million	2018	2017
Fee and administration income	-239	-190
Operating costs	239	190
Financial result	-35	0
Result before amortisation	**-35**	**0**

The result before amortisation for the Other Segment was NOK 5 million in 2018, compared with NOK 55 million in 2017. The operating costs for 2018 were impacted by costs related to the sale of business. In 2017, the result was impacted by transaction costs associated with the acquisition of SKAGEN and Silver.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Assuming the current interest rate at the end of 2018, interest expenses are expected to be approximately NOK 80 million quarterly.

The financial result includes the return on the company portfolios in Storebrand Life Insurance and SPP, as well as the financial result of Storebrand ASA. The financial result is in line with expectations, given the low interest rate level throughout the year.

Capital situation, rating and risk

Capital situation

Storebrand adapts the level of equity and debt in the Group continuously and systematically. The level is adjusted for financial risk and capital requirements. The growth and composition of business segments will be important driving forces behind the need for capital. Capital management is designed to ensure an efficient capital structure and maintain an appropriate balance between internal targets and regulatory requirements. Capital should be as high as possible in the structure to ensure flexibility.

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 173 per cent at the end of 2018, including transitional rules. Without the transitional rules, the solvency margin was 172 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. Together with a strong group profit after tax, this contributed to the solvency margin without transitional rules being strengthened by 17 percentage points in 2018. The value of the transitional rules was considerably reduced throughout the year, mainly due to higher discount rates.
Storebrand Livsforsikring AS aims for an A- rating. Storebrand ASA aims to have liquid assets on par with the Company's interest-bearing debt and to fund portions of the liquidity reserve by equity over time.

Storebrand ASA has only one class of share. All shares have equal rights and the shares are freely negotiable. The Company is not aware of the existence of agreements between shareholders that limit rights to sell shares or to exercise related voting rights.

The Storebrand Livsforsikring Group's solidity capital consists of equity, subordinated loan capital, market value adjustment reserves, additional statutory reserves, conditional bonuses and risk equalisation reserves. The solidity capital was reduced by NOK 5 billion in 2018. The market value adjustment reserve was reduced by NOK 1.5 billion due to the realisation of securities and falling markets. This amounted to NOK 2.2 billion by the end of the year. Conditional bonuses declined by NOK 0.9 billion and amounted to NOK 8.2 billion. The booked return contributed to increasing the additional statutory reserves. The additional statutory reserves amounted to NOK 8.5 billion at the end of the year, an increase of NOK 0.2 billion. The excess value of bonds and loans that are assessed at amortised cost decreased due to increased interest rates by NOK 3.5 billion and amounted to NOK 5 billion as at 31 December 2018. The excess value of bonds and loans at amortised cost is not included in the financial statements.

The Storebrand Bank Group had pure core capital adequacy of 16.6 per cent and capital adequacy of 18.9 per cent at the end of 2018. The Bank Group has adapted to the new capital requirements. The company has satisfactory capital adequacy and liquidity based on its business activities. The lending portfolio consists primarily of low-risk home mortgages.

Storebrand ASA (holding) held liquid assets of NOK 1.9 billion at the end of the year. Liquid assets consist primarily of short-term fixed income securities with a good credit rating. Storebrand ASA's (holding) total interest-bearing liabilities were NOK 1.8 billion at the end of the year. This corresponds to a net debt-equity ratio of minus 0.2 per cent. The next maturity date for bond debt for Storebrand ASA is in September 2019. In addition to the liquidity portfolio, the Company has an unused credit facility of EUR 200 million, which expires in December 2023, with the option of an extension for another two years. Storebrand ASA recognised dividends and group contributions from subsidiaries of NOK 4,131 million for 2018. Dividends allocated to shareholders amounted to NOK 1,402 million

Rating

There are four companies in the Storebrand Group that issue debt securities. Storebrand Livsforsikring AS issues subordinated loans, Storebrand ASA issues senior debt, Storebrand Bank ASA issues senior debt and subordinated loans, while Storebrand Boligkreditt AS issues covered bonds. All four companies are rated by the credit rating agency Standard & Poor's. In July 2018, Storebrand Livsforsikring AS and Storebrand Bank ASA were upgraded to A-, with a stable outlook.

Risk

Storebrand's 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. Storebrand has defined a risk universe where the main risks are business risk, financial market risk, insurance risk, counterparty risk, operational risk, sustainability risk and liquidity risk.

The Board of Directors of Storebrand ASA and the Boards of subsidiaries discuss and adopt a risk appetite and risk strategy at least annually. The risk appetite is the overall risk level and what types of risk are acceptable to the Company to achieve its financial and operational goals. Our risk strategy concretises the guidelines from the risk appetite to the targets and frameworks for risk-taking, both overall and for the various types of risk. Our risk appetite and risk strategy provide guidelines and set limits for more detailed strategies related, inter alia, to financial market risk (investment strategy), insurance risk, credit risk and liquidity risk.

Risk-taking should contribute to Storebrand achieving its strategic and commercial goals, including customers receiving a competitive return on their pension assets and Storebrand receiving adequate payment for assuming risk in relation to defined rates of return.

Out of consideration for customer protection and system stability, the authorities have stipulated requirements through the Solvency II Regulations that the solvency margin shall be at least 100 per cent in a normal situation. This should cover losses that are expected to occur every 200 years. The Board of Directors of Storebrand ASA has limited risk-taking beyond this in its risk appetite. There should be a low risk that the solvency margin falls below the regulatory requirement of 100 per cent, especially due to fluctuations in the financial market. The solvency margin target has therefore been set at 150 per cent in a normal situation. Risk-taking shall also contribute to reaching the Group's profitability target and growth target for Savings and Pensions. In the Guaranteed Pension area, risk-taking should contribute to the release of capital as the reserves are reduced over time. Overall, this should support the Group's dividend policy.

Storebrand is dependent on large amounts of customer data for managing its business activities and creating value. The management of information shall entail that there is a low risk of customer data or other sensitive information being abused or misplaced.

The Group's climate risk work is described in the Financial Capital and Our Investment Universe section of our annual report under “a driving force for sustainable investments”.

Savings

Savings consists of unit linked insurance, 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 therefore Storebrand bears low risk from increased life expectancy.

For Storebrand, the risk for unit linked insurance is primarily related to future income and cost changes. There is therefore an indirect market risk, because negative investment returns will reduce future income, without a corresponding reduction in costs. Incomes are also reduced if the customer chooses to leave. Market risk, particularly equity price risk and exit risk are therefore the greatest risks to unit linked insurance. There is also a risk that costs may increase.

The asset management business offers active and passive management and the management of fund-in-fund structures for the customers' account and risk. Operational risks, including regulatory compliance, are the greatest risks.

The greatest risks for the banking business are credit risk and liquidity risk. Virtually the entire loan portfolio is secured by mortgage on real property.

Insurance

Insurance consists of risk products and property and casualty insurance. The price can normally be changed on an annual basis if there are any changes in the risk situation.

The greatest risk is the disability risk. Storebrand has risk connected to there being more disability cases than expected and/or that fewer disabled persons will be able to work again. Storebrand also offers cover that provides a payout for death, but Storebrand's risk from this is limited.
In property and casualty insurance, most of the risk is linked to developments in claims payments from car and home insurance.

Guaranteed Pension

Guaranteed Pension encompasses savings and pension products with guaranteed interest rates in Norway and Sweden. The greatest risks are financial market risk and life expectancy 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 sufficient to achieve the guaranteed return as an average. In Sweden, new premiums generally have a guarantee of 1.25 per cent for 85 per cent of the premium, while existing reserves have a guaranteed annual return of up to 5.2 per. In Norway, new premiums are written with a guaranteed return of 2.0 per cent, and the upward adjustment of benefits resulting from a surplus in excess of the interest rate guarantee will be carried out with a 0.5 per cent guarantee. The existing portfolio primarily has guarantee levels ranging from 3 to 4 per cent. Over time, new premiums and possible upward adjustment will contribute to the average guarantee level falling.

To achieve adequate returns from the customer portfolios, it is necessary to take investment risks (market risks). This is primarily done by investing in equities, property and corporate bonds.

Interest rate risk is in a special position because changes in interest rates also affect the value of the insurance liability in the solvency balance sheet. Since pension disbursements may be many years in the future, the insurance liabilities are particularly sensitive to changes in interest rates, and they should ideally be balanced with the interest rate sensitivity of the assets. It is not possible to eliminate the interest rate risk in Norway, but accounting at amortised cost reduces the solvency risk without increasing the risk from the annual guarantee. In Sweden, there is good correlation between the interest rate sensitivity of assets and liabilities.

The booked return for guaranteed customer portfolios in Norway has on average been slightly higher than the guarantee in 2018. The return has been helped by a large share of bonds held at amortised cost that benefit greatly from securities purchased at interest rates higher than the current level. Property also provided a good return. Shares gave a negative return, and this has reduced the unrealised gains. In Sweden, the return for guaranteed portfolios has also been positive in 2018.

In Norway, interest rates rose slightly in 2018, especially at the short end. Higher interest rates reduce Storebrand's risk because it increases the likelihood of a return higher than the guarantee. A higher credit spread has also improved the possibility of covering the interest guarantee by investing in bonds. In Sweden, short-term interest rates also rose, but the three-month money market rate remains negative. The long-term interest rates fell somewhat in Sweden.

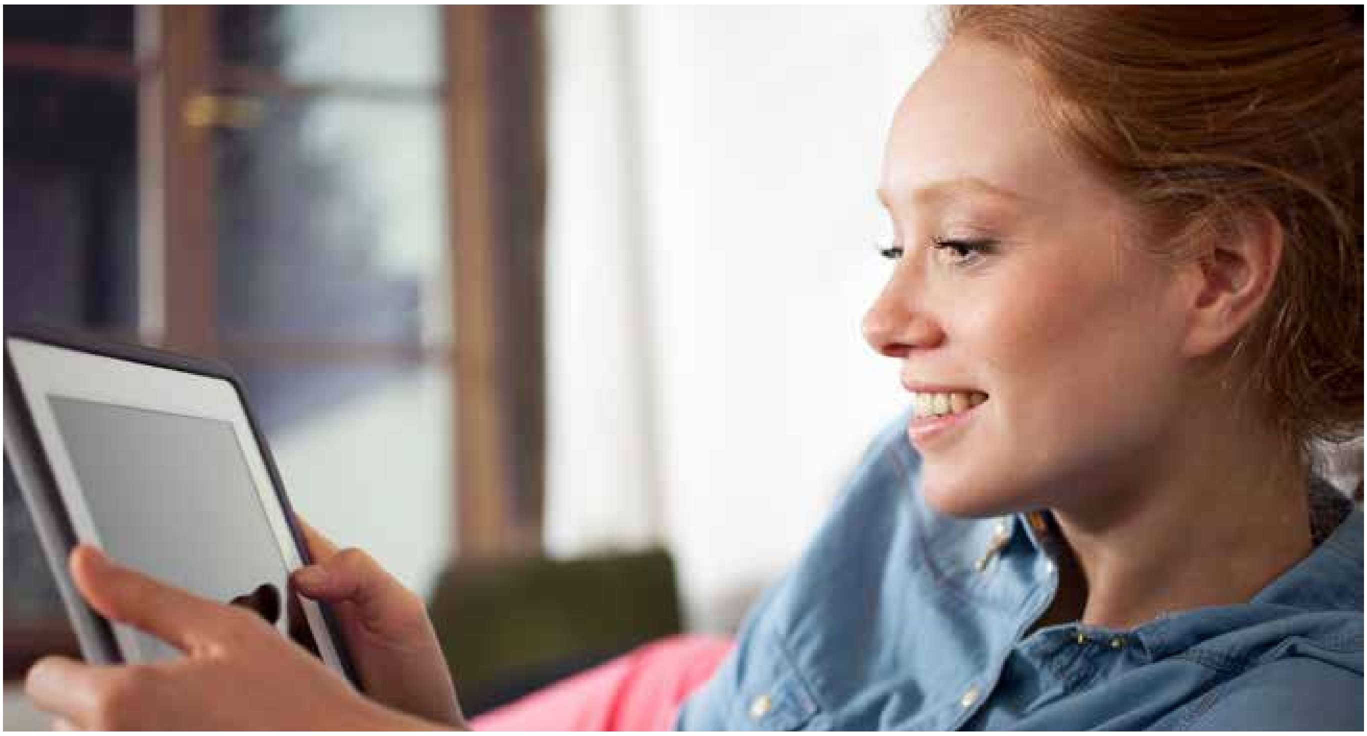
Changes in occupational pension schemes in Norway will reduce the risk of low interest rates over time, since defined benefit-based schemes are replaced by defined contribution pensions or hybrid schemes without a guaranteed return over zero per cent. The change has the greatest effect on new premiums, while existing reserves will continue as paid-up policies.

The bulk of guaranteed pension agreements have lifelong disbursements. These give higher disbursements if life span increases more than expected. The risk is reduced by the use of dynamic tariffs that include an increased longevity trend.

Other

ther encompasses Storebrand ASA, as well as the company portfolios and smaller subsidiaries of Storebrand Life Insurance and SPP. In addition, this business is included in BenCo.

The assets in Storebrand ASA and the company portfolios are invested at low risk, primarily in short-term interest-bearing securities with a high credit rating.



Regulatory changes

The regulations that are adopted by the authorities are of great importance to Storebrand. The Ministry of Finance has introduced a legislative proposal to the Norwegian parliament (Stortinget) for Separate Pension Accounts. The parties in the private sector are considering changes in the AFP early retirement scheme. The Ministry of Finance and Financial Supervisory Authority of Norway are working on amendments to the regulations for the management of guaranteed pension products.

European regulations

Solvency II

The European Commission distributed changes to the standard model in Solvency II for comments. The consultation round has been based on advice from EIOPA and encompassed questions concerning, inter alia, the loss-absorbing capacity of deferred tax and the risk margin. EIOPA's proposal to change the interest risk module was not pursued further by the Commission. EIOPA's proposal had a device that would have had a particularly conservative impact for NOK and SEK. These consequences were not considered in the proposal, but they were pointed out during the consultation period. Although the proposal is not being followed up now, it is expected that changes to the interest risk module will be considered in the planned 2020 revision of the Solvency II Regulations.

Sustainable finance

The European Commission is working on a regulations for sustainable finance. The regulations follows the action plan for the financing of sustainable growth and is designed to contribute to more investment in sustainable businesses, at the same time as the financial system is robust with respect to climate-related risk.

Regulations will be introduced in three main areas:
1) A uniform classification system ("taxonomy") for what can be regarded as sustainable economic activity.
2) Requirements for reporting ("disclosure") on sustainable investments and sustainability risk.
3) Reference values for carbon emissions ("carbon bench marks").

The classification system for climate shall be ready by December 2019. Criteria for assessing businesses against other environmental targets will be introduced in 2020 and 2021. The classification system shall be developed over time and updated to take into account political or technological developments.

The classification system does not constitute a product standard or labelling scheme in itself, but the Commission will consider whether a labelling scheme based on this should be developed.

There are also ongoing processes to assess how sustainability can be taken into account in Solvency II and IDD (Insurance Distribution Directive).

EU regulations will establish standards for sustainable management and stipulate requirements for reporting and information to customers about this. Storebrand considers this to be positive and is following the EU process closely.

Norwegian regulations

Individual Pension Accounts

The Ministry of Finance's legislative proposal for Individual Pension Accounts was put forward in December 2018, and it is expected that it will be considered by the Norwegian parliament in the spring of 2019. It is not yet clear when the Individual Pension Accounts will be introduced. The Ministry will request comments on the scheme's entry into force when the regulations are distributed for consultation later this year.

The proposal entails that pension capital certificates from previous employment will be transferred to a single pension account with the current employer's pension provider. This transfer will occur automatically, unless the employee actively opts out (passive consent).

The costs for administration of the pension scheme shall be paid by the employer. The management costs for contributions during the current employment (active part) shall be covered by the employer, while the management costs for any previously contributed funds (pension capital certificates that are transferred in) shall be covered by the employee. Other cost sharing schemes may be agreed on locally at the individual company.

Employees will not be allowed to choose a management solution for previous contributions other than the solution that has been chosen for the current contributions. If the employee wants to have a different management profile for the previous contributions, this must be managed in a separate agreement.

The Ministry proposes that employees should be able to transfer both past and current contributions to a self-selected provider. Employees may also elect to retain their pension capital certificates, so that they are managed separately from the pension capital earned from the current employer.

Employees who transfer to a self-selected provider must cover the administration and management fees, but they will receive compensation from their employer for this.

When pension accounts are introduced, employees will be given a deadline of 3 months to opt out of pension capital certificates being transferred to a separate pension account. The providers will then have a deadline of 1 month to transfer the funds.

It has been proposed that the 12-month rule be repealed. Employees will thus be able to take their accrued pension capital with them when they resign, regardless of the length of their employment.

Individual Pension Accounts are an important reform for the Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO). The legislative proposal that has now been put forward follows up previous studies by the parties and a consensus from the annual wage settlement.

For employees, it is positive to be able to combine all pension contributions from different employers in one place. Most people will likely benefit from following the main track and not opt out of funds being transferred into a pension account in the employer's scheme.

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

When the Individual Pension Account scheme is introduced, previous pension contributions will be transferred from a retail market for pension capital certificates to a corporate market for active defined contribution schemes. Storebrand is well-positioned in this market.

The introduction of the Individual Pension Account scheme is based on passive consent. This is a new principle in the pension area. Along with the individual transfer of current contributions, this gives rise to the need for new solutions for distributing information to customers, handling opt-outs, and exchanging information and payments between the companies. For Storebrand, it is important to seek solutions that ensure a good implementation of the reform, while at the same time limiting extra administrative costs as much as possible.

Public service pensions

New public occupational pensions will be introduced from 2020. The Government and the parties reached agreement in March 2018 on a new markup model for retirement pensions. This is an all-years accrual, holding-based model that is well adapted to the pension reform and the new National Insurance Scheme. Pension accrual for public employees who are born in 1963 or later will change in the markup model as of 2020. For these employees, the AFP scheme will change from an early retirement scheme to a lifelong supplementary pension based on the private sector model. Members born in 1962 or earlier, will retain the accrual based on the current model even after 2020 and retain the current AFP early retirement scheme.

Storebrand currently provides administration and asset management services for municipal pension funds. Storebrand is considering whether the introduction of a new public occupational pension can also facilitate the company's re-entry into the insured municipal pension market. If so, Storebrand wants to provide a comprehensive solution, which encompasses both the new markup scheme and the existing gross scheme.

Storebrand offered insured municipal occupational pensions until 2012. One of the main reasons that the company pulled out of the market then was the fact that the market did not work. Pension procurements were only put out to tender in exceptional cases. The general rule was that existing agreements with KLP continued without any competition.

Legal considerations suggest that the introduction of a new scheme entails, both in itself and in conjunction with previous changes in 2011, a significant change in the municipalities' existing contracts, which triggers an obligation to invite public tenders in accordance with the Procurement Regulations. Storebrand is considering business opportunities linked to the changes in public pensions. Confidence in changed market dynamics will be an important prerequisite for a new investment in the market for insured municipal occupational pension.

Contractual pensions (AFP)

The Confederation of Trade Unions (LO) and Confederation of Norwegian Enterprise (NHO) are studying changes to the AFP early retirement scheme. The report was scheduled to be ready before Christmas 2018 and form the basis for negotiations on changes to the scheme during the annual wage settlement in spring 2019. It is now clear that the process will be delayed by a year. The report will thus be completed in 2019, as a basis for the negotiations during the annual wage settlement in the spring of 2020.

LO wants a scheme that will be more predictable for the employees, while one must also qualify for the scheme, i.e. the rights will be linked to employment in an enterprise bound by a collective wage agreement. NHO is concerned about the increasing undercoverage in the current scheme and wants a scheme that will result in predictable costs for the companies.

Today, companies only take AFP into account to a limited extent when determining the level of their occupational pension schemes. If AFP becomes more predictable for the employees, this may change.

The financial services industry has noted that a transition to defined contribution-based AFP could solve many of the challenges associated with the scheme: There will be greater predictability for employees, while the company will also have predictable costs and not run the risk of not recognising the liabilities. Time-limited benefits can provide a better distribution profile. A transition from "pay as you go" with partial funding to a fully funded scheme will be demanding. At the same time, liabilities are currently being "kicked down the road" and, according to NHO, the scheme will not be sustainable in the long-term.

Regulations for guaranteed products

An interdepartmental working group with participants from the Ministry of Finance, Ministry of Labour and Social Affairs and the Financial Supervisory Authority of Norway have studied possible changes to the regulations for guaranteed products, including paid-up policies. The working group report was published in the autumn of 2018.

The working group assessed various initiatives:

- 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.

In collaboration with the working group, Storebrand has simulated the effect of the rule changes in question. A memorandum summing up this work has been attached to the study report.

Storebrand's analysis shows that life insurance companies will benefit from increasing their share of equities in the management of paid-up policies for each of the proposals that are implemented. If all of the initiatives considered are implemented, the share of equities and the expected pensions could be significantly increased.

Storebrand's simulations showed that a "Swedish solution", in which the annual interest guarantee can be covered by borrowed equity would facilitate a significant increase in the share of equities. The working group would not recommend such a change, however.

The Ministry of Finance has asked the Financial Supervisory Authority of Norway to prepare proposals for specific statutory and regulatory changes based on all initiatives considered in the working group's report, not just those recommended by the working group. The Supervisory Authority has also been requested to give its assessment of the proposals. The assessments should be ready by June 2019, and they will be circulated for consultation before the Ministry decides which proposals will be put forward to the parliament.

The Ministry has also requested that the Supervisory Authority prepare a proposal to eliminate the right to retain the market value adjustment reserve for up to 2 per cent of the premium reserve in connection with transfers. This change should become effective from 2020, and it would be positive with a view to the future transfer market for municipal service pensions.

New tax rules for life insurance companies

The Norwegian parliament has adopted new tax rules for life insurance companies. The aim of the new rules is to establish a clear tax distinction between customer funds and company funds. The changes will be effective as of the 2018 tax year.

Under the new rules, life insurance companies will be taxed on the returns from company funds and the profit from insurance business. Tax losses that provide a basis for tax loss carryforwards will not arise from the customer funds. Existing tax loss carryforwards will continue.

Swedish regulations

EU Occupational Pensions Directive

The EU Occupational Pensions Directive (IORP II), which is a minimum directive will be implemented in Swedish law. The government aims to prepare new business regulations for the occupational pension companies based on IORP II, but with reinforced capital requirements. A legislative proposal is to be put forward in the spring of 2019 and legislative amendments will not take effect until the end of the first half of 2019. SPP is encompassed by Solvency II in its entirety, but it follows the development of the regulations for occupational pension companies and the stipulation of capital requirements for these companies.

Sustainability in the Storebrand Group

Storebrand has worked systematically with sustainability for over 20 years. Sustainability is a cornerstone of Storebrand's investment strategy. The Group has published environmental reports since 1995 and sustainability reports since 1999. Sustainability reporting has been an integral part of the annual report and certified by an independent party since 2008. Storebrand reports in accordance with the GRI standard.

In 2018, the Board adopted new principles for sustainability that apply to all business activities, including investments, product development, procurement, organisational development and internal operations. The principles summarise how work is an integral part of the Group's overall objectives and management processes. Read more about the principles in the Directors' Report under the heading Strategic highlights.

In 2017, Storebrand conducted a materiality analysis to identify the Group's focus areas for long-term value creation. This analysis was refined in 2018. Efforts to implement initiatives in the focus areas to create financial results and positive ripple effects for society are measured, followed up and reported externally and internally. [37)]

Organisation, working environment and expertise

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 2018, 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. The Company's performance in learning and development is discussed in Section 4 of the annual report, People and systems.

In 2018, we replaced an annual survey of employee satisfaction with more frequent employee engagement surveys. On average, 87 per cent of Storebrand employees responded to an employee survey or pulse measurement at least once during the last three months of 2018. The pulse measurements from the last half of 2018 showed progress for issues such as the extent to which employees experience freedom of opinion, a high degree of self-determination or autonomy in their daily work, support from management, and learning and development.[38)]

Absence due to illness

Storebrand's absence due to illness has been at a stable low level for many years. The Group's absence due to illness in 2018 was 3.0 per cent. Absence due to illness was 2.7 per cent in Norway and 3.3 per cent in the Swedish business. Storebrand has been an "inclusive workplace" (IA) company since 2002, and the Group's managers have over the years built up routines for the follow-up of employees who are ill. All managers with Norwegian employees must complete a mandatory HSE course, in which following up illness is part of the training.

No injuries to people, property damage, or accidents were reported in the Storebrand Group in 2018.

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

37) More information on how Storebrand works with the long-term creation of value, the materiality analysis and the Board's sustainability reporting can be found in Section 1 of the annual report: About Storebrand, under the heading "A sustainable strategy".

38) Read more about the results in Section 4 of the annual report, People and systems, under the heading Committed and courageous employees.

areas of strategic and operational management, communication and change.

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.

The Group's performance in diversity is discussed in Section 4 of the annual report under the heading People and systems.

Ethics and trust

Storebrand works systemically to live up to high ethical standards. The Company sets strict requirements concerning high ethical standards for the Group's employees. The Group's common code of ethics is available on our intranet in three languages and is reviewed by the Board of Storebrand ASA once a year. Whistleblowing routines, brochures, an anonymous mail box, dilemma bank, question and answer summaries and presentations are all available to employees on the intranet, so that awareness of and reflection on the subjects can be high on everyone's agenda. Every year all the managers must confirm in writing that they have discussed ethics and ethical dilemmas, information security, financial crime and HSE in departmental meetings.

All employees shall complete the Company's e-learning course in ethics. In 2019, ethics training will be offered through the digital tool 'Workday' and all employees will be required to review the content annually. For new employees, information about ethical regulations is included in the onboarding process.

The Group also has developed a mandatory ethics course for managers. The course includes information about money laundering and corruption. The Company's authorised financial advisers complete a tailored training programme.

The Group has established systems for both internal and external whistleblowing. The external channel has been established through a law firm. The Group also has comprehensive routines for preventing harassment and improper conduct.

The Group's approach to and results in this area are discussed in Section 4 of the annual report, People and systems, under the headings Committed and courageous employees and Good environmental and working conditions throughout the entire value chain

Corporate governance

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. The Board carried out an evaluation in 2018, in which the executive management participated. In 2018, a total of 11 board meetings were held. The work of the Board is regulated by special rules of procedure for the Board. The Board has established three advisory committees: the Compensation Committee, Audit Committee and Risk Committee.

In 2018, the following changes were made to the composition of Storebrand's corporate bodies:

Board of Directors of Storebrand ASA: Directors Håkon R. Fure and Gyrid Skalleberg Ingerø left the Board, and Liv Sandbæk was elected as a new director.

Nomination Committee: Members Odd Ivar Biller, Olaug Svarva and Tor Olav Trøim left the Committee. Leif Askvig, Nils Halvard Bastiansen and Margareth Øvrum were elected as new members.

The Board wishes to thank the retiring members of the Board of Directors and Nomination Committee for their valuable contributions to the Group.

Official financial statements of Storebrand ASA

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

Storebrand ASA reported a pre-tax profit of NOK 4,074 million in 2018, compared with NOK 1,934 million in 2017. Group contributions from investments in subsidiaries amounted to NOK 4,131 million, compared with NOK 2,154 million for the previous year.

Results for Storebrand ASA

NOK million	2018	2017
Group contribution and dividends	4,131	2,154
Net financial items	28	-96
Operating expenses	-86	-123
Pre-tax profit/loss	**4,074**	**1,934**
Tax	-111	-110
Profit for the year	**3,963**	**1,824**

Statement of comprehensive income

NOK million	2018	2017
Profit for the year	3,963	1 824
Other income statement elements that cannot subsequently be reclassified through the income statement		
Change in actuarial gains or losses	9	-34
Tax on other income statement components	-2	8
Total other income statement elements	**6**	**-25**
Total comprehensive income	**3,969**	**1,798**

Allocation of the profit for the year

Storebrand ASA reported a profit of NOK 3,963 million for 2018, compared with NOK 1,824 million for 2017.

The Board proposes a dividend of NOK 1,402 million to the General Meeting, corresponding to an ordinary dividend of NOK 3.0 per share for 2018 financial year.

Allocation of the profit for the year for Storebrand ASA

NOK million	2018	2017
Profit for the year	3,963	1,824
Allocations		
Transferred to other reserves	2,561	656
Provision for shared dividends	1,402	1,168
Total allocations	**3,963**	**1,824**

Lysaker, 12. February 2019
Board of Directors of i Storebrand ASA

Didrik Munch
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Liv Sandbæk

Martin Skancke

Jan Chr. Opsahl

Arne Fredrik Håstein

Heidi Storruste

Ingvild Pedersen

Odd Arild Grefstad
Group Chief Executive Officer

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Annual Accounts and Notes

Storebrand Group

Income statement

NOK million	Note	2018	2017
Premium income	14	29,631	26,652
Net income from financial assets and properties for the company:			
- equities and other units at fair value	15	-10	31
- bonds and other fixed-income securities at fair value	15	286	507
- financial derivatives at fair value	15	50	99
- loans at fair value	15	4	57
- bonds at amortised cost	15	116	134
- loans at amortised cost	15	665	665
- profit from investments in associated companies/joint controlled operation	29	46	119
Net income from financial assets and properties for the customers:			
- equities and other units at fair value	15	-5,249	16,943
- bonds and other fixed-income securities at fair value	15	912	3,157
- financial derivatives at fair value	15	-2,288	848
- loans at fair value	15	140	113
- bonds at amortised cost	15	4,254	4,243
- loans at amortised cost	15	541	443
- properties	16	1,487	2,556
- profit from investments in associated companies	29	303	231
Other income	17	4,930	4,239
Total income		**35,819**	**61,037**
Insurance claims	18	-25,142	-24,985
Change in insurance liabilities	19	-3,042	-23,048
Change in capital buffer	20	1,730	-3,943
Operating expenses	21, 22, 23, 24	-4,542	-4,266
Other expenses	25	-851	-930
Interest expenses		-813	-925
Total expenses before amortisation and write-downs		**-32,661**	**-58,097**
Group profit before amortisation and write-downs		**3,158**	**2,940**
Amortisation and write-downs of intangible assets	27	-360	-536
Group pre-tax profit		**2,799**	**2,404**
Tax expenses	26	898	2
Profit/loss for the year		**3,697**	**2,405**
Profit/loss for the year due to:			
Share of profit for the period - shareholders		3,684	2,375
Share of profit for the period - hybrid capital investors		9	11
Share of profit for the period - minority		3	20
Total		**3,697**	**2,405**
Earnings per ordinary share (NOK)		7.89	5.28
Average number of shares as basis for calculation (million)		467.2	449.8
There is no dilution of the shares			

Storebrand Group

Statement of total comprehensive income

NOK million	Note	2018	2017
Profit/loss for the year		**3,697**	**2,405**
Change in actuarial assumptions		-26	-117
Adjustment of value of properties for own use		48	130
Gains/losses from cash flow hedging	41	-23	23
Total comprehensive income elements allocated to customers		-48	-130
Tax on other comprehensive income elements not to be classified to profit/loss		1	2
Total other comprehensive income elements not to be classified to profit/loss		**-48**	**-92**
Translation differences foreign exchange		-318	387
Change in unrealised gains on financial instruments available for sale			8
Total other comprehensive income elements that may be classified to profit/loss		**-318**	**395**
Total other comprehensive income elements		**-366**	**303**
Total comprehensive income		**3,331**	**2,708**
Total comprehensive attribute to:			
Share of total comprehensive income - shareholders		3,320	2,675
Share of total comprehensive income - hybrid capital investors		9	11
Share of total comprehensive income - minority		2	22
Total		**3,331**	**2,708**

Storebrand Group

Statement of Financial Position

NOK million	Note	31.12.18	31.12.17
Assets company portfolio			
Deferred tax assets	26	1,972	637
Intangible assets and excess value on purchased insurance contracts	27	6,106	6,295
Pension assets	22	5	3
Tangible fixed assets	28	43	55
Investments in associated companies and joint ventures	29	255	291
Financial assets at amortised cost:			
- Bonds	10, 30, 31	8,349	3,403
- Loans to financial institutions	10, 30	318	313
- Loans to customers	10, 30,3 2	28,236	26,678
Reinsurers' share of technical reserves		21	27
Investment properties at fair value	8, 33	50	50
Biological assets		67	64
Accounts receivable and other short-term receivables	30, 34	7,005	4,834
Financial assets at fair value:			
- Equities and other units	8,12, 30, 35	295	363
- Bonds and other fixed-income securities	8,10,12, 30, 36	24,055	31,719
- Derivatives	10,12, 30, 37	1,226	1,341
- Loans to customers	32	220	580
Bank deposits	10, 30	3,633	3,466
Minority interests in consolidated mutual funds		29,290	30,303
Total assets company portfolio		**111,145**	**110,424**
Assets customer portfolio			
Tangible fixed assets	28		488
Investments in associated companies	29	4,406	3,113
Receivables from associated companies and joint ventures	29		39
Financial assets at amortised cost:			
- Bonds	10,30,31	86,374	84,071
- Bonds held-to-maturity	10,30,31	14,403	15,128
- Loans to customers	10,30,32	25,270	21,425
Reinsurers' share of technical reserves		48	63
Investment properties at fair value	8,33	28,217	27,403
Properties for own use	33	1,420	1,408
Biological assets			**791**
Accounts receivable and other short-term receivables	30, 34	732	692
Financial assets at fair value:			
- Equities and other units	8,12, 30, 35	157,066	156,071
- Bonds and other fixed-income securities	8,10,12, 30,3 6	133,531	135,042
- Derivatives	10,12, 30, 37	3,701	2,723
- Loans to customers	32	5,708	5,104
Bank deposits	10, 30	5,457	4,958
Total assets customer portfolio		**466,331**	**458,519**
Total assets		**577,476**	**568,943**

NOK million	Note	31.12.18	31.12.17
Equity and liabilities			
Paid-in capital		12,858	12,855
Retained earnings		19,782	17,652
Hybrid capital		176	226
Minority interests		57	99
Total equity		**32,873**	**30,832**
Subordinated loan capital	9,30	8,224	8,867
Capital buffer	38	18,983	21,137
Insurance liabilities	38	444,218	435,749
Pension liabilities	22	322	341
Deferred tax	26	258	238
Financial liabilities:			
- Liabilities to financial institutions	9,12,30	2	155
- Deposits from banking customers	9,12,30	14,419	14,628
- Securities issued	9,30	17,529	16,575
- Derivatives company portfolio	10,12,30,37	460	282
- Derivatives customer portfolio	10,12,30,37	4,147	1,733
Other current liabilities	9,30,40	6,751	8,102
Minority interests in consolidated mutual funds		29,290	30,303
Total liabilities		**544,604**	**538,110**
Total equity and liabilities		**577,476**	**568,943**

Lysaker, 12 February 2019
Board of Directors of Storebrand ASA

Didrik Munch
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Liv Sandbæk

Martin Skancke

Jan Chr. Oppsahl

Arne Fredrik Håstein

Heidi Storruste

Ingvild Pedersen

Odd Arild Grefstad
Chief Executive Officer

Storebrand Group

Statement of changes in equity

Statement of changes in equity

NOK million	Share capital [1]	Own shares	Share premium	Total paid in equity	Currency translation differences	Other equity [2]	Total retained earnings	Hybrid capital [3]	Minority interests	Total equity
Equity at 31 December 2016	**2,250**	**-8**	**9,485**	**11,726**	**1,042**	**14,590**	**15,631**	**226**	**54**	**27,637**
Profit for the period						2,375	2,375	11	20	2,405
Total other comprehensive income elements					385	-84	300		2	303
Total comprehensive income for the period					**385**	**2,290**	**2,675**	**11**	**22**	**2,708**
Equity transactions with owners:										
Own shares		3		3		44	44			47
Issues of shares	90		1,037	1,126					3	1,129
Hybrid capital classified as equity						3	3			3
Paid out interest hybrid capital								-11		-11
Dividend paid						-695	-695		-2	-697
Purchase of minority interests						2	2			2
Other						-8	-8		21	13
Equity at 31 December 2017	**2,339**	**-5**	**10,521**	**12,855**	**1,426**	**16,226**	**17,652**	**226**	**99**	**30,832**
Profit for the period						3,684	3,684	9	3	3 697
Total other comprehensive income elements					-317	-48	-365		-1	-366
Total comprehensive income for the period					**-317**	**3,636**	**3,320**	**9**	**2**	**3 331**
Equity transactions with owners:										
Own shares		3		3		48	48			50
Issues of shares									4	4
Hybrid capital classified as equity						2	2	-50		-48
Paid out interest hybrid capital								-9		-9
Dividend paid						-1,167	-1,167		-2	-1 169
Purchase of minority interests						-82	-82		-38	-120
Other						9	9		-8	1
Equity at 31 December 2018	**2 339**	**-2**	**10 521**	**12 858**	**1 110**	**18 672**	**19 782**	**176**	**57**	**32 873**

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

2) Includes undistributable funds in the risk equalisation fund amounting to NOK 234 million and security reserves amounting NOK 56 million.

3) Perpetual hybrid tier 1 capital classified as equity.

Storebrand Group

Statement of cash flow

NOK million	2018	2017
Cash flow from operational activities		
Net receipts premium - insurance	25,211	24,071
Net payments compensation and insurance benefits	-20,056	-19,221
Net receipts/payments - transfers	-699	-2,995
Net change insurance liabilities	-6,124	4,501
Receipts - interest, commission and fees from customers	3,135	2,853
Payments - interest, commission and fees to customers	-333	-372
Taxes paid	-56	-6
Payments relating to operations	-4,633	-3,432
Net receipts/payments - other operational activities	-1,523	-7
Net cash flow from operations before financial assets and banking customers	**-5,079**	**5,392**
Net receipts/payments - loans to customers	-5,584	-7,412
Net receipts/payments - deposits bank customers	-209	-610
Net receipts/payments - mutual funds	12,308	4,331
Net receipts/payments - investment properties	296	-623
Net change in bank deposits insurance customers	-423	-338
Net cash flow from financial assets and banking customers	**6,389**	**-4,653**
Net cash flow from operational activities	**1,310**	**739**
Cash flow from investment activities		
Net receipts - sale of subsidaries	-487	245
Net payments - purchase of group companies	1,010	-408
Net receits/payments - sale/purchase of fixed assets	-35	-98
Net receipts/payments - sale of insurance portfolios	156	
Net cash flow from investment activities	**645**	**-261**
Cash flow from financing activities		
Payments - repayments of loans	-3,195	-4,899
Receipts - new loans	4,177	4,899
Payments - interest on loans	-295	-334
Receipts - subordinated loan capital	845	1,126
Payments - repayment of subordinated loan capital	-1,501	-150
Payments - interest on subordinated loan capital	-373	-377
Net receipts/payments - loans to and claims from other financial institutions	-153	-252
Receipts - issuing of share capital / sale of shares to own employees	-120	
Payments - repayment of share capital	37	36
Payments - dividends	-1,168	-698
Receipts - hybrid capital	100	
Payments - repayment of hybrid capital	-150	
Payments - interest on hybrid capital	-9	-11
Net cash flow from financing activities	**-1,804**	**-659**
Net cash flow for the period	**151**	**-181**

Storebrand Group

Statement of cash flow (continue)

NOK million	2018	2017
- of which net cash flow in the period before financial assets and banking customers	-6,238	4,471
Net movement in cash and cash equivalents	151	-181
Cash and cash equivalents at start of the period for new/sold out companies	91	7
Cash and cash equivalents at start of the period	3,724	3,965
Currency translation differences	-14	-11
Cash and cash equivalents at the end of the period [1)]	**3,951**	**3,780**
1) Consist of:		
Loans to financial institutions	318	313
Bank deposits	3,633	3,466
Total	**3,951**	**3,780**

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

Operational activities

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

Investment activities

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

Financing activities

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

Cash/cash equivalents

Cash/cash equivalents are defined as claims on central banks and claims on financial institutions without notice periods for the company portfolio. The amount does not include claims on financial institutions linked to the insurance customers portfolio, since these are liquid assets that not available for use by the Group.

Storebrand Group

Notes to the financial statement

NOTES STOREBRAND GROUP

PROFIT AND LOSS ACCOUNT NOTES

STATEMENT OF FINANCIAL POSITION NOTES

OTHER NOTES

Note 1: Company information and accounting policies

1. Company information
Storebrand ASA is a Norwegian public limited company that is listed on the Oslo Stock Exchange. The consolidated financial statements for 2018 were approved by the Board of Directors of Storebrand ASA on 12 February 2019.

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

2. 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.

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

Investment properties are measured at fair value.

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

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

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

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

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

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

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

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

3. 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.

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

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

4. Changes in accounting policies
New accounting standards that have a significant impact on the consolidated financial statements have not been implemented in 2018. For changes in estimates, see Note 2 for further information.

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

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

IFRS9 - FINANCIAL INSTRUMENTS TO AMORTISED COST AND FVOCI

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS39 1.1.2018	Fari value after IFRS9 1.1.2018	Booked value after IAS39 31.12.2018	Fari value after IFRS9 31.12.2018
Financial assets						
Bank deposits	AC	AC	8,424	8,424	9,090	9,090
Bonds and other fixed-income securities	AC	AC	102,602	111,151	109,126	114,164
Loans to financial institutions	AC	AC	313	313	318	318
Loans to customers	AC	FVOCI	47,781	47,773	53,508	53,489
Loans to customers	AC	AC	323	299		
Accounts receivable and other short-term receivables	AC	AC	5,516	5,516	7,710	7,710
Total financial assets			**164,960**	**173,477**	**179,751**	**184,770**
Financial liabilities						
Deposits from banking customers	AC	AC	-14 628	-14 341	-14 419	-14 419
Liabilities to financial institutions	AC	AC	-155	-155	-2	-2
Debt raised by issuance of securities	AC	AC	-12 034	-12 049	-13 902	-13 906
Subordinatd loan capital	AC	AC	8 314	8 432	7 672	7 663
Other current liabilities	AC	AC	8 137	8 137	6 810	6 810
Total financial liabilities			**-10 365**	**-9 975**	**-13 842**	**-13 854**

IFRS9 - FINANCIAL INSTRUMENTS AT FAIR VALUE

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS39 1.1.2018	Fari value after IFRS9 1.1.2018	Booked value after IAS39 31.12.2018	Fari value after IFRS9 31.12.2018
Financial assets						
Shares and fund units	FVP&L (FVO)	FVP&L	156,433	156,433	157,361	157,361
Bonds and other fixed-income securities	FVP&L (FVO)	FVP&L	166,761	166,761	157,586	157,586
Loans to customers	FVP&L (FVO)	FVP&L	5,684	5,684	5,928	5,928
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	4,064	4,064	4,926	4,926
Total financial assets			**332,942**	**332,942**	**325,801**	**325,801**
Financial liabilities						
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	1,738	1,738	4,463	4,463
Total financial liabilities			**1,738**	**1,738**	**4,463**	**4,463**

IFRS 15
The new standard for recognising revenue from contracts with customers entered into force on 1 January 2018. Revenue recognition in the Storebrand Group will be primarily regulated by IAS39 and IFRS4. Revenues that will be recognised under Other Income are regulated by IFRS 15 and are recognised according to the rules in this standard. Of these, management fees associated with the asset management business at Storebrand Asset Management are the most significant. The implementation of IFRS 15 has not had any significant impact on Storebrand's consolidated financial statements.

During 2018, changes were made to the classification of certain types of transactions in the income statement, and comparable figures have been restated. This has resulted in some minor changes between lines in the income statement, but has no effect on the Group result or the classification in the segment note. Below are the most important result lines subject to the changes:
- Other income
- Operating costs

5. New IFRS that have not entered into force
New standards and changes in standards that have not come into effect

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 the combined lease payments shall be recognised in the balance sheet as debt and an asset that reflects the right of use of the asset during the lease period, with the exception of short-term agreements and agreements in which the asset has a low value. The recognised asset is amortised over the lease period and the depreciation expense is recognised as an operating expense on an ongoing basis. The interest expense on the lease commitment is recognised as a financial expense.

IFRS 16 can be implemented according to either a full retrospective approach or a modified retrospective approach, and Storebrand has selected the modified retrospective approach. This means that comparative figures are not restated and the effect is entered in the balance sheet in the implementation year of 2019. Upon implementation, the right of use of the asset and liability will be the same amount and will not impact on equity. The transition to IFRS 16 is expected to increase assets and liabilities by approximately NOK 0.9 billion on the transition date. It is expected that operating expenses will be reduced by approximately NOK 15 million, financial expenses will increase by approximately NOK 26 million and the profit before tax will thereby be reduced by approximately NOK 12 million in 2019. 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.

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

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

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

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

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

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

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

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

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

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

Elimination of internal transactions
Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. Transactions between the customer portfolios and the company portfolio in the life insurance business and between the customer portfolios in the life insurance business and other companies in the Group will not be eliminated in the consolidated accounts. 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 10 and 11.

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

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

Goodwill is not amortised, instead it is tested for impairment. Goodwill is reviewed for impairment if there are indications that its value has become impaired. The review is conducted at least annually and determines the recoverable amount of goodwill. If the discounted present value of the relevant discounted cash flow is less than the carrying value, goodwill will be written down to its fair value. 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.

Goodwill arising from the acquisition of interests in associated companies is included in investments in associated companies, and tested annually for impairment in connection with the assessment of book value.

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
IInvestment 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 is impaired.

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

Fair value hedging

Storebrand uses fair value hedging. The items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss or are included in total comprehensive income. Changes in the value of the hedged item that are attributable to the hedged risk adjusts the carrying amount of the hedged item and is 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 immediately 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.

Combined fair value and cash flow hedging

Some borrowing in foreign currency is hedged by means of hedging instruments (derivatives). The cash flows in the hedged item coincide with the cash flows of the hedging instruments. Derivatives are recognised at fair value. Hedge accounting is carried out by dividing the hedge into fair value hedging of the interest and a cash flow hedging of the margin. Net changes in the value of the cash flow hedge are recognised in the Statement of Total Comprehensive Income.

13-5. Financial liabilities

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

14. Insurance liabilities

The accounting standard IFRS 4 Insurance Contracts addresses the accounting treatment of insurance contracts. Storebrand's insurance contracts fall within the scope of this standard. IFRS 4 is meant to be a temporary standard and it 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

The premium reserve represents the present value of the company's total 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 guarantee, meaning that the guaranteed return must be achieved every year. A substantial proportion of the Swedish insurance contracts have a guaranteed return up to the time of the pension payments.

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. 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
DUp 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 modelled discount rate. 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 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.

New tax rules for pension and life insurance companies

In December 2018, the Norwegian Parliament (Storting) adopted amendments to the tax rules for pension and life insurance companies. For life insurance companies, the new rules entail that, effective from the 2018 financial year, the taxation of income and expenses associated with assets in the group portfolio and investment option portfolio (customer assets) must take place in accordance with accounting legislation. A consequence of this is that the income and expenses must not only be accrued and dated in accordance with the accounts, but must generally be taxed in accordance with the accounts.

The principle applies to both financial assets and other types of assets (such as business assets, etc.) that are owned by customer assets. The technical result that appears in the accounts is used as a basis for the taxation and no permanent or temporary differences for tax purposes will therefore arise.

When introducing the new rules, transitional rules were also adopted whereby net unrealised gains linked to customer assets shall be recognised as income for tax purposes in 2018. These previously provided a basis for tax deductions through insurance reserves.

Tax deductions are no longer permitted for provisions to the risk equalisation fund (RUF). In accordance with the transitional rules, provisions to the RUF at the end of 2017 are allocated to a separate account that is recognised as income for tax purposes upon discontinuation of the business. No tax expense will arise if the going concern assumption is in place and there will thus be no basis for capitalising deferred tax.

New tax rules for p&c insurance companies

In December 2018, the Norwegian Parliament adopted amendments to the tax rules for P&C insurance companies which also apply for risk products in life insurance companies. The amendments entered into force from and including the 2018 financial year and entail that tax deductions will only be permitted on an ongoing basis for expenses that will most probably arise. This specifically restricts deductions for provisions for probable future expenses linked to insurance liabilities. The deduction rule is based on the following accounting balance sheet figures:

- Provisions for unearned gross premium
- Provisions for unexpired risk
- Gross claims reserve

Therefore, tax deductions are no longer permitted for provisions to the guarantee scheme or National Fund for Natural Disaster Assistance.

When introducing the new rules, transitional rules were also adopted which allow P&C insurance companies to transfer the difference between the provision for 2017 and the provisions for 2018 to a separate account with 10 per cent straight-line income recognition over 10 years from and including the 2018 financial year. The companies in the Group have made use of this transitional rule.

Under the transitional rules, net provisions to the National Fund for Natural Disaster Assistance and guarantee scheme at the end of 2017 can be allocated to a separate account recognised as income for tax purposes upon discontinuation of the business. No tax expense will arise if the going concern assumption is in place and there will thus be no basis for capitalising deferred tax.

Financial tax
In connection with the national budget for 2018, it was agreed to continue with a financial tax consisting of two elements:

- Financial tax on salaries. This is set at 5 per cent and will follow the rules for employer's National Insurance contributions.
- The tax rate on the ordinary income for companies subject to the financial tax will be continued at the 2016 level (25 per cent), while it will otherwise be reduced from 23 per cent to 22 per cent from 1 January 2019.

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).

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

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

19. Leasing
A lease is classified as a finance lease if it mainly transfers the risk and rewards incident to ownership. Other leases are classified as operating leases. Storebrand has no financial lease agreements.

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 13 for Solvency II and in Note 26 for Tax.

Actual results may differ from these estimates.

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

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

In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, may have an impact on the amount recorded that is linked to the insurance contracts. The Norwegian insurance contracts with guaranteed interest rates are discounted at the premium calculation rate (around 3.2 per cent on average). 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. However, there are insurance contracts with a terminal value guarantee. 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 administrative expenses (cost assumptions) may also have a significant impact on the recognised insurance liabilities. Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the conditional bonus, so that the effect on the owner's result may be limited. If the value of the individual insurance contract is higher than the associated customer assets, the owner will have to cover the deficient capital.

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

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

Key elements included in valuations that require exercising judgement are:
- Market rent and vacancy trends
- Quality and duration of rental income
- Owners' costs
- Technical standard and any need for upgrading
- Discount rates for both certain and uncertain cash flows, as well as residual value

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

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

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

changes to the assumptions could affect recognised amounts. The majority of such financial instruments are included in the customer portfolio.

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

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

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

The Group's business activities may give rise to disputes, etc. related to tax positions with an uncertain outcome. The Group makes provisions for uncertain and disputed tax positions with best estimates of expected amounts, subject to notices or decisions by the tax authorities. 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: Acquistion

Silver
On 24 October 2017, Storebrand Livsforsikring AS entered into an agreement to acquire Silver Pensjonsforsikring (Silver). On 17 October 2017, Silver was set under administration.

The transaction was completed in January 2018 after Silver was released from administration. The transaction was completed in two parts, with the first part as an acquisition of the bifurcated insurance portfolio (amounted to NOK 9.7 billion), and the latter as an acquisition of Silver Pensjonsforsikring AS with its remaining insurance portfolio (amounted to NOK 0.3 billion) and operations. The remaining insurance portfolio for Silver Pensjonsforsikring consisting of pension capital certificates and individual pension contracts with no guarantee.

Before acquisition as a part of the administration solution, Silver's portfolio of paid-up policies has been converted to paid-up policies with investment options (FMI) for retirement pension coverage, amounted NOK 8.3 billion. Risk cover (paid-up policies) is continued based on a reduced base rate of 2.75%, amounted NOK 1.4 billion.

Storebrand Livsforsikring AS paid a purchase price of NOK 520 million funded by the company portfolio. The purchase price has been transferred to Silver's customers as a part of the administrative board's solution, and contributes to maintaining good pensions for the customers.

The amount of NOK 520 million has been transferred to Silver's customers, and in the acquisition analysis the excess value of the acquisition will be allocated to the insurance contracts (VIF –value of business in force) amounted NOK 280 million, which are amortised over 10 years, reserve strength due to transition to Storebrand's tariffs amounted NOK 97 million, deferred tax asset amounted NOK 374 million and negative goodwill amounted NOK 37 million.
As a part of simplifying the corporate structure, Storebrand Livsforsikring AS has completed a merger with the fully owned subsidiary Silver Pensjonsforsikring AS. The merger has been carried out without consideration pursuant to the Norwegian Limited Liability Companies Act §13-23 and §13-1 with accounting effect from 1 January 2018.

ACQUISITION ANALYSIS SILVER

NOK million	Book values in the company	Payment for financing insurance liabilities	Excess value upon acquistion	Book values
Assets				
- VIF			280	280
- Deferred tax assets			374	374
Total intangible assets			**654**	**654**
Financial assets	9,525			9,525
Other assets		520		520
Bank deposits	35			35
Total assets	**9,560**	**520**	**654**	**10,734**
Liabilities				
Insurance liabilities	10,026			10,026
Current liabilities	34	20		54
Net identifiable assets and liabilities	**-500**	**500**	**654**	**654**
Reserve strengthning				-97
Goodwill				-37
Fair value at acquisition date				**520**

Skagen
Storebrand acquired 90.95% of the shares in SKAGEN in December 2017. The remaining shares representing 9.05% of the total share capital was B shares owned by the employees.

In the end of April 2018 Skagen AS purchased the B-shares from the employees for a consideration of NOK 120 million, complete with buy back of own shares. The transaction is completed and recorded as equity transaction with deduction from equity, and the shares will be erased.

After the transaction Storebrand Asset Management AS owns 100% of the shares in Skagen AS.

Note 4: Profit by segments

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

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

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

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

Other

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

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

The results in the segments are reconciled against the Group result before amortisation and write-downs of intangible assets. The Group's income statement includes gross income and costs linked to both the insurance customers and owners (shareholders). The alternative statement of the result only includes result elements relating to owners (shareholders) which are the result elements that the Group has performance measures and follow-up for. The result lines that are used in segment reporting will therefore not be identical with the result lines in the 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 ASA, Storebrand Livsforsikring AS and SPP Pension & Försäkring AB (Other segment), while returns for the other company portfolios in the Group are a financial result within the segment which the business is associated with. Returns on company portfolios are classified as net income from financial assets and property for companies in the Group's income statement. The financial result also includes returns on customer assets relating to products within the insurance segment, and in the Group's income statement this item will be entered under net income from financial assets and property for customers. In the alternative income statement, the result before tax of certain unimportant subsidiaries is included in the financial result, while in the Group's income statement, this is shown as other income, operating costs and other costs.

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

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

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

SPP Pension & Försäkring AB
For premiums paid from and including 2016, previous profit sharing is replaced by a guarantee fee. 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.

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.

Loan losses:
Loan losses consist of individual and group write-downs on lending activities that are on the balance sheet of Storebrand Bank Group. In the Group's income statement, the item is classified under loan losses. With regard to loan losses that are on the balance sheet of the Storebrand Livforsikring Group, these will not be included on this line in either the alternative income statement or in the Group's income statement, but in the Group's income statement will be included in the item, net income from financial assets and property for customers.

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

GROUP PROFIT BY SEGMENTS

NOK million	2018	2017
Savings	1,267	1,511
Insurance	748	608
Guaranteed pension	1,138	766
Other	5	55
Group profit before amortisation	**3,158**	**2,940**
Amortisation of intangible assets [1]	-360	-536
Group pre-tax profit	**2,799**	**2,404**

	Savings		Insurance		Guaranteed pension	
NOK million	2018	2017	2018	2017	2018	2017
Fee and administation income	3,708	3,394			1,441	1,483
Insurance result			1,291	1,146		
- Insurance premiums f.o.a.			3,854	3,872		
- Claims f.o.a.			-2,562	-2,726		
Operating cost	-2,394	-1,891	-614	-711	-828	-889
Operating profit	**1,314**	**1,503**	**677**	**435**	**614**	**595**
Financial items and risk result life & pension	-46	8	71	173	525	171
Group profit before amortisation	**1,267**	**1,511**	**748**	**608**	**1,138**	**766**
Amortisation of intangible assets[1]						
Group pre-tax profit						

	Other		Storebrand Group	
NOK million	2018	2017	2018	2017
Fee and administation income	-138	-107	5,011	4,771
Insurance result			1,291	1,146
- Insurance premiums f.o.a.			3,854	3,872
- Claims f.o.a.			-2,562	-2,726
Operating cost	49	2	-3,786	-3,490
Operating profit	**-89**	**-105**	**2,516**	**2,427**
Financial items and risk result life & pension	93	161	642	513
Group profit before amortisation	**5**	**55**	**3,158**	**2,940**
Amortisation of intangible assets [1]			-360	-536
Group pre-tax profit			**2,799**	**2,404**

1) Amortisation of intangible assets are included in Storebrand Group

STOREBRAND GROUP ARE REPRESENTED IN THE FOLLOWING COUNTRIES:

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

KEY FIGURES BY BUSINESS AREA

NOK million	2018	2017
Group		
Earnings per ordinary share	7,89	5,28
Equity	32 873	30 832
Savings		
Premium income Unit Linked	16,021	15,008
Unit Linked reserves	179,299	167,849
AuM asset management	707,297	721,165
Retail lending	46,526	42,137
Insurance		
Total written premiums	4,455	4,462
Claims ratio	66%	70%
Cost ratio	16%	18%
Combined ratio	82%	89%
Guaranteed pension		
Guaranteed reserves	260,573	264,320
Guaranteed reseves in % of total reserves	59.2%	61.2%
Net transfer out of guaranteed reserves	10	117
Buffer capital in % of customer reserves Storebrand Life Group [1)]	6.4%	7.2%
Buffer capital in % of customer reserves SPP [2)]	8.7%	9.0%
Solidity		
Solvency II [3)]	173%	172%
Solidity capital (Storebrand Life Group) [4)]	58,978	63,972
Capital adequacy Storebrand Bank	18.9%	18.9%
Core Capital adequacy Stobrand Bank	16.6%	16.6%

1) Additional statutory reserves + market value adjustment reserve
2) Conditional bonuses
3) See note 13 for specification of Solvency II
4) The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

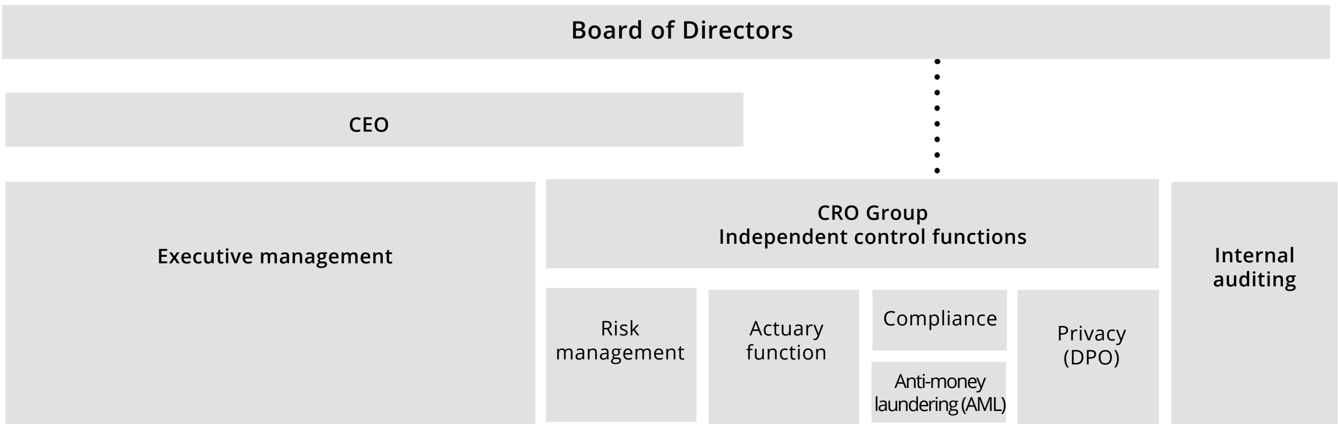
Note 5: Risk management and internal control

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

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

Organisation of risk management

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



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

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

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

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

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

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

Note 6: Operational risk

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

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

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

Storebrand's IT systems are vital for operations and reliable financial reporting. Errors and disruptions may have consequences for 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, but parts of the operation of this have also been outsourced. The individual portfolio is handled in a purchased standard system.

Note 7: Insurance risk

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

The insurance risk in Norway is largely standardised between the 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 risk of long life expectancy is the greatest insurance risk in the Group. Other risks include the risk of disability and risk of mortality. 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 long life expectancy for group and individual insurance agreements. In addition, there is an insurance risk associated with disability and pensions left to spouses and/or children. The disability coverage in Guaranteed Pensions is primarily sold together with a retirement pension. The risk of mortality is low in Guaranteed Pensions when viewed in relation to other risks. In SPP it is possible to change the future premiums for the IF portfolio, reducing the risk significantly. In Norway it is also possible to change the future premiums of group policies, but only for new accumulation, entailing reduced risk.
Occupational pension agreements (hybrid) are reported in the Guaranteed Pension segment when a customer has an agreement without a choice for investment of the pension assets. This is a small portfolio with limited insurance risk.

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

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

The Other segment includes the insurance risk at BenCo. BenCo offers pension products to multinational companies through Nordben and 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. Many of the agreements have short durations, typically five-year early retirement pensions, 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.

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

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

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

Management of insurance risk
Insurance risk is monitored separately for every line of insurance in the current insurance portfolio. The development of the risk results is followed throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the company has collected for the period and the sum of provisions and payments that must be made for insured events that occur in the period. The risk result takes into account insured events that have not yet been reported, but which the company, on the basis of experience, assumes have occurred.

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

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

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

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

Risk result

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

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

SPECIFICATION OF RISK RESULT

	Storebrand Life Insurance AS		SPP Pension & Försäkring AB	
NOK million	**2018**	**2017**	**2018**	**2017**
Survival	2	-52	23	67
Death	367	440	-4	21
Disability	643	218	74	84
Reinsurance	47	-18	-3	-3
Pooling	52	19	-16	-1
Other [1)]	-29	-3	-223	-8
Total risk result	**1,081**	**603**	**-150**	**161**

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 2018, and they have thus no impact on the results in the financial statements for 2018.

Note 8: Financial market risk

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

The most significant market risks for Storebrand are share market risk, credit risk, property price risk, interest rate 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 returns on the financial market than expected 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. Customer buffers primarily consist of unrealised gains and additional reserves in Norway (one year's interest rate guarantee) and conditional bonus in Sweden. Storebrand must cover any deviations between return and interest rate guarantee if the return is lower than the interest rate guarantee and the difference cannot be covered by customer buffers or the return will be negative.

For guaranteed customer portfolios, the risk is affected by changes in interest rates. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee. Long-term interest rates increased slightly in Norway in 2018, but fell slightly in Sweden. Short-term money market rates increased in both Norway and Sweden, but the interest rate in Sweden remains negative. Paid-up policies have a particularly high risk in a low interest rate scenario, because there are very limited opportunities for changing the price or terms. In Norway, the effect of low interest rates will be dampened in the coming years by a large proportion of amortised cost portfolios that will greatly benefit from securities purchased at interest rate levels higher than the current levels.

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

ASSET ALLOCATION

	Customer portfolios with guarantee	Customer portfolios without guarantee	Company portfolios
Properties at fair value	11%	2%	
Bonds at amortised cost	37%		29%
Money market	1%	5%	1%
Bonds at fair value	30%	17%	70%
Equities at fair value	7%	76%	
Loans at amortised cost	13%		
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 2018. 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. 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 the consolidated financial statements, the value of assets and results from the Swedish operations are affected by changes in the value of the Swedish krona. Storebrand Livsforsikring AS has hedged parts of the value of SPP through forward foreign exchange contracts and borrowings in Swedish kroner.

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

	Balance sheet items excluding currency derivatives	Forwad contracts	Net position	
NOK million	**Net in balance sheet**	**Net sales**	**in currency**	**in NOK**
DKK	1,362	-197	1,164	1,572
CAD	113	-286	-173	-1,099
EUR	1,225	-1,354	-128	-1,268
GBP	127	-197	-71	-779
JPY	21,682	-37,419	-15,738	-1,242
SEK	182,674	-471	182,204	177,958
USD	3,117	-4,347	-1,225	-10,579
NOK[1)]	27,432	-2,297	25,134	25,134
Other currency types				-826
Insurance liabilities in foreign exchange	-188,104		-188,104	-183,719
Total net currency positions 2018				**5,152**
Total net currency positions 2017				9,571

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

The table above shows the currency positions as at 31 December 2018. Currency exposure is associated primarily with investments in the Norwegian and Swedish life insurance businesses.

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.

Banking business
Storebrand Bank ASA hedges net balance sheet items by means of forward contracts.
The permitted limit for the bank's foreign exchange position is 0.50 per cent of primary capital, which is presently approximately NOK 12 million.

Guaranteed customer portfolios in more detail

Storebrand Livsforsikring
The annual guaranteed return to the customers follows the basic interest rate. From 2018, new premiums were taken in with a basic interest rate of 2.0 per cent, and pensions were adjusted upwards with a basic interest rate of 0.5 per cent.

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

Interest rate	2018	2017
6%	0.3 %	0.3 %
5%	0.3 %	0.3 %
4%	45.8 %	47.8 %
3.4 %	0.4 %	0.4 %
3%	29.5 %	30.1 %
2.75%	1.8 %	1.1 %
2.50%	11.0 %	11.3 %
2.00%	9.5 %	7.6 %
0.50%	1.0 %	0.7 %
0%	0.5 %	0.4 %

The table includes premium reserve excluding IBNS

Average interest rate guarantee in per cent	2018	2017
Individual endowment insurance	2.6 %	2.7 %
Individual pension insurance	3.8 %	3.8 %
Group pension insurance	2.5 %	2.7 %
Paid-up policy	3.3 %	3.4 %
Group life insurance	0.1 %	0.1 %
Total	**3.2 %**	**3.2 %**

The table includes premium reserve including IBNS

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

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

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

Interest rate risk is in a special position because changes in interest rates also affect the fair value of the insurance liability for the solvency calculation. Since pension disbursements may be many years in the future, the insurance liability is particularly sensitive to changes in interest rates. In the Norwegian business, greater interest rate sensitivity from the investments will entail increased risk that the return is below the guaranteed level. The risk management must therefore balance the risk of the profit for the year (interest rate increase) with the reinvestment risk if interest rates fall below the guarantee in the future. Bonds at amortised cost are an important risk management tool.

SPP Pension & 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.

Interest rate	**2018**	**2017**
5.20%	13.0 %	13.4 %
4,5%-5,2%	0.4 %	0.4 %
4.00%	1.6 %	1.5 %
3.00%	47.0 %	49.4 %
2,75%-4,0%	7.0 %	7.1 %
2.70%	0.1 %	0.1 %
2.50%	6.9 %	7.2 %
1.60%	0.0 %	0.1 %
1.50%	4.1 %	4.0 %
1.25%	4.6 %	4.9 %
1,25% *	5.1 %	2.8 %
0,5%-2,5%	4.3 %	4.6 %
0.00%	5.9 %	4.3 %

* 1,25% på 85% av Premien

Average interest rate guarantee in per cent	**2018**	**2017**
Individual pension insurance	3.3 %	3.4 %
Group pension insurance	2.5 %	2.6 %
Individual occupational pension insurance	3.1 %	3.2 %
Total	**2.8 %**	**2.9 %**

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 value changes 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 and assumptions for diversification. The stresses have been applied to the company portfolio and guaranteed customer portfolios as at 31 December 2018. 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. The stresses include a 12 per cent fall in shares, 7 per cent fall in property, and an increase in credit spreads of 60 basis points. For interest rates, the stresses include both an increase and fall of 50 basis points, where the most negative is used. The increase in interest rates is negative for the result, while the solvency position is negatively affected by a fall in interest rates.

The stresses are applied individually, but the overall market risk is less than the sum of the individual stresses, because diversification is assumed. The correlation between the stresses is the same that is used for Solvency II.

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.

	Storebrand Life Insurance		SPP Pension & Försäkring	
Resultrisk	**NOK million**	**Share of portfolio**	**SEK million**	**Share of portfolio**
Interest rate risk	2,584	1.3%	331	0.4%
Equity price risk	1,336	0.6%	1,111	1.3%
Property price risk	1,377	0.7%	594	0.7%
Credit risk	710	0.3%	736	0.8%
Diversification	-849	-0.4%	-385	-0.4%
Result	**5,158**	**2.5%**	**2,387**	**2.8%**

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 2018, the customer buffers are of such a size that the effects on the result are significantly lower.

Storebrand Livsforsikring
Based on the stress test, Storebrand Life Insurance has an overall market risk of NOK 5.2 billion, which is equivalent to 2.5 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
Based on the stress test, SPP has an overall market risk of SEK 2.4 billion, which is equivalent to 2.8 per cent of the investment portfolio.

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

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

Note 9: Liquidity risk

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

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

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

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

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

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES [1]

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	> 5 years	Total cashflows	Total booked value
Subordinated loan capital [2]	279	204	2,517	4,477	2,049	9,525	8,224
Liabilities to financial institutions	2					2	2
Deposits from bank customers	14,419					14,419	14,419
Debt raised from issuance of securities	273	1,199	9,658	7,357		18,487	17,529
Other current liabilities	6,646		105			6,751	6,751
Uncalled residual liabilities Limited partnership	5,818					5,818	
Unused credit lines lending	3,362					3,362	
Lending commitments	1,672					1,672	
Total financial liabilities 2018	**32,471**	**1,403**	**12,280**	**11,834**	**2,049**	**60,036**	**46,926**
Derivatives related to funding 2018	**-111**	**29**	**-76**	**-159**		**-317**	**23**
Total financial liabilities 2017	40,089	1,230	9,575	9,092	4,298	64,284	48,326

1) Liabilities for which repayment may be demanded immediately are included in the 0-6 month column.

2) In the case of perpetual subordinated loans the cash flow is calculated through to the first call date.

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

NOK million	Nominal value	Currency	Interest	Maturity	Book value
Issuer					
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2020	1,001
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
Dated subordinated loan capital					
Storebrand Livsforsikring AS	1,000	SEK	Variable	2022	977
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	3,255
Storebrand Livsforsikring AS	750	SEK	Variable	2021	738
Storebrand Livsforsikring AS	900	SEK	Variable	2025	877
Storebrand Bank ASA	125	NOK		2019	126
Storebrand Bank ASA	150	NOK		2022	150
Total subordinated loans and hybrid tier 1 capital 2018					**8,224**
Total subordinated loans and hybrid tier 1 capital 2017					8,867

SPESIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value	
NOK million	**2018**	**2017**
Call date		
2018		155
2019	2	
Total liabilities to financial institutions	**2**	**155**

SPESIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value	
NOK million	**2018**	**2017**
Call date		
2018		2,882
2019	2,779	3,152
2020	4,314	4,030
2021	4,414	3,509
2022	4,519	3,002
2023	1,503	
Total debt raised through issuance of securities	**17,529**	**16,575**

The loan agreements and credit facilities contain covenants.

Covered bonds

For issued covered bonds, a regulatory requirement for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent for bonds issued before 21 June 2017 apply.

Credit facilities
Storebrand ASA has an unused credit facility of EUR 240 million, expiration December 2023.

Facilities issued to Storebrand Boligkreditt AS
Storebrand Bank has issued two credit facilities to Storebrand Boligkreditt AS. One of these is an ordinary overdraft facility, with a ceiling of NOK 6 billion. This has no expired date, but can be terminated by the bank with 15 months' notice. The other facility may not be terminated by Storebrand Bank until at least 3 months after the maturity date of the covered bond and the associated derivates with the longest period to maturity. Both agreements provide a minimum capacity to cover at least interests and payments on covered bonds and derivatives the following 31 days.

FINANCING ACTIVITIES - MOVEMENTS DURING THE YEAR

NOK million	Subordinated loan capital	Liabilities to financial institutions	Securities issued
Book value 1.1.18	8,867	155	16,575
Admission of new loans/liabilities	995	2	4,708
Repayment of loans/liabilities	-1,651	-155	-2,987
Change in accrued interest	-4		-762
Translation differences	15		
Change in value/amortisation	2		-6
Book value 31.12.18	**8,224**	**2**	**17,529**

Note 10: Credit risk

Storebrand is exposed to risk of losses as a result of counterparties not fulfilling their debt obligations. This risk also includes losses on lending and losses related to the failure of counterparties to fulfil their financial derivative contracts.

The maximum limits for credit exposure to individual counterparties and for overall credit exposure to rating categories are set by the boards of the individual companies in the Group. Particular attention is paid to ensuring diversification of credit exposure in order to avoid concentrating credit exposure on any particular debtors or sectors. Changes in the credit standing of debtors are monitored and followed up. Thus far, the Group has used published credit ratings wherever possible, supplemented by the company's own credit evaluation.

Underlying investments in funds managed by Storebrand are included in the tables.

Credit risk by counterparty

BONDS AND OTHER FIXED-INCOME SECURITIES AT FAIR VALUE

NOK million	AAA Fair value	AA Fair value	A Virkelig verdi	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	11,151	8,106	10,715	5,704		2,169	37,844
Corporate bonds	14,331	18,682	21,701	19,732	1,417	855	76,719
Structured notes				79			79
Collateralised securities	18,492	1,761	2,197	937	17	606	24,010
Total interest bearing securities stated by rating	**43,974**	**28,548**	**34,613**	**26,452**	**1,434**	**3,630**	**138,652**
Bond funds not managed by Storebrand							3,938
Non-interest bearing securities managed by Storebrand							14,996
Total 2018	**43,974**	**28,548**	**34,613**	**26,452**	**1,434**	**3,630**	**157,586**
Total 2017	69,129	21,062	31,157	29,625	741	1,708	166,761

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	Other Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	16,405	11,857	4,741	3,075		2,466	38,543
Corporate bonds	9,463	9,472	12,932	7,093		9,344	48,304
Collateralised securities	14,260	4,616	7,548				26,424
Total 2018	**40,127**	**25,945**	**25,220**	**10,168**		**11,810**	**113,270**
Total 2017	40,744	24,511	25,432	11,415	925	8,079	111,105

COUNTERPARTIES

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Derivatives		4,053	2,003	77		876	7,009
Of which derivatives in bond funds, managed by Storebrand		1,570	513				2,082
Total derivatives excluding derivatives in bond funds 2018		**2,484**	**1,490**	**77**		**876**	**4,926**
Total derivatives excluding derivatives in bond funds 2017		3,089	797	105		73	4,064
Bank deposits	376	6,489	2,218	15	19	159	9,276
Of which bank deposits in bond funds, managed by Storebrand		186					186
Total bank deposits excluding bank deposits in bond funds 2018	**376**	**6,303**	**2,218**	**15**	**19**	**159**	**9,090**
Total bank deposits excluding bank deposits in bond funds 2017	472	7,207	699	11		35	8,424
Loans to financial institutions		252	66				318

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

Loan portfolio

Credit risk for the loan portfolio

COMMITMENTS BY CUSTOMER GOUPS

NOK million	Lending to and receivables from customers	Guarantees	Unused credit-lines	Total commitments	Unimpaired commitments	Impaired commitments	Individual write-downs	Net defaulted commitments
Sale and operation of real estate	7,861	1		7,862		22	9	13
Other service providers	10			11				
Wage-earners and others	46,532		3,415	49,948	69	37	12	93
Others	5,136		28	5,165	2			2
Total	**59,540**	**1**	**3,444**	**62,985**	**71**	**59**	**21**	**108**
- Individual write-downs	-71			-71				
+ Group write-downs	-33			-33				
Total loans to and receivables from customers 2018 [1]	**59,436**	**1**	**3,444**	**62,881**	**71**	**59**	**21**	**108**
Total loans to and receivables from customers 2017 [2]	53,788	20	3,574	57,382	150	114	43	222
1) 2018:								
- Of whcih Storebrand Bank	28,456	1	3,362	31,819	71	59	21	108
- Of which Storebrand Livsforsikring	30,980		83	31,062				
2) 2017:								
- Of whcih Storebrand Bank	27,268	24	3,548	30,840	107	88	27	168
- Of which Storebrand Livsforsikring	19,074		105	19,180				

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.

The majority of the loans at Storebrand consist of home loans to retail market customers. The home loans are approved and administered by Storebrand Bank, but an increasing share of the loans have been transferred to Storebrand Livsforsikring as a part of the investment portfolio. Storebrand Livsforsikring and SPP also have loans to companies as part of the investment portfolio. Storebrand Bank's corporate market segment has largely been discontinued.

As of 31 December 2018, Storebrand had loans to customers totalling NOK 59.4 billion net after provisions for losses of NOK 0.1 billion. Of this, NOK 13 billion was to the corporate market and NOK 46.5 billion to the retail market.

The corporate market portfolio consists of income generating properties and development properties with few customers and low level of default that are primarily secured by mortgage in commercial property. Corporate market loans at Storebrand Bank have largely been discontinued and therefore everything other than NOK 0.1 billion of the loans has been provided by Storebrand Livsforsikring and SPP

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 in relation to policy regulations, and customers are given a credit store using a scoring model. The balance of mortgages sold from Storebrand Bank to sister company Storebrand Livsforsikring is NOK 18.1 billion. The mortgages were sold on commercial terms.

The weighted average loan-to-value ratio for home loans is approximately 57 per cent. Over 97 per cent of home loans have a loan to value ratio within 85 per cent and approximately 99.6 per cent are within a 100 per cent loan to value ratio. Approximately 52 per cent of the home loans are within a 60 per cent LVR. The portfolio is considered to have a low to moderate credit risk.

TOTAL COMMITTMENTS BY REMAINING TERM

	2018				2017			
NOK million	**Loans to and receivables from customers**	**Guarantees**	**Unused credit line**	**Total commitments**	**Loans to and receivables from customers**	**Guarantees**	**Unused credit line**	**Total commitments**
Up to one month	234		4	238	243		24	268
1 - 3 months	318		35	353	91	2	55	148
3 months - 1 year	1,782	1	139	1,922	1,096	16	294	1,406
1 -5 years	9,527		881	10,408	8,298	1	859	9,159
More than 5 years	47,679		2,385	50,064	44,140		2,341	46,482
Total gross commitments	**59,540**	**1**	**3,444**	**62,985**	**53,868**	**20**	**3,574**	**57,462**

Commitments are regarded as non-performing and loss exposed when a credit facility has been overdrawn for more than 90 days and when an instalment loan has arrears older than 90 days and the amount is at least NOK 2000.

CREDIT RISKS BY CUSTOMER GROUPS

NOK million	**Gross non-performing commitments**	**Individual write-downs**	**Net non-performing commitments**	**Total recognised value changes during the period**
Sale and operation of real estate	22	9	13	-11
Other service providers				-9
Wage-earners and others	106	12	93	-1
Others	2	-50	2	-59
Total 2018	**129**	**-28**	**108**	**-80**
Total 2017	265	32	222	4

In the case of default, Storebrand Bank ASA will sell the securities or repossess the properties if this is most suitable.

TOTAL ENGAGEMENT AMOUNT BY REMAINING TERM TO MATURITY

	2018			2017		
NOK million	Loans to and receivables from customers	Unused credit-lines	Total commit-ments	Loans to and receivables from customers	Unused credit-lines	Total commit-ments
Overdue 1-30 days	155	1	156	379	**3**	383
Overdue 31-60 days	54		54	101	**1**	102
Overdue 61-90 days	2		2	50		50
Overdue more than 90 days	71		71	150	**2**	153
Total	**281**	**2**	**283**	**681**	**7**	**688**

Counterparty risk - derivates

INVESTMENTS SUBJECT TO NETTING AGREEMENTS/CSA

				Collateral		
NOK million	Booked value fin. assets	Booked value fin. liabilites	Net booked fin. assets/ liabilities	"Cash (+/-)"	Securities (+/-)	Net exposure
Investments subject to netting agreements	4,367	4,094	273		-1,748	2,021
Investments not subject to netting agree-ments	559	512	47			
Total 2018	**4,926**	**4,607**	**319**			

The Group has entered into framework agreements with all its counterparties to reduce the risk inherent in outstanding derivative transactions. These regulate how collateral is to be pledged against changes in market values that are calculated on a daily basis, among other things.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (FVO)

NOK million	2018
Booke value maximum exposure for credit risk [1)]	123,734
Net credit risk	**123,734**
This year's change in fair value due to change in credit risk [1)]	-712

1) Figures are excluding interest fund

Storebrand has none related credit derivatives or collateral

Note 11: Concentrations of risk

Most of the risk for the Storebrand Group relates to the guaranteed pension products in the life insurance companies. These risks are consolidated in the Storebrand Life Insurance Group, which includes the Storebrand Livsforsikring AS, SPP Livförsäkring AB and the business in Ireland and Guernsey (BenCo). Other companies directly owned by Storebrand ASA that are exposed to significant risks are Storebrand Forsikring AS, Storebrand Helseforsikring AS, Storebrand Asset Management Group and Storebrand Bank Group.

For the life insurance businesses, the greatest risks are largely the same in Norway and Sweden. The financial market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, and long life in particular can be influenced by universal trends.

Both the insurance business and the banking business are exposed to credit risk. The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification, while the bank is mostly exposed to direct loans for residential property in Norway. There is no significant concentration risk across bonds and loans.

The financial market and investment risks are largely related to the customer portfolios in the life insurance business. The risk associated with a negative outcome in the financial market is described and quantified in Note 8, financial market risk. The banking business has little direct exposure to types of risk other than credit.

In the short term, an interest rate increase will negatively impact on the returns for the life insurance companies. An interest rate increase can also result in bank customers having lower debt-servicing capacity and increased losses for the banking business.

The risk from the P&C insurance and health insurance risk in Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS has a low correlation with the risk from the rest of the businesses in the Group.

In the asset management business, the principal risk is operational risk in the form of behaviour that can trigger claims and/ or impact on reputation. Since the asset management business is the principal manager of the insurance businesses, errors in asset management could result in errors in the insurance businesses.

Note 12: Valuation of financial instruments and properties

The Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Fund units are generally valued at the updated official NAV prices when such prices exist. Bonds are generally valued based on prices collected from Nordic bond pricing and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. This principally applies to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will most often be specific to the issuer.

Unlisted derivatives, such as forward exchange contracts and interest rate and foreign exchange swaps, are also valued theoretically. Money market rates, swap rates and exchange rates that form the basis for valuations are supplied by Reuters and Bloomberg. The valuations of currency options and swaptions are provided by Markit.

The Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. This involves controlling and assessing the likelihood of unusual changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

Level 1: Financial instruments valued on the basis of quoted prices for identical assets in active markets
This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1
This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, as well as non-standardised interest rate and foreign exchange derivatives are classified as level 2. Fund investments, with the exception of private equity funds, are generally classified as level 2, and encompass equity, interest rate, and hedge funds.

Level 3: Financial instruments valued on the basis of information that is not observable in accordance with level 2
Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate, microfinance and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds.

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 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 the relevant 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 2018. 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 the bonds at level 3, we find microfinance investments structured as loans. In addition, there are a small number of private equity investments organised as loans that are valued at the most recent reported value. In addition, 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 2018, external valuations were obtained for properties worth NOK 14 billion (72 per cent of the portfolio's value as of 31 December 2018).

External valuations are obtained for properties in the Swedish business. Shopping centres and commercial premises are valued annually, while other wholly-owned property investments are valued on a quarterly basis.

VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	31.1218	31.12.17
Assets:					
Equities and units					
- Equities	23,039	359	640	24,038	23,360
- Fund units	340	125,133	7,849	133,323	133,074
Total equities and fund units 31.12.18	**23,379**	**125,493**	**8,489**	**157,361**	
Total equities and fund units 31.12.17	22,563	125,425	8,445		156,433
Loans to customers 1)					
- Loans to customers - corporate			5,708	5,708	5,104
- Loans to customers - retail			220	220	580
Loans to customers 31.12.18 1)			**5,928**	**5,928**	
Loans to customers 31.12.17 1)			5,684		5,684
Bonds and other fixed-income securities					
- Government bonds	13,839	20,507		34,347	49,022
- Corporate bonds		50,834	56	50,890	49,331
- Structured notes		79		79	81
- Collateralised securities		22,793		22,793	28,914
- Bond funds		46,157	3,321	49,478	39,412
Total bonds and other fixed-income securities 31.12.18	**13,839**	**140,370**	**3,377**	**157,586**	
Total bonds and other fixed-income securities 31.12.17	24,186	142,467	108		166,761
Derivatives:					
- Interest derivatives		3,100		3,100	2,799
- Currency derivatives		-2,781		-2,781	-751
Total derivatives 31.12.18		**319**		**319**	
- of which derivatives with a positive market value		4,926		4,926	4,064
- of which derivatives with a negative market value		-4,607		-4,607	-2,015
Total derivatives 31.12.17		2,049			2,049
Properties:					
Investment properties			28,266	28,266	27,453
Properties for own use			1,420	1,420	1,408
Total properties 31.12.18			**29,686**	**29,686**	
Total properties 31.12.17			28,861		28,861

1) Includes lending to customers/liabilities to financial institutions classified at fair value through profit and loss

MOVEMENTS BETWEEN QUOTED PRICES AND OBSERVABLE ASSUMPTIONS

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and fund units	6	87

Movements from level 1 to level 2 reflect a reduction in the trading volume of relevant equities and bonds during the most recent measurement period. On the other hand, movements from level 2 to level 1 indicate an increase in the market value of relevant equities and bonds during the most recent measurement period.

FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

NOK million	Equities	Fund units	Loans to customers	Corporrate bonds	Bond funds	Investment properties	Properties for own use
Book value 01.01.18	767	7,679	5,684	108		27,453	1,408
Net gains/losses on financial instruments	-31	-2,397	42	10	134	-314	
Supply	30	3,967	1,420		3,202	1,259	82
Sales	-121	-1,347	-1,105	-60	-15		-2
Translation differences	-6	-53	-114	-1		-341	-68
Other						209	
Book value 31.12.18	**640**	**7,849**	**5,928**	**56**	**3,321**	**28,266**	**1,420**

As of 31.12.18, Storebrand Livsforisikring had NOK 4.376 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as “Investment in associated Ccmpanies and joint ventures” in the Consolidated Financial Statements.

VALUATION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total fair value 31.12.18	Total fair value 31.12.17	Book value 31.12.18	Book value 31.12.17
Financial assets							
Loans to and due from financial institutions		318		318	313	318	313
Loans to customers - corporate			6,981	6,981	6,501	6,999	6,533
Loans to customers - retail		316	46,192	46,508	41,571	46,508	41,571
Bonds held to maturity		15,679		15,679	16,933	14,403	15,128
Bonds classified as loans and receivables		98,485		98,485	94,218	94,723	87,474
Total financial assets 31.12.2018		**114,798**	**53,173**	**167,971**		**162,951**	
Total financial assets 31.12.2017	1	138,118	21,418		159,537		151,020
Financial liabilities							
Debt raised by issuance of securities		17,565		17,565	16,634	17,529	16,575
Liabilities to financial institutions		2		2	155	2	155
Deposits from banking customers		14,419		14,419	14,628	14,419	14,628
Subordinatd loan capital		8,218		8,218	8,990	8,224	8,867
Total financial liabilities 31.12.2018		**40,205**		**40,205**		**40,175**	
Total financial liabilities 31.12.2017		40,109			40,407		40,224

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.

	Change in value at change in discount rate	
NOK million	Increase + 25 bp	Decrease - 25 bp
Change in fair value per 31.12.18	**-56**	**57**
Change in fair value per 31.12.17	-43	45

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.

	Change MSCI World	
NOK million	**Increase + 10 %**	**Increase + 10 %**
Change in fair value per 31.12.18	**455**	**-455**
Change in fair value per 31.12.17	323	-323

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.

	Change in value underlying real estate	
NOK million	**Increase + 10 %**	**Decrease - 10 %**
Change in fair value per 31.12.18	**1**	**-1**
Change in fair value per 31.12.17	19	-19

Loans to customers

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

Loans from SPP Pension & Försäkring AB are appraised at fair value. The value of these loans is determined by future cash flows being discounted by an associated swap curve adjusted for a customer-specific credit.

	Change in marketspread	
NOK million	**+ 10 bp**	**- 10 bp**
Change in fair value per 31.12.18	**-34**	**34**
Change in fair value per 31.12.17	-24	24

Corporate bonds

Corporate bonds at level 3 are microfinance funds, private equity debt funds 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.

	Change MSCI World	
NOK million	**Increase + 10 %**	**Decrease - 10 %**
Change in fair value per 31.12.18	**3**	**-3**
Change in fair value per 31.12.17	6	-6

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.

	Change in required rate of return	
NOK million	**0,25 %**	**-0,25 %**
Change in fair value per 31.12.18	**-1,373**	**1,522**
Change in fair value per 31.12.17	-1,317	1,459

Note 13: Solidity and capital management

The Storebrand Group is an insurance-dominated, cross-sectoral financial group with capital requirements in accordance with Solvency II. Storebrand calculates Solvency II according to the standard method as defined in the Solvency II Regulations.

Consolidation is carried out in accordance with Section 18-2 of the Norwegian Act relating to Financial Undertakings and Financial Groups. The solvency capital requirement and minimum capital requirement for the group are calculated in accordance with Section 46 (1)-(3) of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

Capital management

Storebrand places particular emphasis on continually and systematically adapting the levels of equity in the Group. The level is adapted to the financial risk and capital requirements in the business, where growth and the composition of segments are important motivating factors for the need for capital. The purpose of capital management is to ensure an efficient capital structure and provide for an appropriate balance between in-house goals and regulatory and rating company requirements. If there is a need for new capital, this is raised by the holding company Storebrand ASA, which is listed on the stock exchange and is the ultimate parent company.

The Storebrand companies are subject to various capital requirements depending on the type of business. In addition to the capital requirements for the Storebrand Group and insurance companies, the banking and asset management businesses have capital requirements in accordance with CRD IV. The companies in the group governed by CRD IV are included in the group's solvency capital and solvency capital requirements with their respective primary capital and capital requirements.

Storebrand has the goal of paying a dividend of more than 50% of the Group profit after tax. The board has the ambition of ordinary dividends per share being, at a minimum, at the same nominal level as the previous year. The normal dividend is paid with a sustainable solvency margin of more than 150%. If there is a solvency margin of more than 180%, the board's intention is to propose extraordinary dividends or share buy-backs. In general, equity in the Group can be controlled without material limitations if the capital requirement is met and the respective legal entities have sufficient solvency.

SOLVENCY CAPITAL

			31.12.18			31.12.17
NOK million	**Total**	**Group 1 unlimited**	**Group 1 limited**	**Group 2**	**Group 3**	**Total**
Share capital	2,339	2,339				2,339
Share premium	10,521	10,521				10,521
Reconciliation reserve	23,444	23,444				25,694
Including the effect of the transitional arrangement						4,513
Subordinated loans	7,780		1,089	6,691		8,547
Deferred tax assets	873				873	71
Risk equalisation reserve	234			234		143
Minority interests	56				56	49
Unavailable minority interests	-37				-37	-33
Deductions for CRD IV subsidiaries	-3,311	-3,311				-2,929
Expected paid out dividend 2017						-1,168
Expected paid out dividend 2018	-1,402	-1,402				
Total basic solvency capital	**40,498**	**31,591**	**1,089**	**6,925**	**892**	**43,234**
Subordinated capital for subsidiaries regulated in accordance with CRD IV	3,311					2,929
Total solvency capital	**43,808**					**46,164**
Total solvency capital available to cover the minimum capital requirement	**34,623**	**31,591**	**1,089**	**1,942**		**39,294**

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

NOK million	2018	2017
Market	20,917	22,936
Counterparty	625	565
Life	10,412	10,453
Health	713	744
P&C	278	283
Operational	1,485	1,496
Diversification	-6,838	-7,023
Loss-absorbing tax effect	-4,764	-5,002
Total solvency capital requirement - insurance company	**22,827**	**24,452**
Capital requirements for subsidiaries regulated in accordance with CRD IV	2,482	2,458
Total solvency capital requirement	25,309	26,910
Solvency margin with transitional rules	**173%**	**172%**
Minimum capital requirement	**9,711**	**9,599**
Minimum margin	**357%**	**409%**

The Storebrand Group has also a requirement to report capital adequacy in a multi-sectoral financial group (conglomerate directive). The calculation in accordance with the Solvency II regulations and capital adequacy calculation in accordance with the conglomerate directive give the same primary capital and essentially the same capital requirements.

CAPITAL- AND CAPITAL REQUIREMENT IN ACCORDANCE WITH THE CONGLOMERATE DIRECTIVE

NOK million	2018	2017
Capital requirements for CRD IV companies	2,714	2,687
Solvency captial requirements for insurance	22,827	24,452
Total capital requirements	**25,541**	**27,138**
Net primary capital for companies included in the CRD IV report	3,311	2,929
Net primary capital for insurance	40,498	43,234
Total net primary capital	**43,808**	**46,164**
Overfunding	**18,267**	**19,025**

Under Solvency II, the capital requirement from the CRD IV companies in the Group is included in accordance with their respective capital requirements. In a multi-sectoral financial group, all the capital requirements of the CRD IV companies are calculated based on their respective applicable requirements, including buffer requirement for the largest company in the Group (Storebrand Bank). This increases the total requirement from the CRD IV companies in relation to what is included in the Solvency II calculation. As at 31 December 2018, the difference amounted to NOK 232 million.

Note 14: Premium income

NOK million	2018	2017
Savings:		
Unit Linked Storebrand Life Insurance	13,173	11,893
Unit Linked SPP	7,326	5,772
Total savings	**20,499**	**17,666**
Of which premium reserve transferred to company	4,479	2,648
Insurance:		
P&C & Individual life [1)]	1,817	1,831
Group life [2)]	732	737
Pension related disability insurance	1,151	1,297
Total insurance	**3,700**	**3,864**
Of which premium reserve transferred to company	10	110
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	3,086	3,142
Paid-up policies Storebrand Life Insurance	-50	-277
Traditional individual life and pension Storebrand Life Insurance	238	259
SPP Guaranteed Products	2,068	1,817
Total guaranteed pension	**5,342**	**4,940**
Of which premium reserve transferred to company	77	
Other:		
BenCo	90	182
Total other	**90**	**182**
Total premium income	**29,631**	**26,652**
Of which premium reserve transferred to company	4,566	2,758

1) Individual life and disability, property and caualty insurance

2) Group life, workers comp. And health insurance

Note 15: Net income analysed by class of financial instrument

NOK million	Dividend/ interest income etc.	Net gains and losses on financial assets	Net revaluation on investments	Total 2018	Of which Company	Of which Customer	2017
Profit on equities and fund units	719	2 820	-8 797	-5 258	-10	-5 249	16 974
Profit on bonds and other fixed-income securities at fair value	2,389	279	-1,470	1,198	286	912	3,664
Profit on financial derivatives	1,183	-3,001	-420	-2,238	50	-2,288	946
Profit on loans	152		-8	144	4	140	170
Total gains and losses on financial assets at fair value	**4,443**	**98**	**-10,695**	**-6,154**	**330**	**-6,484**	**21,754**
- of which FVO (fair value option)	3,173	-10	-5	3,158	27		20,647
- of which trading	1,159		-7	1,152	-7		943
Net income bonds to amortised cost, loans and accounts receivables	4,048	322		4,370	116	4,254	4,377
Net income loans	1,206			1,206	665	541	1,108
Total gains and losses on financial assets at amortised cost	**5,254**	**322**		**5,576**	**781**	**4,795**	**5,486**

LOSSES FROM LOANS

NOK million	2018	2017
Write-downs/income recognition for loans and guarantees for the period		
Change in individual loan write-downs for the period	22	-15
Change in grouped loan write-downs for the period	-12	8
Other corrections to write-downs	1	
Realised losses on loans where provisions have previously been made	-25	-2
Realised losses on loans where no provisions have previously been made	-11	-5
Recovery of loan losses realised previously	3	2
Write-downs/income recognition for loans and guarantees for the period	**-23**	**-13**

Note 16: Net income from properties

NOK million	2018	2017
Rent income from properties [1]	1,357	1,376
Operating expenses (including maintenance and repairs) relating to properties that have provided rent income during the period [2]	-327	-294
Total	**1,030**	**1,082**
Change in fair value	457	1,474
Total income properties	**1,487**	**2,556**
[1] Of which real estate for own use	74	184
[2] Of which properties for own use	-29	-40
Allocation by company and customers:		
Customer	1,487	2,556
Total income from properties	**1,487**	**2,556**

Note 17: Other income

NOK million	2018	2017
Fee and commission income, banking	106	79
Management fees, asset management	1,937	1,960
Net agio/disagio Bank	221	126
Management fees	810	826
Return commissions/Kick-back	972	848
Insurance related income	430	315
Revenue from companies other than banking and insurance	126	-40
Other income	330	126
Total other income	**4,930**	**4,239**

Note 18: Insurance claims

NOK million	2018	2017
Savings:		
Unit Linked Storebrand Life Insurance	-4 614	-4 646
Unit Linked SPP	-3 487	-3 456
Total savings	**-8 101**	**-8 102**
Of which premium reserve transferred to company	-4 238	-3 310
Insurance:		
P&C & Individual life [1)]	-1,065	-1,080
Group life [2)]	-622	-514
Pension related disability insurance	-147	-158
Total insurance	**-1,833**	**-1,752**
Of which premium reserve transferred to company	-32	-30
Guaranteed pension:		
Defined Benefit (fee based) Storebrand Life Insurance	-1,219	-2,091
Paid-up policies Storebrand Life Insurance	-5,829	-4,989
Traditional individual life and pension Storebrand Life Insurance	-1,395	-1,499
SPP Guaranteed Products	-5,710	-5,275
Total guaranteed pension	**-14,153**	**-13,854**
Of which premium reserve transferred to company	-995	-642
Other:		
BenCo	-1,054	-1,277
Total other	**-1,054**	**-1,277**
Total net premium income	**-25,142**	**-24,985**
Of which premium reserve transferred to company	-5,265	-3,982

1) Individual life and disability, property and caualty insurance

2) Group life, workers comp. And health insurance

The table below shows the anticipated compensation payments

DEVELOPMENT IN EXECTED INSURANCE CLAIM PAYMENTS - LIFE INSURANCE

NOK billion	Storebrand Life Insurance	SPP	BenCo
0-1 year	15	6	1
1-3 years	33	12	3
> 3 years	220	143	10
Total	**268**	**161**	**14**

DEVELOPMENT IN INSURANCE CLAIM PAYMENT - P&C INSURANCE, EXLUSIVE RUN-OFF

NOK million	2013	2014	2015	2016	2017	2018	Total
Calculated gross cost of claims							
At end of the policy year	464	513	685	793	797	760	
- one year later	486	501	687	774	764		
- two years later	482	500	661	750			
- three years later	482	489	648				
- four years later	475	478					
- five years later	468						
Calculated amount 31.12.18							
Total disbursed to present	448	461	606	691	664	488	3,357
Claims reserve	20	17	42	60	100	273	512
Claims reserve for previous years (before 2013)							19

The overview shows the development in the estimate for occurred insurance claims over time and the remaining claims reserve.

Note 19: Change in insurance liabilities - life insurance

NOK million	Storebrand Life Insurance	BenCo	SPP	2018	2017
Guaranteed return	-5,814	-30	-1,372	-7,216	-8,809
Other changes in premium reserves customer funds with guaranteed return	6,149	331	3,386	9,866	10,021
Change in premium reserve customer funds without guaranteed return	-4,530	69	-806	-5,266	-24,009
Change in premuim fund/ pensioners surplus fund	-5			-5	313
Profit to customers	-415			-415	-574
Change in allocations, risk products	-5			-5	9
Change in insurance liabilities - life insurance	**-4,620**	**369**	**1,208**	**-3,042**	**-23,049**

Note 20: Change in capital buffer

NOK million	2018	2017
Change in market value adjustment reserve	1,462	-1,024
Change in additional statutory reserves	-68	-1,387
Change in conditional bonuses	336	-1,532
Total change in capital buffer	**1,729**	**-3,943**

Note 21: Operating expenses and number of employees

OPERATING EXPENSES

NOK million	2018	2017
Personnel expenses	-2,143	-1,955
Amortisation/write-downs	-147	-167
Other operating expenses	-2,252	-2,145
Total operating expenses	**-4,542**	**-4,266**

NUMBER OF EMPLOYEES [1)]

	2018	2017
Number of employees 31.12	1,789	1,795
Average number of employees	1,766	1,759
Number of person-years 31.12	1,767	1,773
Average number of person-years	1,747	1,738

1) Including Storebrand Helseforsikring with 100 per cent.

Note 22: Pension expenses and pension liabilities

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have e 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 96,883 at 31 December 2018)
- 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 2018. 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 62,500 in 2018 and will be SEK 64.400 in 2019), 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.

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 Nordben Life and Pension Insurance Company LTD and Euroben Life and Pension LTD is covered by a defined-contribution scheme. In addition, the employees of Nordben are covered by a lump sum upon death during their period of service.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	31.12.18	31.12.17
Present value of insured pension liabilities	1,018	994
Fair value of pension assets	-913	-928
Net pension liabilities/assets insured scheme	105	66
Asset ceiling		5
Present value of unsecured liabilities	213	267
Net pension liabilities recognised in statement of financial position	**317**	338

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

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK million	31.12.18	31.12.17
Pension assets	5	3
Pension liabilities	322	341

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	31.12.18	31.12.17
changes in the net defined benefit pension liabilities in the period	1,260	1,237
Pensions earned in the period	15	17
Pension cost recognised in period	17	32
Estimate deviations	18	18
Gain/loss on insurance reductions	-4	2
Pensions paid	-55	-89
Pension liabilities additions/disposals and currency adjustments	-21	43
Net pension liabilities 31.12	**1,231**	**1,260**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	31.12.18	31.12.17
Pension assets at fair value 01.01	928	948
Expected return	21	26
Estimate deviation	-15	-96
Premiums paid	27	32
Pensions paid	-27	-34
Pension liabilities additions/disposals and currency adjustments	-20	51
Net pension assets 31.12	**914**	**928**

Expected premium payments (pension assets) in 2019	13
Expected premium payments (contributions) in 2019	187
Expected AFP early retirement scheme payments in 2019	14
Expected payments from operations (uninsured scheme) in 2019	51

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE/SPP COMPOSED AT 31.12.18:

	Storebrand Life Insurance		SPP	
NOK million	2018	2017	2018	2017
Real estate at fair value	14%	12%	12%	11%
Bonds at amortised cost	36%	32%		
Loans at amortised cost	14%	12%	11%	
Equities and units at fair value	12%	15%	9%	8%
Bonds at fair value	24%	27%	68%	81%
Other short-term financial assets	1%			
Total	**100%**	**100%**	**100%**	**100%**

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

	2018	2017	2018	2017
Realised return on assets	2,2%	3,8 %	2,3 %	3,7 %

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

NOK million	2018	2017
Current service cost	15	17
Net interest cost/expected return	8	8
Changes to pension scheme	-4	
Gain/loss on insurance reductions		3
Total for defined benefit schemes	**19**	**29**
The period's payment to contribution scheme	166	161
The period's payment to contractual pension	17	17
Net pension cost recognised in profit and loss account in the period	**203**	**207**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2018	2017
Actuarial loss (gain) - change in discount rate	59	98
Actuarial loss (gain) - change in other financial assumptions	-17	-10
Actuarial loss (gain) - experience DBO	-36	-70
Loss (gain) - experience Assets	27	95
Asset ceiling - asset adjustment	-5	5
Remeasurements loss (gain) in the period	**28**	**119**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12.18

	Storebrand Life Insurance		SPP	
NOK million	**2018**	**2017**	**2018**	**2017**
Discount rate	2,8 %	2,6 %	2,3 %	2,3 %
Expected earnings growth	2,50 %	2,25 %	3,5 %	3,5 %
Expected annual increase in social security pensions	2,50 %	2,25 %	3,0 %	3,0 %
Expected annual increase in pensions payment	0,0 %	0,0 %	2,0 %	2,0 %
Disability table	KU	KU		
Mortality table	K2013BE	K2013BE	DUS14	DUS14

Financial assumptions:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:
In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2018.

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 2017 and are calculated for each individual when all other assumptions are kept constant.

SWEDEN

	Discount rate		Expected earnings growth		Expected annual increase in pensions payment	Mortality - change in expected life expectancy	
	1,0 %	**-1,0 %**	**1,0 %**	**-1,0 %**	**1,0 %**	**+ 1 år**	**- 1 år**
Percentage change in pension:							
- Pension liabilities	-10 %	12 %		-4 %	7 %	4 %	-4 %
- The period's net pension costs	-12 %	14 %	8 %	-7 %	8 %	-10 %	-17 %

Note 23: Remuneration to senior employees and elected officers of the company

NOK thousand	**Ordinary salary [1)]**	**Other benefits [2)]**	**Total remunera-tion for the year**	**Pension accrued for the year**	**Post terminati-on salary (months)**	**Loan [3)]**	**No. of shares owned [4)]**
Senior employees							
Odd Arild Grefstad	6,761	194	6,954	1,253	24	6,934	141,634
Lars Aa. Løddesøl	5,159	218	5,377	952	18	7,006	83,521
Geir Holmgren	4,275	228	4,503	763	12	8,273	54,722
Heidi Skaaret	4,279	180	4,460	764	12	3,366	54,473
Staffan Hansén	4,934	33	4,967	1,152	12		55,034
Jan Erik Saugestad	5,743	153	5,895	1,050	12	1,200	44,378
Jostein Dalland	3,167	131	3,297	551	12		16,701
Karin Greve-Isdahl	2,508	17	2,525	418	12	15,568	6,881
Wenche Annie Martinussen	3,183	158	3,341	565	12	9,163	13,969
Total 2018	**40,010**	**1,311**	**41,321**	**7,467**		**51,509**	**471,313**
Total 2017	41,100	1,474	42,574	7,231		31,810	352,050

1) A proportion of the executive management's fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.

2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.

3) Employees can borrow up to NOK 7.0 million at a subsidised interest rate, which is set at 40 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..

NOK thousand	Remuneration	Loan	No. of shares owned [1)]
Board of Directors			
Didrik Munch	760		15,000
Gyrid Skalleberg Ingerø	99		5,000
Laila Synnøve Dahlen	340		10,500
Martin Skancke	720		16,414
Håkon Reistad Fure	128		
Karin Bing Orgland	482		15,000
Jan Chr. Opsahl	332		1,100,000
Liv Sandbæk	290		
Heidi Storruste	433	3,916	3,365
Arne Fredrik Håstein	355	3,178	4,844
Ingvild Pedersen	433	2,307	1,824
Total 2018	**4,371**	**9,401**	**1,171,947**
Total 2017	4,372	10,349	1,208,362

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.

Loans to Group employees totalled NOK 2.706 million.

STOREBRAND ASA – THE BOARD OF DIRECTORS' STATEMENT ON THE FIXING OF SALARIES AND OTHER REMUNERATION OF EXECUTIVE PERSONNEL

The Board of Directors of Storebrand ASA has had a dedicated Compensation Committee since 2000. The Compensation Committee is tasked with making a recommendation to the Board of Directors concerning all matters regarding the company's remuneration of its Chief Executive Officer. The Committee is responsible for keeping itself informed and proposing guidelines for the determination of remuneration of executive employees in the Group. The Committee also acts as an advisory body to the Chief Executive Officer with regard to remuneration schemes that encompass all employees of the Storebrand Group, including Storebrand's bonus and pension schemes. The Compensation Committee satisfies the follow-up requirements set forth in the remuneration schemes.

Storebrand Asset Management AS' subsidiary Skagen AS, which was acquired in December 2017, has its own compensation committee and separate guidelines for financial consideration. Storebrand's compensation committee is kept continually updated. The Group's guidelines will therefore not directly apply for Skagen AS in 2019.

1.ADVISORY GUIDELINES FOR THE COMING FINANCIAL YEAR

Storebrand aims to base remuneration on competitive and motivating principles that help attract, develop and retain highly qualified staff. Storebrand shall have an incentive model that supports the strategy, with emphasis on the customers' interests and long-term perspective, an ambitious model of cooperation, as well as transparency that enhances the Group's reputation. Therefore, the company will primarily stress a fixed salary as a means of overall financial compensation, and utilise variable remuneration to a limited extent. The salaries of executive employees are determined based on the position's responsibilities and level of complexity. Comparisons with equivalent external positions are regularly made in order to adjust the salary level to the market rates. Storebrand does not wish to be a pay leader in relation to the industry.

Bonus scheme

The Group's executive management team and executive personnel who have a significant influence on the company's risk receive only fixed salaries.

Pension scheme

The company shall arrange and pay for ordinary group pension insurance common to all employees, from the moment employment commences, and in accordance with the pension rules in force at any given time. Since 2015, the company has had defined-contribution pension schemes for all employees. For group management, the calculated cash value of pension rights for pay above 12 G that was already earned as of the transition to a defined-contribution scheme will be paid out over a five-year period, with payment no later than 2019. The payment period is fixed regardless of whether the employee leaves the company before the end of this period.

Severance pay

The Chief Executive Officer and executive vice presidents are entitled to severance pay if their contracts are terminated by the company. Entitlement to a severance package is also available if the employee decides to leave the company due to substantial changes in the organisation, or equivalent circumstances, which result in the individual being unable to naturally continue in his/her position. If the employment is brought to an end due to a gross breach of duty or other material non-performance of the employment contract, the provisions in this section will not apply.

Deductions are made to the termination pay for all work-related income, including fees from the provision of services, offices held, etc. The termination pay corresponds to the pensionable salary at the end of the employment, excluding any bonus schemes. The CEO is entitled to 24 months of termination pay. Other executive vice presidents are entitled to 18 months of termination pay.

2. BINDING GUIDELINES FOR SHARES, SUBSCRIPTION RIGHTS, OPTIONS, ETC. FOR THE UPCOMING 2019 FINANCIAL YEAR

To ensure that the Group's executive management team has incentive schemes that accord with the long-term interests of the owners, a proportion of the fixed salary will be linked to the purchase of physical Storebrand shares with a lock-in period of three years. The CEO can decide that a limited group of employees shall be covered by an equivalent scheme. The purchase of shares will take place once a year.

Like other employees in Storebrand, executive employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount in accordance with the share programme for employees.

3.STATEMENT ON THE EXECUTIVE EMPLOYEE REMUNERATION POLICY DURING THE PREVIOUS FINANCIAL YEAR

The guidelines for executive remuneration policy set for 2018 have been followed. The annual independent assessment of the guidelines and the practising of these guidelines in connection with bonuses to be paid in 2019 will be carried out during the first half of 2019.

4. STATEMENT ON THE EFFECTS OF SHARE-BASED REMUNERATION AGREEMENTS ON THE COMPANY AND THE SHAREHOLDERS

A proportion of the executive management's fixed salary will be linked to the purchase of physical Storebrand shares with a lock-in period of three years. The CEO can decide that a limited group of employees shall be covered by an equivalent scheme. The purchase of shares will take place once a year.

In the opinion of the Board of Directors, this has a positive effect on the company and the shareholders, given the structure of the scheme and the size of each executive vice president's portfolio of shares in Storebrand ASA.

Note 24: Remuneration paid to auditors

NOK million	2018	2017
Statutory audit	-10,1	-11,3
Other reporting duties	-1,1	-1,3
Tax advice	-0,9	-0,5
Other non-audit services	-0,7	-0,2
Total remuneration to auditors	**-12,9**	**-13,3**

The amounts are excluding VAT.

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

Note 25: Other expenses

NOK million	2018	2017
Incurance related expenses	-53	-100
Losses on claims, insurance	-118	-119
Management fees	-618	-551
Earnout	35	-51
Other expenses	-98	-109
Total other expenses	**-851**	**-930**

Note 26: Tax

TAX EXPENSES IN THE RESULT

NOK million	2018	2017
Tax payable	-17	-72
Change in deferred tax	915	74
Total tax charge	**898**	**2**

RECONCILIATION OF EXPECTED AND ACTUAL TAX EXPENSES

NOK million	2018	2017
Ordinary pre-tax profit	2,799	2,404
Expected income tax at nominal rate	-700	-601
Tax effect of		
realised/unrealised shares	-112	112
share dividends received	12	66
associated companies	11	14
other permanent differences	1,680	496
recognition/write-down of tax assets		1
change in tax rate	6	104
Changes from previous years		-190
Total tax charge	**898**	**2**
Effective tax rate [1]	-32%	0%

1) As a result of new tax rules for pension and life insurance companies, it has been concluded in accordance with IAS 12 that there are no longer grounds for capitalising deferred tax linked to temporary differences in property owned by customer assets. In accordance with the transitional rules, net unrealised gains linked to customer assets must be recognised as income for tax purposes in 2018, when these have previously provided a basis for tax deductions through insurance reserves. The overall transitional effect of the transitional rules results in tax income of approximately NOK 1.6 billion. The effective tax rate is also affected 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.

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

NOK million	2018	2017
Tax-increasing temporary differences		
Securities		15,095
Properties [1]		10,452
Fixed assets	8	8
Securities liabilities		65
Gains/losses account	67	84
Other	1,202	1,281
Total tax-increasing temporary differences	**1,278**	**26,984**
Tax-increasing temporary differences		
Securities [1]	-144	-43
Fixed assets	-51	-39
Provisions	-26	-10,682
Accrued pension liabilities	-183	-240
Gains/losses account		-9
Other	86	-3
Total tax-reducing temporary differences	**-318**	**-11,015**
Carryforward losses	-7,808	-16,649
Net basis for deferred tax and tax assets	**-6,848**	**-679**
Net deferred tax assets/liabilities in balance sheet [1] [2] [3]	**-1,714**	**-399**
Recognised in balance sheet		
Deferred tax assets	1,972	637
Deferred tax	258	238

1) As a result of new tax rules for pension and life insurance companies, it has been concluded in accordance with IAS 12 that there are no longer grounds for capitalising deferred tax linked to temporary differences in property owned by customer assets. In accordance with the transitional rules, net unrealised gains linked to customer assets must be recognised as income for tax purposes in 2018, when these have previously provided a basis for tax deductions through insurance reserves. The overall transitional effect of the transitional rules results in tax income of approximately NOK 1.6 billion. The effective tax rate is also affected 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.

2) In December 2018, the Norwegian Parliament (Storting) agreed to reduce the company tax rate 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).

3) Uncertain tax positions

A. I In 2015, Storebrand Livsforsikring AS discontinued a wholly-owned Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and with a corresponding increase in the loss carryforward. In January 2018, Storebrand Livsforsikring received notice of an adjustment to the tax assessment for 2015 (dated 21 December 2017) 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 tax authorities on 2 March 2018. The notice is unclear. Based on the notice, a provision was made in the annual financial statements for 2017 for an uncertain tax position. The best estimate of the reduction in the loss, where Storebrand's interpretation of the Norwegian Tax Administration's notice is used as a basis, is approximately NOK 1.6 billion (appears as a reduction in the loss carryforward and, in isolation, gives an associated increased tax expense for 2017 of approximately NOK 400 million). The case is still being processed by the Norwegian Tax Administration and Storebrand Livsforsikring AS had still not received any new information when the annual financial statements for 2018 were prepared. Therefore, the uncertain tax position has been carried forward.

B. When calculating net gains according to the transitional rules - see 1) above - a method equivalent to that under (A) was used to calculate the tax values of property shares owned by customer assets. By accepting Storebrand's interpretation of the Norwegian Tax Administration's position, as described under (A), it has been taken into account that the tax values were reduced by approximately NOK 3.25 billion. This entails an equivalent reduction in the loss carryforward and an increase in the tax basis for 2018. If Storebrand's view had been accepted in the annual financial statements and not treated as an uncertain tax position, taxable accounting income would, in isolation, have been approximately NOK 800 million higher for 2018.

Note 27: Intangible assets and excess value on purchased insurance contracts

	Intangible assets					
NOK million	**IT systems**	**VIF [1)]**	**Other intangible assets**	**Goodwill**	**2018**	**2017**
Acquisition cost 01.01.18	851	9,890	1,384	2,310	14,434	12,048
Additions in the period						
- Developed internally	56				56	43
- Purchased separately	137				137	73
- Purchased via acquistion/merger			281		281	1,715
Disposals in the period	-48				-48	-36
Currency differences on converting foreign units	-3	-221	-15	-17	-256	590
Other changes						1
Acquisition cost 31.12.18	**993**	**9,669**	**1,649**	**2,292**	**14,604**	**14,434**
Accumulated depreciation and write-downs 01.01	-460	-6,535	-841	-304	-8,139	-7,190
Write-downs in the period	-29				-29	
Amortisation in the period	-107	-315	-83		-504	-619
Disposals in the period	28				28	33
Currency differences on converting foreign units		132	15	-1	147	-363
Acc. depreciation and write-downs 31.12.18	**-567**	**-6,717**	**-909**	**-305**	**-8,498**	**-8,139**
Book value 31.12.18	**426**	**2,952**	**741**	**1,987**	**6,106**	**6,295**

1) Value of business-in-force, the difference between market value and book value of the insurance liabilities in SPP.

Intangible assets linked to acquisition of SPP
Storebrand Livsforsikring AS acquired SPP Livförsäkring AB and its subsidiaries in 2007. The majority of the intangible assets associated with SPP comprise the value of in-force business (VIF), for which a separate liability adequacy test has been performed in accordance with the requirements of IFRS 4. In order to determine whether goodwill and other intangible assets associated with SPP have suffered an impairment in value, estimates are made of the recoverable amount for the relevant cash-flow generating units. Recoverable amounts are established by calculating the enterprise's utility value. SPP is regarded as a single cash flow generating unit, and the development of future administration results, risk results and financial results for SPP will affect its utility value.

In calculating the utility value, the management have made use of budgets and forecasts approved by the Board for the next three years (2019-2021). The management has made assessments for the period from 2022 to 2028, and the annual growth for each element in the income statement has been estimated. When calculating the terminal value, a growth rate equivalent to Sveriges Riksbank's inflation target of 2.0 per cent is used. The primary drivers of improved long-term results will be the return on total assets, underlying inflation and wage growth in the market (which drive premium growth). The utility value is calculated using a required rate of return after tax of 5.4 per cent. The required rate of return is calculated based on the risk-free interest rate and added to a premium that reflects the risk of the business.

Calculations related to the future will be uncertain. The value will be affected by various growth parameters, expected return and what required rate of return is assumed, etc. It is pointed out that the aim of the calculations is to ensure adequate reliability that the utility value, cf. IAS 36, is not lower than the recognised value in the accounts. Simulation with reasonable, as well as conservative, assumptions indicates a value for the investment that justifies the book value.

Intangible assets linked to the banking business
A cash flow based valuation based on the expected result after tax is used when calculating the utility value of the banking business. Budgets and forecasts approved by the Board for the next three years (2019 to 2021) are used as the basis for the valuation.

The cash flow is based on two elements, profit/loss after tax to equity and change in expected regulatory tying-up of capital. It is also assumed that all capital in addition to regulatory tied-up capital, can be withdrawn at the end of each period. For the period after 2021, a growth rate of 2.0 percent has been used for the retail market which is also included in the calculation of the terminal value.The utility value is calculated using a required rate of return after tax of 5.4 per cent. The required rate of return is calculated based on the risk-free interest rate and added to a premium that reflects the risk of the business.

There will be uncertainty related to the assumptions that have been made in the valuation. The value will be affected by the assumptions for the interest rate margin, expected losses on lending, growth parameters and capital requirements, as well as what required rate of return is assumed, etc. It is pointed out that the aim of the calculations is to ensure adequate reliability that the utility value, cf. IAS 36, is not lower than the recognised value in the accounts. Simulation with reasonable, as well as conservative, assumptions indicates a value for the investment that justifies the book .

Intangible assets linked to the acquisition of Skagen
Storebrand Asset Management AS acquired Skagen AS in 2017. The intangible assets linked to Skagen are customer lists, branded products, technology and goodwill. Budgets and forecasts approved by the Board for the next three years (2019 to 2021) are used as the basis for the valuation. For the period from 2021 to 2023, a growth rate in line with the stock market is expected for revenues and in line with inflation for costs. A growth rate equivalent to Norges Bank's inflation target of 2.0 per cent is used for calculating the terminal value. The utility value is calculated using a required rate of return after tax of 10 per cent.

There will be 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, management fees, growth parameters, and the required rate of return that is used as a basis. Please note that the aim of the calculations is to achieve a satisfactory level of certainty that the utility value, cf. IAS 36, is not lower than the value recognised in the accounts. Simulation using reasonable, as well as conservative, assumptions indicates a value for the investment that justifies the book value.

Intangible assets linked to the acquisition of Silver

Storebrand Livsforsikring AS acquired Silver Pensjonsforsikring AS in 2018 and the company was merged with Storebrand Livsforsikring AS in the same year. The intangible assets linked to the acquisition of Silver include the value of business in force (VIF), for which a separate adequacy test was conducted 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 utility value of the business. Silver has been integrated into Storebrand Livsforsikring's business and is predominantly part of the savings segment. In this instance, it is considered more accurate to estimate the utility value of the contracts in isolation as opposed to the overall savings segment as a cash flow generating unit.

The value of the portfolios acquired from Silver is calculated as the discounted value of future, expected cash flows to Store-brand. The calculations are carried out based on the specific portfolio and are made in Storebrand's capital model, which is equivalent to that used for Solvency II. The calculations are based on a set of realistic assumptions, including assumptions regar-ding returns, transfer, costs and income performance. The assumptions are later assessed in relation to actual experiences.

Calculations related to the future will be uncertain. The value will be impacted by various growth parameters, expected return and the required rate of return used as a basis, etc. Please note that the aim of the calculations is to achieve a satisfactory level of certainty that the utility value, cf. IAS 36, is not lower than the value recognised in the accounts. Simulation with reaso-nable and also conservative assumptions indicates a VIF that justifies the capitalised value.

SPECIFICATION OF INTAGIBLE ASSETS

NOK million	Useful economic life	Depr. rate	Depr. method	Book value 2018
Brand name Skagen	10 years	10 %	Straight line	129
Value of business in force Silver	10 years	10 %	Straight line	253
IT systems	3-8 years	20 %	Straight line	426
Customer lists Skagen	10 years	10 %	Straight line	358
Value of business in force SPP	20 years	5 %	Straight line	2 952
Total				**4 119**

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK million	Business area	Acquisition cost 01.01	Accumulated write-downs 01.01	Book value 01.01	Supply/ disposals/ currency effect	Book value 31.12
Delphi Fondsforvaltning	Savings	35	-4	32		32
SPP Fonder	Savings	48		48	-1	47
Storebrand Bank ASA	Other	422	-300	122		122
SPP	Guarant. pensi-on/Savings	797		797	-17	780
Skagen	Savings	1 007		1 007		1 007
Total		**2 310**	**-304**	**2 006**	**-18**	**1 987**

Goodwill is not amortised, but is tested annually for impairment.

Note 28: Tangible fixed assets

NOK million	Vehicles/ equipment	Real estate	2018	2017
Book value 01.01	52	491	543	481
Additions	3		3	11
Disposals	-2	-490	-492	-2
Value adjustment recognised through the balance sheet				23
Addition via acquisition/merger	-1		-1	10
Depreciation	-9		-9	-19
Currency differences from converting foreign units				38
Other changes				1
Book value 31.12	**42**	**1**	**43**	**543**
Allocation by company and customers				
Tangible fixed assets - company			43	56
Tangible fixed assets - customers				488
Total tangilbe fixed assets			**43**	**543**

DEPRECIATION PLAN AND FINANCIAL LIFETIME:

Depreciation method:	Straight line
Maskiner/utstyr	3-10 år
Inventar	3-8 år
Eiendom	15 år

Note 29: Investments in other companies

Applies to subsidiaries with a significant minority, associated companies and joint ventures.

IFRS 10 establishes a model for evaluating control that will apply to all companies, and the content of the control concept has changed in IFRS 10 in relation to IAS 27 and will entail an increased degree of assessment of units that are controlled by the company. Control exists when the investor has power over the investment object and possesses the right to variable yields from the investment object and simultaneously possesses the power and possibility to steer activities in the investment object that affect the yield.

In the Group's financial statements, securities funds in which Storebrand has an ownership percentage of around 40 per cent or more, and which are also managed by management companies within the Storebrand Group, are consolidated 100 per cent on the balance sheet. Minority ownership interests in consolidated securities funds are shown on one line for assets and correspondingly on one line for liabilities. In consequence of other investors in the funds being able to request redemption of their ownership interests from the respective funds, such are deemed to be minority interests that are classified as liabilities in Storebrand's consolidated financial statements.

SPECIFICATION OF SUBSIDARIES WITH SUBSTANTIAL MINORITY (100% FIGURES)

NOK million	2018 Benco
Assets	16,376
Liabilities	15,877
Equity - majority	449
Equity - minority	50
Ownership intereest - minority	10
Voting rights as a percentage of the total number of shares	10
Income	486
Result after tax	30
Total comprehensive income	30
Dividend paid to minority	2

SPECIFICATION OF ASSOCIATED COMPANIES AND JOINT VENTURES CLASSIFED AS SUBSTANTIAL (100% FIGURES)

NOK million	2018 Storebrand Helseforsikring AS
Accounting method	Equity-method
Type of operation	Insurance
Type of interest	Joint venture
Current assets	700
Fixed assets	38
Short term liabilities	66
Long term liabilities	363
Cash and cash equivalents	29
Income	689
Result after tax	64
Total comprehensive income	64
Dividend paid	79

OWNERSHIP INTERESTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

NOK million	Business location	Ownership share	Book value 31.12
Associated companies			
Inntre Holding AS	Steinkjær	34,3 %	97
Handelsboderna i Sverige Fastighets AB	Stockholm	50,0 %	30
Storebrand Eiendomsfond Invest AS	Oslo	21,2 %	4,376
Joint ventures			
Försäkringsgirot AB	Stockholm	25,0 %	3
Storebrand Helseforsikring AS	Lysaker	50,0 %	155
Total			**4,661**
Allocation by company and customers:			
Investments in associated companies - company			255
Investments in associated companies - customers			4,406
Total			**4,661**

RECEIVABLES FOR ASSOCIATED COMPANIES AND JOINT VENTURES

NOK million	2018	2017
Handelsboden Örebro Rävgräva 4:4 AB		39
Total		**39**
Allocation by company and customers		
Receivables in associated companies - customers		39
Total receivables for associated companies		**39**

INCOME FROM ASSOCIATED COMPANIES AND JOINT VENTURES

NOK million	2018	2017
Proportion of the result	347	245
Interest income	1	
Realised change in value		88
Unrealised change in value	1	17
Total	**349**	**350**
Allocation by company and customers		
Receivables in associated companies - company	46	119
Receivables in associated companies - customers	303	231
Total receivables from associated companies	**349**	**350**

Note 30: Classification of financial assets and liabilities

NOK million	Loans and receivables	Investments, held to maturity	Fair value, held for sale	Fair value, FVO	Available for sale	Liabilities at amortised cost	Total
Financial assets							
Bank deposits	9,090						9,090
Shares and fund units				157,361			157,361
Bonds and other fixed-income securities	94,723	14,403		157,586			266,712
Loans to financial institutions	318						318
Loans to customers	53,508			5,928			59,436
Accounts receivable and other short-term receivables	7,737						7,737
Derivatives			4,831	95			4,926
Total financial assets 2018	**165,375**	**14,403**	**4,831**	**320,970**			**505,579**
Total financial assets 2017	149,841	15,128	4,064	328,865	14		497,911
Financial liabilities							
Subordinated loan capital						8,224	8,224
Liabilities to financial instituti-ons						2	2
Deposits from banking custo-mers						14,419	14,419
Securities issued						17,529	17,529
Derivatives			4,535	72			4,607
Other current liabilities						6,751	6,751
Total financial liabilities 2018			**4,535**	**72**		**46,926**	**51,533**
Total financial liabilities 2017			139	1,876		48,326	50,341

Note 31: Bonds at amortised cost

	2018		2017	
NOK million	Book value	Fair value	Book value	Fair value
Government bonds	26,994	28,945	28,148	31,268
Corporate bonds	65,944	67,757	40,798	42,419
Structured notes	1,484	1,482	1,020	1,034
Collateralised securities	300	301	17,510	19,497
Total bonds at amortised cost	**94,723**	**98,485**	**87,474**	**94,218**
Storebrand Bank				
Modified duration		0,2		0,2
Average effective yield		1,4%		0,7%
Storebrand Life Insurance				
Modified duration		6,4		7,0
Average effective yield	2,7%	3,4%	1,3%	0,9%
Distribution beween company and customers				
Loans and receivables company	8 349		3 403	
Loans and receivables customers with guarantee	86 374		84 071	
Total	**94 723**		**87 474**	

BONDS HELD TO MATURITY

	2018		2017	
NOK million	**Balanseført verdi**	**Virkelig verdi**	**Balanseført verdi**	**Virkelig verdi**
Corporate bonds	13,880	15,109	5,828	6,490
Collateralised securities	523	570	9,300	10,443
Total bonds at amortised cost	**14,403**	**15,679**	**15,128**	**16,933**
Modifed duration		4,3		4,9
Average effective yield	2,7%	4,5%	2,2%	1,2%
Distribution beween company and customers:				
Bonds held to maturity - customers with guarantees	14,403		15,128	
Total	**14,403**		**15,128**	

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 of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

Note 32: Loans to customers

NOK million	**31.12.18**	**31.12.17**
Corporate market [1]	12,752	11,685
Retail market	46,754	42,184
Gross loans	**59,506**	**53,869**
Write-downs of loans losses	-63	-80
Net loans [2]	**59,444**	**53,788**
[1] Of which Storebrand Bank	29	360
[2] Of which Storebrand Bank	28,464	27,257
Of which Storebrand Livsforsikring	30,980	26,531
Fordeling på selskap og kunder:		
Netto utlån til kunder - selskap	28,466	27,259
Netto utlån til kunder - kunder m/garanti	30,978	26,529
Sum	**59,444**	**53,788**

NON-PERFORMING AND LOSS-EXPOSED LOANS

NOK million	**2018**	**2017**
Non-performing and loss-exposed loans without identified impairment	71	150
Non-performing and loss-exposed loans with identified impairment	59	114
Gross non-performing loans	**129**	**265**
Individual write-downs	-21	-43
Net non-performing loans [1]	**108**	**222**

1) The figures apply in their entirety Storebrand Bank

For further information about lending, see note 10 Credit risk.

Note 33: Properties

NOK million	31.12.18	31.12.17	31.12.18 Required rate of return % [1]	31.12.18 Average duration of lease (years) [3]	31.12.18 m2
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	7,201	6,838	4,0 - 4,45	4,9	93,952
Rest of Greater Oslo	4,102	3,935	3,95 - 6	4,3	85,253
Office buildings in Sweden	693	1,259	4,5	6,0	16,886
Shopping centres (including parking and storage)					
Oslo-Vika/Filipstad Brygge	635		7,6		38,820
Rest of Greater Oslo	6,101	611	4,45 - 7,3	3,0	164,170
Rest of Norway		6,151			
Housing Sweden [2]	2,131	1,909	5,7	5,0	84,769
Car parks					
Multi-storey car parks in Oslo	924	933	4,3	3,0	27,393
Multi-storey car parks in Sweden [2]		62			
Other properties:					
Cultural/conference centres in Sweden [2]	224	264	6,8	14,0	18,757
Trading Sweden [2]	1,775	1,236	4,3		37,754
Hotel Sweden [2]	2,508	2,391	4,4	11,0	35,386
Service properties Sverige [2]	1,923	1,814	5,0	11,0	64,103
Properties Norway	50	50			
Total investment properties	**28,266**	**27,453**			**667,243**
Properties for own use	1,420	1,408	4,0	3,0	19,442
Total properties	**29,686**	**28,861**			**686,685**

Allocation by company and customers:		
Properties - company	50	50
Properties - customers with guarantee	26,333	25,857
Properties - customers without guarantee	3,303	2,954
Total	**29,686**	**28,861**

1) The properties are valued on the basis of the following effective required rate of return (included 2.5 per cent inflation)

2) All of the proporties in Sweden are appraised externally. The appraisal is based on the required rates of return in the market (including 2 per cent inflation)

3) The average duration of the leases has been calculated proportionately based on the value of the individual properties.

As of 31.12.18, Storebrand Life Insurance had NOK 4 376 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo.
The investments are classified as "Investment in associated Ccmpanies and joint ventures" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo invest exclusively in real estate at fair value.

Vacancy

Norway

The vacancy rate for lettable areas was 6.1 per cent (4.1 per cent) at the end of 2018. Of the total vacancy, 6.6 per cent (9,3 per cant) is related to to space that is unavaiilable for leasing due to ongoing development procjects At the end of 2018, a total of 12.7 per cent (13.3 per cent) of the floor space in the investment properties was vacant.

Sweden

At the end of 2018, there was practically no vacancy in the investment properties

Transactions:

Purchases: Further NOK 248 millions in property acquisitions in SPP have been agreed on in 4th quarter 2018 in addition to the figures that has been finalised and included in the finacial statements as of 31 December 2018

Sale: No further property sales has been agreed on in Storebrand/SPP in addiition to the figures that has been finalised and included in the finacial statements as of 31 December 2018

PROPERTIES FOR OWN USE

NOK million	2018	2017
Book value 01.01	1,408	2,863
Additions	6	120
Disposals		-2,225
Revaluation booked in balance sheet	39	69
Depreciation	-13	-65
Write-ups due to write-downs in the period	12	64
Currency differences from converting foreign units	-31	69
Other change		514
Book value 31.12	**1,420**	**1,408**
Acquisition cost opening balance	534	2,639
Acquisition cost closing balance	540	534
Accumulated depreciation and write-downs opening balance	-587	-521
Accumulated depreciation and write-downs closing balance	-600	-587
Allocation by company and customers:		
Properties for own use - customers	1,420	1,408
Total	**1,420**	**1,408**

Depreciation method:	Straight line
Depreciation plan and financial lifetime	50 years

Note 34: Accounts receivable and other short-term receivables

NOK million	2018	2017
Accounts receivable	633	646
Receivables in connection with direct insurance	539	533
Interest earned/pre-paid expenses	215	178
Fee earned	72	376
Claims on insurance brokers	395	439
Prepayment of yield tax	408	414
Collateral	1,614	674
Tax receivable	2,975	1,414
Activated sales costs (Swedish business)	553	537
Other current receivables	332	316
Book value 31.12	**7,737**	**5,526**
Allocation by company and customers:		
Accounts receivable and other short-term receivables - company	7,005	4,834
Accounts receivable and other short-term receivables - customers	732	691
Total	**7,737**	**5,526**

AGE DISTRIBUTION FOR ACCOUNTS RECEIVABLE 31.12 (GROSS)

NOK million	2018	2017
Receivables not fallen due	619	587
Past due 1 - 30 days	12	53
Past due 31 - 60 days	1	4
Past due 61 - 90 days	1	3
Past due > 90 days	1	2
Gross accounts receivable	**635**	**648**
Provisions for losses 31.12	-2	-2
Net accounts receivable	**633**	**646**

Note 35: Equities and fund units

NOK million	2018	2017
Equities	24,038	22,465
Private Equity fund investments	1,418	
Fund units	131,904	133,968
Total equities and fund units	**157,361**	**156,434**
Allocation by company and customers:		
Equities and fund units - company	295	363
Equities and fund units - customers with guarantee	23,402	24,556
Equities and fund units - customers without guarantee	133,664	131,514
Sum	**157,361**	**156,434**

Note 36: Bonds and other fixed-income securities

NOK million	2018	2017
Government bonds	34,491	49,022
Corporate bonds	51,028	49,331
Structured notes	79	81
Collateralised securities	22,510	28,914
Bond funds	49,478	39,412
Total bonds and other fixed-income securities	**157,586**	**166,761**
Allocation by company and customers:		
Bonds and other fixed-income securities - company	24,055	31,718
Bonds and other fixed-income securities - customers with guarantee	91,894	101,897
Bonds and other fixed-income securities - customers without guarantee	41,637	33,146
Total	**157,586**	**166,761**

	Fair value					
	Storebrand Life Insurance	SPP Pension & Insurance	Euroben	Storebrand Bank	Storebrand Insurance	Storebrand ASA
Modified duration	6,9	8,3	4,7	0,2	0,5	0,6
Average effective yield	2,6 %	1,2 %	0,6 %	1,2 %	1,6 %	1,1 %

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity. Interest derivatives are included in the calculation of modified duration and average effective interest rate.

Note 37: Derivatives

Nominal volume

Financial derivatives are related to underlying amounts which are not recognised in the statement of financial position. In order to quantify the scope of the derivatives, reference is made to amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative presents.

Gross nominal volume principally indicates the size of the exposure, 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.

NOK million	Gross nominal volume [1]	Gross booked value fin. assets	Gross booked value fin. liabi-lities	Net amounts taken into account netting agreements: Fin. assets	Fin. liabilities	Net amount
Interest derivatives	88,044	3,897	796	9		3,100
Currency derivatives	103,192	1,029	3,810	79		-2,781
Total derivater 31.12.18		**4,926**	**4,607**	**89**		**319**
Total derivater 31.12.17		4,064	2,015	1,280	806	2,049
Distribution between company and customers:						
Derivatives - company						766
Derivatives - customers with guarantee						832
Derivatives - customers without guarantee						-1 278
Total						**319**

1) Values 31.12.

Note 38: Technical insurance reserves - life insurance

NOK million	Guaranteed pension	Savings	Insurance *)	BenCo	Total Store-brand Group 2018	Total Store-brand Group 2017
Additional statutory reserves	8,494				8,494	8,254
Conditional bonus	6,462			1,781	8,243	9,176
Market value adjustment reserve	2,146		99		2,245	3,707
Total buffer capital	**17,103**		**99**	**1,781**	**18,983**	**21,137**

SPECIFICATION OF BALANCE SHEET ITEMS CONSERNING LIFE INSURANCE

NOK million	Guaranteed pension	Savings	Insurance [1]	BenCo	Total Store-brand Group 2018	Total Store-brand Group 2017
Premium reserve	242,733	179,169	4,677	13,802	440,381	431,462
- of which IBNS	1,991	7	2,840	45	4,883	5,145
Pension surplus fund	4				4	6
Premium fund/deposit fund	2,153				2,153	2,557
Other technical reserves			622		622	631
- of which IBNS			562		562	573
Supplerende avsetning		8			8	
Total insurance liabilities - life insurance	**244,890**	**179,177**	**5,298**	**13,802**	**443,167**	**434,657**

1) Including personal risk and employee insurance of the Insurance segment.

MARKET VALUE ADJUSTMENT RESERVE

NOK million	2018	2017
Equities	1,776	3,037
Interest-bearing	469	670
Total market value adjustment reserves at fair value	**2,246**	**3,707**

See note 39 for insurance liabilities - P&C.

Note 39: Technical insurance reserves - P&C insurance

ASSETS AND LIABILITIES - P&C INSURANCE

NOK million	2018	2017
Reinsurance share of insurance technical reserves	21	27
Total assets	**21**	**27**
Premium reserve	470	460
Claims reserve	581	632
- of which IBNS	553	602
- of which administration reserve	28	30
Total liabilities	**1,051**	**1,092**

See note 38 for insurance liabilities - life insurance.

Note 40: Other current liabilities

NOK million	2018	2017
Accounts payable	260	255
Accrued expenses/appropriations	701	637
Appropriations earnout	105	273
Other appropriations	290	500
Governmental fees and tax withholding	145	217
Collateral received derivates in cash	1,709	2,037
Liabilities in connection with direct insurance	1,485	1,584
Liabilities to broker	319	917
Minority SPP Fastighet KB	891	841
Other current liabilities	845	842
Book value 31.12	**6,752**	**8,102**

SPECIFICATION OF RESTRUCTURING RESERVES

NOK million	2018	2017
Book value 01.01	49	100
Increase in the period	7	23
Amount recognised against reserves in the period	-18	-67
Reversal of previous allocations due to estimate discrepancies.		-7
Change due to currency		1
Book value 31.12	**38**	**49**

Note 41 Hedge accounting

Fair value hedging of the interest rate risk and cash flow hedging of the credit margin
Storebrand uses fair value hedging for interest risk. The hedged items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over profit or loss . Changes in the value of the hedged item that can be attributed to the hedged risk are adjusted in the book value of the hedged item and reconised in the income statement.

The effectiveness of hedging is monitored at the individual security level.

Storebrand utilises cash flow hedging of its credit margin. The hedged items are liabilities that are measured at amortised cost. Derivatives are recognised at fair value in the accounts. The proportion of the gain 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

	2018					2017				
		Book value [1]					Book value [1]			
NOK million	Contract/ nominal value	Assets	Liabilities	Booked	Recog- nised of compre- hensive income	Contract/ nominal value	Assets	Liabilities	Booked	Recog- nised of compre- hensive income
Interest rate swaps	4,623	1,171		-60	-12	4,623	1,245		-39	188
Subordinated loans	-2,238		3,255	-14	14	-2,238		3,227	-22	-154
Debt raised through issuance of securities	2,350		2,406	45		2,350		2,459	37	

1) Book values as at 31.12.

Currency hedging of net investment in Storebrand HOlding AB
In 2018, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in Storebrand Hol-ding AB. 3 month rolling currency derivatives were used in which the spot element in these is used as the hedging instrument. In 2018, a dated subordinated loan of SEK 900 million was taken up. The loan was used as a hedging instrument relating to the hedging of the net investment in Storebrand Holding AB. The effective share of hedging instruments is recognised in the total comprehensive income. The net investment in Storebrand Holding AB is partly hedged and therefore the expectation is that future hedge effectiveness will be around 100 per cent.

HEDGING INSTRUMENT/HEDGED ITEM

	2018			2017		
		Book value 1)			Book value 1)	
NOK million	Contract/ nominal value	Assets	Liabilities	Kontrakt/ nominell verdi	Assets	Liabilities
Currency derivatives	-5,302		222	-4,200		69
Loan used as hedging instrument	-2,650		2,588	-750		749
Underlying items		9,242			5,862	

1) Book values at 31.12.

Note 42: Collateral

NOK million	2018	2017
Collateral for Derivatives trading	4,055	2,249
Collateral received in connection with Derivatives trading	-1,669	-21
Total received and pledged collateral	**2,385**	**2,228**

Collateral pledged in connection with futures and options are regulated on a daily basis in the daily margin clearing on individual contracts. Collatrals are received and given both as cash and securities.

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NOK million	2018	2017
Book value of bonds pledged as collateral for the bank's lending from Norges Bank	1,205	888
Booked value of securities pledged as collateral in other financial institutions	151	302
Total	**1,355**	**1,190**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has none F-loan in Norges Bank as per 31.12.2018.

Of total loans of NOK 28.1 billion, NOK 18,5 billion has been mortgaged in connection with the issuing of covered bonds (covered bond rate) in Storebrand Boligkreditt AS.

Loans in Storebrand Boligkreditt AS are security for covered bonds in the company, and these assets have therefore been mortgaged through the bondholders' pre-emptive rights to the security in the company. Storebrand Boligkreditt AS has over-collateralization (OC) of 29 per cent, but committed OC is 9.5 per cent. Storebrand Boligkreditt AS therefore has security that is NOK 1.2 billion more than was committed in the loan programme. Storebrand Bank ASA considers the risk associated with the transfer rate of mortgages to Storebrand Boligkreditt AS as low

Note 43: Contingent liabilities

NOK million	2018	2017
Guarantees	1	20
Unused credit limit lending	3,362	3,474
Uncalled residual liabilities re limited partnership	5,818	5,451
Loan commitment retail market	1,672	2,007
Debt instrument to Silver Pensjonsforsikring in connection with the acquisition[1)]		520
Total contingent liabilities	**10,853**	**11,472**

1) The debt instrument is conditional upon the company being released from administration

Guarantees principally concern payment guarantees and contract guarantees.
Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

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

Note 44: Information related parties

Companies in the Storebrand Group have transactions with related parties who are shareholders in Storebrand ASA and senior employees. These are transactions that are part of the products and services offered by the Group's companies to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, P&C insurance, leasing of premises, bank deposits, lending, asset management and fund saving. See note 23 for further information about senior employees.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the Group. See note 1 Accounting Policies for further information.

For further information about close associates, see notes 29 and 40.

Note 45: Sold/liquidated business

In December 2018, an agreement was entered into for the sale of Nordben Life and Pension Insurance Company Ltd. The execution of the transaction is conditional upon government approval and is expected to be completed in the first quarter of 2019.

Note 46: Subsequent events

Storebrand Asset Management AS has signed an agreement to acquire Cubera Private Equity AS

On February 12th, Storebrand Asset Management AS signed an agreement to acquire 100 % of the shares in Cubera Private Equity AS (Cubera). The purchase price of the acquisition is NOK 300 million. The purchase price may increase with up to NOK 225 million related to fundraising to new funds managed by Cubera.The transaction is settled with cash only.
The transaction is contingent on public and private approvals. The transaction is expected to be completed during the first half of 2019.

Storebrand ASA

Income statement

NOK million	Note	2018	2017
Operating income			
Income from investments in subsidiaries	2	4,131	2,154
Net income and gains from financial instruments:			
- equities and other units	3	1	
- bonds and other fixed-income securities	3	26	36
- financial derivatives/other financial instruments	3	-7	-4
Other financial instruments		33	2
Operating income		**4,184**	**2,188**
Interest expenses		-60	-69
Other financial expenses		35	-62
Operating expenses			
Personnel expenses	4, 5, 6	-41	-41
Amortisation	13		-1
Other operating expenses		-44	-81
Total operating expenses		**-86**	**-123**
Total expenses		**-111**	**-254**
Pre-tax profit		**4,074**	**1,934**
Tax	7	-111	-110
Profit for year		**3,963**	**1,824**

Statement of total comprehensive income

NOK million	Note	2018	2017
Profit for year		**3,963**	**1,824**
Other result elements not to be classified to profit/loss			
Change in estimate deviation pension	5	9	-34
Tax on other result elements		-2	8
Total other result elements		**6**	**-25**
Total comprehensive income		**3,969**	**1,798**

Storebrand ASA

Statement of financial position

NOK million	Note	31.12.18	31.12.17
Fixed assets			
Deferred tax assets	7	47	135
Tangible fixed assets	13	26	28
Shares in subsidiaries and associated companies	8	19,286	18,724
Total fixed assets		**19,359**	**18,886**
Current assets			
Owed within group	17	4,092	2,207
Other current receivables		21	
Investments in trading portfolio:			
- equities and other units	9	22	3
- bonds and other fixed-income securities	10, 12	1,820	1,380
- financial derivatives/other financial instruments	11, 12, 15	9	16
Bank deposits	12	34	53
Total current assets		**5,998**	**3,659**
Total assets		**25,357**	**22,545**
Equity and liabilities			
Share capital		2,339	2,339
Own shares		-2	-5
Share premium reserve		10,521	10,521
Total paid in equity		**12,858**	**12,855**
Other equity		8,395	5,793
Total equity		**21,253**	**18,648**
Non-current liabilities			
Pension liabilities	5	161	176
Securities issued	14, 15	1,813	2,270
Total non-current liabilities		**1,974**	**2,446**
Current liabilities			
Debt within group	17	597	3
Provision for dividend		1,402	1,168
Other current liabilities		131	280
Total current liabilities		**2,130**	**1,451**
Total equity and liabilities		**25,357**	**22,545**

Lysaker, 12 February 2019
Board of Directors of Storebrand ASA

Didrik Munch
Chairman of the Board

Karin Bing Orgland

Laila S. Dahlen

Liv Sandbæk

Martin Skancke

Jan Chr. Oppsahl

Arne Fredrik Håstein

Heidi Storruste

Ingvild Pedersen

Odd Arild Grefstad
Chief Executive Officer

Storebrand ASA

Statement of changes in equity

NOK million	Share capital [1]	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2016	**2,250**	**-8**	**9,485**	**5,129**	**16,855**
Profit for the period				1,824	1,824
Total other result elements				-25	-25
Total comprehensive income				**1,798**	**1,798**
Issue of shares	90		1,037		1,126
Provision for dividend				-1,168	-1,168
Own share bought back [2]		3		44	47
Employee share [2]				-11	-11
Equity at 31. December 2017	**2,339**	**-5**	**10,521**	**5,793**	**18,648**
Profit for the period				3,963	3,963
Total other result elements				6	6
Total comprehensive income				**3,969**	**3,969**
Provision for dividend				-1,402	-1,402
Own share bought back [2]		3		48	50
Employee share [2]				-13	-13
Equity at 31. December 2018	**2,339**	**-2**	**10,521**	**8,395**	**21,253**

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

2) In 2018, 542,532 shares were sold to our own employees. Holding of own shares 31. December 2018 was 431,140.

Storebrand ASA

Statement of cach flow

NOK million	2018	2017
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	47	50
Net receipts/payments - securities at fair value	-477	732
Payments relating to operations	-89	-165
Net receipts/payments - other operational activities	2,247	934
Net cash flow from operational activities	**1,728**	**1,551**
Cash flow from investment activities		
Net receipts - sale of subsidiaries	33	
Net payments - sale/capitalisation of subsidiaries	-131	-408
Net receipts/payments - sale/purchase of property and fixed assets	2	2
Net cash flow from investment activities	**-95**	**-407**
Cash flow from financing activities		
Payments - repayments of loans	-450	-1,425
Receipts - new loans	1	1,001
Payments - interest on loans	-72	-81
Receipts - sold own shart to employees	37	36
Payments - dividends	-1,168	-695
Net cash flow from financing activities	**-1,651**	**-1,163**
Net cash flow for the period	**-19**	**-19**
Net movement in cash and cash equivalents	-19	-19
Cash and cash equivalents at start of the period	53	72
Cash and cash equivalents at the end of the period	**34**	**53**

Storebrand ASA

Notes to the financial statement

Note 1: Accounting policies

Storebrand ASA is the holding company of the Storebrand Group. The Storebrand Group is engaged in life and P&C insurance, banking and asset management, with insurance being the primary business. The financial statements of Storebrand ASA have accordingly been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting policies in Norway, and the Norwegian Regulations relating to annual accounts for nonlife insurance companies. Storebrand ASA has used the simplified IFRS provisions in the regulations for recognition and measurement.

Use of estimates and discretionary assumptions
In preparing the annual financial statements, Storebrand has made assumptions and used estimates that affect the reported value of assets, liabilities, revenues, costs, as well as the information provided on contingent liabilities. Future events may cause these estimates to change. Such changes will be recognised in the financial statements when there is a sufficient basis for using new estimates. The most important estimates and assessments are related to the valuation of the company's subsidiaries and the assumptions used for pension calculations.

Classification and valuation policies
Assets intended for permanent ownership and use are classified as fixed assets, and assets and receivables due for payment within one year are classified as current assets. Equivalent policies have been applied to liability items.

Profit and loss account and statement of financial position
Storebrand ASA is a holding company with subsidiaries in the fields of insurance, banking and asset management. The layout plan in the Regulations relating to annual financial statements for nonlife insurance companies has not been used, a custom layout plan has been used.

Investments in subsidiaries, dividends and group contributions
In the company's accounts, investments in subsidiaries and associated companies are valued at the acquisition cost less any write-downs. The need to write down is assessed at the end of each accounting period. Storebrand ASA's primary income is the return on capital invested in subsidiaries. Group contributions and dividends received in respect of these investments are therefore recorded as ordinary operating income. Proposed and approved dividends and group contributions from subsidiaries at the end of the year are recognised in the financial statements of Storebrand ASA as income in that financial year.

A prerequisite for recognition is that this is earned equity by a subsidiary. Otherwise, this is recognised as an equity transaction, which means that the ownership interest in the subsidiary is reduced by dividends or group contributions.

Tangible fixed assets
Tangible fixed assets for own use are recognised at acquisition cost less accumulated depreciation. Write-downs are made if the book value exceeds the recoverable amount of the asset.

Pension liabilities for company's own employees
Storebrand ASA have defined-contribution pension, but have some pension obligation that are recorded as defined-benefit pension.

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

Tax
The tax cost in the profit and loss account consists of tax payable and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded on the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly against equity to the extent that it relates to items that are themselves directly applied against equity.

Currency
Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

Financial instruments

Equities and units

Equities and units are valued at fair value. For securities listed on an exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the balance sheet date.

Any repurchase of own shares is dealt with as an equity transaction, and own shares (treasury stock) are presented as a reduction in equity.

Bonds and other fixed income securities

Bonds and other fixed income securities are included i the statement of financial position from such time the company becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are recognised on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset/liability.

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

Bonds and other fixed income securities are recognised at fair value.

Fair value is the amount for which an asset could be sold for, or a liability settled with, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on an exchange or other regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives

Financial derivatives are recognised at fair value. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

Bond funding

Bond loans are recorded at amortised cost using the effective interest rate method. The amortised cost includes the transaction costs on the date of issue.

Accounting treatment of derivatives as hedging

Fair value hedging

Storebrand uses fair value hedging, and the hedged items are fixed rate funding measured at amortised cost. Derivatives that fall within this category are recognised at fair value through profit or loss. Changes in the value of the hedged item that relate to the hedged risk are applied to the book value of the item and recognised through profit or loss.

Note 2: Income from investments in subsidiaries

NOK million	2018	2017
Storebrand Livsforsikring	3,200	1,300
Storebrand Bank ASA	153	192
Storebrand Asset Management AS	415	535
Storebrand Forsikring AS	324	81
AS Værdalsbruket		10
Storebrand Helseforsikring AS	39	36
Total	**4,131**	**2,154**

Note 3: Net income for various classes of financial instruments

NOK million	Dividend/ interest income	Net gain/loss on realisation	Net unrealised gain/loss	2018	2017
Net income from equities and units			1	1	
Net income from bonds and other fixed income securities	42	-10	-6	26	36
Net income from financial derivatives			-7	-7	-4
Net income and gains from financial assets at fair value	**42**	**-10**	**-12**	**20**	**33**
– of which FVO (Fair Value Option)	42	-10	-5	27	36
– of which trading			-7	-7	-4

Note 4: Personnel costs

NOK million	2018	2017
Ordinary wages and salaries	-21	-19
Employer's social security contributions	-6	-5
Personnel costs [1]	-9	-7
Other benefits	-6	-10
Total	**-41**	**-41**

1) See the spesification in note 5

Note 5 : Pensions costs and pension liabilities

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have a defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:
- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 96,883 as at 31 December 2018)
- 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 2018. 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.

RECONSILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2018	2017
Present value of insured pension benefit liabilities	2	2
Pension assets at fair value	-7	-7
Net pension liabilities/assets for the insured schemes	**-5**	**-5**
Present value of the uninsured pension liabilities	166	181
Net pension liabilities in the statement of financial position	**161**	**176**

CHANGES IN THE NET DEFINED BENEFITS PENSION LIABILITIES IN THE PERIOD:

NOK million	2018	2017
Net pension liabilities 01.01	183	167
Interest on pension liabilities	5	4
Pension experience adjustments	-9	33
Pensions paid	-11	-21
Net pension liabilities 31.12	**168**	**183**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2018	2017
Pension assets at fair value 01.01.	7	8
Pension experience adjustments		-1
Net pension assets 31.12	**7**	**7**

Expected premium payments are estimated to be NOK 1 million and the payments from operations are estimated to be NOK 13 million in 2019.

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE, WHICH ARE COMPOSED OF AS PER 31.12.:

NOK million	2018	2017
Properties and real estate	14%	12%
Bonds at amortised cost	36%	32%
Loan	14%	12%
Equities and units	12%	15%
Bonds	24%	27%
Other short term financial assets	1%	
Total	**100%**	**100%**
Booked returns on assets managed by Storebrand Life Insurance were:	2,2%	3,8%

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNTS IN THE PERIOD

NOK million	2018	2017
Net interest/expected return	4	3
Total for defined benefit schemes	**4**	**3**
The period's payment to contribution scheme	5	4
Net pension cost booked to profit and loss accounts in the period	**9**	**7**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2018	2017
Actuarial loss (gain) - change in discount rate	-2	
Actuarial loss (gain) - experience DBO	-6	33
Loss (gain) - experience Assets		1
Remeasurements loss (gain) in the period	**-9**	**34**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY AS PER 31.12.

NOK million	2018	2017
Economic assumptions:		
Discount rate	2,8%	2,6%
Expected earnings growth	2,50%	2,25%
Expected annual increase in social security pension	2,50%	2,25%
Expected annual increase in pensions in payment	0,0%	0,0%
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

Financial assumptions:

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are subject to a particularly high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. With effect from 2014 a new mortality basis, K2013, has been introduced for group pension insurance in life insurance companies and pension funds. Storebrand has used the mortality table K2013BE (best estimate) in the actuarial calculations at 31 December 2018.

Note 6: Remuneration of the CEO and elected officers of the company

NOK thousand	2018	2017
Chief Executive Officer 1)		
Salery2)	6,761	6,881
Other taxable benefits	194	199
Total remuneration	**6,955**	**7,080**
Pension costs 3)	1,253	1,107
Chairman of the Board	760	660
Board of Directors including the Chairman	4,371	4,372
Remuneration paid to auditors		
Statutory audit 4)	1,261	1,754
Other reporting duties	33	239

1) Odd Arild Grefstad is the CEO of Storebrand ASA and the amount stated in the note is the total remuneration from the Group. He has a guaranteed salary for 24 months after the ordinary period of notice. All work-related income including consulting assignments will be deducted.
2) A proportion of the executive management's fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.
3) Pension costs include accrual for the year. See also the description of the pension scheme in Note 5.
4) The Storebrand Group changed external auditor in 2018. Auditing expenses include expenses for both PwC and Deloitte.

For further information on senior employees, the Board of Directors and the Board's statement on fixing the salary and other remuneration of senior employees, see note 24 in the Storebrand Group.

Note 7: Tax

THE DIFFERENCE BETWEEN THE FINANCIAL RESULTS AND THE TAX BASIS FOR THE YEAR IS PROVIDED BELOW.

NOK million	2018	2017
Pre-tax profit	4,074	1,934
Dividend	-39	-1,446
Gain/loss equities	-28	
Tax-free group contribution	-3,527	-122
Permanent differences	-27	40
Change in temporary differences	-24	7
Tax base for the year	**428**	**414**
- Use of losses carried forward	-327	-414
Payable tax	**101**	

TAX COST

NOK million	2018	2017
Payable tax	-25	
Change in deferred tax	-86	-110
Tax cost	**-111**	**-110**

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

NOK million	2018	2017
Tax increasing temporary differences		
Other	1	1
Total tax increasing temporary differences	**1**	**1**
Tax reducing temporary differences		
Securities	-8	-2
Operating assets	-1	-1
Provisions	-6	-12
Accrued pension liabilities	-161	-176
Gains/losses account	**-2**	**-3**
Other	-10	-19
Total tax reducing temporary differences	**-188**	**-212**
Net tax increasing/(reducing) temporary differences	**-187**	**-211**
Losses carried forward		-327
Net tax increasing/(reducing) temporary differences	**-187**	**-538**
Net deferred tax asset/liability in the statement of financial position	**47**	**134**

RECONCILIATION OF TAX COST AND ORDINARY PROFIT

NOK million	2018	2017
Pre-tax profit	4,074	1,934
Expected tax at nominal rate (27%)	-1,018	-484
Tax effect of:		
'dividends received	10	361
gains on equities	7	
'permanent differences	890	12
Tax cost	**-111**	**-110**
Effective tax rate [1)]	3%	6%

Note 8: Parent company's shares in subsidiaries and associated companies

NOK million	Business office	Interest/ votes in %	Carrying amount 2018	2017
Subsidiaries				
Storebrand Livsforsikring AS [1]	Oslo	100%	13,788	13,703
Storebrand Bank ASA [2]	Oslo	100%	2,309	2,239
Storebrand Asset Management AS [3]	Oslo	100%	2,748	2,335
Storebrand Forsikring AS	Oslo	100%	359	359
Jointly controlled/associated companies				
Storebrand Helseforsikring AS	Oslo	50%	78	78
Cognizant Technologi Solutions Lithyanua UAB	Vilnius	-		6
AS Værdalsbruket [4]	Værdal	25,1%	4	4
Sum			**19 286**	**18 724**

1) Group contribution in 2018 of NOK 85 million as capital contribution.
2) Group contribution in 2018 of NOK 70 million as capital contribution.
3) Group contribution in 2018 of NOK 415 million as capital contribution.
4) 74.9 per cent owned by Storebrand Livsforsikring AS

Note 9: Equities

NOK million	Fair value 2018	2017
Equities	22	3
Total equities	**22**	**3**

Note 10: Bonds and other fixed-income securities

NOK million	Fair value 2018	2017
State and state guaranteed	363	277
Company bonds	1,024	646
Covered bonds	433	457
Total bonds and other fixed-income securities	**1,820**	**1,380**
Modified duration	0,6	0,6
Average effective yield	1,1%	1,1%

Note 11: Financial derivatives

NOK million	Gross nominal volume 1)	Gross booked value fin. assetsr	Net amount
Interest rate swaps 1)	300	9	9
Total derivatives 2018	**300**	**9**	**9**
Total derivatives 2017	300	16	16

1) Used for hedge accounting, also see note 14

Note 12: Financial risks

Short-term holdings of interest-bearing securities Category of issuer or guarantor

CREDIT RISK BY RATING

	Virkelig verdi				
NOK million	AAA	AA	A	BBB	Total
State and state guaranteed	16	381	25		422
Company bonds	108	50	876		1,035
Supranational organisations	364				364
Total 2018	**487**	**431**	**901**		**1,820**
Total 2017	457	277	581	65	1,380

COUNTERPARTIES

	Virkelig verdi		
NOK million	AA	A	Total
Derivatives	9		9
Bank deposits	4	30	34

The rating classes are based on Standard & Poors's NIG = Non-investment grade.

Interest rate risk
Storebrand ASA has both interest-bearing securities and interest-bearing debt. A change in interest rates will have a limited effect on the company's equity.

Liquidity risk
UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 mnd	6-12 mnd	1-3 år	3-5 år	Total verdi	Balanseført verdi
Securities issued/bank loans	19	531	850	507	1,907	1,813
Total financial liabilities 2018	**19**	**531**	**850**	**507**	**1,907**	**1,813**
Derivatives related to funding 2018	**5**	**-10**	**-6**		**-11**	**-9**
Total financial liabilities 2017	22	487	1,377	518	2,404	2,270
Derivatives related to funding 2017	4	-11	-13		-19	-16

Storebrand ASA had as per 31 December 2018 liquid assets of NOK 1.8 billion.

Currency risk
Storebrand ASA has low currency risk

Note 13: Tangible fixed assets

EQUIPMENT, FIXTURES & FITTINGS

NOK million	2018	2017
Acquisition cost 01.01	36	36
Accumulated depreciation	-7	-7
Carrying amount 01.01	**28**	**29**
Depreciation/write-downs for the year	-2	
Carrying amount 31.12		-1
Bokført verdi per 31.12	**26**	**28**

Straight line depreciation periods for tangible fixed assets are as follows

Equipment. fixtures and fittings	4-8 years
IT systems	3 years

Note 14: Bond

NOK million	Interest rate	Currency	Net nominal value	2018	2017
Bond loan 2014/2020 [1)]	Fast	NOK	300	311	317
Bond loan 2014/2018	Flytende	NOK	450		452
Bond loan 2017/2019	Flytende	NOK	500	500	500
Bond loan 2018/2020	Flytende	NOK	500	501	501
Bond loan 2018/2022	Flytende	NOK	500	501	500
Total bond and bank loans [2)]				**1 813**	**2 270**

1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
2) Loans are booked at amortised cost and include earned not due interest.

Signed loan agreements and drawing facility have covenant requirements.
Storebrand ASA has an unused drawing facility of EUR 200 million, expiration december 2023.

Note 15: Hedge accounting

The company uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level.

HEDGING INSTRUMENT/HEDGED ITEM – FAIR VALUE HEDGING

	2018				2017			
	Contract/ nominal	Carrying amount 1)			Contract/ nominal	Carrying amount 1)		
NOK million	value	Assets	Liabilities	Booked	value	Assets	Liabilities	Booked
Interest rate swaps	300	9		-7	300	16		-4
Securities issued	300		311	-7	300		317	4

1) Carrying amount 31.12.

Note 16: Shareholders

THE 20 LARGEST SHAREHOLDERS 1)

	Ownership interest in %
Folketrygdfondet	11,0
T Rowe Price Global Investments	4,8
Danske Capital	4,0
Allianz Global Investors	3,6
DNB Asset Management	3,1
Vanguard Group	2,7
Varma	2,7
BlackRock	2,4
KLP	2,4
Handelsbanken Asset Management	2,2
M&G Investment Management	2,2
Storebrand Asset Management	1,7
JPMorgan Asset Management	1,6
Barings	1,2
Nordea Asset Management	1,1
Artemis Investment Management	1,1
Alfred Berg	1,1
Solbakken AS	1,0
OM Holding AS	0,9
Source Investment Management	0,9
Foreign ownership of total shares	57%

1) The summary includes Nominee (client account).

Note 17: Information about close associates

	Number of shares [1]
Senior employees	
Odd Arild Grefstad	141,634
Lars Aa. Løddesøl	83,521
Geir Holmgren	54,722
Heidi Skaaret	54,473
Staffan Hansén	55,034
Jan Erik Saugestad	44,378
Jostein Chr. Dalland	16,701
Karin Greve-Isdahl	6,881
Wenche Annie Martinussen	13,969
Board of Directors	
Didrik Munch	15,000
Laila S. Dahlen	10,500
Martin Skancke	16,414
Karin Bing Orgland	15,000
Jan Chr. Opsahl	1,100,000
Liv Sandbæk	0
Heidi Storruste	3,365
Arne Fredrik Håstein	4,844
Ingvild Pedersen	1,824

1) The summary shows the number of shares owned by the individual, as well as his or her immediate family and companies where the individual exercises significant influence, confer the Accounting Act, Section 7-26.

TRANSACTIONS BETWEEN GROUP COMPANIES

NOK million	2018	2017
Profit and loss account items:		
Group contributions and dividends from subsidiaries	4,131	2,154
Purchase and sale of services (net)	-26	-30
Statement of financial position items:		
Due from group companies	4,092	2,207
Payable to group companies	597	3

Note 18: Number of employees/person-years

	2018	2017
Number of employees	8	8
Number of full time equivalent positions	8	8
Average number of employees	8	8

Storebrand ASA and the Storebrand Group

– Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand ASA and the Storebrand Group for the 2018 financial year and as at 31 December 2018 (2018 Annual Report).

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as the other disclosure obligations stipulated in the Norwegian Accounting Act that must be applied as at 31 December 2018. The annual financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act, Norwegian Regulations relating to annual accounts, etc. for insurance companies and the additional requirements in the Norwegian Securities Trading Act. The annual report for the Group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2018.

In the best judgment of the Board and the CEO, the annual financial statements for 2018 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2018. In the best judgment of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand ASA and the Storebrand Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 12. February 2019
Board of Directors of i Storebrand ASA

Didrik Munch
Chairman of the Board

Karin Bing Orgland
Laila S. Dahlen
Liv Sandbæk

Martin Skancke
Jan Chr. Opsahl
Arne Fredrik Håstein

Heidi Storruste
Ingvild Pedersen
Odd Arild Grefstad
Administrerende direktør

To the General Meeting of Storebrand ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Storebrand ASA (the Company), which comprise the statement of financial position as at 31 December 2018, the income statement, statement of total comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Storebrand ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, 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 2018, 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of life insurance liabilities	
We focused on the valuation of the insurance liabilities because it is significant estimates in the financial statements. The estimates involves complex assessment concerning the probability that insured events occurs, and uncertainty related to whether the provisions are sufficient to cover the total liabilities to the policyholders. Small adjustments of the assumptions may have significant impact on the estimates. The calculation of the insurance liabilities will to a large extent depend on good quality of data in the insurance system and use of assumptions that are in accordance with regulatory requirements and appropriate industry standards. Refer to note 1, 2, 7 and 38 in the financial statements where management further describes the insurance liabilities, assumptions and uncertainty of the estimates.	In our audit we have considered and tested the design and effectiveness of established controls for review of used assumptions and calculation methods, including the company's internal recalculations of the insurance liabilities. We also examined whether management had established effective controls that ensured good data quality for the calculation of the insurance liabilities. This included controls related to data collection, data processing and reconciliation of the insurance systems. 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	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

and a substantial part of the assets in the Group's statement of financial position.

These properties are measured at fair value and classified in level 3 according to IFRS 13. Valuation of the properties involves use of assumptions which are subject to management judgement. Important assumptions for the value of individual properties are primarily expected future cash flows and discount rate.

The basis for management's estimate is an internal valuation model and external valuations. Management obtain observations of market data from various market participants. Management considers reasonableness of their own estimates through obtaining valuations from external valuers for a sample of properties on a continuing basis. The valuers were engaged by management.

Refer to note 1, 2, 12 and 33 in the financial statements for management's further description of investment properties, the methods used and the assumptions the valuations are based on.

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 contain 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

In our audit we considered design and tested effectiveness of Storebrand's established controls over financial assets represent a substantial part of the assets in the statement of financial position, and because the fair value in certain instances will have to be estimated using valuation models that apply judgement.

Most of the financial assets that are measured at fair value is based on quoted prices in active markets (level 1 investments), or derived from observable market information (level 2 investments). Routines and processes that ensures an accurate basis for the valuation is important for these assets.

For financial assets that is measured based on models and certain assumptions that is not observable (level 3 investments), we focused on assessing both the models and the assumptions underlying the valuation.

Refer to note 2 and 12 in the financial statements for a further description of management's valuation of financial assets measured at fair value.

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, holdings- and transaction reconciliations and return on investments controls. 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.

IT systems supporting financial reporting

We have focused on this area as Storebrand's financial reporting systems and operations are dependent on complex IT systems. Potential weaknesses in automated processes and associated IT-dependent manual controls may cause problems related to the ongoing operations of the IT systems and risk of misstatements.

Refer to note 6 for a further description of the Group's management and operation of the IT systems

Storebrand has established a governance model and control activities related to the IT systems. We obtained an understanding of the Group's governance model and control activities for the IT systems that were relevant for the financial reporting.

We conducted testing of selected general IT controls regarding access management, change management, and IT operations. The audit team has performed testing of application controls for key IT systems. We concluded that we could rely on these controls in our audit.

Storebrand use external service providers to operate some of the key IT systems. The auditor at the relevant service organization evaluated the design and efficiency of the established control systems, and tested the controls designed to ensure the integrity of the IT system that were relevant to financial reporting. We examined the reports and evaluated possible misstatement and improvements.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 12 February 2019
PricewaterhouseCoopers AS

Magne Sem
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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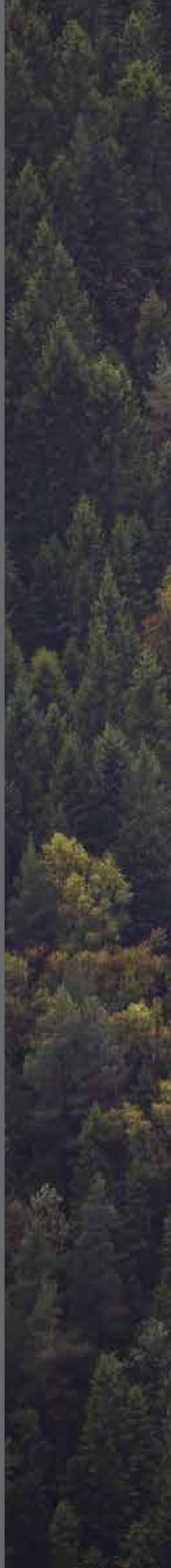
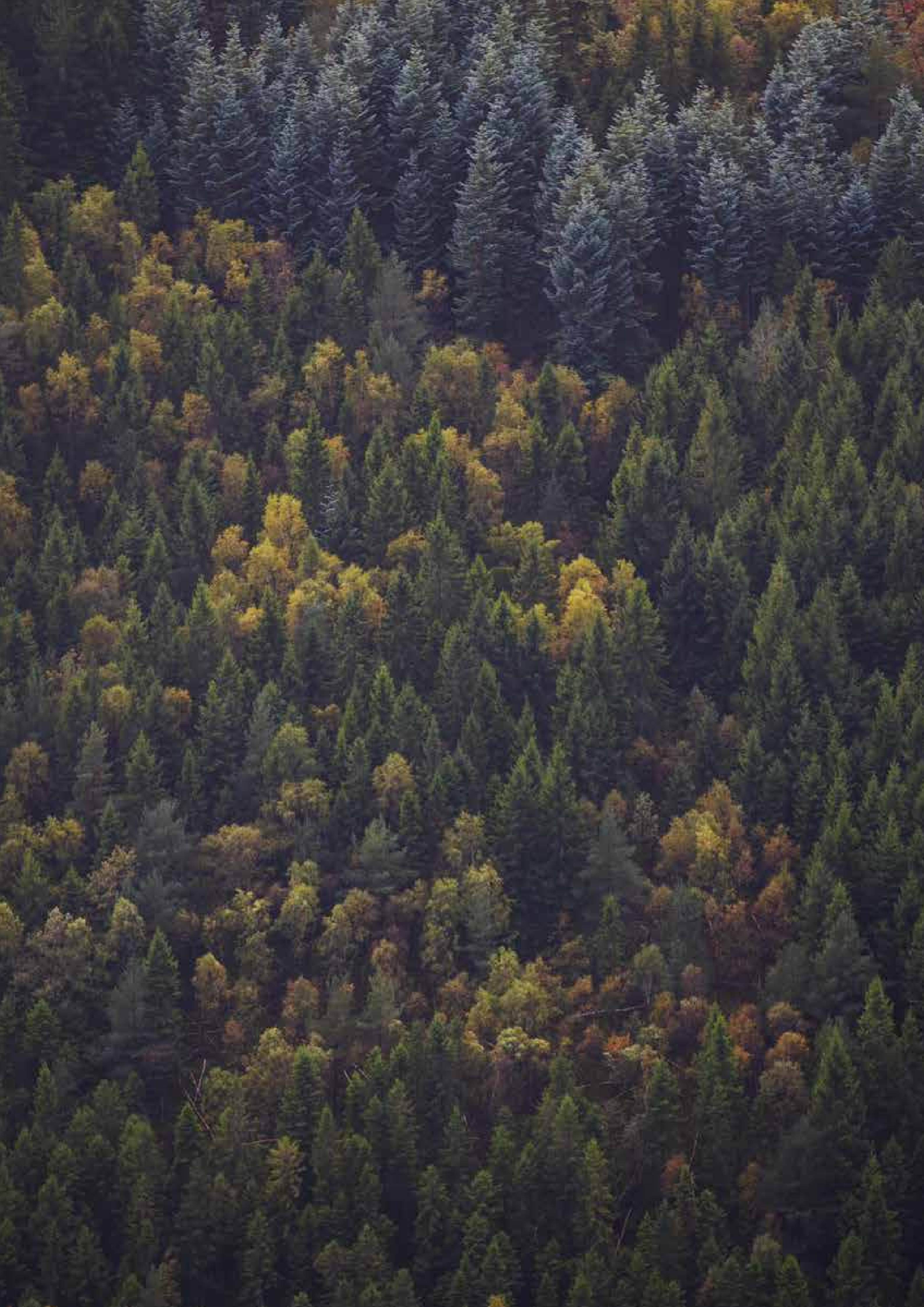
Sustainability Data





Definitions key performance indicators

These definitions refer to the tables of key performance indicators in the sections Finance capital and investment universe, Customer and community relations and People and systems.

2. Financial capital and our investment universe

Return On Equity: Return on equity

Solvency II: Common European regulatory framework for insurance regulation. Under Solvency II, the size of the capital requirement will be determined by how much risk the company is exposed to.

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

Bn NOK invested in fossil free products: NOK billion AuM in fossil free funds. The companies should not have more than 5% revenue from the production or distribution of fossil fuels, and fossil reserves should not exceed 100 million tonnes of CO_2.

Total AuM invested in solution companies, cleantech and renewable energy: Investments in sustainable projects and companies through our portfolio of clean tech and renewable energy and green bonds in both equity and interest investments in Storebrand and SPP. Solution companies; companies whose core business is to produce goods or services that contribute to achieving sustainable social development

Percentage of AuM that have been screened for sustainability criteria:
All companies in our investment universe is screened for sustainability according to our standards:https://www.storebrand.no/en/sustainability/investments

Tonnes CO2e per 1 million of sales income NOK/SEK (vs index): Results per Q3 2018 based on TCFD's definition. Total carbon footprint is the sum of the companies' carbon emissions over the companies' revenues, weighted for our ownership in the respective companies. The measurement unit shows carbon emissions per million fund currency in NOK.

Energy consumption, property management: Temperature corrected energy consumption per gross square meter of heated property area in direct real estate investments under operational control in Norway and Sweden. Comsumption measured by energy suppliers (electricity, district heating/cooling and other) and registered in the environmental monitoring system.

Water consumption, property management (Norway): Water consumption in cubic meters per square meter of heated property area in direct real estate investments under operational control in Norway and Sweden. Consumption measured and registered in the environmental monitoring system.

Certified green property: Share of direct real estate investments under operational control in Norway and Sweden wtih a Green building certification, in percent of Assets under Management.

Tonnes CO2 emissions per m2, property management: GHG emissions from direct real estate investments, per square meter of gross heated area. Includes direct and indirect emissions (scope1-3), including tenants' energy and water consumption as well as waste production. The carbon footprint is calculated by CemaSys AS according to the GHG protocol. Nordic mix emission factor is the basis for the calculation of emissions from electric power with "location based" method.

Waste sorting, property management (N): Rate of waste from building operations including tenants, sorted at the source for recycling. The rest fraction is further sorted mechanically at the waste recycling centre, where non-recyclables goes to incineration with heat recovery. Includes direct real estate investments under operational control in Norway.

3. Customer and Community Relations

Net Promoter System Norway Retail Market: Net Promoter System (NPS) is a measurement tool for customer satisfaction where the customer gives a score from 0 to 10 with 10 as the best result

Net Promoter System Sweden Corporate Market (priority enterprises): Net Promoter System (NPS) is a measurement tool for customer satisfaction where the customer gives a score from 0 to 10 with 10 as the best result

Market share for Savings Norway: Based on Q3 figures from Finance Norway

Market position for Occupational Pensions Corporate Market: Based on Q3 figures from Finance Norway

Share of female pension savers: Share of female customers who are saving for pension

Financial literacy: Expected pension as a percentage of salary (My Pension Figure): The pension percentage (median) is the customers expected pension from all sources (including private savings, folketrygden, AFP and defined benefit/defined contribution pension, as a percentage of customers existing salary.

Sustainable Brand Index UK: A company with a 200 score is considered by the customers to perform very good in environmental and social responsibility.

4. People and systems

E-Learning courses in ethics/anti-corruption: Number and % of employees that finish the e-learning course (ethics/anti-corruption) In addition, all board members and executive management have completed training in anti-corruption. Other employees must complete courses every 3 years.

Absence due to illness (Norway): Number of sick leave hours divided by number of hours worked Storebrand Norway

Absence due to illness (Sweden): Number of sick leave hours divided by number of hours worked SPP Sweden

Gender-balanced management: Share of female employees. Defined as a management position with personnel responsibilities. Project managers are not included.

Number (share) of men/ women at executive levels 1–3: Level 1= Chief Executive Officer, Level 2 = Executive management, Level 3 = Reporting to executive management

Senior management, women's share of men's salary per position cateogory (Hay Grade 21-24)/All employees, women's share of men's salary per position category (Hay Grade 13-20): The figures only applies for Storebrand in Norway. Hay Grade above 24 is not included, as only men are represented here (applies for 3 positions only). Hay Grade is a widely recognised method to enable organisations to map and align roles. The system is used by several organisations in Norway and internationally. The systems allows for comparisons of salaries for positions with similar demands to competence, experience and complexity. The system is used for comparing salaries for positions across the organisation and similar positions with similar Hay Grade in the labor market.

Environmental requirements for suppliers: Share of contracts on active suppliers where Storebrand has a spend above 1MNOK in procurement and that are certified or fulfill requirements according to one or several of the following environmental certifications: Miljøbas, Eco-Lighthouse, Svanen, ISO 14001, CO_2 neutral ISO 14001

Flights per full-time equivalent: Number of individual flights pr. FTE made by the employees of the Group's Norwegian and Swedish operations in service purposes.

Tonnes of CO_2 emissions per full-time equivalent: GHG emissions pr. FTE from the Group's Norwegian and Swedish operations. Includes direct and indirect emissions, including airtravel and other transportation, energy consumption and waste (scope1-3). The carbon footprint is calculated by CemaSys AS according to the GHG protocol. Nordic mix emission factor is the basis for the calculation of emissions from electric power with "location based" method.

Energy consumption, head offices (KWh/m²): Temperature corrected energy consumption per square meter heated area in head offices in Norway and Sweden. Consumption measured by the energy suppliers, electricity and district heating/cooling and registered in the environmental monitoring system

Water consumption, head offices (m³/m²): Water consumption in cubic meters per square meter of heated area in head offices in Norway and Sweden. Consumption measured and registered in the environmental monitoring system.

Waste sorting, head offices (sorting rate): Rate of waste sorted at the source for recycling in head offices in Norway and Sweden. The rest fraction is further sorted mechanically at the waste recycling centre, where non-recyclables goes to incineration with heat recovery. Includes direct real estate investments under operational control in Norway.

Paper consumption, head offices, kg per full-time employee: Consumption of office paper (copy- and bond paper), envelopes, advertising, including externally reprinted and regulatory letter attachments in Kg per full time employee in both Norwegian and Swedish operations.

Scope 1 per employee: Tonnes CO_2-equivalents, measured in accordance to Greenhouse gas protocol, per FTE

Scope 2 per employee: Tonnes CO_2-equivalents, measured in accordance to Greenhouse gas protocol, per FTE

Scope 3 per employee: Tonnes CO_2-equivalents, measured in accordance to Greenhouse gas protocol, per FTE

Materiality analysis and GRI index

About the materiality analysis

We report on the challenges and issues that both Storebrand and our stakeholders perceive as most essential, so that the Group can continue to improve our sustainable business model. Shareholders, customers, employees, authorities and public opinion/NGOs are defined as our main stakeholders, key to our offerings and most affected by Storebrand's business activities. Our stakeholder dialogue has been conducted through interviews, conferences, direct dialogue and surveys. We integrate input from stakeholders into our decision-making processes that concern them. Below is a table of the most important stakeholders who have contributed to the materiality analysis through ongoing dialogue in 2018.

The materiality analysis follows the principles of the Global Reporting Initiative (GRI) with regard to how environmental and social impact, as well as stakeholder expectations, are mapped and integrated into the report. The guidelines of the International Integrated Reporting Council (IIRC) have also been used as a basis for reporting.

Intresseoversikt

Who	How	Subject	Initiatives
Shareholders	Meetings and telephone conferences Capital Markets Day Quarterly reporting Roadshows	Capital structure, accounting figures, risk, sustainability policy	Dividends, company dialogue
Customers	Customer surveys, customer dialogue, Net Promoter System (NPS), social media	Simple customer solutions, sustainable products	Dreams savings app, fund product Wave
Employees	Employee surveys	Committed employees, skills development, diversity and equal opportunities	50/50 programme for women Initiatives for targeted recruitment
Authorities	Meetings and telephone conferences, collaborative projects, the press, social media	Ensure good public pension schemes and framework conditions. Contribute expertise in pension products and sustainable investments	An active role in social debate, create an understanding of pensions, improve the framework conditions and sustainable investments
Public opinion/NGOs	Meetings and telephone conferences, collaborative projects, the press, social media	Sustainable investments	Fund products, exclusion of companies from our investment universe, development of an investment policy for sustainable investments

GRI Index

An index of the GRI indicators we are reporting on and where the report contains information about the indicators follows below.

GRI Standards - Compulsory Indicators

Standard Number	Disclosure number	Disclosure title	Text	Section	Subsection
Organizational Profile					
GRI 102	102-1	**Name of the organisation**	Storebrand ASA	Section 9. Sustainability data	GRI Index
GRI 102	102-2	**Activities, brands, products, and services**		Section 1. This is Storebrand	Our vision and driving force Organisation
GRI 102	102-3	**Location of head-quarters**	Professor Kohts vei 9, Lysaker, Oslo, Norway	Section 9. Sustainability data	GRI Index
GRI 102	102-4	**Location of operations**		Section 1. This is Storebrand	Organisation
GRI 102	102-5	**Ownership and legal form**		Section 1. This is Storebrand	Organisation
GRI 102	102-6	**Markets served**		Section 1. This is Storebrand	Our vision and driving force
GRI 102	102-7	**Scale of organisation**		People and systems	Key performance indica-tors
				Section 1. This is Storebrand	Organisation
				Section 7. Audtors' Report	Group result Group result by business area
GRI 102	102-8	**Information on employees and other workers**	a. Women in permanent positions: 795, men in permanent positi-ons: 879, women in temporary positions: 17, men in temporary positi-ons: 14 b. Permanen in Norway 1216, Permanent in Sweden: 458, Temporary in Nor-way: 28, Temporary in Sweden: 11 c. Women full-time: 762, Men full-time: 878, Women part-time: 50, Men part-time: 15 d. N/A e. N/A	Section 9. Sustainability data	GRI Index
GRI 102	102-9	**Supply chain**		Section 1. This is Storebrand Section 4. People and systems	Our vision and driving force Good environmental and working conditions throug-hout the entire value chain
GRI 102	102-10	**Significant changes to the organisation and its supply chain**		Group Chief Executive Officer's comments	Important events in 2018
GRI 102	102-11	**Precautionary Principle or approach**		Group Chief Executive Officer's comments	
GRI 102	102-12	**External initiatives**		Section 1. This is Storebrand	Sustainability initiatives we support
GRI 102	102-13	**Membership of associations**		Section 1. This is Storebrand	Sustainability initiatives we support

Standard Number	Disclosure number	Disclosure title	Text	Section	Subsection
Strategy					
GRI 102	102-14	Statement from senior decision maker		Group Chief Executive Officer's comments	
Ethics and integrity					
GRI 102	102-16	**Values, standards, principles and norms**		Section 4. People and systems. Directors' Report Corporate governance	Section 4: Good en-vironmental and working conditions throughout the entire value chain, Dire-ctors' Report: Organisation, working environment and expertise, Corporate governance: Ethics and trust
Governance					
GRI 102	102-18	**Governance structure**		Section 1: This is Store-brand, as well as Sections 2, 3 and 4, where the appro-ach to each major theme is discussed.	Three strategic focus areas
Stakeholder Engagement					
GRI 102	102-40	**List of stakeholder groups**		Section 9. Sustainability data	About the materiality analysis
GRI 102	102-41	**Collective bargaining agreements**	100 per cent in Sweden and Norway	Section 9. Sustainability data	GRI Index
GRI 102	102-42	**Identifying and selecting stakeholders**		Section 1. This is Storebrand Section 9. Sustainability data	Section 1: A sustainable strategy, Section 9: About the materiality analysis
GRI 102	102-43	**Approach to stakeholder engagement**		Section 1. This is Storebrand Section 9. Sustainability data	Section 1: A sustainable strategy, Section 9: About the materiality analysis
GRI 102	102-44	**Key topics and concerns raised**		Section 1. This is Storebrand	A sustainable strategy

Standard Number	Disclosure number	Disclosure title	Text	Section	Subsection
Reporting Practice					
GRI 102	102-45	**Entities included in the consolidated financial statements**		Group financial results for 2018	Business areas
	102-46	**Defining report content and topic Boundaries**		Section 1. This is Storebrand	A sustainable strategy Overall strategic objecti-ves, About the materiality analysis
	102-47	**List of material topics**		Section 1. This is Storebrand Section 9. Sustainability data	Section 1: Three strategic focus areas, Section 9: About the materiality analysis
	102-48	**Restatements of information**	The figures for CO_2 emissions in property ma-nagement for 2017 have been recalculated due to additional properties and improved data access. The key figures for the 2017 will therefore deviate from previously reported emissions	Section 9. Sustainability data	GRI Index
	102-49	**Changes in reporting**	No changes	Section 9. Sustainability data	GRI Index
	102-50	**Reporting period**	2018	Section 9. Sustainability data	GRI Index
	102-51	**Date of previous report**	Storebrand Annual Report for 2017	Section 9. Sustainability data	GRI Index
	102-52	**Reporting cycle**	Annual	Section 9. Sustainability data	GRI Index
	102-53	**Contact point**	https://www.storebrand.no/en/investor-relations	Section 9. Sustainability data	GRI Index
	102-54	**Claims of reporting in accordance with the GRI Standards**	This report has been prepared in accordance with the GRI Standards: Core option.	Section 9. Sustainability data	GRI Index
	102-55	**GRI content index**		Section 9. Sustainability data	GRI Index
	102-56	**External assurance**		Section 9. Sustainability data	Auditor's statement – sustainability

GRI Standards- Performance Indicators

Standard Number	Disclosure number	Disclosure title	Text	Section	Subsection
Economic Performance					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Directors' Report, Section 2 Financial capital and our investment universe	Directors' Report Financial objectives and Section 2: Provide a return to the owners: Why/approach
GRI 103	103-2	**The management appro-ach and its components**		Directors' Report, Section 2 Financial capital and our investment universe	Directors' Report: Financial objectives and Section 2: Provide a return to the owners: Approach/initiati-ves/goals and ambitions
GRI 103	103-3	**Evaluation of the mana-gement approach**		Directors' Report, Section 2 Financial capital and our investment universe	Directors' Report: Group financial results for 2018, Section 2: Provide a return to the owners: Results
GRI 201	201-1	**Direct economic value generated and distri-buted**		Directors' Report Group financial results for 2018	Group result by business area
	201-2	**Financial implications and other risks and opportunities due to climate change**		Section 2. Financial capital and our investment universe	Storebrand's climate risk work
Anti-corruption					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Directors' Report, Section 4 People and systems	Directors' Report: Ethics and trust, Section 4: Committed and courageo-us employees
GRI 103	103-2	**The management approach and its components**		Directors' Report, Section 4 People and systems	Directors' Report: Ethics and trust, Section 4: Committed and courageo-us employees
GRI 103	103-3	**Evaluation of the management approach**		Directors' Report, Section 4 People and systems	Directors' Report: Ethics and trust, Section 4: Committed and courageo-us employees
	205-2	**Communication and training about anti-corruption policies and procedures**		Directors' Report, Section 4	Directors' Report: Organi-sation, working environ-ment and expertise, Section 4: Committed and courageous employees and key figures

Standard Number	Disclosure number	Disclosure title	Text	Section	Subsection
Emissions					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Section 4 People and systems, Section 2 Financial capital and our investment universe	Section 4: Order in our own house, Section 2: A driving force for sustainable investments: Why/ approach
GRI 103	103-2	**The management approach and its components**		Section 4 People and systems, Section 2 Financial capital and our investment universe	Section 4: Order in our own house, Section 2: A driving force for sustainable investments: Approach/initiatives/goals and ambitions
GRI 103	103-3	**Evaluation of the management approach**		Section 4 People and systems, Section 2 Financial capital and our investment universe	Section 4: Order in our own house, Section 2: A driving force for sustainable investments: Results/key performance indicators
	305-4	**GHG emissions intensity**		Section 2: Financial capital and our investment universe Section 4: People and systems	key performance indicators Order in our own house/ key performance indicators
Diversity and Equal Opportunity					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Section 4 People and systems, Directors' Report	Diversity and equal opportunities: Why
GRI 103	103-2	**The management approach and its components**		Section 4 People and systems, Directors' Report	Section 4: Diversity and equal opportunities: Approach/initiatives/goals and ambitions, Directors' Report: Organisation, working environment and expertise
GRI 103	103-3	**Evaluation of the management approach**		Section 4 People and systems, Directors' Report	Section 4: Diversity and equal opportunities: Approach/initiatives/goals and ambitions, Directors' Report: Organisation, working environment and expertise
	405-2	**Ratio of basic salary and renumeration of women to men**		Section 4 People and systems	Section 4: Diversity and equal opportunities/key performance indicators

Standard Number	Disclosure number	Disclosure title	Text	Section	Subsection
Human Rights Assessment					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Section 2 Financial capital and our investment universe, Section 4 People and systems	Section 2: A driving force for sustainable investments, Section 4: Good environmental and working conditions throughout the entire value chain
GRI 103	103-2	**The management approach and its components**		Section 2 Financial capital and our investment universe, Section 4 People and systems	Section 2: A driving force for sustainable investments, Section 4: Good environmental and working conditions throughout the entire value chain
GRI 103	103-3	**Evaluation of the management approach**		Section 2 Financial capital and our investment universe, Section 4 People and systems	Section 2: A driving force for sustainable investments, Section 4: Good environmental and working conditions throughout the entire value chain
	412-3	**Significant invest-ment agreements and contracts that include human rights clauses or that underwent human rights screening**		Section 2. Financial capital and our investment uni-verse, Section 4: People and systems	Section 2: A driving force for sustainable investments, Section 4: Good environmental and working conditions throughout the entire value chain
Public Policy					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Section 4 People and systems	Order in our own house
GRI 103	103-2	**The management appro-ach and its components**		Section 4 People and systems	Order in our own house
GRI 103	103-3	**Evaluation of the mana-gement approach**		Section 4 People and systems	Order in our own house
GRI 415	415-1	**Political contributions**	Do not make contributions to political parties	Section 9 Sustainability data	GRI Index

Standard Number	Disclosure number	Disclosure title	Text	Section	Subsection
Marketing and Labeling					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Section 3 Customer and community relations	Lifelong savings and Engaging, relevant and responsible advisory services for customers: Why/approach
GRI 103	103-2	**The management approach and its components**		Section 3 Customer and community relations	Lifelong savings and Engaging, relevant and responsible advisory services for customers: Approach/initiatives/goals and ambitions
GRI 103	103-3	**Evaluation of the management approach**		Section 3 Customer and community relations	Lifelong savings and Engaging, relevant and responsible advisory services for customers: Results and key performance indicators
	417-2	**Incidents of non-compliance concerning product and service information and labeling**		Section 3. Customer and community relations.	Key performance indicators: Cases before the Financial Complaints Board
	417-3	**Incidents of non-compliance concerning marketing communications**		Section 3. Customer and community relations.	Key performance indicators: Cases before the Financial Complaints Board
Customer Privacy					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Section 3 Customer and community relations	Digital trust: Why, approach
GRI 103	103-2	**The management approach and its components**		Section 3 Customer and community relations	Digital trust: approach, initiatives, goals and ambitions
GRI 103	103-3	**Evaluation of the management approach**		Section 3 Customer and community relations	Digital trust: results
GRI 418	418-1	**Substantiated complaints concerning breaches of customer privacy and losses of customer data**		Section 3. Customer and community relations	Digital trust, Results and table: key performance indicators
Active ownership					
GRI 103	103-1	**Explanation of the material topic and its Boundary**		Section 2 Financial capital and our investment universe	An active owner: Why/approach
GRI 103	103-2	**The management approach and its components**		Section 2 Financial capital and our investment universe	An active owner: Approach, initiatives, goals and ambitions
GRI 103	103-3	**Evaluation of the management approach**		Section 2 Financial capital and our investment universe	An active owner: Results
Sector disclosure - Financial Services	FS10	**Percentage and number of companies held in the institution's portfolio with which the reporting organisation as interacted on evironmental or social issues.**		Section 2. Financial capital and our investment universe	An active owner, key performance indicators
Sector disclosure - Financial Services	FS11	**Percentage of assets subject to positive and negative environmental or social screening**		Section 2. Financial capital and our investment universe	A driving force for sustainable investments

To: Board of Directors in Storebrand ASA

Independent statement regarding Storebrand ASA's sustainability reporting

We have examined whether Storebrand ASA has developed GRI Index for 2018 and measurements and reporting of key performance indicators for sustainability (sustainability reporting).

> Storebrand's GRI Index is an overview of which principles, aspects and indicators from the The Global Reporting Initiative guidelines that Storebrand ASA use to measure and report on sustainability; together with a reference to where material sustainability information is reported. Storebrand's GRI Index 2018 is available on Storebrand's website (www.Storebrand.no/sustainability/reports). We have examined whether Storebrand has developed a GRI Index for 2018 and whether mandatory disclosures are presented according the Standards published by The Global Reporting Initiative (www.globalreporting.org/standards) (criteria).
>
> Key performance indicators for sustainability are the tables containing sustainability indicators that Storebrand ASA measure and control. The tables titled «*Key performance indicators*» are available and included in Storebrand ASA's annual report 2018, specifically at the end of the three chapters titled «*Financial capital and our investment universe*», «*Customer and community relations*», and «*People and systems*». Storebrand has defined the key performance indicators and explained how they are measured in the tables (criteria). We have examined the basis for the measurements and checked the calculations of the measurements.

Tasks and responsibilities of management
Management is responsible for the GRI Index and that the index is developed in accordance with the Standards published by The Global Reporting Initiative. Management is also responsible for key performance indicators for sustainability and that these are developed in accordance with the definitions given in the tables at the end of the chapters «*Financial capital and our investment universe*», «*Customer and community relations*», and «*People and systems*». Their responsibility includes developing, implementing and maintaining internal controls that ensure the development and reporting of the GRI Index and key performance indicators for sustainability.

Our independence and quality control
We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and maintains a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory claim.

The Auditors responsibilities
Our responsibility is to express an opinion on the subject matter based on our control. We have performed our work and will issue our statement in accordance with the Standard on Assurance

Engagements ISAE 3000: “Assurance engagements other than audits or review of historical financial information".

Our work involves performing procedures to obtain evidence that Storebrand’s GRI Index 2018 and key performance indicators for sustainability are developed in accordance with the Standards published by The Global Reporting Initiative and the criteria for reporting and measurement that are given in relation to each table containing key performance indicators. The procedures selected depend on our judgement, including assessments of the risks that the sustainability reporting as a whole are free from material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the subject matter. Therefore, we design procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our control also includes an assessment of whether the applied criteria are appropriate and an assessment of the overall presentation of the subject matter.

Our controls include meetings with representatives from Storebrand ASA that are responsible for the key areas covered by the sustainability reporting, including responsible for investing, HR and those responsible for the sustainability reporting for Storebrand ASA’s own operations and real estate portfolios; evaluating internal controls and procedures for reporting key performance indicators for sustainability; collecting and reviewing relevant information that supports the presentation of key performance indicators; evaluating the completeness and accuracy of the key performance indicators; and controlling the calculations of key performance indicators based on an assessment of the risk that the key performance indicators contain information that is incorrect.

In our opinion, sufficient evidence has been obtained and we consider that our work provides an appropriate basis to form our conclusion with a limited level of assurance.

Conclusion
In our opinion

> The GRI Index is, in all material respects, developed and presented in accordance with the requirements of the Standards published by The Global Reporting Initiative; and
>
> Key performance indicators for sustainability is, in all material aspects, developed, measured and reported in accordance with the definitions and explanations provided in relation to each table containing key performance indicators.

Oslo, 20. February 2019
PricewaterhouseCoopers AS

Magne Sem
State authorized public accountant

(This translation from Norwegian has been made for information purposes only)

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