storebrand

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

Line Cecilie Brændeland
Storebrand

Annual report 2018
Storebrand Livsforsikring AS

Important notice:

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

Contents

Report of the board of directors

STRATEGIC HIGHLIGHTS

A WORLD-CLASS SAVINGS GROUP SUPPORTED BY INSURANCE

Storebrand Livsforsikring has its main business in Norway with its head office located in Lysaker in Bærum municipality. Storebrand Livsforsikring is the largest business in the Storebrand Group.

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.

Storebrand's ambition is to build a world-class savings group, supported by insurance. 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 Group 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 Storebrand Livsforsikring 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 Silver, which were concluded in 2018, were a key part of our savings strategy.

Storebrand Livsforsikring'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.

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.

Storebrand's sustainability goals 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 [1)]. The financial results are revised by Storebrand's external auditor, see the Auditor's Report.

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

[1)] 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.

Sweden, SPP has a strong challenger role with a market share of 13 per cent for occupational pensions outside of the collective agreements. Storebrand Group's 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 80 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.

FINANCIAL TARGETS

Storebrand Group has established a framework for capital management that links dividends to the solvency ratio. 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 fourth quarter was 173 per cent. Our solvency level shows that the Group is robust in relation to the risks facing the business.

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 will consider acquisitions that can strengthen the Group's earning power within its strategic core.

With strong insurance solutions to retail and corporate market Storebrand aims to grow within savings and insurance. The guaranteed business in long term run off is projected to release NOK 10bn of capital in the next ten years.

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.

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.

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 [2)], 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. Regulatory changes are described on page 17-20.

SUBSIDIARIES AND ASSOCIATED COMPANIES

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

Storebrand Livsforsikring AS owns 89.6% of Benco Insurance Holding BV, which in turn owns Nordben Life and Pension Insurance Company Ltd. in Guernsey and Euroben Life and Pension Ltd with its head office in Dublin. The companies offer pension products to multinational companies. 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.

The two subsidiaries Aktuar Systemer AS and Storebrand Pensjonstjenester AS has completed a merger in 2018. Storebrand Pensjonstjenester AS is the acquiring party. Through Storebrand Pensjonstjenester AS, Storebrand offers deliveries within actuarial services, system solutions and all types of services associated with the operation of pension funds.

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

Storebrand Finansiell Rådgivning AS was established as a wholly owned subsidiary by Storebrand Livsforsikring AS in order to satisfy legal changes within financial advice (the MiFid directive) which entered into force on 1 November 2007.

Storebrand Eiendom Trygg AS, Storebrand Eiendom Vekst AS and Storebrand Eiendom Utvikling AS are holding companies for the Norwegian property operations. The companies are 100% owned by Storebrand Livsforsikring AS. In addition, Storebrand Livsforsikring AS owns 20.9% of Storebrand Eiendomsfond Norge KS through ownership in wholly owned daughter Storebrand Eiendom Invest AS.

During 2018 Storebrand Livsforsikring AS and SPP Pension & Försäkring AB has sold their shares in Foran Real Estate in Latvia. The company was owned 70 % by Storebrand Livsforsikring AS and 29% by SPP Pension & Försäkring AB.

[2)] *ORSA: Own Solvency and Risk Assessment*

PROFIT

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed Storebrand ASA. For information about the Storebrand Group's result please refer to the Storebrand Group's annual report for 2018.

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

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

STOREBRAND LIVSFORSIKRING GROUP

NOK million	2018	2017
Fee and administration income	3,185	3,101
Insurance result	947	837
Operational cost	-2,454	-2,424
Operating profit	**1,678**	**1,514**
Financial items and risk result life & pension	637	477
Profit before amortisation	**2,315**	**1,992**

Storebrand achieved a group profit before amortisation of NOK 2,315 million for 2018, compared to NOK 1,992 million for 2017. Profit before tax was NOK 2,010 million for 2018, and NOK 1,601 million for 2017. Profit after tax was NOK 3,098 million compared to NOK 1,805 million the year before.

Fee and administration income increased by 2.7 per cent in 2018. Adjusted for currence the increase was 4.1 prosent. 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 81 per cent (87 per cent). The dissolution of reserves had a positive impact on the result.

Operating costs increased by 1.2 per cent. Storebrand has introduced an ambitious program to digitalize and streamline operations.

The finance result is strengthened mainly mainly because of the strengthening of reserves in Swedish business in 2018 by NOK 200 million as a result of expected regulatory reduction of the UFR (Ultimate Forward Rate) in SPP.

The Storebrand Livsforsikring Group reported taxable accounting income of NOK 1,088 million kroner for 2018 (NOK 204 million). The tax income is a result of a reverse deferred tax liability and is a consequence of the new tax rules for lifeinsurance companies.

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 28.

GROUP RESULT BY BUSINESS AREA

The segments in the reporting are: Savings, Insurance, Guaranteed Pensions and Other.
The presentation of result by area is exclusive internal transactions

NOK million	2018	2017
Savings	501	536
Insurance	554	462
Guaranteed pensions	1,138	766
Other	121	228
Profit before amortisation	**2,315**	**1,992**

The Savings Segment reported growth in fee and administration income of 7,6 per cent fra 2017 til 2018, adjusted for currency. 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 947 million for the year with a total combined ratio of 81 per cent (87 per cent in 2017). The combined risk result gave a claims ratio of 66 per cent (70 per cent). The financial result reflects the low interest rate level and a conservative investment portfolio.

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

NOK million	2018	2017
Fee and administration income	1,654	1,543
Insurance result		
- Insurance premiums f.o.a.		
- Claims f.o.a.		
Operational cost	-1,128	-1,013
Operating profit	**526**	**530**
Financial items and risk result life & pension	-25	7
Profit before amortisation	**501**	**536**

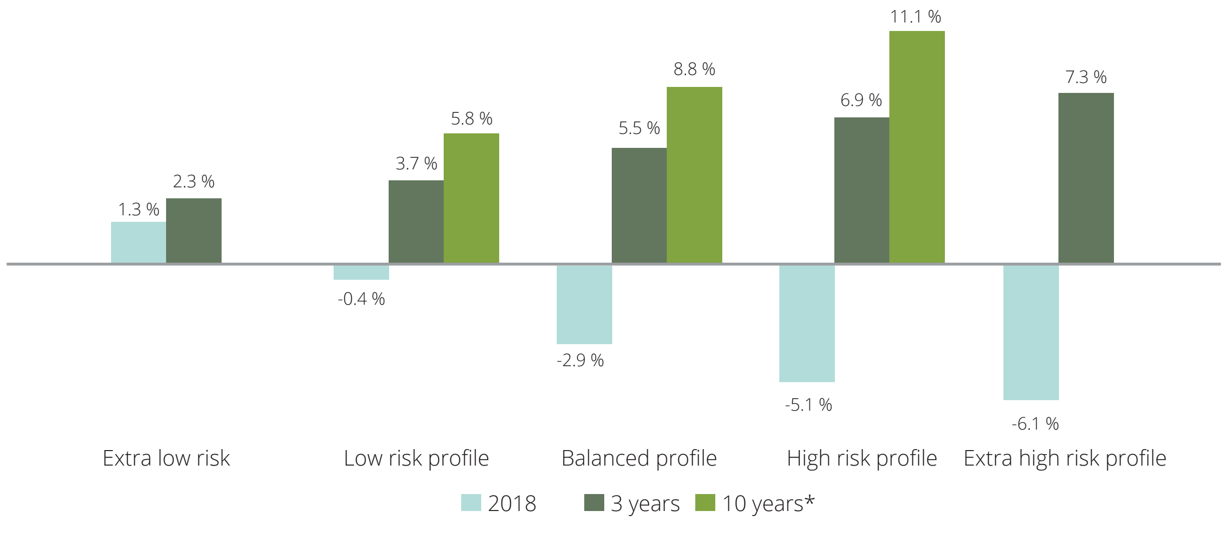
The Savings result was NOK 501 million in 2018 compared to NOK 536 million the year before. The earnings improvement is driven by volume and income growth.

Total fee and administration income increased by 7,6 per cent from 2017 to 2018, adjusted for 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. 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.

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



* Low, Balanced and High risk profiles were established March 2004. The extra low and the extra high risk profiles were established 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.

KEY FIGURES - SAVINGS

NOK million	2018	2017
Unit Linked Reserves	179,299	167,849
Unit Linked Premiums	16,021	14,143

INSURANCE

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

NOK million	2018	2017
Fee and administration income		
Insurance result	947	837
- Insurance premiums f.o.a.	2,780	2,797
- Claims f.o.a.	-1,833	-1,960
Operational cost	-411	-472
Operating profit	**536**	**365**
Financial items and risk result life & pension	18	97
Profit before amortisation	**554**	**462**

Profit before amortisation was NOK 554 million compared with NOK 462 million in 2017. The insurance resultat was NOK 947 million for the full year with an overall combined ratio of 81 per cent (87 per cent i 2017). The insurance premiums was in line with the year before.

The claims ratio was lower, which was mainly explained by a satisfactory risk performance for disability, as well as dissolution gains and the dissolution of reserves. The underlying profitability and efficiency were good and showed satisfactory performance.

	2018	2017
Claims ratio	66 %	70 %
Cost ratio	15 %	17 %
Combined ratio	**81 %**	**87 %**

The combined risk result gave a claims ratio of 66 per cent (70 per cent) and the underlying risk performance was very satisfying.

The result for employer's liability insurance was good, driven by good risk performance and 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 15 per cent (17 per cent). Ongoing efficiency improvements are being made in the insurance area.

The investment portfolio of Insurance in Norway amounted to NOK 6.1 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 2.7 billion kroner, of which NOK 0,7 billion from the retail market and NOK 2.0 billion kroner from the corporate market.

Storebrand enjoys a well-established position in the retail market for risk products The growth in personal risk products was stable and in line with general 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. 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.

PORTFOLIO PREMIUM (ANNUAL)

NOK million	2018	2017
Individual life *	645	642
Group life **	872	899
Pension related disability insurance ***	1,138	1,164
Portfolio premium	**2,655**	**2,704**

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

GUARANTEED PENSION

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

NOK million	2018	2017
Fee and administration income	1,441	1,483
Insurance result		
- Insurance premiums f.o.a.		
- Claims f.o.a.		
Operational cost	-828	-889
Operating profit	**614**	**595**
Financial items and risk result life & pension	525	171
Profit 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 NOK 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 NOK 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.

GUARANTEED PENSION

NOK million	2018	2017
Guaranteed reserves	260,573	264,320
Guaranteed reseves in % of total reserves	59.2 %	61.2 %
Transfer out of guaranteed reserves	165	7,729
Buffer capital in % of customer reserves Storebrand	6.4 %	7.2 %
Buffer capital in % of customer reserves SPP	8.7 %	9.0 %

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 (EXCLUSIVE TRANSFERS)

NOK million	2018	2017
Defined Benefit	3,066	3,202
Paid-up policies	120	132
Individual life and pension	232	249
Guaranteed products SPP	1,846	1,662
Total	**5,265**	**5,246**

OTHER

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

NOK million	2018	2017
Fee and administration income	89	75
Insurance result		
- Insurance premiums f.o.a.		
- Claims f.o.a.		
Operational cost	-88	-50
Operating profit	**2**	**25**
Financial items and risk result life & pension	120	203
Profit before amortisation	**121**	**228**

The result before amortisation for the Other segment activities was NOK 121 million for 2018, compared with NOK 228 million for 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 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 Livsforsikring and SPP. The financial result was reduced due to lower returns in the company portfolios.

CAPITAL SITUATION AND RISK

CAPITAL SITUATION

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

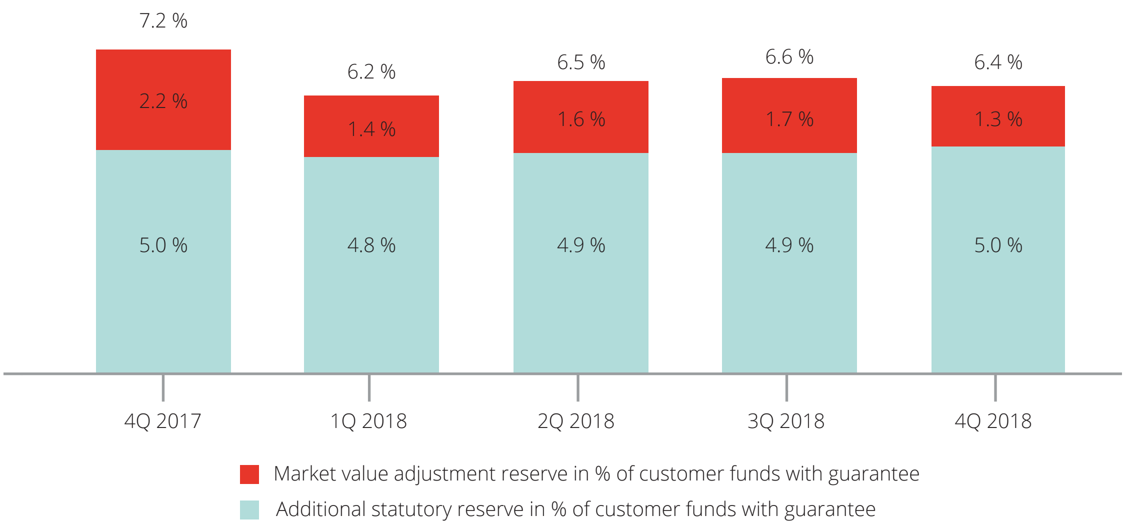
Storebrand uses the standard model for the calculation of Solvency II. The Group's target is to have a solvency margin ratio in accordance with Solvency II of at least 150 per cent, including use of the transitional rules. The solvency margin for the Storebrand Group was estimated at 173 per cent at the end of 2018, including transitional rules. This includes 1 per cent from transitional rules. 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 had a solvency margin after transitional rules of 211% per 31.12.18 compared to 224% in 2017. The Storebrand Livsforsikring Group is no longer required to report the solvency margin, requirement at consolidated level applies for the Storebrand Group

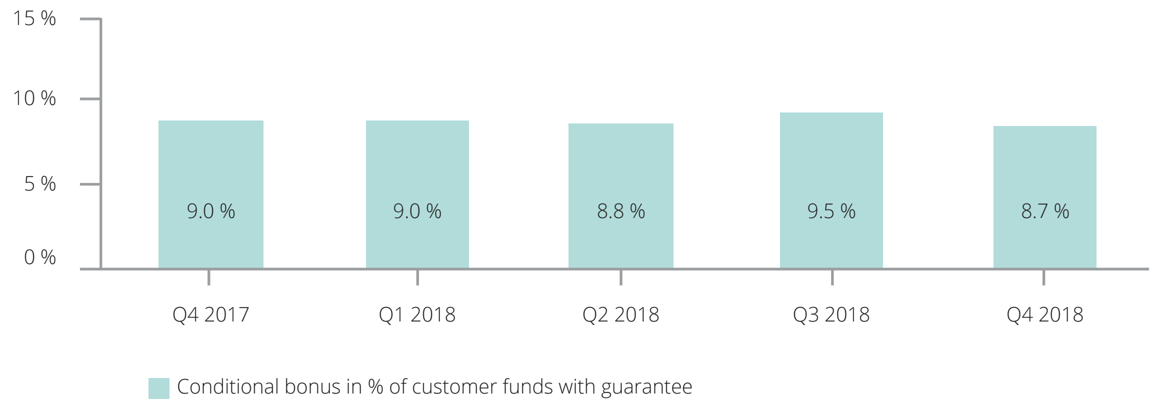
NOK million	2014	2015	2016	2017	2018
Equity	20,683	22,975	23,542	25,735	26,965
Subordinated loan capital	7,117	7,333	7,196	8,426	7,788
Risk equalisation fund	829	142	140	143	234
Market value adjustment reserve	5,814	4,520	2,684	3,707	2,245
Additional statutory reserves (ASR)	5,118	5,160	6,794	8,254	8,494
Conditional bonus (CB)	11,281	9,336	7,241	9,176	8,243
Reserves on bonds held to maturity	13,364	10,581	8,785	8,531	5,009
Total	**64,206**	**60,047**	**56,381**	**63,972**	**58,978**

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.

CUSTOMER BUFFER STOREBRAND LIVSFORSIKRING



CUSTOMER BUFFER SPP PENSION & FÖRSÄKRING



RATING

Storebrand Livsforsikring AS issues subordinated loans and is rated by the credit rating agency Standard & Poor's. In July 2018, Storebrand Livsforsikring AS was upgraded to A-, with a stable outlook.

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

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 Livsforsikring 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 Storebrand Group's climate risk work is described in the groups annual report in chapter Financial Capital and Our Investment Universe section under "a driving force for sustainable investments".

Savings

Savings consists of unit linked insurance.

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.

Insurance

Insurance consists of risk products. 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.

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 cent. 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
Other encompasses the company portfolios and smaller subsidiaries of Storebrand Life Insurance and SPP. In addition, this business is included in BenCo.

The company portfolios are invested at low risk, primarily in short-term interest-bearing securities with a high credit rating. BenCo's business is primarily a long-term discontinued business.

REGULATORY CHANGES

The regulations that are adopted by the authorities are of great importance to Storebrand.

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 benchmarks").

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

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. More information about this and sustainability reporting from the company can be found on
https://www.storebrand.no/en/sustainability

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 Storebrand Academy is the Group's initiative for custom management development programmes. A new group started in 2018 with 25 capable managers.

In the last three years, Storebrand has had an innovative summer programme known as Sandbox. This is for students who wish to have their creativity and business acumen tested. The students use Storebrand's work methods to arrive at proposed solutions that are ready for the market. The students are able to work with actual customer cases and also attend courses in Lean Startup, presentation techniques and team building. Of the 300 applicants, 10 students are given the opportunity to participate and some eventually become employees.

Storebrand is focussed on "Employer branding". This involves systematic work on building strong relationships with existing and potential employees and thereby ensuring that the Group has the best key employees. Company presentations are held at a number of universities and the Group has established separate career websites via Storebrand.no, LinkedIn and Instagram.

Diversity

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

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

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

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

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

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

The average age at Storebrand is 48, and average seniority is 13 years in Norway and 10 years in Sweden. Storebrand Livsforsikring Group had 1,317 employees at year end. 39 per cent of the management group at Storebrand Norway and 52 per cent at SPP are women. 47 percent of the employees in the Norwegian part and 54 per cent of the employees at SPP are women.

In 2018, 29 per cent prosent Storebrand Livsforsikring AS' board members were women. The proportion of women in executive management is 33 prosent. 44 per cent of the members of the executive management's leadership teams are women and for managers overall the number is 39 per cent.

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

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

Annual employee survey

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 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 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. Although the results are very positive on all parameters, the results also showed room for improvement for the working environment, among other things.

Absence due to illness

Storebrand's absence due to illness has been at a stable low level for many years. The Storebrand Group's absence due to illness in 2018 was 3.0 per cent. Absence due to illness in Storebrand Livsforsikring AS was 2.3 per cent and for the Swedish business 3.3 per cent. Storebrand has been an "inclusive workplace" (IA) company since 2002, and the Group's managers have over the years built up routines for the follow-up of employees who are ill. All managers with Norwegian employees must complete a mandatory HSE course, in which following up illness is part of the training.

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

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

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 2018 the e-learning course in ethics was completed by 308 employees and the financial crime course by 27 employees. 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, which includes money laundering and corruption. At these, managers work with dilemmas taken from everyday situations at Storebrand in the past 20 years. Storebrand's management groups receive equivalent training, since it is the company's experience that such discussions of dilemmas are very useful and better enable managers to recognise situations that may arise both in private and in work related settings. Managers also train their staff in the same way. The company's authorised financial advisers complete a specially tailored training programme.

The Group has established systems for both internal and external whistleblowing. The external channel has been established through an external law firm. There are also extensive routines for harassment and improper behaviour.

MANAGEMENT AND CONTROL

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

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

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

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

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

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

In 2018, a total of 11 board meetings were held, one of them a strategy meeting.

Changes in the board

Ole Peik Norenberg ans Bodil Catherine Valvik is replaced by Martin Skancke and Kari Birkeland.

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

STOREBRAND LIVSFORSIKRING AS

The profit before tax was NOK 2,594 million (NOK 1,460 million). Results are discussed under each individual segment. The following factors have had an effect on the company accounts, but no effect on the consolidated accounts. There are received dividends and group contributions from subsidiaries of NOK 927 million, at the same time, a write-down of share value has been made corresponding to dividend of NOK 14 million (NOK 485 milion and NOK 420 million) in 2018.

APPLICATION OF THE YEAR'S RESULT

The following application of the profit is proposed:

Other equity	NOK 379 million
Group distributions	NOK 3,200 million
Risk equalisation fund	NOK 91 million
Total	**NOK 3,681 million**

Lysaker, 12 February 2019
The Board of Directors of Storebrand Livsforsikring AS

Translations - not to be signed

Odd Arlid Grefstad
- Cairman of the Board -

Martin Skancke

Vibeke Hammer Madsen

Kari Birkeland

Sigurd Nilsen Ribu

Hans Henrik Klouman

Jan Otto Risebrobakken

Geir Holmgren
- Chief Executive Officer -

Notes to the accounts

Storebrand Livsforsikring Group
Statement of Comprehensive income
1 January - 31 December

NOK million	Note	2018	2017
TECHNICAL ACCOUNT:			
Gross premiums written		24,027	23,173
Reinsurance premiums ceded		-25	-54
Premium reserves transferred from other companies		4,566	2,457
Premiums for own account	14	**28,568**	**25,577**
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	254	210
Interest income and dividends etc. from financial assets	18	7,350	7,164
Net operating income from real estate	19	903	976
Changes in investment value	18	-2,300	1,775
Realised gains and losses on investments	18	1	3,076
Total net income from investments in the collective portfolio	14	**6,207**	**13,200**
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	49	22
Interest income and dividends etc. from financial assets	18	570	1,598
Net operating income from real estate	19	127	106
Changes in investment value	18	-7,624	10,698
Realised gains and losses on investments	18	480	2,525
Total net income from investments in the investment selection portfolio	14	**-6,398**	**14,950**
Other insurance related income	14,20	**2,238**	**1,963**
Gross claims paid		-19,223	-18,802
Claims paid - reinsurance		76	35
Premium reserves etc. transferred to other companies		-5,265	-5,452
Claims for own account	14	**-24,413**	**-24,219**
To (from) premium reserve, gross		2,309	1,205
To/from additional statutory reserves		-52	-1,376
Change in value adjustment fund		1,462	-1,024
Change in premium fund, deposit fund and the pension surplus fund		-5	-23
To/from technical reserves for non-life insurance business		-5	9
Change in conditional bonus		336	-1,527
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds		-16	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	14	**4,028**	**-2,752**
Change in premium reserve		-4,922	-23,673
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	14	**-4,922**	**-23,673**

NOK million	Note	2018	2017
Profit on investment result		-162	-441
Risk result allocated to insurance contracts		-194	4
Other allocation of profit		-63	-129
Funds allocated to insurance contracts	14	**-419**	**-566**
Management expenses		-209	-221
Selling expenses	22	-739	-727
Change in pre-paid direct selling expenses	22	27	8
Insurance-related administration expenses (incl. commissions for reinsurance received)		-1,503	-1,507
Insurance-related operating expenses	14	**-2,425**	**-2,447**
Other insurance related expenses	14,26	**-237**	**-254**
Technical insurance profit		**2,228**	**1,778**
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	14	75
Interest income and dividends etc. from financial assets	18	363	329
Changes in investment value	18	-108	37
Realised gains and losses on investments	18	133	249
Net income from investments in company portfolio		**403**	**690**
Other income	21	**270**	**179**
Management expenses		-18	-19
Other costs	27	-873	-1,027
Management expenses and other costs linked to the company portfolio		**-890**	**-1,046**
Profit or loss on non-technical account		**-217**	**-177**
Profit before tax		**2,010**	**1,601**
Tax costs	28	1,088	204
Profit before other comprehensive income		**3,098**	**1,805**
Change in actuarial assumptions		-36	-91
Change in value adjustment reserve own buildings		48	130
Adjustment of insurance liabilities		-48	-130
Tax on other profit elements not to be classified to profit/loss		4	-4
Total other profit elements not to be classified to profit/loss		**-32**	**-95**
Profit/loss cash flow hedging		-23	23
Translation differences		-324	379
Total other profit elements that may be classified to profit /loss		**-347**	**402**
Total other profit elements		**-380**	**307**
TOTAL COMPREHENSIVE INCOME		**2,718**	**2,112**
PROFIT IS ATTRIBUTABLE TO:			
Minority share of profit		3,091	1,800
Majority share of profit		7	5
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:			
Minority share of profit		2,719	2,105
Majority share of profit		-1	7

Storebrand Livsforsikring Group

Statement of financial position

31 December

NOK million	Note	2018	2017
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill	29	780	797
Other intangible assets	29	3,457	3,573
Total intangible assets		**4,237**	**4,370**
Real estate at fair value	31	50	50
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	100	88
Lending at amortised cost	11,13,30	2	2
Bonds at amortised cost	11,13,30,34	7,655	3,023
Deposits at amortised cost	11,30	705	400
Equities and other units at fair value	13,30,34	16	26
Bonds and other fixed-income securities at fair value	11,13,30,35	17,391	24,977
Derivatives at fair value	13,30,36	1,121	1,145
Total investments		**27,040**	**29,711**
Receivables in connection with direct business transactions		575	581
Receivables in connection with reinsurance transactions		9	40
Receivables with group company		98	81
Other receivables	38	5,756	3,270
Total receivables		**6,439**	**3,973**
Tangible fixed assets	37	12	504
Cash, bank	11,30	2,012	2,139
Tax assets	28	1,942	487
Other assets designated according to type		70	858
Total other assets		**4,036**	**3,988**
Deferred acquisition costs		553	537
Other pre-paid costs and income earned and not received		132	124
Total pre-paid costs and income earned and not received		**685**	**662**
Total assets in company portfolio		**42,437**	**42,704**
ASSETS IN CUSTOMER PORTFOLIOS			
Real estate at fair value	31	24,913	24,450
Real estate for own use	31	1,420	1,408
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	3,679	2,513
Loans to and securities issued by subsidiaries, associated companies	32		39
Bonds held to maturity	11,13,30,33	14,403	15,128
Bonds at amortised cost	11,13,30,34	86,374	84,071
Lending at amortised cost	11,13,30	25,270	21,425
Deposits at amortised cost	11,30	4,509	4,603
Equities and other units at fair value	13,30,34	23,402	24,556
Bonds and other fixed-income securities at fair value	11,13,30,35	91,493	101,623
Financial derivatives at fair value	11,13,30	5,172	4,940
Lendings at fair value	13,30,36	3,311	2,690
Total investments in collective portfolio		**283,946**	**287,446**

NOK million	Note	2018	2017
Reinsurance share of insurance obligations		**48**	**63**
Real estate at fair value	31	3,303	2,954
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	727	600
Deposits at amortised cost	11,30	948	355
Equities and other units at fair value	13,30,34	133,664	131,514
Bonds and other fixed-income securities at fair value	11,13,30,35	42,038	33,419
Lendings at fair value		535	165
Financial derivatives at fair value	13,30,36	389	33
Total investments in investment selection portfolio		**181,605**	**169,040**
Total assets in customer portfolio		**465,599**	**456,485**
TOTAL ASSETS		**508,036**	**499,253**
EQUITY AND LIABILITIES			
Share capital		3,540	3,540
Share premium		9,711	9,711
Total paid in equity		**13,251**	**13,251**
Risk equalisation fund		234	143
Other earned equity		13,714	12,370
Minority's share of equity		114	114
Total earned equity		**14,061**	**12,627**
Perpetual subordinated loan capital		2,101	2,103
Dated subordinated loan capital		5,847	4,982
Hybrid tier 1 capital			1,506
Total subordinated loan capital and hybrid tier 1 capital	10,13,30	**7,948**	**8,591**
Premium reserves		260,106	262,513
Additional statutory reserves		8,494	8,254
Market value adjustment reserve		2,245	3,707
Premium fund, deposit fund and the pension surplus fund		2,157	2,564
Conditional bonus		8,243	9,176
Other technical reserve		622	631
Total insurance obligations in life insurance - contractual obligations	39,40	**281,868**	**286,845**
Premium reserve		180,283	168,949
Total insurance obligations in life insurance - investment portfolio separately	39,40	**180,283**	**168,949**
Pension liabilities etc.	23	149	143
Deferred tax	28	85	96
Other provisions for liabilities		24	
Total provisions for liabilities		**258**	**239**
Liabilities in connection with direct insurance		1,310	1,448
Liabilities in connection with reinsurance		20	30
Financial derivatives	13,30,36	4,535	1,876
Liabilities to group companies		42	24
Other liabilities	41	3,999	4,908
Total liabilities		**9,905**	**8,286**
Other accrued expenses and received, unearned income		463	464
Total accrued expenses and received, unearned income		**463**	**464**
TOTAL EQUITY AND LIABILITIES		**508,036**	**499,253**

Lysaker, 12 February 2019
The Board of Directors of Storebrand Livsforsikring AS

Translations - not to be signed

Odd Arlid Grefstad
- Cairman of the Board -

Martin Skancke

Vibeke Hammer Madsen

Kari Birkeland

Sigurd Nilsen Ribu

Hans Henrik Klouman

Jan Otto Risebrobakken

Geir Holmgren
- Chief Executive Officer -

Statement of change in equity for Storebrand Livsforsikring Group

	Majority's share of equity						
NOK million	Share capital	Share premium	Total paid in equity	Risk equalisation fund	Other equity	Minority interests	Total equity
Equity at 31.12.2016	**3,540**	**9,711**	**13,251**	**140**	**10,290**	**114**	**23,796**
Profit for the period				2	1,798	5	1,805
Total other profit elements					305	2	307
Total comprehensive income for the period				**2**	**2,102**	**7**	**2,112**
Equity transactions with owner:							
Share issue					-102	3	-99
Group Contributions					79	-12	68
Other						1	1
Equity at 31.12.2017	**3,540**	**9,711**	**13,251**	**143**	**12,370**	**114**	**25,878**
Profit for the period				91	3,000	7	3,098
Total other profit elements					-379	-1	-380
Total comprehensive income for the period				**91**	**2,622**	**6**	**2,718**
Equity transactions with owner:							
Share issue						4	4
Group Contributions					-1,300	-2	-1,302
Other					22	-8	14
Equity at 31.12.2018	**3,540**	**9,711**	**13,251**	**234**	**13,714**	**114**	**27,313**

Statement of cash flow Storebrand Livsforsikring 1 January - 31 December

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2017	2018	NOK million	2018	2017
		Cash flow from operational activities		
22,990	24,039	Net received - direct insurance	16,698	16,247
-18,488	-19,282	Net claims/benefits paid - direct insurance	-11,133	-10,027
-2,995	-699	Net receipts/payments - policy transfers	-799	-2,625
4,501	-6,124	Net change insurance liabilities	773	-546
1,963	2,238	Receipts - interest, commission and fees from customers	693	551
-254	-237	Payments - interest, commission and fees to customers	-157	-138
-2,431	-2,425	Net receipts/payments operations	-1,456	-1,402
-897	-3,738	Net receipts/payments - other operational activities	-2,833	-1,226
4,389	**-6,227**	**Net cash flow from operational activities before financial assets**	**1,785**	**834**
-7,405	-4,398	Net receipts/payments - lendings to customers	-4,209	-4,698
2,830	12,609	Net receipts/payments - financial assets	4,371	3,003
-623	296	Net receipts/payments - real estate activities		
-338	-423	Net change bank deposits insurance customers	229	-514
-5,536	**8,084**	**Net cash flow from operational activities from financial assets**	**391**	**-2,208**
-1,147	**1,857**	**Net cash flow from operational activities**	**2,175**	**-1,374**
		Cash flow from investment activities		
	1,141	Net payments - sale/purchase of subsidiaries	764	
245	-520	Net payments - sale/purchase of associated companies	-520	245
-62	-4	Net receipts/payments - sale/purchase of fixed assets	-7	-2
183	**618**	**Net cash flow from investment activities**	**237**	**243**
		Cash flow from financing activities		
976	845	Payment of subordinated loan capital	845	976
	-1,501	Repayment of subordinated loan capital	-1,501	
-367	-366	Payments - interest on subordinated loan capital	-366	-367
	-1,300	Payment of dividend/contribution	-1,300	
609	**-2,322**	**Net cash flow from financing activities**	**-2,322**	**609**
-355	**153**	**Net cash flow for the period**	**91**	**-522**
5,181	-7,931	of which net cash flow for the period before financial assets	-300	1,686
-355	153	Net movement in cash and cash equivalent assets	91	-522
	35	Cash from merged companies	35	
2,915	2,540	Cash and cash equivalents at start of the period	1,265	1,787
-20	-10	Currency translation differences		
2,540	**2,717**	**Cash and cash equivalent assets at the end of the period**	**1,390**	**1,265**

Storebrand Livsforsikring AS

Statement of Comprehensive income

1 January - 31 December

NOK million	Note	2018	2017
TECHNICAL ACCOUNT:			
Gross premiums written		16,729	16,357
Reinsurance premiums ceded		-18	-31
Premium reserves transferred from other companies	17	2,131	1,203
Premiums for own account	14,15	**18,843**	**17,529**
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	323	1,819
of which from investment in real estate companies		1,028	1,750
Interest income and dividends etc. from financial assets	18	5,594	5,035
Changes in investment value	18	-592	637
Realised gains and losses on investments	18	-555	2,073
Total net income from investments in the collective portfolio	14	**4,770**	**9,565**
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	-814	271
of which from investment in real estate companies		210	271
Interest income and dividends etc. from financial assets	18	503	1,581
Changes in investment value	18	-3,373	3,827
Realised gains and losses on investments	18	-150	2,520
Total net income from investments in the investment selection portfolio	14	**-3,835**	**8,199**
Other insurance related income	14,1	**693**	**551**
Gross claims paid		-11,180	-10,268
Claims paid - reinsurance		64	13
Premium reserves etc. transferred to other companies	17	-2,930	-3,829
Claims for own account	14	**-14,046**	**-14,084**
To/from premium reserve, gross	40	335	-832
To/from additional statutory reserves	40	-60	-1,371
Change in value adjustment fund	40	1,462	-1,024
Change in premium fund, deposit fund and the pension surplus fund	40	-5	-23
To/from technical reserves for non-life insurance business	40	-5	9
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	17	-16	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	14	**1,710**	**-3,257**
Change in premium reserve		-4,530	-15,232
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	14,4	**-4,530**	**-15,232**
Profit on investment result	40	-162	-441
Risk result allocated to insurance contracts	40	-194	4
Other allocation of profit		-58	-131
Funds allocated to insurance contracts	14	**-415**	**-568**
Management expenses		-209	-189
Selling expenses	22	-282	-283
Insurance-related administration expenses (incl. commissions for reinsurance received)		-964	-937
Insurance-related operating expenses	14	**-1,456**	**-1,409**
Other insurance related expenses	14,26	**-157**	**-138**
Technical insurance profit		**1,576**	**1,156**

NOK million	Note	2018	2017
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	32	908	464
Interest income and dividends etc. from financial assets	18	367	345
Changes in investment value	18	-61	17
Realised gains and losses on investments	18	135	-55
Net income from investments in company portfolio		**1,350**	**771**
Other income	21	**105**	**16**
Management expenses		-18	-17
Other costs	27	-419	-466
Total management expenses and other costs linked to the company portfolio		**-436**	**-483**
Profit or loss on non-technical account		**1,019**	**304**
Profit before tax		**2,594**	**1,460**
Tax costs	28	1,087	210
PROFIT BEFORE OTHER COMPREHENSIVE INCOME		**3,682**	**1,670**
Change in actuarial assumptions		21	-7
Tax on other profit elements not to be classified to profit/loss			-4
Total other profit elements not to be classified to profit/loss		**22**	**-11**
Profit/loss cash flow hedging		-23	23
Total other profit elements that may be classified to profit /loss		**-23**	**23**
Total other profit elements		**-1**	**12**
TOTAL COMPREHENSIVE INCOME		**3,681**	**1,682**

Storebrand Livsforsikring AS
Statement of financial position
31 December

NOK million	Note	2018	2017
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Other intangible assets	29	338	94
Total intangible assets		**338**	**94**
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	13,136	13,168
Lendings at amortised cost	11,13,30	1	1
Bonds at amortised cost	11,13,30,33	7,655	3,023
Deposits at amoritsed cost	11	486	400
Equities and other units at fair value	13,30,34	16	17
Bonds and other fixed-income securities at fair value	11,13,30,35	11,026	15,801
Derivatives at fair value	11,13,30,36	1,121	1,145
Total investments		**33,441**	**33,555**
Receivables in connection with direct business transactions		520	503
Receivables in connection with reinsurance transactions			4
Receivables with group company	32	197	59
Other receivables	38	1,752	782
Total receivables		**2,469**	**1,347**
Tangible fixed assets	37	4	7
Cash, bank	11,30	904	865
Tax assets	28	1,817	381
Total other assets		**2,725**	**1,253**
Other pre-paid costs and income earned and not received		38	18
Total pre-paid costs and income earned and not received		**38**	**18**
Total assets in company portfolio		**39,012**	**36,267**
ASSETS IN CUSTOMER PORTFOLIOS			
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	25,919	19,532
of which investment in real estate companies		18,751	18,683
Loans to and securities issued by subsidiaries, associated companies	32	529	
Bonds held to maturity	11,13,30,33	14,403	15,128
Bonds at amortised cost	11,13,30,33	86,374	84,071
Lending at amortised cost	11,13,30	25,270	21,425
Deposits at amoritsed cost	11,30	1,791	2,530
Equities and other units at fair value	13,30,34	6,797	14,455
Bonds and other fixed-income securities at fair value	11,13,30,35	25,166	30,050
Financial derivatives at fair value	11,13,30,36	709	221
Total investments in collective portfolio		**186,959**	**187,412**
Reinsurance share of insurance obligations		**48**	**63**
Equities and units in subsidiaries, associated companies and joint-controlled companies	32	15,855	3,885
of which investment in real estate companies		4,133	3,885
Loans to and securities issued by subsidiaries, associated companies	32	106	
Lending at amortised cost	11,30	870	300
Equities and other units at fair value	13,30,34	42,617	48,963
Bonds and other fixed-income securities at fair value	11,13,30,35	34,731	27,550

NOK million	Note	2018	2017
Loans at fair value	11,13,30	364	
Financial derivatives at fair value	11,13,30,36	389	33
Total investments in investment selection portfolio		**94,933**	**80,731**
Total assets in customer portfolios		**281,939**	**268,206**
TOTAL ASSETS		**320,951**	**304,473**
EQUITY AND LIABILITIES			
Share capital		3,540	3,540
Share premium		9,711	9,711
Other paid in capital		84	
Total paid in equity		**13,335**	**13,251**
Risk equalisation fund		234	143
Other earned equity		11,812	11,422
Total earned equity		**12,045**	**11,564**
Perpetual subordinated loan capital		2,101	2,103
Dated subordinated loan capital		5,847	4,982
Hybrid tier 1 capital			1,506
Total subordinated loan capital and hybrid tier 1 capital	10,13,30	**7,948**	**8,591**
Premium reserves		171,927	169,843
Additional statutory reserves		8,494	8,254
Market value adjustment reserve		2,245	3,707
Premium fund, deposit fund and the pension surplus fund		2,157	2,564
Other technical reserve		622	631
Total insurance obligations in life insurance - contractual obligations	39,40	**185,446**	**184,999**
Premium reserves		93,441	80,372
Total insurance obligations in life insurance - investment portfolio separately	39,40	**93,441**	**80,372**
Pension liabilities etc.	23	12	42
Total provisions for liabilities		**12**	**42**
Liabilities in connection with direct insurance		1,050	1,079
Liabilities in connection with reinsurance			4
Financial derivatives	11,13,30,36	3,910	1,007
Liabilities to group companies		3,257	1,323
Other liabilities	41	367	2,108
Total liabilities		**8,585**	**5,521**
Other accrued expenses and received, unearned income		139	133
Total accrued expenses and received, unearned income		**139**	**133**
TOTAL EQUITY AND LIABILITIES		**320,951**	**304,473**

Lysaker, 12 February 2019
The Board of Directors of Storebrand Livsforsikring AS

Translations - not to be signed

Odd Arlid Grefstad
- Cairman of the Board -

Martin Skancke

Vibeke Hammer Madsen

Kari Birkeland

Sigurd Nilsen Ribu

Hans Henrik Klouman

Jan Otto Risebrobakken

Geir Holmgren
- Chief Executive Officer -

Statement of change in equity for Storebrand Livsforsikring AS

NOK million	Share capital [1]	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Other equity	Total equity
Equity at 31.12.2016	**3,540**	**9,711**		**13,251**	**140**	**11,042**	**24,433**
Profit for the period					2	1,668	1,670
Total other profit elements						12	12
Total comprehensive income for the period					**2**	**1,680**	**1,682**
Equity transactions with owner:							
Dividend/Group contributions						-1,300	-1,300
Other							
Equity at 31.12.2017	**3,540**	**9,711**		**13,251**	**143**	**11,422**	**24,815**
Profit for the period					91	3,591	3,682
Total other profit elements						-1	-1
Total comprehensive income for the period					**91**	**3,590**	**3,681**
Equity transactions with owner:							
Group contributions			84	84			84
Dividend/Group contributions						-3,200	-3,200
Other						1	1
Equity at 31.12.2018	**3,540**	**9,711**	**84**	**13,335**	**234**	**11,812**	**25,381**

1) 35 404 200 shares of NOK 100 par value.

Notes

Note 1 - Company information and accounting policies

1. COMPANY INFORMATION

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

The Group's head office is located at Professor Kohts vei 9, in Lysaker, Norway.

2. 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 and insurance liabilities in Sweden that are measured at fair value, the majority of the 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.

The financial statements are prepared in accordance with accounting regulations for life insurance company from the FSA for the parent company and the consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and related interpretations, as well as other Norwegian disclosure requirements laid down in legislation and regulations.

USE OF ESTIMATES WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS.

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

4. CHANGES IN ACCOUNTING POLICIES

Financial reporting regulations of FSA allow a great extent use of international accounting standards - IFRS. 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 Livsforsikring 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 Livsforsikring 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.

IFR 9 CLASSIFICATION FINANCIAL INSTRUMENT (ACCORDING TO IFRS 4, 39)

IFRS 9 - FINANCIAL INSTRUMENTS TO AMORTISED COST AND FVOCI

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS39 1.1.2018	Fair value after IFRS 9 1.1.2018	Booked value after IAS39 31.12.2018	Fair value after IFRS 9 31.12.2018
Financial assets						
Bank deposits	AC	AC	7,498	7,498	8,175	8,175
Bonds and other fixed-income securities	AC	AC	102,222	110,770	108,432	113,469
Loans to financial institutions	AC	AC				
Loans to customers	AC	FVOCI	21,427	21,419	25,272	25,253
Accounts receivable and other short-term receivables	AC	AC	4,554	4,554	7,025	7,025
Total financial assets			**135,700**	**144,240**	**148,903**	**153,922**
Financial liabilities						
Subordinatd loan capital	AC	AC	8,591	8,711	7,948	7,940
Other current liabilities	AC	AC	6,851	6,851	5,816	5,816
Total financial liabilities			**15,442**	**15,563**	**13,764**	**13,756**

IFRS 9 - FINANCIAL INSTRUMENTS AT FAIR VALUE

NOK million	IAS 39 classi-fication	IFRS 9 classi-fication	Booked value after IAS39 1.1.2018	Fair value after IFRS9 1.1.2018	Booked value after IAS39 31.12.2018	Fair value after IFRS9 31.12.2018
Financial assets						
Shares and fund units	FVP&L (FVO)	FVP&L	156,096	156,096	157,082	157,082
Bonds and other fixed-income securities	FVP&L (FVO)	FVP&L	160,019	160,019	150,922	150,922
Loans to customers	FVP&L (FVO)	FVP&L	5,104	5,104	5,708	5,708
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	3,868	3,868	4,822	4,822
Total financial assets			**325,087**	**325,087**	**318,534**	**318,534**
Financial liabilities						
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	1,876	1,876	4,535	4,535
Total financial liabilities			**1,876**	**1,876**	**4,535**	**4,535**

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. The implementation of IFRS 15 has not had any significant impact on Storebrand's consolidated financial statements.

During 2018, no changes were made to the classification in the income statement or balance sheet.

5. 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 result in an increase in assets and liabilities in the group statement of approximately NOK 78 million on the transition date. Operating expenses are expected to be reduced by approximately NOK 1 million, financial expenses are expected to increase by approximately NOK 1.6 million and profit before tax will thereby decrease by about NOK 0.5 million in 2019. For the company accounts, the transition is expected to result in an increase in assets and liabilities of approximately NOK 6 million on the transition date. Operating expenses are expected to be reduced by approximately NOK 0.1 million, financial expenses are expected to increase by approximately NOK 0.1 million and will show no effect in profit before tax in 2019. Leases that are shorter than 12 months as of 1 January 2019 and leases that include assets with a value lower than NOK 50,000 will not be recognised in the balance sheet but as an expense over the lease period.

IFRS 17

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

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

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

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

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

6. CONSOLIDATION

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

The consolidated financial statements combine Storebrand Livsforsikring AS and companies where Storebrand Livsforsikring AS has a controlling interest. Minority interests are included in the Group's equity, unless there are options or other conditions that entail minority interests being measured as liabilities.

Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Pension & Försäkring AB (publ). On acquiring the Swedish operations in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009. Storebrand has filed an application to maintain the existing group structure. Benco (which owns Euroben and Nordben) is also a company owned by Storebrand Livsforsikring AS.

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

CURRENCIES AND TRANSLATION OF FOREIGN COMPANIES' ACCOUNTS

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

ELIMINATION OF INTERNAL TRANSACTIONS

Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. Transactions between the customer portfolios and the company portfolio in the life insurance business and between the customer portfolios in the life insurance business and other companies in the Group will not be eliminated in the consolidated accounts. Pursuant to the life insurance regulations, transactions with customer portfolios are carried out at fair value.

7. BUSINESS COMBINATIONS

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

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

8. SEGMENT INFORMATION

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

- Savings
- Insurance
- Guaranteed Pension
- Other

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

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

9. INCOME RECOGNITION

PREMIUM INCOME

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

INCOME FROM PROPERTIES AND FINANCIAL ASSETS

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

OTHER INCOME

Fees are recognised when the income can be measured reliably and is earned. Fixed fees are recognised as income in line with delivery of the service, and performance fees are recognised as income once the success criteria have been met.

10. GOODWILL AND INTANGIBLE ASSETS

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

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

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

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

13. FINANCIAL INSTRUMENTS

13-1. GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition

Financial assets and liabilities are included in the balance sheet from such time Storebrand becomes party to the instrument's contractual terms and conditions. General purchases and sales of financial instruments are recorded on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the date of acquisition or issue of the financial asset/liability if it is not a financial asset/liability at fair value through profit or loss.

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

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

Impairment of financial assets

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

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 these 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 after tax laws for individual and group pension insurance, and allocated profitsharing. Credits and withdrawals are not recognised through the income statement but are taken directly to the balance sheet.

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

Market value adjustment reserve

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

Risk equalisation reserve

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

14-3. LIFE INSURANCE SWEDEN

Life insurance liabilities

The life insurance liabilities are estimated as the present value of the expected future guaranteed payments, administrative expenses and taxes, discounted by the current risk-free interest rate. Insurance reserves with guaranteed interest rates in SPP use a 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 fixed 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.

At the same time, new tax rules was adopted for P&C insurance companies which also apply for risk products in life insurance companies. The amendments entail that tax deductions will only be permitted on an ongoing basis for expenses that will most probably arise. When introducing the new rules, transitional rules were also adopted which allow life 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.

Reference is made to Note 28 - Tax for further information, about transitional rules.

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. Storebrand Livsforsikring is 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).

18. PROVISION FOR DIVIDENDS AND GROUP CONTRIBUTIONS

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

19. 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 46 for Solvency II and in Note 28 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 results. 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 8, 39 and 40.

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 13 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 13 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 28.

Note 3 - Acquistion

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

The transaction was completed in January 2018 after Silver was released from public 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.

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
- Deffered tax assets			374	374
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
Deferred tax				
Net identifiable assets and liabilities	**-500**	**500**	**654**	**654**
Reserve strengthning				-97
Goodwill				-37
Fair value at acquisition date				**520**

Note 4 - Merger

As a part of simplifying the corporate structure, Storebrand Livsforsikring AS has completed a merger with the fully owned subsidiary Storebrand Silver Pensjonsforsikring AS. The merger has been carried out with consideration pursuant to the Norwegian Companies Act with accounting effect from Janaury 1. 2018, and assuming tax continuity.

(NOK million)	Storebrand Livsforsikring	Purchase of insurance portfolio from Silver	Purchase price*	Storebrand Silver Pensjonsforsikring	Total
ASSETS					
ASSETS IN COMPANY PORTFOLIO					
Intangible assets	94				94
Investments	33,555			49	33,604
Receivables	1,347				1,347
Other assets	1,271		-520	3	754
Total assets in company portfolio	**36,267**		**-520**	**52**	**35,799**
ASSETS IN CUSTOMER PORTFOLIOS					
Investments in collective portfolio	187,412	9,190	520		197,122
Reinsurance share of insurance obligations	63			8	71
Investments in investment selection portfolio	80,731			309	81,040
Total assets in customer portfolios	**268,206**	**9,190**	**520**	**318**	**278,233**
TOTALT ASSETS	**304,473**	**9,190**		**370**	**314,033**
EQUITY AND LIABILITIES					
Paid in equity	13,251				13,251
Earned equity	11,564				11,564
Total equity	**24,815**				**24,815**
Subordinated loan capital and hybrid tier 1 capital	8,591				8,591
Insurance obligations in life insurance - contractual obligations	184,999	9,710			194,709
Insurance obligations in life insurance - investment portfolio separately	80,372			307	80,679
Provisions for liabilities	42				42
Accrued expenses and received, unearned income	5,654	-520		63	5,197
Total liabilities	**279,657**	**9,190**		**370**	**289,217**
TOTAL EQUITY AND LIABILITIES	**304,473**	**9,190**		**370**	**314,033**

* The purchase price of NOK 520 billion has been transferred to Silver's customers, see note 3 for further information

Note 5 - Segments - result by business area

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. In addition, certain other subsidiaries are included in Savings.

INSURANCE

The insurance segment comprise of employer's liability insurance in the Norwegian and Swedish private market and pension-related insurance in the Norwegian and Swedish corporate markets.

GUARANTEED PENSION

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

OTHER

Under the segment 'Other', the performance of the company's portfolios in Storebrand Livsforsikring and SPP are reported. It also includes results related to operations in subsidiaries including BenCo, which through Nordben and Euroben offer pension products to multi-national companies.

RECONCILIATION BETWEEN THE INCOME STATEMENT AND ALTERNATIVE STATEMENT OF THE RESULT (SEGMENT)

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

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

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

The insurance result consists of insurance premiums and claims

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

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

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

Financial items and risk result life and pensions include risk result life and pensions and financial result includes net profit sharing and loan losses.

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

The financial result consists of the return for the company portfolios ofStorebrand 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

Old and new individual contracts that have left group pension insurance policies (paid-up policies) have a modified profit-sharing regime, 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 that are on the balance sheet of the Storebrand Livforsikring Group, will not be included on this line in either the alternative income statement or in the Group's income statement, but in the Group's income statement will be included in the item, net income from financial assets and property for customers.

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

RESULT BY BUSINESS AREA

NOK million	2018	2017
Savings	501	536
Insurance	554	462
Guaranteed pension	1,138	766
Other	121	228
Profit before amortisation	**2,315**	**1,992**
Amortisation intangible assets	-305	-391
Profit before tax	**2,010**	**1,601**

SEGMENT INFORMATION AS AT 31.12

	Savings		Insurance		Guaranteed pension	
NOK million	2018	2017	2018	2017	2018	2017
Fee and administration income	1,654	1,543			1,441	1,483
Insurance result			947	837		
- Insurance premiums f.o.a.			2,780	2,797		
- Claims f.o.a.			-1,833	-1,960		
Operational cost	-1,128	-1,013	-411	-472	-828	-889
Operating profit	**526**	**530**	**536**	**365**	**614**	**595**
Financial items and risk result life & pension	-25	7	18	97	525	171
Profit before amortisation	**501**	**536**	**554**	**462**	**1,138**	**766**
Amortisation of intangible assets						
Profit before tax	**501**	**536**	**554**	**462**	**1,138**	**766**

	Other		Storebrand Livsforsikring Group	
NOK million	2018	2017	2018	2017
Fee and administration income	89	75	3,185	3,101
Insurance result			947	837
- Insurance premiums f.o.a.			2,780	2,797
- Claims f.o.a.			-1,833	-1,960
Operational cost	-88	-50	-2,454	-2,424
Operating profit	**2**	**25**	**1,678**	**1,514**
Financial items and risk result life & pension	120	203	637	477
Profit before amortisation	**121**	**228**	**2,315**	**1,992**
Amortisation of intangible assets			-305	-391
Profit before tax	**121**	**228**	**2,010**	**1,601**

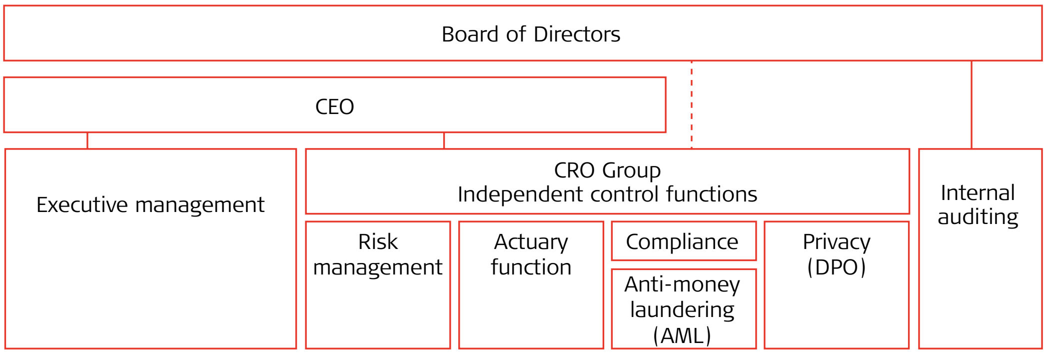
Note 6 - Risk management and internal control

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

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

ORGANISATION OF RISK MANAGEMENT

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



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

The Board of Storebrand ASA has established a Risk Committee consisting of 3-4 Board members. The main task of the Risk Committee is to prepare matters to be considered by the Board in the area of risk, with a special focus on the Group's appetite for risk, risk strategy and investment strategy. The Committee should contribute forward-looking decision-making support related to the Board's discussion of risk taking, financial forecasts and the treatment of risk reporting.

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

INDEPENDENT CONTROL FUNCTIONS

Independent control functions have been established for risk management for the business (Risk Management Function/Chief Risk Officer), for compliance with the regulations (Compliance Function), for ensuring the insurance liabilities are calculated correctly (Actuary Function), for data protection (Data Protection Officer), for money laundering (Anti-Money Laundering) and for the bank's lending. Relevant functions have been established for both the Storebrand Group (the Group) and all of the companies requiring a licence. The independent control functions are organised directly under the companies' managing directors and report to the 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 7 - 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 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 8 - Insurance risks

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 and accident insurance. For occupational injury, the risk is first and foremost potential errors in the assessment of the level of provisions, because the number of claim years can be up to 25 years. The risk within critical illness, cancer and accident insurance is considered to be limited based on the volume and underlying volatility of the products.

The Other segment includes the insurance risk at BenCo. BenCo offers pension products to 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 standard tariff for group life insurance, both for life and disability cover, is based on the company's own experience.

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

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

Management of insurance risk

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

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

Large claims or special events constitute a major risk for all products. The largest claims will typically be in the group life, occupational injury and personal injury segments. The company manages its insurance risk through a variety of reinsurance programmes. Through catastrophe reinsurance (excess of loss), the company covers losses (single claims and reserves provisions) where a single event causes more than two deaths or disability cases. This cover is also subject to an upper limit. A reinsurance agreement for life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practises. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

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

Risk result

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

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

SPECIFICATION OF RISK RESULT

	Storebrand Livsforsikring		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 9 - 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

NOK million	Customer portfolios with guarantee	Customer portfolios without guarantee	Company portfolios
Real estate at fair value	11%	2%	0%
Bonds at amortised cost	37%	0%	29%
Money market	1%	5%	1%
Bonds at fair value	30%	17%	70%
Equities at fair value	7%	76%	0%
Lending at amortised cost	13%	0%	0%
Other	0%	0%	0%
Total	**100%**	**100%**	**100%**

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

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

The most significant market risks facing guaranteed customer portfolios are linked to equity risk, interest rate risk, credit risk and property price risk. There were no major changes in the investment allocation during 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. The table below shows the currency positions as at 31 December 2018. Currency exposure is associated primarily with investments in the Norwegian and Swedish life insurance businesses.

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCIES PER 31.12

	Storebrand Livsforsikring Group				Storebrand Livsforsikring AS			
	Balance sheet items excluding currency derivatives	Currency derivatives	Net position		Balance sheet items excluding currency derivatives	Currency derivatives	Net position	
NOK million	Net in balance sheet	Net sales	in currency	in NOK	Net in balance sheet	Net sales	in currency	in NOK
AUD	81	-130	-49	-301		-120	-120	-729
CAD	113	-286	-173	-1,099		-266	-266	-1,684
CHF	85	-102	-17	-149		-93	-93	-819
DKK	1,361	-197	1,164	1,571	1	-183	-182	-241
EUR	1,222	-1,353	-131	-1,294	753	-1,208	-454	-4,516
GBP	127	-198	-71	-776	1	-181	-179	-1,980
HKD	196	-785	-589	-652	3	-381	-378	-418
JPY	21,682	-37,419	-15,738	-1,242	261	-35,206	-34,946	-2,758
NZD	4	-8	-5	-27		-8	-8	-47
SEK	182,326	-471	181,856	177,620	23,056	-9,554	13,502	13,188
SGD	392	-30	362	302		-29	-29	-184
USD	3,120	-4,342	-1,223	-10,557	1,252	-3,909	-2,657	-23,010
NOK[1)]	27,368	-2,297	25,070	25,070	40,695		40,695	40,695
Insurance liabilities in foreign currency	-188,104	0	-188,104	-183,719	-466	0	-466	-455
Total net currency position 2018				**4,748**				**17,041**
Total net currency position 2017				**9,205**				**19,312**

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

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 %	9.5 %	7.6 %
0.5 %	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.

Customer portfolio divided on annual guaranteed return

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%	5.9 %	4.3 %

* 1.25 per cent on 85 per cent of the premium

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	**2.82 %**	**2.90 %**

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.

SENSITIVITY ASSESSMENTS

	Storebrand Livsforsikring		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 10 - Liquidity risk

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

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

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

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

STOREBRAND LIVSFORSIKRING GROUP

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	over 5 years	Total	Book value
Subordinated loan capital	277	74	2,360	4,477	2,049	9,237	7,948
Other current liabilities	5,857					5,857	5,857
Uncalled residual liabilities Limited partnership	5,818					5,818	
Total financial liabilities 2018	**11,952**	**74**	**2,360**	**4,477**	**2,049**	**20,912**	**13,805**
Derivatives related to funding 2018	**-122**	**83**	**-76**	**-159**	**0**	**-274**	**0**
Total financial liabilities 2017	**14,120**	**57**	**1,604**	**2,283**	**4,298**	**22,363**	**15,464**

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

SPECIFICATION OF SUBORDINATED LOAN CAPITAL AND HYBRID TIER 1 CAPITAL

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	0
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
Total subordinated loan capital and hybrid tier 1 capital 2018					**7,948**
Total subordinated loan capital and hybrid tier 1 capital 2017					**8,591**

STOREBRAND LIVSFORSIKRING AS

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	over 5 years	Total	Book value
Subordinated loan capital	277	74	2,360	4,477	2,049	9,237	7,948
Other current liabilities	4,813					4,813	4,813
Uncalled residual liabilities Limited partnership	4,912					4,912	
Total financial liabilities 2018	**10,002**	**74**	**2,360**	**4,477**	**2,049**	**18,962**	**12,761**
Derivatives related to funding 2018	**-122**	**83**	**-76**	**-159**		**-274**	
Total financial liabilities 2017	**11,085**	**57**	**1,604**	**2,283**	**4,298**	**19,327**	**13,233**

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

FINANCING ACTIVITIES - MOVEMENTS DURING THE YEAR

NOK million	Subordinated loan capital
01.01.2018	8,591
New debt	845
Redemption of debt	-1,501
Change in accrued interest	-4
Currency	15
Change in value/amortisation	3
31.12.18	7,948

Note 11 - Credit risk

Storebrand is exposed to risk of losses as a result of counterparties not fulfilling their debt obligations. This risk also includes losses on lending and losses related to the failure of counterparties to fulfil their financial derivative contracts.

The maximum limits for credit exposure to individual counterparties and for overall credit exposure to rating categories are set by the boards of the individual companies in the Group. Particular attention is paid to ensuring diversification of credit exposure in order to avoid concentrating credit exposure on any particular debtors or sectors. Changes in the credit standing of debtors are monitored and followed up. Thus far, the Group has used published credit ratings wherever possible, supplemented by the company's own credit evaluation.

Underlying investments in funds managed by Storebrand are included in the tables.

STOREBRAND LIVSFORSIKRING GROUP

CREDIT RISK BY COUNTERPARTY

Bonds and other fixed-income securities at fair value
Category by issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Government bonds	10,288	7,290	10,690	5,704		2,169	36,141
Corporate bonds	14,223	18,628	20,127	19,428	1,416	855	74,677
Structured notes				79			79
Collateralised securities	15,755	1,761	2,196	937	17	606	21,272
Total interest bearing securities stated by rating	**40,266**	**27,680**	**33,013**	**26,147**	**1,433**	**3,630**	**132,169**
Bond funds not managed by Storebrand							3,774
Non-interest bearing securities managed by Storebrand							14,979
Total 2018	**40,266**	**27,680**	**33,013**	**26,147**	**1,433**	**3,630**	**150,922**
Total 2017	**64,911**	**20,331**	**30,070**	**29,182**	**739**	**1,708**	**160,019**

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 bonds	16,167	11,857	4,741	3,075		2,466	38,306
Corporate bonds	9,463	9,472	12,932	7,093		9,344	48,304
Structured notes							0
Collateralised securities	13,959	4,459	7,548				25,965
Total 2018	**39,589**	**25,788**	**25,220**	**10,168**	**0**	**11,810**	**112,575**
Total 2017	**40,363**	**24,511**	**25,432**	**11,415**	**925**	**8,079**	**110,725**

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		4,040	1,963	26		876	6,904
Of which derivatives in bond funds, managed by Storebrand		1,570	513				2,082
Total derivatives excluding derivatives in bond funds 2018	**0**	**2,470**	**1,450**	**26**	**0**	**876**	**4,822**
Total derivatives excluding derivatives in bond funds 2017	**0**	**3,063**	**709**	**24**	**0**	**73**	**3,868**
Bank deposits		6,138	2,030	15	19	159	8,361
Of which bank deposits in bond funds, managed by Storebrand		186					186
Total bank deposits excluding bank deposits in bond funds 2018	**0**	**5,952**	**2,030**	**15**	**19**	**159**	**8,175**
Total bank deposits excluding bank deposits in bond funds 2017	**0**	**6,753**	**699**	**11**	**0**	**35**	**7,498**

Rating classes based on Standard & Poor's.

NIG = Non-investment grade.

STOREBRAND LIVSFORSIKRING AS

CREDIT RISK BY COUNTERPARTY

Bonds and other fixed-income securities at fair value
Category by issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Government bonds	2,620	2,339	2,274				7,233
Corporate bonds	1,227	8,593	19,294	19,005	1,210		49,330
Structured notes							0
Collateralised securities	2,372	1,731	2,196	925	16		7,241
Total interest bearing securities stated by rating	**6,220**	**12,663**	**23,764**	**19,931**	**1,226**	**0**	**63,803**
Bond funds not managed by Storebrand							2,786
Non-interest bearing securities managed by Storebrand							4,334
Total 2018	**6,220**	**12,663**	**23,764**	**19,931**	**1,226**	**0**	**70,924**
Total 2017	**23,606**	**2,939**	**18,788**	**23,489**	**699**	**643**	**73,401**

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 bonds	16,167	11,857	4,741	3,075		2,466	38,306
Corporate bonds	9,463	9,472	12,932	7,093		9,344	48,304
Structured notes							0
Collateralised securities	13,959	4,459	7,548				25,965
Total 2018	**39,589**	**25,788**	**25,220**	**10,168**	**0**	**11,810**	**112,575**
Total 2017	**40,363**	**24,511**	**25,432**	**11,415**	**925**	**8,079**	**110,725**

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		3,134	641	19		508	4,302
Of which derivatives in bond funds, managed by Storebrand		1,570	513				2,082
Total derivatives excluding derivatives in bond funds 2018	**0**	**1,564**	**128**	**19**	**0**	**508**	**2,213**
Total derivatives excluding derivatives in bond funds 2017	**0**	**1,232**	**143**	**24**	**-0**	**0**	**1,399**
Bank deposits		4,079				159	4,237
Of which bank deposits in bond funds, managed by Storebrand		186					186
Total bank deposits excluding bank deposits in bond funds 2018	**0**	**3,893**	**0**	**0**	**0**	**159**	**4,051**
Total bank deposits excluding bank deposits in bond funds 2017	**0**	**4,060**	**0**	**0**	**0**	**35**	**4,095**

Rating classes based on Standard & Poor's.

NIG = Non-investment grade.

COUNTERPARTY RISK - DERIVATES

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.

STOREBRAND LIVSFORSIKRING GROUP

Investments subjected to netting agreements/CSA

				Collateral		
NOK million	Booked value fin. assets	Booked value fin. liabilities	Net booked fin. assets/ liabilities	Cash (+/-)	Securities (+/-)	Net exposure
Investments subject to netting agreements	4,314	4,022	291	0	-1,598	1,889
Investments not subject to netting agreements	508	512	-5			
Total counterparts 2018	**4,822**	**4,535**	**286**			
Total counterparts 2017	**3,868**	**1,876**	**1,991**	**0**	**-928**	**2,919**

STOREBRAND LIVSFORSIKRING AS

Investments subjected to netting agreements/CSA

				Collateral		
NOK million	Booked value fin. assets	Booked value fin. liabilities	Net booked fin. assets/ liabilities	Cash (+/-)	Securities (+/-)	Net exposure
Total counterparts 2018	**1,712**	**3,398**	**-1,686**	**0**	**-1,598**	**-88**
Total counterparts 2017	**1,399**	**1,007**	**392**	**0**	**-875**	**1,267**

STOREBRAND LIVSFORSIKRING GROUP

Financial assets at fair value through profit and loss (FVO)

NOK million	2018	2017
Booke value maximum exposure for credit risk [1]	117,155	214,211
Net credit risk	**117,155**	**214,211**
This year's change in fair value due to change in credit risk [1]	-733	-139

[1] Figures are excluding interest fund

Storebrand has none related credit derivatives or collateral

STOREBRAND LIVSFORSIKRING AS

Financial assets at fair value through profit and loss (FVO)

NOK million	2018	2017
Booke value maximum exposure for credit risk [1]	39,301	71,590
Net credit risk	**39,301**	**71,590**
This year's change in fair value due to change in credit risk [1]	-604	-213

[1] Figures are excluding interest fund

Storebrand has none related credit derivatives or collateral

THE LOAN PORTFOLIO

The loan portfolio consists of income-generating real estate and development real estate with few customers and few defaults, and there is comprehensive and complex risk assessment of debtors. The Corporate Market portfolio is generally secured on commercial property.

In the retail market, most of the loans are secured by means of home mortgages. Customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, customers are checked regarding policy regulations, and customers are scored using a scoring model.

The weighted average loan-to-value ratio for retail market loans is approximately 55 per cent on home loans. Over 90 per cent of home loans have a loan to value ratio within 70 per cent and approximately 99 per cent are within a 80 per cent loan to value ratio. About 59 per cent of the home loans are within a 60 per cent LVR. The portfolio is considered to have low to moderate credit risk.

STOREBRAND LIVSFORSIKRING GROUP

LOANS
Commitments by customer groups

NOK million	Loans to and receivables from customers	Unused creditlimits	Total commitments
Sale and operation of real estate	7,839		7,839
Wage-earners and others	18,187	81	18,267
Others	5,003	2	5,005
Total	**31,029**	**83**	**31,112**
- Individual write-downs	-50		-50
Total lending to and receivables from customers 2018	**30,980**	**83**	**31,062**
Total lending to and receivables from customers 2017	**26,531**	**105**	**26,631**

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

TOTAL COMMITTMENTS BY REMAINING TERM

	2018				2017			
NOK million	Loans to and receivables from customers	Guaran-tees	Unused credit line	Total commit-ments	Loans to and receivables from customers	Guarantees	Unused credit line	Total commit-ments
Up to one month	200			200	188			188
1 - 3 months	166			166	0			0
3 months - 1 year	1,383		1	1,384	442		10	452
1 -5 years	7,607		29	7,636	6,448		21	6,469
More than 5 years	21,673		53	21,726	19,465		68	19,533
Total gross commitments	**31,029**	**0**	**83**	**31,112**	**26,542**	**0**	**100**	**26,642**

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 appears older than 90 days and the amount is at least NOK 2,000.

CREDIT RISKS BY CUSTOMER GROUPS

NOK million	Gross nonperforming commitments	Individual writedowns	Net nonperforming commitments	Total recognised value changes during the period
Sale and operation of real estate				
Other service providers				
Wage-earners and others				
Others		-50		-50
Total 2018	**0.0**	**-50**	**0**	**-50**
Total 2017		-11		-11

STOREBRAND LIVSFORSIKRING AS

LOANS
Commitments by customer groups

NOK million	Loans to and receivables from customers	Unused creditlimits	Total commitments
Sale and operation of real estate	3,885		3,885
Other service providers			0
Wage-earners and others	18,187	81	18,267
Others	3,580	2	3,582
Total	**25,651**	**83**	**25,734**
- Individual write-downs	-17		-17
Total lending to and receivables from customers 2018	**25,635**	**83**	**25,717**
Total lending to and receivables from customers 2017	**21,426**	**100**	**21,526**

TOTAL COMMITTMENTS BY REMAINING TERM

NOK million	2018 Loans to and receivables from customers	2018 Guarantees	2018 Unused credit line	2018 Total commit-ments	2017 Loans to and receivables from customers	2017 Guarantees	2017 Unused credit line	2017 Total commit-ments
Up to one month				0	188			188
1 - 3 months	3,885			3,885				0
3 months - 1 year				0	328		10	338
1 -5 years	18,187		81	18,267	3,335		21	3,356
More than 5 years	3,580		2	3,582	17,587		68	17,655
Total gross commitments	**25,651**	**0**	**83**	**25,734**	**21,437**	**0**	**100**	**21,537**

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 appears older than 90 days and the amount is at least NOK 2,000.

CREDIT RISKS BY CUSTOMER GROUPS

NOK million	Gross non performing commitments	Individual writedowns	Net non-performing commitments	Total recognised value changes during the period
Sale and operation of real estate				
Other service providers				
Wage-earners and others				
Others		-17		-17
Total 2018	**0**	**-17**	**0**	**-17**
Total 2017		-11		-11

Note 12 - 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).

For the life insurance businesses, the greatest risks are largely the same in Norway and Sweden. The financial market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, and long life in particular can be influenced by universal trends.
The insurance business primarily has a credit risk relating to bonds with significant geographical and industry-related diversification.
The financial market and investment risks are largely related to the customer portfolios in the life insurance business. The risk associated with a negative outcome in the financial market is described and quantified in Note 9, financial market risk.

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

Note 13 - 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.

FAIR VALUE CLASSIFIED AT LEVEL

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2018	Total fair value 2017
Assets					
Equities and units					
- Equities	23,039	333	602	23,974	23,316
- Units	127	125,132	7,849	133,108	132,780
Total equities and units 2018	**23,166**	**125,465**	**8,451**	**157,082**	
Total equities and units 2017	**22,271**	**125,396**	**8,429**		**156,096**
Total lending to customers 2018 [1]			**5,708**	**5,708**	**5,104**
Bonds and other fixed income securities					
- Government bonds	13,530	19,342		32,872	47,460
- Corporate bonds		49,040	56	49,096	47,823
- Structured notes		79		79	81
- Collateralised securities		19,703		19,703	25,632
- Bond funds		45,851	3,321	49,172	39,023
Total bonds and other fixed income securities 2018	**13,530**	**134,015**	**3,377**	**150,922**	
Total bonds and other fixed income securities 2017	**23,792**	**136,119**	**108**		**160,019**
Derivatives:					
- Equity derivatives					
- Interest derivatives		3,068		3,068	2,742
- Currency derivatives		-2,781		-2,781	-751
- Credit derivatives					
Total derivatives 2018		**287**		**287**	**2,568**
- derivatives with a positive market value		4,822		4,822	3,868
- derivatives with a negative market value		-4,535		-4,535	-1,876
Total derivatives 2017		**1,991**			**1,991**
Real estate:					
- real estate at fair value			28,266	28,266	24,161
- real estate for own use			1,420	1,420	2,863
Total real estate 2018			**29,686**	**29,686**	
Total real estate 2017			**28,861**		**28,861**

[1] Includes lending to customers 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 units	6	87

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

Movement level 3

NOK million	Equities	Units	Loans to customers	Corporate bonds	Bond Funds	Investment real estate	Real estate for own use
Book value 01.01.18	750	7,679	5,105	108		27,453	1,408
Net profit/loss	-33	-2,397	48	10	134	-314	
Supply/disposal	12	3,967	1,310		3,202	1,259	82
Sales/overdue/settlement	-121	-1,347	-641	-60	-15		-2
Translation differences	-6	-53	-114	-1		-341	-68
Other						209	
Book value 31.12.18	**602**	**7,849**	**5,708**	**56**	**3,321**	**28,266**	**1,420**

As of 31.12.18 Storebrand Livsforsikring had NOK 4 376 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo
The investment is classified as "Investment in Associated Companies" in the Consolidated Financial Statements.

STOREBRAND LIVSFORSIKRING AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total fair value 2018	Total fair value 2017
Assets					
Equities and units					
- Equities	1,310	78	451	1,839	19,179
- Fund units		42,251	5,340	47,591	44,256
Total equities and units 2018	**1,310**	**42,329**	**5,791**	**49,430**	
Total equities and units 2017	**18,512**	**39,135**	**5,788**		**63,436**
Total lending to customers 2018 [1]			364	364	
Bonds and other fixed income securities					
- Government bonds	4,139			4,139	12,578
- Corporate bonds		25,832	25	25,857	25,138
- Collateralised securities		5,703		5,703	7,792
- Bond funds		34,658	567	35,225	27,893
Total bonds and other fixed income securities 2018	**4,139**	**66,193**	**592**	**70,924**	
Total bonds and other fixed income securities 2017	**12,569**	**60,790**	**42**		**73,401**
Derivatives:					
- Interest derivatives		1,365		1,365	1,122
- Currency derivatives		-3,056		-3,056	-730
Total derivatives 2018		**-1,691**		**-1,691**	
- derivatives with a positive market value		2,220		2,220	
- derivatives with a negative market value		-3,910		-3,910	
Total derivatives 2017		**392**			**392**

[1] Includes lending to customers 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 units	0.3	83

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

Movement level 3

NOK million	Equities	Units	Loans to customers	Corporate bonds	Bond Funds
Book value 01.01.18	488	5,300		42	
Net profit/loss	-33	-141	20	6	48
Supply/disposal	12	1,195	346		519
Sales/overdue/settlement	-16	-1,014	-2	-23	
Book value 31.12.18	**451**	**5,340**	**364**	**25**	**567**

Financial assets and liabilities at amortised cost

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observa-ble assumpti-ons (level 3)	Total fair value 2018	Total fair value 2017	Book value 2018	Book value 2017
Financial assets							
Loans to customers - corporate			6,981	6,981	6,202	6,999	6,210
Loans to customers - retail			18,272	18,272	15,217	18,272	15,217
Bonds held to maturity		15,679		15,679	16,933	14,403	15,128
Bonds classified as loans and receivables		97,790		97,790	93,837	94,029	87,094
Total fair value 2018		**113,469**	**25,253**	**138,722**		**133,703**	
Total fair value 2017		**110,771**	**21,418**		**132,189**		**123,649**
Financial liabilities							
Subordinated loan capital		7,940		7,940	8,711	7,948	8,591
Total fair value 2018		**7,940**		**7,940**		**7,948**	
Total fair value 2017		**8,711**			**8,711**		**8,591**

SENSITIVITY ASSESSMENTS

EQUITIES

It is primarily investments in forests that are classified under equity at level 3. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in value at change in discount rate		Change in value at change in discount rate	
NOK million	Increase + 25 bp	Decrease - 25 bp	Increase + 25 bp	Decrease - 25 bp
Change in fair value as at 31.12.18	-56	57	-18	19
Change in fair value as at 31.12.17	-43	45	-18	20

FUND UNITS

Large portions of the portfolio are private equity funds invested in companies priced against comparable listed companies The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. The private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.46.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change MSCI World		Change MSCI World	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.18	455	-455	251	-251
Change in fair value as at 31.12.17	323	-323	245	-245

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. Remaining indirect property investments are no longer leveraged.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change indirect property investments		Change indirect property investments	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.18	1	-1	1	-1
Change in fair value as at 31.12.17	19	-19	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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in marketspread		Change in marketspread	
NOK million	+ 10 bp	- 10 bp	+ 10 bp	- 10 bp
Change in fair value as at 31.12.18	-33	33	-10	10
Change in fair value as at 31.12.17	-21	21	-4	4

CREDIT 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.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change MSCI World		Change MSCI World	
NOK million	Increase + 10 %	Decrease - 10 %	Increase + 10 %	Decrease - 10 %
Change in fair value as at 31.12.18	3	-3	1	-1
Change in fair value as at 31.12.17	6	-6	2	-2

PROPERTIES

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

The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 4.5 per cent. About 25 per cent of the property's cash flow is linked to lease agreement. This means that the changes in the uncertain parts of the cash flow by 1 per cent result in a change in value of 0.75 per cent.

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	Change in required rate of return		Change in required rate of return	
NOK million	0,25%	-0,25%	0,25%	-0,25%
Change in fair value as at 31.12.18	-1,373	1,522	-907	997
Change in fair value as at 31.12.17	-1,317	1,459	-956	1,061

Note 14 - Profit and Loss account by class of business

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance
Premium income	14,911	235	732	2,093	564	307
Net income from financial assets – collective portfolio	4,333	32	27	100	267	11
Net income from financial assets with investment choice	-3,347			-258	-230	
Other insurance related income	588		7	57	41	
Claims	-10,421	-125	-622	-1,326	-1,394	-159
– Of which agreements terminated/withdrawals from endowment policies	-148	-28		-56	-12	
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	757	-83	66	124	846	1
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-4,220			-363	53	
Funds allocated to insurance contracts contractual obligations	-353	-4		-55	-4	
Insurance related operating costs	-962	-39	-66	-184	-140	-66
Other insurance related costs	-120		-31	-4	-1	-2
Technical result 2018	**1,167**	**16**	**114**	**184**	**1**	**92**
Technical result 2017	**647**	**15**	**141**	**211**	**37**	**105**

NOK million	Storebrand Livsforsikring AS	BenCo	SPP	Storebrand Livsforsikring Group
Premium income	18,843	90	9,635	28,568
Net income from financial assets – collective portfolio	4,769	102	1,370	6,207
Net income from financial assets with investment choice	-3,835	77	-2,635	-6,398
Other insurance related income	693	208	1,337	2,238
Claims	-14,046	-1,054	-9,312	-24,413
– Of which agreements terminated/withdrawals from endowment policies	-244		-95	-244
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	1,710	272	2,047	4,028
Changes in insurance obligations recognised in the Profit and Loss account with investment choice	-4,530	414	-806	-4,922
Funds allocated to insurance contracts contractual obligations	-415	-4		-419
Insurance related operating costs	-1,456	-49	-920	-2,425
Other insurance related costs	-157	-18	-62	-237
Technical result 2018	**1,576**	**37**	**654**	**2,228**
Technical result 2017	**1,156**	**26**	**642**	**1,778**

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	2018	2017
Premium income	221	447	1,425	2,093	2,256
Net income from financial assets – collective portfolio	60	39		100	175
Net income from financial assets with investment choice			-258	-258	555
Other insurance related income			56	57	55
Claims	-344	-177	-806	-1,326	-1,194
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	196	-69	-3	124	158
Changes in insurance obligations recognised in the Profit and Loss account with investment choice			-363	-363	-1,497
Funds allocated to insurance contracts contractual obligations	-55			-55	-104
Insurance related operating costs	-52	-82	-50	-184	-191
Other insurance related costs	-2	-2		-4	-3
Technical result	**25**	**157**	**3**	**184**	**211**

ANNUITY/PENSION INSURANCE

NOK million	Profit allocation	Investment choice	2018	2017
Premium income	18	547	564	482
Net income from financial assets – collective portfolio	267		267	487
Net income from financial assets with investment choice		-230	-230	415
Other insurance related income	1	39	41	41
Claims	-1,051	-343	-1,394	-1,420
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	846		846	699
Changes in insurance obligations recognised in the			-	
Profit and Loss account with investment choice		53	53	-518
Funds allocated to insurance contracts contractual obligations	-4		-4	-31
Insurance related operating costs	-65	-75	-140	-119
Other insurance related costs	-1		-1	-0
Technical result	**10**	**-9**	**1**	**37**

GROUP PENSION PRIVATE INSURANCE

NOK million	Company pension without investment choice	Paid-up policies without investment choice	Paid-up policies with investment choice	Occupational pension without investment choice	Occupational pension with investment choice	Pension certificate without investment choice
Premium income	2,745	-135	298	102	198	
Net income from financial assets – collective portfolio	318	3,961		16		
Net income from financial assets with investment choice			-517		-20	
Other insurance related income	33	17	119	0	2	
Claims	-788	-5,794	-239	-279	-2	
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-1,803	3,027		226		1
Changes in insurance obligations recognised in the Profit and Loss account with investment choice			433		-175	
Funds allocated to insurance contracts contractual obligations	-39	-298	25	-20		-1
Insurance related operating costs	-168	-258	-63	-12	-11	
Other insurance related costs	-32	-13	-0	-2	-1	
Technical result	**267**	**507**	**56**	**33**	**-10**	**0**

GROUP PENSION PRIVATE INSURANCE

NOK million	Occupational pension without profitsharing	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	2018	2017
Premium income	910	10,078	89	626	14,911	13,562
Net income from financial assets – collective portfolio	33		4		4,333	8,643
Net income from financial assets with investment choice		-2,054		-756	-3,347	7,229
Other insurance related income	21	212		185	588	454
Claims	-32	-2,359	-63	-865	-10,421	-10,502
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-666		-27		757	-4,087
Changes in insurance obligations recognised in the Profit and Loss account with investment choice		-5,616		1,139	-4,220	-13,218
Funds allocated to insurance contracts contractual obligations	-20				-353	-407
Insurance related operating costs	-117	-191		-143	-962	-891
Other insurance related costs		-72			-120	-137
Technical result	**129**	**-2**	**2**	**186**	**1,167**	**647**

GROUP PENSION PUBLIC INSURANCE

NOK million	Defined benefit without investment choice	2018	2017
Premium income	235	235	181
Net income from financial assets – collective portfolio	32	32	150
Other insurance related income		0	1
Claims	-125	-125	-297
Changes in insurance obligations recognised in the Profit and Loss account contractual obligations	-83	-83	45
Funds allocated to insurance contracts contractual obligations	-4	-4	-27
Insurance related operating costs	-39	-39	-37
Other insurance related costs			-1
Technical result	**16**	**16**	**15**

Note 15 - Profit analysis by class of insurance

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS		BenCo	SPP	Storebrand Livsforsikring Group	
							2018	2017	2018	2018	2018	2017
Financial income [1]	2,184	78	44	-137	94	15	2,277	16,740	21	1,715	3,975	20,193
Guaranteed yield	-1,826	-73	-27	127	-144	-10	-1,954	-13,981	-30	-1,372	-3,356	-17,430
- of which transferred to premium fund	-5						-5	-23			-45	-2,315
Investment result	**359**	**5**	**16**	**-10**	**-51**	**5**	**323**	**2,759**	**-10**	**344**	**618**	**2,763**
Risk premium	141	-5	690	592	-96	264	1,586	1,805	17	285	1,887	2,128
Risk addition [1]	392	6	-643	-318	123	-164	-603	-1,203	-3	-422	-1,028	-1,364
Net reinsurance etc. [1]	43		50			6	98	1	0	-3	95	-1
Risk result	**576**	**1**	**97**	**274**	**27**	**106**	**1,081**	**604**	**14**	**-140**	**955**	**763**
Administration premium [1]	1,297	33	66	164	117	48	1,726	1,630	80	1,349	3,155	3,070
Operating expenses	-962	-39	-66	-184	-140	-66	-1,456	-1,409	-49	-899	-2,404	-2,392
Administration result	**336**	**-6**	**1**	**-19**	**-23**	**-18**	**270**	**222**	**31**	**450**	**751**	**678**
Other results [2]	149			-6	-2		141	-4	2		143	-2
Premium for guaranteed interest	252	17					269	279			269	279
Risk profit	40	6					46	65			46	65
Gross result for sector	**1,713**	**22**	**114**	**238**	**-48**	**92**	**2,130**	**3,925**	**37**	**654**	**2,782**	**4,547**
To/from additional statutory reserve and longevity reserve	-193	-1		1	54		-139	-2,174			-139	-2,174
Investment result to policyholders	-158	-3					-162	-493			-162	-441
Risk result to policyholders	-194						-194	4			-194	4
Other allocation of profit to customer				-55	-4		-58	-79			-58	-131
Owners contribution to strengthen the longevity reserve								-26				-26
Covered by the risk equalisation fund												
Profit for the year (to owner)	**1,167**	**16**	**114**	**184**	**1**	**92**	**1,576**	**1,156**	**37**	**654**	**2,228**	**1,778**
To the risk equalisation fund	**219**	**0**					**220**	**8**			**220**	**8**

1) The items other insurance-related income (in note 20) and other insurance-related costs (in note 26) are allocated in accordance with their purpose.

2) Contribution from equity/risk equalisation fund

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	Storebrand Livsforsikring AS 2018	2017
Financial income [1)]	75	46	-258	-137	744
Guaranteed yield	-82	-49	258	127	-711
Investment result	**-7**	**-3**	**-0**	**-10**	**33**
Risk premium	192	397	4	592	588
Risk addition [1)]	-106	-208	-4	-318	-251
Net reinsurance etc. [1)]			-0	0	-1
Risk result	**85**	**188**	**0**	**274**	**336**
Administration premium [1)]	52	53	59	164	166
Operating expenses	-52	-82	-50	-184	-191
Administration result	**1**	**-29**	**9**	**-19**	**-25**
Other results [2)]	-0		-6	-6	-0
Gross result for sector	**79**	**157**	**3**	**238**	**345**
To/from additional statutory reserve and longevity reserve	1			1	-30
Investment result to policyholders				-0	-2
Risk result to policyholders				-0	-0
Other allocation of profit to customer	-55			-55	-101
Profit for the year	**25**	**157**	**3**	**184**	**211**

1) The items other insurance-related income (in note 20) and other insurance-related costs (in note 26) are allocated in accordance with their purpose.

2) Contribution from equity/risk equalisation fund

ANNUITY/PENSION INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Storebrand Livsforsikring AS 2018	2017
Financial income [1)]	324	-230	94	942
Guaranteed yield	-375	230	-144	-816
Investment result	**-51**	**-0**	**-51**	**126**
Risk premium	-95	-1	-96	-91
Risk addition [1)]	122	1	123	140
Risk result	**28**	**-0**	**27**	**48**
Administration premium [1)]	49	68	117	118
Operating expenses	-65	-75	-140	-119
Administration result	**-16**	**-7**	**-23**	**-1**
Other results [2)]		-2	-2	
Gross result for sector	**-40**	**-9**	**-48**	**173**
To/from additional statutory reserve and longevity reserve	54		54	-106
Other allocation of profit to customer	-4		-4	-30
Profit for the year	**10**	**-9**	**1**	**37**

1) The items other insurance-related income (in note 20) and other insurance-related costs (in note 26) are allocated in accordance with their purpose.

2) Contribution from equity/risk equalisation fund

GROUP PENSION PRIVATE INSURANCE

NOK million	Company pension without investment choice	Paid-up policies without invest-ment choice	Paid-up policies with investment choice	Occupational pension without investment choice	Occupational pension with investment choice	Pension certi-ficate without investment choice
Financial income [1]	706	4,709	-517	40	-20	1
Guaranteed yield	-740	-4,358	517	-18	20	
- of which transferred to premium fund	-3					
Investment result	**-35**	**351**	**-0**	**22**	**0**	**1**
Risk premium	-64	-437	-60	-149		
Risk addition [1]	40	852	35	173		
Net reinsurance etc. [1]	23					
Risk result	**-1**	**414**	**-25**	**24**		**-0**
Administration premium [1]	168	397	120	11	1	
Operating expenses	-168	-258	-63	-12	-11	
Administration result	**0**	**139**	**56**	**-1**	**-10**	**0**
Other results [2]		149				
Premium for guaranteed interest	243			9		
Risk profit	39			0		
Gross result for sector	**246**	**1,054**	**31**	**55**	**-10**	**1**
To/from additional statutory reserve and longevity reserve	59	-249		-2		
Investment result to policyholders	-27	-91		-20		-1
Risk result to policyholders	-12	-207	25			
Other allocation of profit to customer						
Owners contribution to strengthen the longevity reserve						
Covered by the risk equalisation fund						
Profit for the year	**267**	**507**	**56**	**33**	**-10**	**0**
To the risk equalisation fund	**12**	**207**	**0**	**0**	**0**	**-0**

1) The items other insurance-related income (in note 20) and other insurance-related costs (in note 26) are allocated in accordance with their purpose.

2) Contribution from equity/risk equalisation fund

GROUP PENSION PRIVATE INSURANCE

NOK million	Occupational pension without profitsharing	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	Storebrand Livsforsikring AS 2018	2017
Financial income [1]	71	-2,055	6	-756	2,184	14,789
Guaranteed yield	-51	2,054	-5	756	-1,826	-12,350
- of which transferred to premium fund	-2				-5	-23
Investment result	**20**	**-1**	**1**	**-0**	**359**	**2,439**
Risk premium	851				141	360
Risk addition [1]	-707				392	-363
Net reinsurance etc. [1]	20				43	12
Risk result	**163**	**0**	**0**		**576**	**10**
Administration premium [1]	81	190	2	329	1,297	1,196
Operating expenses	-117	-191		-143	-962	-891
Administration result	**-36**	**-1**	**2**	**186**	**336**	**305**
Other results [2]					149	-3
Premium for guaranteed interest					252	265
Risk profit	2				40	60
Gross result for sector	**149**	**-2**	**3**	**186**	**1,713**	**3,075**
To/from additional statutory reserve and longevity reserve			-1		-193	-1,995
Investment result to policyholders	-20				-158	-411
Risk result to policyholders					-194	4
Other allocation of profit to customer						
Owners contribution to strengthen the longevity reserve						-26
Covered by the risk equalisation fund						
Profit for the year	**129**	**-2**	**2**	**186**	**1,167**	**647**
To the risk equalisation fund	**0**	**0**	**0**	**0**	**219**	**8**

1) The items other insurance-related income (in note 20) and other insurance-related costs (in note 26) are allocated in accordance with their purpose.

2) Contribution from equity/risk equalisation fund

GROUP PENSION PUBLIC INSURANCE

NOK million	Defined benefit without investment choice	Storebrand Livsforsikring AS 2018	2017
Financial income [1]	78	78	137
Guaranteed yield	-73	-73	-66
Investment result	**5**	**5**	**70**
Risk premium	-5	-5	-4
Risk addition [1]	6	6	4
Net reinsurance etc. [1]		0	0
Risk result	**1**	**1**	**1**
Administration premium [1]	33	33	32
Operating expenses	-39	-39	-37
Administration result	**-6**	**-6**	**-5**
Premium for guaranteed interest	17	17	14
Risk profit	6	6	5
Gross result for sector	**22**	**22**	**86**
To/from additional statutory reserve	-1	-1	-44
Investment result to policyholders	-3	-3	-27
Profit for the year	**16**	**16**	**15**
To the risk equalisation fund	**0**	**0**	**0**

1) The items other insurance-related income (in note 20) and other insurance-related costs (in note 26) are allocated in accordance with their purpose.

Note 16 - Sales of insurance (new business)

NOK million	Group pension private insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS
2018	96	3	817	148	9	1,073
2017	148	3	1,407	283	7	1,848

Sales consist of new and additional sales, with deductions for policies where the first premium has not been paid. Premium reserves transferred to the company (note 17) are not included in these figures.

Note 17 - Transfers of insurance reserves

NOK million	Group pension private insurance	Group pension public insurance	Endowment insurance	Annuity/ pension insurance	Storebrand Livsforsikring AS 2018	2017
Funds received						
Premium reserve	2,014		19	97	2,131	1,203
Additional statutory reserves	-16				-16	-15
Transfers of premium reserve etc.	**1,998**		**19**	**97**	**2,115**	**1,188**
Premium funds						
Number of policies/customers	9,280		91	439	9,810	7,059
Funds transferred out						
Premium reserve	-2,870		-30	-17	-2,918	-3,793
Additional statutory reserves	-5		-1	-0	-6	-30
Value adjustment fund	-6		-0	-0	-6	-6
Transfers of premium reserve etc.	**-2,881**		**-32**	**-18**	**-2,930**	**-3,829**
Premium funds	-62	-58			-120	-120
Number of policies/customers	-8,914		-130	-208	-9,252	-10,070

Note 18 - Net financial income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Interest lending	708	568	568	468
Interest bank	24	24	17	12
Interest bonds and other fixed-income securities	2,268	3,082	1,557	2,203
Interest bonds amortised cost	4,042	4,056	4,042	4,056
Interest derivatives	1,159	1,322	266	149
Interest income other	-637	-454	-449	-355
Equity dividends	719	495	463	428
Total interest income and equity dividends etc. financial assets	**8,283**	**9,091**	**6,465**	**6,961**
Revaluation of real estate	457	1,474		
Revaluation of equities	-8,791	13,735	-3,155	6,209
Revaluation bonds and other fixed-income securities	-1,456	-2,010	-1,046	-1,791
Revaluation derivatives	-215	-678	177	64
Revaluation loans	-27	-12	-2	0
Total revaluation on investments	**-10,032**	**12,510**	**-4,026**	**4,482**
Profit on equities	1,895	2,687	1,674	2,353
Profit on bonds and other fixed-income securities	-354	2,349	-288	1,561
Profits on derivatives	-1,594	397	-751	5
Profit on bonds at amortised cost	301	319	301	319
Profit on other investments	163	124	43	96
Currency gains, equities	924	-49	-89	148
Currency gains, bonds and other fixed-income securities	635	89	551	59
Currency gains, derivatives	-1,569	-95	-2,265	-31
Currency gains, bonds at amortised cost	33	17	33	17
Currency gains, other	179	10	220	9
Total gains and losses on financial assets	**614**	**5,850**	**-570**	**4,538**
Interest costs subordinated loans	-366	-452	-366	-437
Total interest costs	**-366**	**-452**	**-366**	**-437**

Note 19 - Net income from real estate

NOK million	Storebrand Livsforsikring Group 2018	2017
Rent income from real estate [1)]	1,357	1,376
Operating costs (including maintenance and repairs) relating to real estate 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 real estate	**1,487**	**2,556**
1) Of which real estate for own use	74	184
2) Of which real estate for own use	-29	-40

Note 20 - Other insurance related income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Interest income insurance	5	2	5	2
Management fee	908	925		
Other insurance relates fees	26	27		
Indexing fees	6	7		
Pooling	51		51	
Return commissions	971	847	614	531
Other income	270	156	22	18
Total other insurance related income	**2,238**	**1,963**	**693**	**551**

Note 21 - Other income

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Interest income on management bank deposits	15	7	14	6
Revenue from companies other than insurance	145	134		
Kickback investment choice	10		10	
Compensation due to takeover of pension funds	37		37	
Amortization of brand	38		38	
Other income	25	39	6	10
Total other income	**270**	**179**	**105**	**16**

Note 22 - Sales cost

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Salaries and personnel costs own sales resources	-315	-325	-190	-190
Other sales costs own resources	-230	-232	-77	-79
Commissions to external distributors	-194	-169	-15	-14
Total sales costs	**-738**	**-726**	**-282**	**-283**
Change in deferred acquisition costs	27	8		

Note 23 - Pension costs and pension liabilities

STOREBRAND LIVSFORSIKRING GROUP

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have a defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:
– Saving starts from the first krone of salary.
– Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 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	2018	2017
Present value of insured pension liabilities	982	953
Fair value of pension assets	-871	-879
Net pension liabilities/assets insured scheme	**110**	**75**
Present value of unsecured liabilities		
Net pension liabilities recognised in statement of financial position	35	66
Net pension liabilities recognised in statement of financial position	**146**	**140**

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

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK million	2018	2017
Pension assets	3	3
Pension liabilities	148	143

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2018	2017
Net pension liabilities 01.01	1,019	962
Pensions earned in the period	14	16
Pension cost recognised in period	11	26
Estimate deviations	33	32
Gain/loss on insurance reductions	-1	
Pensions paid	-39	-60
Changes to pension scheme		
Pension liabilities additions/disposals and currency adjustments	-21	43
Payroll tax of employer contribution, assets		
Net pension liabilities 31.12	**1,017**	**1,019**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2018	2017
Pension assets at fair value 01.01	879	867
Expected return	20	25
Estimate deviation	-5	-61
Gain/loss on insurance reductions		
Premiums paid	25	29
Pensions paid	-27	-31
Changes to pension scheme		
Pension liabilities additions/disposals and currency adjustments	-20	51
Payroll tax of employer contribution, assets		
Net pension assets 31.12	**871**	**879**

Expected premium payments (pension assets) in 2019	13
Expected premium payments (contributions) in 2019	143
Expected AFP early retirement scheme payments in 2019	10
Expected payments from operations (uninsured scheme) in 2019	35

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

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
NOK million	2018	2017	2018	2017
Real estate at fair value	14 %	12 %	11 %	11 %
Bonds at amortised cost	36 %	32 %		
Loans at amortised cost	14 %	12 %		
Equities and units at fair value	12 %	15 %	8 %	8 %
Bonds at fair value	24 %	27 %	81 %	81 %
Other short-term financial assets	1 %	0 %		
Total	**100 %**	**100 %**	**100 %**	**100 %**
Realised return on assets	2.2 %	3.8 %	2.3 %	3.7 %

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring and SPP Pension & Försäkring AB. Financial instruments are measured at three different levels. Allocation of the different classes of financial instruments at levels are shown in note 13.

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

NOK million	2018	2017
Current service cost	14	16
Net interest cost/expected return	3	2
Changes to pension scheme	-1	
Total for defined benefit schemes	**16**	**17**
The period's payment to contribution scheme	110	103
The period's payment to contractual pension	9	10
Net pension cost recognised in profit and loss account in the period	**135**	**130**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2018	2017
Actuarial loss (gain) - change in discount rate	61	95
Actuarial loss (gain) - change in other financial assumptions	-14	-10
Actuarial loss (gain) - experience DBO	-26	-53
Loss (gain) - experience Assets	17	61
Remeasurements loss (gain) in the period	**39**	**94**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	Storebrand Livsforsikring AS		SPP Pension & Försäkring AB	
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			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 DUS06 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 2018 and are calculated for each individual when all other assumptions are kept constant.

Sweden	Discount rate		Expected earnings growth		Expected earnings growth	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 %	0 %	-4 %	7 %	4 %	-4 %
The period's net pension costs	-12 %	14 %	8 %	-7 %	8 %	-10 %	-17 %

STOREBRAND LIVSFORSIKRING AS

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have a defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:
– Saving starts from the first krone of salary.
– Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 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.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2018	2017
Present value of insured pension liabilities	23	27
Fair value of pension assets	-45	-48
Net pension liabilities/assets insured scheme	**-22**	**-21**
Present value of unsecured liabilities	33	63
Net pension liabilities recognised in statement of financial position	**12**	**42**

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

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK Million	2018	2017
Pension assets	22	
Pension liabilities	33	42

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2018	2017
Net pension liabilities 01.01	90	160
Pensions earned in the period	2	2
Pension cost recognised in period	2	3
Estimate deviations	-26	-45
Gain/loss on insurance reductions		
Pensions paid	-11	-30
Changes to pension scheme		
Payroll tax of employer contribution, assets		
Net pension liabilities 31.12	**56**	**90**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2018	2017
Pension assets at fair value 01.01	48	101
Expected return	1	2
Estimate deviation	-5	-53
Pensions paid		-3
Net pension assets 31.12	**45**	**48**

Expected premium payments (pension assets) in 2019	1	
Expected premium payments (contributions) in 2019	57	
Expected AFP early retirement scheme payments in 2019	8	
Expected payments from operations (uninsured scheme) in 2019	9	

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

	Storebrand Livsforsikring AS	
	2018	2017
Real estate at fair value	14 %	12 %
Bonds at amortised cost	36 %	32 %
Loans at amortised cost	14 %	12 %
Equities and units at fair value	12 %	15 %
Bonds at fair value	24 %	27 %
Other short-term financial assets	1 %	0 %
Total	**100 %**	**100 %**
Realised return on assets	2.2 %	3.8 %

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

Financial instruments are measured at three different levels. Allocation of the different classes of financial instruments at levels are shown in note 13.

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

NOK million	2018	2017
Current service cost	2	2
Net interest cost/expected return	1	1
Total for defined benefit schemes	**2**	**3**
The period's payment to contribution scheme	69	68
The period's payment to contractual pension	8	10
Net pension cost recognised in profit and loss account in the period	**79**	**81**

OTHER COMPREHENSIVE INCOME (OCI) IN THE PERIOD

NOK million	2018	2017
Actuarial loss (gain) - change in discount rate	-1	
Actuarial loss (gain) - experience DBO	-25	-45
Loss (gain) - experience Assets	5	53
Remeasurements loss (gain) in the period	**-21**	**7**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

NOK million	2018	2017
Discount rate	2.8 %	2.6 %
Expected earnings growth	2.5 %	2.25 %
Expected annual increase in social security pensions	2.5 %	2.25 %
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.

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.

Note 24 - Remuneration of senior employees and elected officers of company

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

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

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

NOK thousand	Ordinary salary 1)	Other benefits 2)	Total remuneration for the year	Pension accrued for the year	Post termination salary (months)	Loan 3)	No. of shares owned 4)
Geir Holmgren	4,275	228	4,503	763	12	8,273	54,722
Lars Aa. Løddesøl	5,159	218	5,377	952	18	7,006	83,521
Heidi Skaaret	4,279	180	4,460	764	12	3,366	54,473
Jostein Chr. Dalland	3,167	131	3,297	551	12		16,701
Wenche Annie Martinussen	3,183	158	3,341	565	12	9,163	13,969
Staffan Hansèn	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
Total 2018	**30,740**	**1,101**	**31,841**	**5,796**		**29,007**	**322,798**
Total 2017	28,716	1,125	29,841	5,056		28,302	235,297

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	No. of shares owned 1)	Loan 2)
Board of Directors			
Odd Arild Grefstad		141,634	6,934
Bodil Catherine Valvik	59		3,059
Jan Otto Risebrobakken		7,362	5,825
Peik Norenberg	80		
Hans Henrik Klouman	216		
Vibeke Hammer Madsen	216		
Martin Skancke 3)	720	16,414	
Kari Birkeland	98	2,229	3,027
Sigurd Nilsen Ribu	157	500	6,294
Total 2018	**1,546**	**168,139**	**25,139**
Total 2017	944	129,205	18,146

1) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.
2) Employees can borrow up to NOK 7.0 million at a subsidised interest rate, which is set at 40 bp below the best current market interest rate. Excess loan amounts will be subject to market terms.
3) Martin Skancke is Board member in Storebrand ASA and Storebrand Livsforsikring AS

Loans to Storebrand Livsforsikring group employees totalled NOK 790 million.

Note 25 - Remuneration paid to auditors

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

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Statutory audit	-6.0	-7.4	-1.9	-2.1
Other reporting duties		-0.2		
Tax advice	-0.3	-0.4	-0.1	-0.3
Other non-audit services	-0.6	-0.2	-0.3	-0.1
Total remuneration to auditors	**-6.9**	**-8.2**	**-2.3**	**-2.6**

The amounts are excluding VAT.

Note 26 - Other insurance related expenses

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Pooling	-15	6		19
Interest cost for insurance	-40	-38	-40	-38
Yield tax	-3	-3		
Losses on policyholders	-118	-119	-118	-119
Other expenses	-62	-100		
Total other insurance related expenses	**-237**	**-254**	**-157**	**-138**

Note 27 - Other costs

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Borrowing costs	-366	-452	-366	-437
Amortisation of intangible assets	-343	-391	-28	
Other costs	-34	-83		-29
Operational costs - non insurance	-130	-101	-25	
Total other costs	**-873**	**-1,027**	**-419**	**-466**

Note 28 - Tax

NOK million	Storebrand Livsforsikring Group 2018	Storebrand Livsforsikring Group 2017	Storebrand Livsforsikring AS 2018	Storebrand Livsforsikring AS 2017
Tax payable	20	19		
Deferred tax	1,068	184	1,088	210
Total tax charge	**1,088**	**204**	**1,088**	**210**

RECONCILIATION OF EXPECTED AND ACTUAL COST

NOK million	Storebrand Livsforsikring Group 2018	Storebrand Livsforsikring Group 2017	Storebrand Livsforsikring AS 2018	Storebrand Livsforsikring AS 2017
Ordinary pre-tax profit	2,010	1,601	2,594	1,460
Expected income tax at nominal rate	-503	-400	-649	-365
Tax effect of				
realised/unrealised shares	-107	109	-107	4
share dividends received	42	142	254	120
associated companies	3	3		
permanent differences	28	437	-26	545
recognition/write-down of tax assets				
change in tax rate	10	104		97
Transitional rules do to new tax rules	1,615		1,615	
Changes from previous years		-190		-190
Total tax charge	**1,088**	**204**	**1,088**	**210**
Effective tax rate [1)]	-54 %	-13 %	-42 %	-14 %

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

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Tax-increasing temporary differences				
Securities		15,160		15,160
Real estate [1]		10,452		10,452
Fixed assets	8	8		
Gain-/loss account	30		30	
Other	535	593	150	157
Total tax-increasing temporary differences	**572**	**26,212**	**180**	**25,769**
Tax-reducing temporary differences				
Securities	-147		-147	
Fixed assets	-14	-15	-11	-13
Accrued liabilities	-17	-10,657	-13	-10,650
Accrued pension liabilities	-12	-43	-12	-42
Gain-/loss account	-5	-6	-4	-5
Other	-14	-69		-69
Total tax-reducing temporary differences	**-208**	**-10,790**	**-187**	**-10,778**
Carry forward losses	-7,797	-16,142	-7,263	-15,685
Total tax loss and assets carried forward	**-7,797**	**-16,142**	**-7,263**	**-15,685**
Basis for net deferred tax and tax assets	**-7,433**	**-720**	**-7,269**	**-694**
Net deferred tax assets/liabilities in balance sheet	**-1,858**	**-391**	**-1,817**	**-381**
Recognised in balance sheet				
Deferred tax assets	1,942	486	1,817	381
Deferred tax	84	96		

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 (Stortinget) 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).

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 29 - Intangible assets and excess value on purchased insurance contracts

STOREBRAND LIVSFORSIKRING GROUP

	Intangible assets					
NOK million	IT- systems	Value of business in force	Other intangible assets	Goodwill	2018	2017
Acquisition cost 01.01	486	9,890	675	797	11,849	11,183
Additions in the period:	99		281			
Developed in-house	44				44	10
Purchased separately	56				56	68
Purchase through aquisition, merger etc			281		281	
Disposals in the period	-15				-15	0
Currency differences	-3	-221	-15	-17	-256	588
Other changes						
Acquisition cost 31.12	**567**	**9,669**	**941**	**780**	**11,957**	**11,849**
Accumulated depreciation & write-downs 01.01	-268	-6,535	-676		-7,479	-6,673
Write-downs in the period	-7				-7	
Amortisation in the period	-54	-315	-28		-397	-442
Disposals in the period	15				15	0
Translation differences from converting foreign units		132	15		148	-363
Other changes						
Accumulated depreciation & write-downs 31.12	**-315**	**-6,717**	**-688**		**-7,720**	**-7,478**
Book value 31.12	**252**	**2,952**	**253**	**780**	**4,237**	**4,370**

SPECIFICATION OF INTANGIBLE ASSETS

NOK million	Useful economic life	Depreciation rate	Depreciation method	Book value 2018
Silver	10 years	10 %	Straight line	253
IT- systems	5/10 years	20%/10%	Straight line	252
Value of business inforce SPP	20 years	5 %	Straight line	2,952
Other intangible assets	5 years	20 %	Straight line	0

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK million	Acquisition cost 01.01	Book value 01.01	Additions/ disposals	Translation differences	Book value 31.12.2018
Goodwill on acquisitions of SPP	797	797		-17	780
Total	**797**	**797**		**-17**	**780**

Goodwill is not amortised but tested annually for impairment.

STOREBRAND LIVSFORSIKRING AS

NOK million	IT- systemes	Other	2018	2017
Acquisition cost 01.01	350		350	345
Additions in the period:	44	281	324	6
Developed in-house	44		44	6
Purchased separately		281	281	
Disposals in the period	-15		-15	
Translation differences from converting foreign units				
Other changes				
Acquisition cost 31.12	**379**	**281**	**660**	**350**
Accumulated depreciation & write-downs 01.01	-256		-256	-211
Write-downs in the period	-7		-7	
Amortisation in the period	-45	-28	-45	-45
Disposals in the period	15		15	
Other changes				
Accumulated depreciation & write-downs 31.12	**-294**	**-28**	**-322**	**-256**
Book value 31.12.	**85**	**253**	**338**	**94**

NOK million	Useful economic life	Depreciation rate	Depreciation method	Book value 2018
IT - systems	5 år	20 %	Lineær	85
Other intangible assets	10 år	10 %	Lineær	253

INTANGIBLE ASSETS LINKED TO THE 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 business in-force (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 to 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 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 Storebrand. 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 regarding 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 reasonable and also conservative assumptions indicates a VIF that justifies the capitalised value.

Note 30 - Classification of financial assets and liabilities

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Loans and receivables	Investments, held to maturity	Fair value, held for trading	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	8,175					8,175
Shares and units				157,082		157,082
Bonds and other fixed-income securities	94,029	14,403		150,922		259,353
Loans to customers	25,272			5,708		30,980
Accounts receivable and other short-term receivables	7,123					7,123
Derivatives			4,822			4,822
Total financial assets 2018	**134,599**	**14,403**	**4,822**	**313,712**		**467,535**
Total financial assets 2017	**120,653**	**15,128**	**3,868**	**321,220**		**460,868**
Financial liabilities						
Subordinated loan capital					7,948	7,948
Derivatives			4,535			4,535
Other current liabilities					5,816	5,816
Total financial liabilities 2018			**4,535**		**13,764**	**18,299**
Total financial liabilities 2017			**1,876**		**15,464**	**17,341**

STOREBRAND LIVSFORSIKRING AS

NOK million	Loans and receivables	Investments, held to maturity	Fair value, held for trading	Fair value, FVO	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	4,051					4,051
Shares and units				49,430		49,430
Bonds and other fixed-income securities	94,029	14,403		70,924		179,355
Loans to customers	25,271					25,271
Accounts receivable and other short-term receivables	2,507					2,507
Derivatives			2,220			2,220
Total financial assets 2018	**125,858**	**14,403**	**2,220**	**120,354**		**262,834**
Total financial assets 2017	**113,980**	**15,128**	**1,399**	**136,836**		**267,343**
Financial liabilities						
Subordinated loan capital					7,948	7,948
Derivatives			3,910			3,910
Other current liabilities					4,813	4,813
Total financial liabilities 2018			**3,910**		**12,761**	**16,672**
Total financial liabilities 2017			**1,007**		**13,237**	**14,244**

Note 31 - Real estate

TYPE OF REAL ESTATE

			2018		
NOK million	2018	2017	Required rate of return % 1)	Average duration of lease (years) 3)	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)					
Rest of Greater Oslo	635	611	7.6	0.0	38,820
Rest of Norway	6,101	6,151	4.45 - 7.3	3.0	164,170
Trading 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		62	0.0	0.0	0
Other real estate:					
Cultural/conference centres in Sweden	224	264	6.8	14.0	18,757
Housing Sweden 2)	1,775	1,236	4.3	0.0	37,754
Hotel Sweden 2)	2,508	2,391	4.4	11.0	35,386
Service real estate Sweden 2)	1,923	1,814	5.0	11.0	64,103
Real estate Norway	50	50	0.0	0.0	0
Total investment real estate	**28,266**	**27,453**			**667,243**
Real estate for own use	1,420	1,408	4.0	3.0	19,442
Total real estate	**29,686**	**28,861**			**686,685**

1) The real estate are valued on the basis of the following effective required rate of return (including 2.5 per cent inflation):

2) All of the properties in Sweden are appraised externally. This appraisal is based on the required rates of return in the market (including 2 per cent inflation).

3) The average duration of the leases has been calculated proportionately based on the value of the individual properties.

As of 31.12.18, Storebrand Livsforsikring had NOK 4,376 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26.
The investment is classified as "Investment in Associated Companies" in the Consolidated Financial Statements.
Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26 invests exclusively in real estate at fair value.

VACANCY

Norway

At the end of 2018, a total of 6.1 per cent (4.1 per cent) of the floor space in the lettable properties was vacant.
Of the total vacancy, 6.6 per cent (9.3 per cent) is related to space that is unavailable for leasing due to ongoing development projects.
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 SEK 248 million in property acquisitions in SPP have been agreed on in 4 quarter 2018 in addiition 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 addiition to the figures that has been finalised and included in the finacial statements as of 31 December 2018

TANGIBLE FIXED ASSETS AND 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	538	2,644
Acquisition cost closing balance	545	538
Accumulated depreciation and write-downs opening balance	-651	-586
Accumulated depreciation and write-downs closing balance	-664	-651
Properties for own use - company		
Properties for own use - customers	1,420	1,408
Total	**1,420**	**1,408**

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

Note 32 - Investments in subsidiaries and associated companies

SPECIFICATION OF SUBSIDIARIES WITH SUBSTANTIAL MINORITY (100% FIGURES)

	2018		2017	
NOK million	BenCo	Værdals-bruket	BenCo	Værdals-bruket
Assets	16,376	233	17,350	218
Liabilities	15,877	4	16,851	4
Equity - majority	449	172	449	160
Equity - minority	50	58	50	54
Ownership interest - minority	10	25	10	25
Voting rights as a percentage of the total number of shares	10	25	10	25
Income	486	20	891	17
Result after tax	30	11	20	10
Total comprehensive income	30	11	20	10
Dividend paid to minority	2		-2	-10

OWNERSHIP INTERESTS IN ASSOCIATED COMPANIES STOREBRAND LIVSFORSIKRING GROUP

NOK million	Business location	Ownership interest	Book value 31.12
Norsk Pensjon AS	Oslo	25 %	
Inntre Holding AS	Steinkjer	34 %	97
Storebrand Eiendomsfond Invest AS	Oslo	21.2 %	4,376
Handelsbodarna i Sverige Fastighets AB	Stockholm	50.0 %	30
Försäkringsgirot AB	Stockholm	25.0 %	3
Visit Karlstad	Karlstad	16 %	0
Associated companies Storebrand Livsforsikring group			**4,506**

RECEIVABLES ON ASSOCIATED COMPANIES

NOK million	2018	2017
Handelsboden Örebro Rävgräva 4:4 AB		39
Total		**39**

RECEIVABLES ON SUBSIDIARIES

NOK million	2018
Storebrand Finansiell Rådgivning AS	11
Storebrand Pensjonstjenester AS	0
Storebrand Eiendom Trygg AS	656
Total	**668**

LIABILITIES TO GROUP COMPANIES

NOK million	2018	2017
Storebrand Eiendom Utvikling AS	21	883
Storebrand Eiendom Vekst AS		97
Total	**21**	**980**

INCOME FROM SUBSIDIARIES AND ASSOCIATED COMPANIES

NOK million	2018	2017
Proportion of the result	315	201
Interest income	1	0
Realised change in value	0	88
Unrealised change in value	1	17
Total	**317**	**306**

All transactions with associates are made on normal commercial terms.

OWNERSHIP INTERESTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES STOREBRAND LIVSFORSIKRING AS

NOK million Selskap	Interest in %	Voting interest in %	Book value 31.12 2018	2017
Aktuar Systemer AS, Professor Kohts vei 9, 1327 Lysaker [1)]				6
Storebrand Pensjonstjenester AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	18	12
AS Værdalsbruket, 7660 Vuku	74.9	74.9	54	54
Storebrand Holding AB, Stockholm	100.0	100.0	12,487	12,505
Storebrand Finansiell Rådgivning AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	97	97
Storebrand Eiendom Trygg AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	12,760	12,386
Storebrand Eiendom Vekst AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	5,005	4,985
Storebrand Eiendom Utvikling AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	1,918	3,076
Benco Insurance Holding BV, Nederland	90.0	90.0	478	493
Foran Real Estate, Latvia [2)]				849
Storebrand Globale Aksjer AS, Professor Koths vei 9, 1327 Lysaker	100.0	100.0	7,168	
Storebrand Global ESG AS, Professor Koths vei 9, 1327 Lysaker	100.0	100.0	11,722	
Subsidiaries			**51,709**	**34,463**
Storebrand Eiendomsfond Invest AS, Professor Kohts vei 9, 1327 Lysaker	21.2	21.2	3,200	2,121
Norsk Pensjon AS, Hansteensgate 2, 0253 Oslo	25.0	25.0	1	1
Associated companies Storebrand Livsforsikring AS			**3,201**	**2,122**
Total investment in subsidiaries and associated companies			**54,910**	**36,585**

1) Aktuar Systemer AS har completed a merger with sistercompany Storebrand Pensjonstjenester AS in 2018

2) Foran Real Estate is sold during 2018.

INCOME FROM SUBSIDIARIES AND ASSOCIATED COMPANIES STOREBRAND LIVSFORSIKRING AS

NOK million	2018	2017
Proportion of the result	-448	2,026
Received group contribution and dividends	912	65
Realised gain/loss		118
Unrealised change in value	-47	345
Total	**417**	**2,554**

All transactions with subsidiaries and associated companies are on market terms.

Note 33 - Bonds at amortised cost

LENDING AND RECEIVABLES

	2018		2017	
NOK million	Book value	Fair value	Book value	Fair value
Government bonds	26,601	28,551	28,017	31,138
Corporate bonds	65,944	67,757	40,798	42,419
Structured notes	1,484	1,482	1,020	1,034
Collateralised securities			17,259	19,247
Total bonds at amortised cost	**94,029**	**97,790**	**87,094**	**93,837**
Modified duration		6,4		7,0
Average effective yield	2.7 %	3.4 %	1.3 %	0.9 %

BONDS HELD TO MATURITY

	2018		2017	
NOK million	Book value	Fair value	Book value	Fair value
Government bonds				
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**
Modified duration		4.3		4.91
Average effective yield	2.7 %	4.5 %	2.2 %	1.9 %

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 34 - Equities and other units

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Eguities in Norwegian companies			
Finance industry			
DnB	981276957	166	194
Olav Thon Eiendomsselskap	914594685	3	3
Total finance industry Norwegian		**169**	**197**
Other equities			
Equinor ASA	923609016	261	295
Mowi ASA	964118191	87	87
Norsk Hydro	914778271	71	84
Orkla	910747711	54	63
Telenor	982463718	163	176
Yara International	986228608	78	79
Other Norwegian equities		557	561
Totalt other Norwegian equities		**1,271**	**1,344**
Equities in foreing companies			
Finance industry			
3I Group			1
Aegon NV			13
Aflac Inc.			27
Ageas (BE)			0
Allianz SE			46
Allstate Corp			22
American Express			30
American International Group			7
Ameriprise Financial			2
Amp Ltd.		0	5
ANF Immobilier			0
Assicurazioni General			5
ASX Ltd			0
Aust & Nz Bank Group			44
AvalonBay Communities Inc (REIT)			40
Aviva PLC			19
Axa		0	24
Banca Monte dei Paschi Siena			0
Banco Bilbao Vizcaya Argentaria S.A.			5
Banco Comercial Portugues			0
Banco de Sabadell			0
Banco Espirito Santo			0
Banco Popular ESP			0
Banco Santander			18

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Bank of America Corp			169
Bank of East Asia			0
Bank of Montreal			45
Bank of New York Mellon			48
Bank of Nova Scotia			40
Barclays Bank			14
Barratt Developments Plc		0	16
BGP Holding			0
BNP Paribas		0	42
BOC Hong Kong Holdings			9
Boston Properties Inc (REIT)			44
British Land Co PLC (REIT)			6
Brookfield Asset Management			2
Brookfield Business Partners LP			1
Brookfield Property Partners LP			0
Canadian Imperial Bank of Commerce			24
Canadian Utilities Ltd A			1
Capitaland			19
Charles Schwab Corp			5
Chiba Bank			0
Chubb Ltd			9
Citigroup			106
City Developments			31
CK Hutchison Holdings Ltd			6
Comerica Inc			11
Commerzbank AG			6
Commonwealth Bank of Australia			83
Credit Agricole		0	23
Credit Suisse Group RG			5
Daiwa Securities			0
Danske Bank A/S			12
DBS Group Holdings Limited			5
Deutsche Bank			10
Deutsche Boerse			11
Discover Financial Services			12
Equity Residential (REIT)			3
ESG Re		0	0
Eurazeo SA			0
Fairfax Financial Holdings Inc			1
Fifth Third Bancorp			1
Franklin			0
Gecina SA (REIT)		0	26
Goldman Sachs			56
GPT Group (REIT)			13
Groupe Bruxelles Lambert			0
H&R Block			2

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Hammerson PLC (REIT)			1
Hang Lung Properties			3
Hang Seng Bank			13
Hartford Financial Services			13
Henderson Land			2
Hong Kong Exchanges & Clearing			27
HSBC Holdings (GBP)			93
Hufvudstaden A			5
Hysan Development			5
IGM Financial Inc			17
Industrivaerden A			8
Industrivaerden C			1
Ing-Groep			35
Insurance Australia Group			2
Intesa SanPaolo			17
Intesa Sanpaolo SPA			0
Intrium Justitia			0
Intrum AB			3
Investment AB Kinnevik (B)			11
Investor AB-B			27
J.P Morgan Chase and Co			240
JCDecaux SA			0
JM AB			2
KBC GROEP NV			34
Keppel Corp			0
Kerry Group Plc-A			1
Keycorp			2
Kungsleden			2
L E Lundbergforetagen AB - B			4
Land Securities Group PLC (REIT)			11
Legal & General Group			11
Legrand		0	39
LendLease Group			10
Lincoln National Corp			11
Lloyds Banking Group PLC			34
Loews Corp			1
Macquarie GP LTD			1
Manulife Financial			4
Marsh & Mclennan Cos			11
Mastercard Inc			116
Mediobanca SpA			0
Metlife			4
Mirvac Group (REIT)		0	25
Mitsubishi Estate			7
Mitsubishi UFJ Holdings Group			28
Mitsui Fudosan			1

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Mizuho Financial Group			25
Moody's			3
Morgan Stanley			34
MS&AD Insurance Group Holdings			1
Muenchener Rueckversicherungs RG			38
National Australian Bank			53
National bank of Canada			1
New World Development			3
Nomura Holdings			22
Nordea Bank AB (SEK)			0
Northern Trust Corporation			27
Orix			20
Overseas-Chinese Bank			1
PNC Financial Services			53
Power Corp. of Canada			1
Progressive Corp			20
Provident Financial			0
Prudential			42
Prudential Financial Inc			31
QBE Insurance Group			0
RBS Holdings NV			0
Regions Financial			2
Resona Holdings			3
RioCan Real Estate Investment Trust (REIT)			1
Royal Bank of Canada			85
Royal Bank of Scotland			1
Royal Sun & Alliance Insurance			0
Sampo Oyj			0
Scentre Group (REIT)			1
Schroders			1
Segro PLC (REIT)			0
Shire PLC			16
Shizuoka Bank			0
Simon Property Group Inc (REIT)			3
Singapore Exchange			12
Skandinaviska Enskilda Banken A		0	55
Societe Generale			15
Standard Chartered			9
State Street			25
Stockland (REIT)			2
Sumitomo Mitsui Financial Group			4
Sumitomo Realty & Dev			0
Sun Life Financial Inc			7
Suncorp Group Holding		0	1
Suntrust Banks			2
Svenska Handelsbanken A		0	43

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Swedbank AB (A shs)			48
Swire Pacific			10
Swire Properties Ltd			14
Swiss Life RG			0
Swiss Re Ltd			20
Swiss Reinsurance			0
Taylor Wimpey			5
The Travelers Companies, Inc.			4
Tokio Marine Holdings, Inc.			22
UBS Group AG			47
Unibail-Rodamco SE (REIT)			0
UniCredit SPA			2
Unione di Banche Italiane SCPA (UBI Banca)			0
United Overseas Bank			1
Unum Group			0
Urban Edge Properties (REIT)			0
US Bancorp			42
Visa Inc - Class A shares			115
Vornado Realty Trust (REIT)			3
Wells Fargo			102
WELLS FARGO & CO DIVIDEND EQUALIZATION PFD			0
Westfield Corp (REIT)			2
Westpac Banking Corp			32
Wharf			1
XL Group Plc			0
Zions Bancorporation			8
Zurich Financial Services AG		0	5
Total finance industry foreign		**1**	**3,261**
Other equities			
3M CO			74
Abbvie			90
Adobe Inc			82
Alphabet Inc Class A		0	149
Alphabet Inc Class C			232
Amazon Com			337
American Water Works Co Inc		0	92
Amgen			63
Anthem Inc			63
Apple Inc			442
Astrazeneca (GBP)		0	63
AT&T Inc			137
Becton Dickinson & Co			65
Berkshire Hathaway B			90
BP Plc			85

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Chevron Corp			94
Cisco Systems		0	144
Coca-Cola			82
Colgate Palmolive			70
Comcast Corp A			108
Deutsche Telecom			70
Diageo			75
DowDuPont Inc			82
Eli Lilly & Co			98
Ericsson LM-B SHS		0	70
Exxon Mobil			142
Facebook Inc.			179
Hancock Timberland VIII Inc		327	327
Home Depot			144
Iberdrola			63
Intel			152
International Business Machines Corp			67
Linde PLC			100
McDonald's Corp			68
Medtronic PLC			109
Merck & Co			162
Microsoft			487
Nestle			193
NIKE Inc - B			77
Oracle Corporation			108
Pepsico Inc			138
Pfizer			177
Procter & Gamble			151
Qualcomm			67
Roche Holding Genuss			112
Royal Dutch Shell A (GBP)			89
Royal Dutch Shell B (GBP)			75
Sanofi		0	86
Starbucks Corp			74
Texas Instruments			80
Total SA			71
Toyota Motor			103
Union Pacific Corp			63
United Health Group			175
Verizon Communications			127
Walt Disney		0	124
Other equities		69	12,439
Total other equities foreign		**398**	**19,483**
Total equities		**1,839**	**24,285**
Of which listed equities		1,387	22,223

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Units			
BlackRock Global Allocation USD			85
BlackRock World Gold USD			77
Carnegie Sverigefond			265
Carnegie Total			87
Cicero World 0-100			282
Coeli Mix F			65
Contrarian 65 - A			107
CS Infra SICAR			657
Delphi Europe		115	115
Delphi Global A		231	231
Delphi Global NOK			79
Delphi Kombinasjon		96	96
Delphi Nordic		395	395
Delphi Nordic NOK			234
Delphi Norge		255	255
East Capital Rysslandsfonden			84
East Capital Östeuropafonden			111
Enter Sverige			572
Fidelity Asian Special Sits. USD			554
First State China Growth Fund Class I USD			106
Fondsfinans Norge		89	89
Franklin India USD			241
Handelsbanken Amerika Tema			123
Handelsbanken Latinamerikafond		24	186
Handelsbanken Nordiska Småbolag			569
IKC 0-100			188
IKC Taktiskt Allokering 0-50			362
JPMorgan Africa USD			351
JRS Global Growth RC			151
JRS Global Wealth RC			366
Lazard Pan-European Small Cap Fund			381
Lynx Dynamic			930
Maj Invest Global Value Equities			70
Mercer Advantage Balanced Growth Fund			87
Monyx Strategi Sverige-Världen AC			166
Morgan Stanley EMEA EUR			175
Naventi Balanserad Flex			162
Naventi Offensiv Flex			164
Navigera Balans 1			158
Navigera Dynamica 80 Sverige			861
Navigera Dynamica 90 Global			670
Navigera Global Change			66
Navigera Tillväxt 1			404
Norron Target			536

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
ODIN Europa C			453
Proaktiv 75 - B			101
Proaktiv 75 PM - B			102
Proaktiv 80 - A			3,584
Proaktiv 85 - A			2,722
Proaktiv 90 - B			1,015
Schroder Frontier Markets USD			482
Schroder ISF Emerging Europe A acc			66
SEB Likviditetsfond			358
Skagen Global Fund A		315	315
Skagen Kon-Tiki A		326	326
SPP Aktiefond Europa			487
SPP Aktiefond Global			288
SPP Aktiefond Stabil - class A		462	462
SPP Emerging Markets Plus			1,927
SPP Emerging Markets Plus – class A		3,869	4,818
SPP Emerging Markets SRI		1,448	7,521
SPP Europa Plus			509
SPP Generation 40-tal			112
SPP Generation 50-tal			4,539
SPP Generation 60-tal			3,147
SPP Generation 70-tal			70
SPP Generation 80-tal			436
SPP Global Plus - class A			892
SPP Global Solutions - class A			442
SPP Global Solutions A			1,944
SPP Grön Obligationsfond			116
SPP Mix 100			10,684
SPP Mix 20			14,676
SPP Mix 50			6,386
SPP Mix 80			801
SPP Sverige Plus - class A			654
Statoil Aksjer Europa		160	160
Statoil Aksjer Norge		728	728
Statoil Aksjer Pacific		99	99
Statoil Aksjer USA		488	488
Storebrand Emerging Private Equity Markets 2007 B3		123	123
Storebrand Emerging Private Equity Markets B3		85	85
Storebrand Global ESG		1,245	1,245
Storebrand Global ESG Plus A		2,674	2,674
Storebrand Global Indeks B		786	786
Storebrand Global Indeks Valutasikret B		78	78
Storebrand Global Multifactor A		11,916	11,916

NOK million	Organisation number	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Fair value
Storebrand Global Multifactor NOK			100
Storebrand Global Multifaktor Valutasikret A		125	125
Storebrand Global Solutions A		2,281	2,281
Storebrand Global Value		303	303
Storebrand Indeks - Norge		5,016	5,016
Storebrand Indeks Alle Markeder A		1,393	1,393
Storebrand Indeks Nye Markeder A		198	198
Storebrand Indeks-Norge			516
Storebrand Int. Private Eq. 15 Ltd - Class B-2			100
Storebrand Int. Private Eq. 15 Ltd - Class B-4		486	486
Storebrand Int. Private Eq. 16 Ltd - Class B-3			66
Storebrand Int. Private Eq. 16 Ltd - Class B-6		532	532
Storebrand Int. Private Eq. 17 Ltd - Class B-6		199	199
Storebrand International Private Eq 18 Class B-6		113	113
Storebrand International Private Equity 13 - B-3			126
Storebrand International Private Equity 13 - B-4		384	419
Storebrand International Private Equity 14 - B-2			132
Storebrand International Private Equity 14 - B-4		642	642
Storebrand International Private Equity IX - B3		27	188
Storebrand International Private Equity V Ltd - B3		157	164
Storebrand International Private Equity VI Ltd -B3		165	171
Storebrand International Private Equity VII Ltd-B3		286	298
Storebrand International Private Equity VIII LtdB3		204	405
Storebrand International Private Equity X - B-3		288	432
Storebrand International Private Equity XI - B-3		722	930
Storebrand International Private Equity XII - B-3			157
Storebrand International Private Equity XII - B-4		562	562
Storebrand Norge Fossilfri		895	895
Storebrand Norge I		5,341	5,341
Storebrand Norwegian Private Equity 2007 Ltd. - B3		75	75
Storebrand Vekst		127	127
Storebrand Verdi A		162	162
Svenska Bostadsfonden Institution 1 AB			68
T.Rowe Price Global Natural Resources USD			492
T.Rowe Price US Large Cap Value USD			977
T.Rowe Price US Smaller Comp. USD			629
Tillväxt 75 - A			3,799
Viking Fonder Sverige			80
Wellington Global Health Care Equity Portfolio		148	148
Wellington Global Impact Fund			326
Öhman Sweden Micro Cap			238
Other units		754	2,658
Total units		**47,591**	**132,798**
Total equities and other units		**49,430**	**157,082**

Note 35 - Bonds and other fixed-income securities

STOREBRAND LIVSFORSIKRING GROUP

NOK million	2018 Fair value	2017 Fair value
Government bonds	32,872	47,460
Corporate bonds	49,096	47,823
Structured notes	79	81
Collateralised securities	19,703	25,632
Bond funds	49,172	39,023
Total bonds and other fixed-income securities	**150,922**	**160,019**

	Storebrand Livsforsikring AS	SPP Pension & Försäkring AB	Euroben Life and Pension ltd.
Modified duration	6.93	8.30	4.68
Average effective yield	2.56 %	1.2 %	0.6 %

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity. Interest derivatives are included in the calculation of modified duration and average effective interest rate.

STOREBRAND LIVSFORSIKRING AS

NOK million	2018 Fair value	2017 Fair value
Government bonds	4,139	12,578
Corporate bonds	25,857	25,138
Collateralised securities	5,703	7,792
Bond funds	35,225	27,893
Total bonds and other fixed-income securities	**70,924**	**73,401**

Note 36 - Derivates

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

NOMINAL VOLUME

Financial derivatives are related to underlying amounts which are not recognised in the statement of financial position. In order to quantify the scope of the derivatives, reference is made to amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative presents. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume provides some indication of the risk exposure. However , nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions.

A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Average gross nominal volume are based on daily calculations of gross nominal volume

STOREBRAND LIVSFORSIKRING GROUP

					Amounts that can, but are not presented net in the balance sheet		
NOK million	Gross nominal volume [1]	Gross booked value financial assets	Gross booked value financial liabilities	Net booked financial. assets/ liabilities	Financial assets	Financial. liabilities	Net amount
Interest derivatives	84,791	3,792	724				3,068
Currency derivatives	103,185	1,029	3,810		79		-2,781
Total derivatives 2018	**187,976**	**4,822**	**4,535**		**79**		**287**
Total derivatives 2017	146,488	3,868	1,877		1,280	806	1,991

1) Values 31.12.

STOREBRAND LIVSFORSIKRING AS

					Amounts that can, but are not presented net in the balance sheet		
NOK million	Gross nominal volume [1]	Gross booked value financial assets	Gross booked value financial liabilities	Net booked financial. assets/ liabilities	Financial assets	Financial. liabilities	Net amount
Interest derivatives	50,209	1,487	122				1,365
Currency derivatives	91,218	732	3,788				-3,056
Total derivatives 2018	**141,427**	**2,220**	**3,910**				**-1,691**
Total derivatives 2017	**98,265**	**1,399**	**1,007**		**1,199**	**806**	**392**

1) Verdier per 31.desember

Note 37 - Tangible fixed assets

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Equipment	Vehicles	Fixtures & fittings	Real estate	2018	2017
Book value 01.01	5	1	11	487	504	458
Additions			2		2	11
Disposals			-1	-487	-487	-9
Revaluation booked in balance sheet						24
Additions from aquisition or merger		-1			-1	
Depreciation	-3		-3		-6	-16
Currency differences from converting foreign units					0	35
Other changes						1
Book value 31.12	**3**	**0**	**8**	**0**	**12**	**504**

DEPRECIATION PLAN AND FINANCIAL LIFETIME:

Deprecation plan:	Straight line
Equipment	3-10 years
Fixtures & fittings	3-5 years
Real estate	50 years

STOREBRAND LIVSFORSIKRING AS

NOK million	Equipment	Vehicles	Fixtures & fittings	2018	2017
Book value 01.01	5	1	7	11	11
Additions			0	4	4
Depreciation	-3	-1	-3	-8	-8
Book value 31.12	**3**	**1**	**4**	**7**	**7**

DEPRECIATION PLAN AND FINANCIAL LIFETIME:

Deprecation plan:	Straight line
Equipment	3-5 years
Fixtures & fittings	5 years
Real estate	50 years

Note 38 - Other receivables

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Accounts receivable - not insurance related	16	139		
Receivables from brokers	334	659	169	428
Collateral received	1,614	427	1,538	310
Receivables yield tax	269	281		
Tax account	3,115	1,546		
Other current receivables	408	218	45	44
Total other receivables	**5,756**	**3,270**	**1,752**	**782**

Note 39 - Insurance liabilities by class of business

							Storebrand Livsforsikring AS	
NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/pension insurance	Non-life insurance	2018	2017
Premium reserve	237,025	2,513	1,376	10,712	13,742		265,369	250,215
- of which IBNS	1,605	185	1,194	1,140	26		4,150	4,282
- of which premium income received in advance	1,520	12	118				1,651	1,643
Additional statutory reserves	7,254	210		219	811		8,494	8,254
Market value adjustment reserve	2,123	66	21	8	20	7	2,245	3,707
Premium fund	1,495	150					1,645	1,990
Deposit fund	508						508	567
Pensioners' surplus fund	4						4	6
Conditional bonus								
Other technical reserves						622	622	631
- of which IBNS						562	562	573
Total insurance liabilities	**248,409**	**2,940**	**1,397**	**10,939**	**14,573**	**629**	**278,887**	**265,372**

NOK million	BenCo 2018	BenCo 2017	SPP Pension & Försäkring 2018	SPP Pension & Försäkring 2017	Storebrand Livsforsikring Group 2018	Storebrand Livsforsikring Group 2017
Premium reserve	13,802	14,264	161,218	166,982	440,389	431,462
- of which IBNS	45	66	688	796	4,883	5,145
- of which premium income received in advance					1,651	1,643
Additional statutory reserves					8,494	8,254
Market value adjustment reserve					2,245	3,707
Premium fund					1,645	1,990
Deposit fund					508	567
Pensioners' surplus fund					4	6
Conditional bonus	1,781	1,579	6,462	5,663	8,243	9,176
Other technical reserves					622	631
- of which IBNS					562	573
Total insurance liabilities	**15,584**	**15,843**	**167,680**	**172,645**	**462,151**	**455,794**

ENDOWMENT INSURANCE

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	2018	2017
Premium reserve	2,234	1,631	6,847	10,712	10,392
Additional statutory reserves	219	-0		219	227
Market value adjustment reserve	5	3		8	29
Total insurance liabilities	**2,458**	**1,634**	**6,847**	**10,939**	**10,649**

ANNUITY/PENSION INSURANCE

NOK million	Annuity/pension insurance	Investment choice	2018	2017
Premium reserve	9,582	4,160	13,742	14,379
Additional statutory reserves	811		811	896
Market value adjustment reserve	20		20	77
Total insurance liabilities	**10,413**	**4,160**	**14,573**	**15,351**

GROUP PENSION PRIVATE INSURANCE

NOK million	Company pension without investment choice	Paid-up policies without investment choice	Paid-up policies with investment choice	Occupational pension without investment choice	Occupational pension with investment choice	Pension certificate without investment choice
Premium reserve	24,489	126,659	14,553	1,514	404	41
Additional statutory reserves	1,814	5,351		89		
Market value adjustment reserve	773	1,252		26		
Premium fund	720	12		31		
Deposit fund	508					
Pensioners' surplus fund	4					
Total insurance liabilities	**28,308**	**133,275**	**14,553**	**1,659**	**404**	**41**

GROUP PENSION PRIVATE INSURANCE

NOK million	Occupational pension without profitsharing	Defined contribution pension with investment choice	Pension capital certificate without investment choice	Pension capital certificate with investment choice	2018	2017
Premium reserve	1,669	43,386	212	24,097	237,025	221,616
Additional statutory reserves			1		7,254	6,933
Market value adjustment reserve	68		4		2,123	3,477
Premium fund	732				1,495	1,849
Deposit fund					508	567
Pensioners' surplus fund					4	6
Total insurance liabilities	**2,470**	**43,386**	**216**	**24,097**	**248,409**	**234,448**

GROUP PENSION PUBLIC INSURANCE

NOK million	Defined benefit without investment choice	2018	2017
Premium reserve	2,513	2,513	2,404
Additional statutory reserves	210	210	199
Market value adjustment reserve	66	66	89
Premium fund	150	150	141
Total insurance liabilities	**2,940**	**2,940**	**2,833**

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

TREND IN CLAIMS AND BENEFITS DISBURSED

(NOK mrd.)	Storebrand Livsforsikring AS	SPP	Benco
0-1 year	15	6	1
1-3 years	33	12	3
More than 3 years	220	143	10
Total	**268**	**161**	**14**

NON-LIFE INSURANCE

	Storebrand Livsforsikring AS	
NOK million	2018	2017
Reinsurance share of technical insurance reserves	48	63
Total assets	**48**	**63**
Premium reserve	59	59
IBNS	562	573
Total assets	**622**	**631**
Market value adjustment reserve	7	10
Total insurance liabilities	**629**	**641**

MARKET VALUE ADJUSTMENT RESERVE

NOK million	2018	2017	Change 2018
Equities and units	1,776	3,037	-1,260
Bond and other fixed income securities	469	670	-201
Total	**2,246**	**3,707**	**-1,462**

Note 40 - Change in insurance liabilities

INSURANCE OBLIGATIONS IN LIFE INSURANCE - CONTRACTUAL OBLIGATIONS

NOK million	Premium-reserve	Additional statutory reserves	Market value adjustment reserve	Premium-, deposit-, and pension surplus fund	Other technical reserves non-life insurance	Sum Storebrand Livsforsikring AS 2018	Sum Storebrand Livsforsikring AS 2017
Book value 01.01	**169,843**	**8,254**	**3,707**	**2,564**	**631**	**184,999**	**181,716**
Changes in insurance obligations recognised in the Profit and Loss account							
2.1 Net realised reserves	-335	60	-1,462	5	5	-1,726	3,241
2.2 Profit on the return	92			70		162	441
2.3 The risk profit allocated to the insurance agreements	182			12		194	-4
2.4 Other allocation of profit	58					58	131
2.5 Changes in insurance obligations from comprehensive income						0	0
Total changes in insurance obligations recognised in the Profit and Loss account	**-3**	**60**	**-1,462**	**88**	**5**	**-1,311**	**3,810**
Non-realised changes in insurance liabilities							
3.1 Transfers between funds	11	134		-120		25	0
3.2 Transfers to/from the company	2,086	46		-375	-15	1,742	-552
Currency differences	-9	-1				-10	26
Total non-realised changes in insurance liabilities	**2,087**	**180**		**-495**	**-15**	**1,758**	**-527**
Book value 31.12	**171,927**	**8,494**	**2,245**	**2,157**	**622**	**185,446**	**184,999**

INSURANCE OBLIGATIONS IN LIFE INSURANCE - INVESTMENT CHOICE PORTFOLIO SEPARATELY

NOK million	Premium-reserve	Storebrand Livsforsikring AS 2018	Storebrand Livsforsikring AS 2017
Book value 01.01	**80,372**	**80,372**	**65,144**
Changes in insurance obligations recognised in the Profit and Loss account	4,530	4,530	15,232
2.1 Net realised reserves	**4,530**	**4,530**	**15,232**
Total changes in insurance obligations recognised in the Profit and Loss account	**4,530**	**4,530**	**15,232**
Non-realised changes in insurance liabilities			
3.1 Transfers between funds	-25	-25	
3.2 Transfers to/from the company	8,563	8,563	
2.6 Currency differences	**1**	**1**	**-3**
Total non-realised changes in insurance liabilities	**8,539**	**8,539**	**-3**
Book value 31.12	**93,441**	**93,441**	**80,372**

Note 41 - Other liabilities

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Accounts payable	205	175	69	49
Governmental fees and tax withholding	305	312	86	83
Received collateral in cash	1,680	2,037	5	21
Debt broker	258	919	110	911
External financing of properties	891	841		
Other current liabilities	659	625	97	1,044
Total other current liabilities	**3,999**	**4,908**	**367**	**2,108**

Note 42 - Hedge accounting

STOREBRAND LIVSFORSIKRING GROUP

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 recognised 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]			Recognised		Book value [1]			Recognised
	Contract/				in compre-	Contract/				in compre-
	nominal			Booked	hensive	nominal			Booked	hensive
NOK million	value	Assets	Liabilities	P&L	income	value	Assets	Liabilities	P&L	income
Interest rate swaps	2,273	1,121			-12	2,273	1,133			188
Subordinated loans	-2,238		3,255	-14	14	-2,238		3,227	-22	-154

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 Holding. 3 month rolling currency derivatives were used in which the spot element in these is used as the hedging instrument. In 2017 and 2018, a time-limited subordinated loan total of SEK 1 900 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 total profit. 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	Contract/ nominal value	Assets	Liabilities
Currency derivatives	-5,302		222	-4,200		69
Subordinated loans as a hedge instrument	-2,650		2,588	-750		749
Underlying items		9,242			5,862	

1) Book values at 31.12.

STOREBRAND LIVSFORSIKRING AS

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 recognised 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

NOK million	2018 Contract/ nominal value	2018 Book value [1] Assets	2018 Book value [1] Liabilities	2018 Booked P&L	2018 Recognised in compre-hensive income	2017 Contract/ nominal value	2017 Book value [1] Assets	2017 Book value [1] Liabilities	2017 Booked P&L	2017 Recognised in compre-hensive income
Interest rate swaps	2,273	1,121			-12	2,273	1,133			188
Subordinated loans	-2,238		3,255	-14	14	-2,238		3,227	-22	-154

1) Book values as at 31.12.

Note 43 - Collateral

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Collateral for Derivatives trading	4,055	2,249	3,110	1,185
Collateral received in connection with Derivatives trading	-1,669	-21	-5	-21
Total received and pledged collateral	**2,385**	**2,228**	**3,104**	**1,164**

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

Note 44 - Contingent liabilities

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Uncalled residual liabilities re limited partnership	5,818	5,451	4,912	4,647
Debt note to Silver Pensjonsforsikring in conjunction with acquisitions [1]		520		520
Total contingent liabilities	**5,818**	**5,971**	**4,912**	**5,167**

1) The debt note is conditioned by Silver Pensjonsforsikring no longer being under public administration

Storebrand Livsforsikring AS has unutilized credit limits in connection with lending to and receivables from customers. See note 11 Credit risk.

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

Note 45 - Transactions with related parties

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

During 2018 Storebrand Livsforsikring AS has bought morgages from sistercompany Storebrand Bank ASA.The transactions are entered into in commercial terms. The portfolio of loans that have been transferred in 2018 totaled NOK 8.1 billion. The total portfolio of loans bought as of 31 December 2018 is NOK 28.8 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expence for 2018 is NOK 16 million.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the group. See further description in Note 1 Accounting Principles.

Also see note 24 Remuneration of senior employees and elected officers and note 32 Parent company's holding of equities in subsidiaries and associated companies.

	2018		2017	
NOK million	Sale/purchase of services	Receivables/liabilities	Sale/purchase of services	Receivables/liabilities
Group companies:				
Storebrand ASA	18	0	29	0
Storebrand Bank ASA	48	-10	52	5
Storebrand Asset Management AS	-86	25	107	25
Storebrand Forsikring AS	131	41	148	28

Note 46 - Solvency II

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

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

The solvency capital requirement and minimum capital requirement are calculated in accordance with Section 46 (1) – (3) of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

SOLVENCY CAPITAL

	31.12.2018					31.12.2017
NOK million	Total	Tier 1 unlimited	Tier 1 limited	Tier 2	Tier 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	18,881	18,881				22,088
Including the effect of the transitional arrangement						4,513
Subordinated loans	7,780		1,089	6,691		8,547
Deferred tax asset	584				584	0
Risk equalisation reserve	234			234		143
Expected dividend	-3,200	-3,200				-1,300
Total solvency capital	**37,530**	**28,932**	**1,089**	**6,925**	**584**	**42,728**
Total solvency capital available to coverthe minimum capital requirement	**31,314**	**28,932**	**1,089**	**1,293**		**37,928**

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

NOK million	31.12.18	31.12.17
Market	18,688	20,336
Counterparty	493	449
Life	6,292	6,434
Health	522	540
Operational	1,007	990
Diversification	-4,526	-4,646
Loss-absorbing tax effect	-4,701	-5,015
Total solvency requirement	**17,775**	**19,088**
Solvency margin	**211.1 %**	**223.8 %**
Minimum capital requirement	**6,465**	**6,240**
Minimum margin	**484.4 %**	**607.8 %**

Note 47 - Return on capital

STOREBRAND LIVSFORSIKRING AS

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

1) Changed comparison figures to correspond to allocation to insurance customer.

NOK million	2014 Booked return	2014 Market return	2013 Booked return	2013 Market return
Contractual obligations total	5.2 %	6.3 %	3.0 %	4.6 %
As portfolio:				
Group defined benefit public	4.3 %	4.2 %		
Group defined benefit private	5.4 %	6.6 %		
Group defined benefit low			3.8 %	4.2 %
Group defined benefit standard			3.3 %	5.3 %
Swedish branch	6.5 %	6.9 %	3.7 %	5.1 %
Paid-up policies total	5.4 %	6.4 %	2.2 %	4.0 %
Individual	4.1 %	5.8 %	4.9 %	5.4 %

	2018	2017	2016	2015	2014	2013
Return on capital company portfolio	2.5 %	4.6 %	4.7 %	3.0 %	5.0 %	4.2 %

Note 48 - Number of employees

	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
NOK million	2018	2017	2018	2017
Number of employees 31.12	1,317	1,294	719	731
Average number of employees	1,294	1,324	718	752
Fulltime equivalent positions 31.12	1,300	1,281	712	723
Average number of fulltime equivalents	1,279	1,309	710	742

Note 49 - 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.

Declaration by the Members of the Board and the CEO

STOREBRAND LIVSFORSIKRING AS AND STOREBRAND LIVSFORSIKRING GROUP

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Livsforsikring AS and Storebrand Livsforsikring Group for the 2018 financial year and as per 31 December 2018.

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

In the best judgment of the Board and CEO the annual financial statements and consolidated financial statements for 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 assets, liabilities, financial standing and results as a whole of the parent company and the group as per 31 December 2018. In the best judgment of the Board and CEO the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements and consolidated financial statements. In the best judgment of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 12 February 2019
The Board of Directors of Storebrand Livsforsikring AS

Translations - not to be signed

Odd Arlid Grefstad
- Cairman of the Board -

Martin Skancke

Vibeke Hammer Madsen

Kari Birkeland

Sigurd Nilsen Ribu

Hans Henrik Klouman

Jan Otto Risebrobakken

Geir Holmgren
- Chief Executive Officer -

To the General Meeting of Storebrand Livsforsikring AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Storebrand Livsforsikring AS (the Company), which comprise the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of change 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 Livsforsikring AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of change 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.

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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, 8 and 39 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 methods and the models the management used. We used our own internal actuaries for parts of this work. Our findings is that assumptions, methods and models were in accordance with industry standards, regulatory requirements, and that they were used consistently. We also considered and found that the information regarding the insurance liabilities in notes to the financial statements is sufficient and adequate.
Valuation of investment properties	
The Group has investment properties that mainly consists of office and retail properties. We have focused on investment property because it represents an estimate and a substantial part of the assets in the Group's statement of financial position. These properties are measured at fair value and classified in level 3 according to	Through our audit we have assessed and tested design and effectiveness of established controls for review of applied assumptions and calculation methods, including the company's internal valuation of investment properties. We particularly examined whether management had established controls to ensure assessment of market rent and discount rate. We found that routines to ensure that these elements regularly were checked against both external valuations and

(2)

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, 13 and 31 in the financial statements for management's further description of investment properties, the methods used and the assumptions the valuations are based on.

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 financial assets represent a substantial

In our audit we considered design and tested effectiveness of Storebrand's established controls over 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 1, 2 and 13 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 7 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

(5)

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.

Terms and expressions

GENERAL

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

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

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

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

INSURANCE

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

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

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

LIFE INSURANCE

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

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

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

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

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

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

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

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

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

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

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

RESULT

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

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

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

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

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

FINANCIAL DERIVATIVES

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

Share options

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

Stock futures (stock index futures)

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

Cross currency swaps

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

Forward Rate Agreements (FRA)

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

Credit derivatives

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

Interest rate futures

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

Interest rate swaps/asset swaps

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

Interest rate options

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

Forward foreign exchange contracts/swaps

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

Currency options

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

Main office:
Professor Kohts vei 9
P.O. Box 474, 1327 Lysaker, Norway
Phone: +47 915 08 880
storebrand.no

storebrand