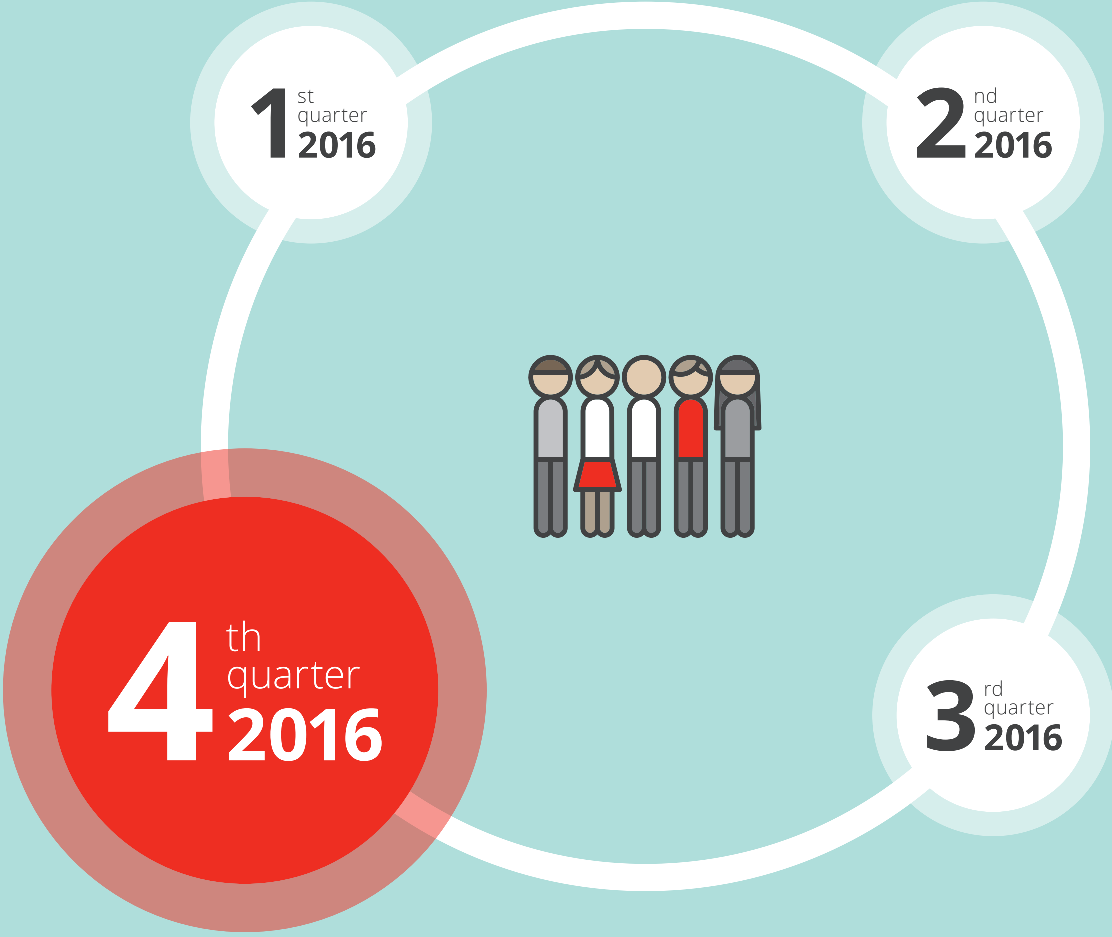
storebrand




# Interim report 2016

Storebrand Group (unaudited)

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# Storebrand Group

- **Group result of NOK 912m for the 4th quarter and NOK 2,913m for the full year 2016**
- **Result characterised by good cost control and good financial result**
- **Solvency margin of 160% before dividend**
- **The Board proposes a dividend of NOK 1.55 per share**

*Storebrand's ambition is to be the best provider of pension savings. The Group offers a broad range of products within life insurance, property and casualty insurance, asset management and banking, to companies, public sector entities and private individuals. The Group is divided into the segments: Savings, Insurance and Guaranteed Pension and Other.*

## GROUP RESULT[2)]

| | 2016 | | | | 2015 | Full year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Fee and administration income | 1,138 | 1,040 | 1,005 | 1,052 | 1,160 | 4,235 | 4,317 |
| Insurance result | 251 | 238 | 237 | 219 | 143 | 945 | 820 |
| Operational cost | -861 | -811 | -707 | -812 | -926 | -3,191 | -3,309 |
| **Operating profit** | **528** | **468** | **535** | **459** | **378** | **1 989** | **1 828** |
| Financial items and risk result life | 384 | 209 | 254 | 78 | -117 | 924 | -107 |
| **Profit before amortisation and longevity** | **912** | **676** | **788** | **537** | **261** | **2 913** | **1 722** |
| Provision longevity | | | | | -1,362 | | -1,764 |
| Amortisation and write-downs of intangible assets | -95 | -101 | -104 | -106 | -106 | -406 | -396 |
| **Profit before tax** | **816** | **576** | **684** | **430** | **-1 207** | **2 506** | **-438** |
| Tax | -140 | -135 | 31 | -120 | 2,008 | -364 | 1,821 |
| **Profit after tax** | **676** | **441** | **715** | **311** | **801** | **2,143** | **1,382** |

The Group result before amortization was NOK 912m (NOK 261m) in the 4th quarter and NOK 2,913m (NOK 1,722m) for 2016. The figures in parenthesis are from the corresponding period last year.

Fee and administration income during the 4th quarter was NOK 1,138m (NOK 1,160m). Adjusted for the exchange rate, this represents a reduction of 2.7%. Income is characterised by the reduction within the guaranteed business. Income within non-guaranteed savings and insurance has increased compared with the previous year. The insurance result has had stable growth compared with the same period last year, with a total combined ratio of 91% for the quarter.

Operating costs in the 4th quarter were reduced by 1.2% compared with the same period last year, adjusted for foreign currency effects and special items. Cost rationalisation is achieved through workforce reductions, increased outsourcing and automation. The operating costs are influenced by several special items; scrapping of IT systems and provisions for restructuring costs have given negative cost effects and restructuring of the pension scheme for own employees has given a positive cost effect. On the whole, these special items have a negative impact of NOK 50m on the operating costs for the quarter and a positive impact of NOK 20m on the operating costs for the year. During the quarter, there was also a profit-neutral change in clasification for amortisation of intangible assets[4)].

[1)] Result before strengthening of longevity reserves, amortisation and taxes.
[2)] The income statement is based on reported IFRS results for the individual group companies. The statement differs from the official accounts layout. The statement is changed in 3rd quarter 2016. Changes are referred to in note 3.
[3)] The abbreviations NOK for Norwegian kroner, m for million, bn for billion and % for per cent are used throughout the report.
[4)] For more information see note 7.

## GROUP RESULT BY RESULT AREA

| | 2016 | | | | 2015 | Full year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Savings - non-guaranteed | 321 | 236 | 234 | 273 | 296 | 1,063 | 1,001 |
| Insurance | 143 | 161 | 152 | 120 | 15 | 575 | 482 |
| Guaranteed pension | 492 | 126 | 237 | 15 | -110 | 870 | 329 |
| Other result | -45 | 154 | 166 | 129 | 60 | 405 | -91 |
| **Profit[1)]** | **912** | **676** | **788** | **537** | **261** | **2,913** | **1,722** |

The Savings segment reported a profit of NOK 321m for the 4th quarter (NOK 296m) and NOK 1,063m for the year (NOK 1,001m). This is equivalent to an increase of 8.4% for the quarter and 6.1% for the year.

The Insurance segment reported a profit of NOK 143m (NOK - 15m) and NOK 575m (NOK 482m) for the year. The claims ratio has decreased from 85% to 74% compared with the same period in the previous year and is 75% (77%) for the year. The combined ratio was reduced to 91% (101%) for the quarter and was reduced by one percentage point for the year.

The Guaranteed Pension segment achieved a profit before amortisation and strengthening of longevity reserves of NOK 492m (NOK - 110m) in the 4th quarter and NOK 870m (NOK 329m) in 2016. The good result was due to profit sharing in the Norwegian business and good returns in the portfolios of the Swedish business. Fee and administration income fell by 18.3% during the quarter and 11.8% for the year due to the portfolio being in long-term decline.

The Other segment reported a result of NOK - 45m (NOK 60m) in the 4th quarter and NOK 405m (NOK -91m) for the year. The improvement in the result of the Other segment is primarily due to good returns in the company portfolios, in addition to the sale of STB Baltic.

### CAPITAL SITUATION, TAX AND DIVIDENDS

The Solvency II regulations were introduced on 1 January 2016. The Group's target is a solvency margin of 150% in with the new regulations, including use of transitional rules. The solvency margin for the Storebrand Group was calculated at 157% at the end of 2016, including the transitional rule and after proposed dividends. Without transitional rules, the solvency margin is 144% after dividends.

Storebrand uses the standard model for the calculation of Solvency II. During the quarter, the solvency margin without transitional rules strengthened due to increasedinteres rates resulting in liabilities being discounted with a higher interest rate, and due to good results and borrowing of SEK 750m. The transitional rule is reduced as a result of increased interest rates. The accumulation of reserves for increased life expectancy and growth in defined-contribution pensions also contribute to reducing the effect of the transitional rule.

The Group reported a tax expense of NOK 140m for the 4th quarter and NOK 364m for the full year 2016. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway (25%), and it varies from quarter to quarter depending on each legal entity's contribution to the Group result.

In December 2016, the Norwegian Parliament (Storting) agreed to reduce the company tax rate from 25 to 24 per cent with effect from 1 January 2017. It was also agreed to introduce a financial tax that would enter into force from the same date. For companies subject to the financial tax, the company tax rate will be continued at the 2016 level (25 per cent). 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 Group companies is used.

The Group's investment properties are owned by companies that receive a reduced tax rate from 2017. In isolation, this means lower deferred tax on temporary differences relating to the investment properties, something that reduces the tax expense in 2016 by NOK 111m. In addition, sales of properties have resulted in the reversal of associated taxable temporary differences, which gives a reduction in the tax expense for the year of approximately NOK 179m.

[1)] Before amortisation and longevity.
[2)] Adjusted for pension scheme effects and restructuring costs.

The Board has proposed a dividend to the General Meeting of NOK 695mill., equivalent to NOK 1.55 per share for the 2016 financial year. Dividends will normally be more than 35% of the Group result before amortisation after tax. The expected development in the Solvency II ratio implies a further gradual increase in the dividend pay-out ratio from 2018 onwards.

### STRENGTHENING RESERVES FOR INCREASED LONGEVITY

In the 4th quarter of 2015, Storebrand decided to charge the remaining estimated direct contribution to expected increased longevity. The remaining reserve strengthening is mainly expected to be covered by the surplus return and loss of profit sharing. At the end of the 4th quarter, the estimated remaining required reserve strengthening was NOK 0.35bn. The strengthening of reserves for increased life expectancy is expected to conclude in 2017.

### MARKET AND SALES PERFORMANCE

Storebrands three most common savingprofiles for defined contribution, Low, Balanced and Offensive had a return in 2016 of 5.0%, 7.4%, and 9.6%, which is well above inflation and wage growth.

Sales of savings products and loans are satisfying. Storebrand has been successful with the sale of retail market products to employees with an occupational pension from Storebrand. In Norway, Storebrand is the market leader in defined contribution schemes with 34% of the market share of gross premiums written.

SPP is the fifth largest player in the Other Occupational Pensions segment with a market share of 9.3% measured by premium income from unit linked insurance.

| Financial targets | Target | Actual |
|---|---|---|
| Return on equity (after tax)[1)] | > 10% | 9,5% |
| Dividend [1)] | > 35% | 27% |
| Solvency II margin Storebrand Group | > 150% | 157% |

## GROUP - KEY FIGURES

| | 2016 | | | | 2015 | Full year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Earnings per share[1)] | 1.64 | 1.23 | 1.83 | 0.93 | 1.65 | 5.63 | 3.61 |
| Equity | 27,637 | 27,189 | 27,000 | 26,538 | 26,946 | 27,637 | 26,946 |
| ROE, annualised[1)] | 11.9% | 8.5% | 13.0% | 6.6% | 15.3% | 9.5% | 7.3% |
| Solvency II | 157% | 165% | 172% | 175% | 168% | 157% | 168% |

1) After tax, adjusted for write-downs and amortisation of intangible assets.
2) Premium income per third quarter 2016. Source: Finans Norge and Svenska Forsäkring.

# Savings

## Increased earnings due to a higher volume

*The Savings business area includes products for retirement savings with no interest rate guarantees. The business area consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products.*

### SAVINGS - NON GUARENTEED

| | 2016 | | | | 2015 | Full year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Fee and administration income | 744 | 681 | 636 | 697 | 761 | 2,758 | 2,662 |
| Operational cost | -426 | -442 | -414 | -419 | -459 | -1,700 | -1,657 |
| **Operating profit** | **319** | **239** | **222** | **279** | **301** | **1,058** | **1,006** |
| Financial items and risk result life | 3 | -3 | 12 | -6 | -5 | 5 | -4 |
| **Profit before amortisation** | **321** | **236** | **234** | **273** | **296** | **1,063** | **1001** |

### RESULTS

The Savings segment reported a profit before amortisation and tax of NOK 321m for the 4th quarter and NOK 1,063m for the year, which was equivalent to earnings growth of 8.4% for the quarter and 6.4% for the year. Fees and administration income fell by 2.2% during the quarter and increased by 3.6% for the year compared to the same period last year. Income growth is driven by the customers' conversion from defined-benefit to defined-contribution pension schemes in combination with new business and higher savings rates. In addition, volume growth and transaction-based fees in asset management contributed to growth. Strong growth reduced the net interest income in the Bank's retail market. For the quarter, net interest income was 1.03% of average total assets compared with 1.25% for the same period last year. For the Norwegian Unit Linked products, increased competition contributes to pressure on margins, while there are relatively stable margins in the Swedish business and Asset Management.

Special items had a negative effect of NOK 3m on operating costs during the quarter and a positive effect of NOK 19m for the year. The underlying situation is that there are higher costs compared with the previous year due to higher volumes.

### BALANCE SHEET AND MARKET TRENDS

Premiums for non-guaranteed savings were NOK 3.5bn in the 4th quarter, an increase of 9% for the same period last year. Total reserves within the Unit Linked business have increased by 9% over the last year and amounted to NOK 140bn at the end of the quarter. Assets under management in the United Linked business in Norway increased NOK 11.3bn (21%) relative to the 4th quarter of 2015. The growth is driven by premium payments for existing contracts, returns and conversion from defined-benefit schemes. In Norway, Storebrand is the market leader in Unit Linked with 34% of the market share of gross premiums written.

In the Swedish market, SPP is the fifth largest player in the Other Occupational Pensions segment with a market share of 9.3% measu-red by premium income from Unit Linked. Customer assets increased by SEK 4.4bn (6.3%) in the 4th quarter and SEK 6.6bn (9.8%) from the start of the year. The rate of growth has increased after turbulent stock markets and a negative development at the start of the year.

Storebrand Asset Management's assets under management increased by NOK 6bn in the 4th quarter and NOK 5bn in total from the start of the year to NOK 577bn, including a negative exchange rates effect of NOK 24bn. This growth was driven by sales and returns.

The lending portfolio in the retail market is developing positively and grew by NOK 2.9bn in the 4th quarter and NOK 8.8bn from the start of the year. The portfolio consists of low-risk home mortgages. NOK 9.7bn of the mortgages is managed in Storebrand Life Insurance's balance sheet.

### SAVINGS - KEY FIGURES

| | 2016 | | | | 2015 |
|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q |
| Unit linked Reserves | 139,822 | 131,571 | 127,876 | 125,434 | 128,117 |
| Unit linked Premiums | 3,466 | 3,444 | 3,541 | 3,693 | 3,185 |
| AuM Asset Management | 576,704 | 570,362 | 568,956 | 567,218 | 571,425 |
| Retail Lending | 35,400 | 32,543 | 30,775 | 28,425 | 26,861 |

# Insurance

- **Satisfactory overall result**
- **Good underlying risk performance**
- **Non-recurring effects give high cost ratio**

*Insurance is responsible for the Group's risk products in Norway and Sweden. The unit provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.*

## INSURANCE

| | 2016 | | | | 2015 | Full year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Insurance premiums f.o.a. | 957 | 962 | 962 | 947 | 934 | 3,828 | 3,642 |
| Claims f.o.a. | -706 | -724 | -726 | -728 | -791 | -2,883 | -2,822 |
| Operational cost | -168 | -152 | -137 | -146 | -153 | -602 | -543 |
| **Operating profit** | **83** | **87** | **99** | **73** | **-9** | **342** | **277** |
| Financial result | 60 | 74 | 52 | 47 | 25 | 233 | 206 |
| Contribution from SB Helseforsikring AS | 11 | 15 | 9 | 4 | 1 | 39 | 14 |
| **Profit before amortisation** | **143** | **161** | **152** | **120** | **15** | **575** | **482** |
| Claims ratio | 74 % | 75% | 75% | 77% | 85% | 75% | 77% |
| Cost ratio | 18 % | 16% | 14% | 15% | 16% | 16% | 15% |
| Combined ratio | 91 % | 91% | 90% | 92% | 101% | 91% | 92% |

**RESULTS**
In the 4th quarter, Insurance delivered a profit before amortization of NOK 143m (NOK 15m) and NOK 575m (NOK 482m) for the year. The overall combined ratio for the quarter was 91% (101%), while the combined ratio for the year was 91% (92%). Premium income increased 2% compared with the same quarter last year. The premium growth compared with the full year 2015 was 5%.

The combined risk result gives a claims ratio of 74% (85%) and the underlying risk development is satisfactory. For the full year 2016, the claims ratio was 75% (77%). Group disability pension delivered a satisfactory result for the period, while the reserves were strengthened by NOK 100m in the corresponding period last year. The product is still characterised by low premium income. The market for defined-contribution pensions is very competitive and the price for disability pension is a key competition parameter. Efforts are still being made to strengthen the profitability. An improved disability result gives a satisfactory result for insurance in Sweden.

The cost percentage ended at 18% (16%) for the 4th quarter, and 16% (15%) for the full year. As planned, increased volumes and growth ambitions have resulted in higher allocated costs for the insurance area. Special items had a negative effect of NOK 29m on operating costs during the quarter and a negative effect of NOK 11m for the year. Adjusted for special items, the cost percentage for the quarter was 14% (15%).

[1] Health insurance is owned 50% each by Storebrand ASA and Munich Health.

The investment portfolio of Insurance in Norway amounts to NOK 6.8bn, which is primarily invested in fixed income securities with a short and medium duration. The assets have had good returns.

**BALANCE SHEET AND MARKET TRENDS**

Storebrand has been successful in the retail market, and the premium income has increased by 9% for the year to date compared with the corresponding period in 2015. Competitive prices, and simple and relevant products, as well as good cover are driving this development. The Akademiker portfolio is an important driver of growth and the rate of sales is stable. REMA Forsikring was launched in the autumn. The partner strategy is expected to contribute to cost effective growth in the years ahead. Health-related insurance is growing and Storebrand is succeeding well in the market.

For risk cover in connection with defined-contribution pensions in Norway, future growth is expected to be driven by conversions from defined-benefit to defined-contribution pensions. The new disability pension regulations, which entered into force on 1 January 2016, have resulted in a lower premium volume.

## INSURANCE - KEY FIGURES

| | | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| P&C & Individual life*) | 1,729 | 1,739 | 1,726 | 1,700 | 1,675 | 1,729 | 1,675 |
| Health & Group life **) | 1,507 | 1,512 | 1,485 | 1,497 | 1,493 | 1,507 | 1,493 |
| Pension related disability insurance Nordic***) | 1,297 | 1,301 | 1,290 | 1,246 | 1,159 | 1,297 | 1,159 |
| **Total written premiums** | **4,533** | **4,552** | **4,501** | **4,443** | **4,327** | **4,533** | **4,327** |
| Investment portfolio | 6,798 | 6,980 | 6,743 | 6,768 | 6,231 | 6,798 | 6,231 |

* Individual life and accident, property and casualty insurance.
** Group accident, occupational injury and health insurance.
*** Nordic disability cover related to defined contribution pensions.

# Guaranteed pension

## Income reduction in line with strategy and reserve trends. Strong profit sharing result during the quarter

*The Guaranteed Pension business area 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 insurance.*

### GUARANTEED PENSION

| | 2016 | | | | 2015 | Full year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Fee and administration income | 376 | 403 | 383 | 404 | 460 | 1,566 | 1,777 |
| Operational cost | -260 | -257 | -192 | -271 | -333 | -981 | -1,156 |
| **Operating profit** | **116** | **146** | **191** | **132** | **128** | **585** | **621** |
| Risk result life & pensions | -13 | -18 | -10 | 4 | 7 | -37 | 89 |
| Net profit sharing and loan losses | 389 | -2 | 57 | -122 | -244 | 322 | -382 |
| **Profit before amortisation and longevity** | **492** | **126** | **237** | **15** | **-110** | **870** | **329** |
| Provision longevity | | | | | -1,362 | | -1,764 |

### RESULTS

Guaranteed Pension achieved a profit before amortisation and strengthening of longevity reserves of NOK 492m (NOK - 110m) in the 4th quarter and NOK 870m (NOK 329m) in 2016.

Fee and administration income has performed consistent with the fact that a large part of the portfolio is mature and in long-term decline. Income was NOK 376m (NOK 460m) in the 4th quarter and NOK 1,566m (NOK 1,777m) in 2016. This is equivalent to a reduction of 12% in 2016 compared with the previous year.

The operating costs are reduced due to the area being in long-term decline. Special items had a negative effect of NOK 30m on operating costs during the quarter and a negative effect of NOK 1m for the year.

The risk result was NOK - 13m (NOK 7m) in the 4th quarter and NOK - 37m (NOK - 89m) for the year. The risk result for the year was generated in the Swedish business and has been weak due to updated biometric assumptions. The risk result in the Norwegian business was reduced due to reserve strengthening based on the introduction of a new group disability pension and the general disability development in the population.

The result from profit sharing and loan losses in the Guaranteed Pension segment consists of profit sharing and financial effects. The risk result was NOK 389m (NOK -244m) in the 4th quarter and NOK 322m (NOK -382m) in 2016. In the 4th quarter, profit sharing in the Norwegian business provided a NOK 139m (NOK - 2m) contribution to the result, which was driven by good returns and buffer situation. The Swedish business also recorded a strong profit in the 4th quarter of NOK 250m (NOK 183m) due to good returns in the portfolios.

## BALANCE SHEET AND MARKET TRENDS

The majority of products are closed for new business, and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy. As of the 4th quarter, customer reserves for guaranteed pensions amounted to NOK 259bn, which is a decrease of NOK 7.4bn in 2016. The total premium income for guaranteed pensions (excluding transfers) was NOK 1bn (NOK 1.2bn) in the 4th quarter. In 2016 there was an overall reduction in premium income of 17%. Net transfers from Guaranteed Pension were NOK 3.3bn (NOK 7.3bn) in 2016.

In the Norwegian business, paid-up policies were the only Guaranteed Pension portfolio experiencing growth and amounted to NOK 115bn as of the 4th quarter, an increase of NOK 12bn for 2016, which is equivalent to 11.3 per cent. From and including the 4th quarter of 2014, the customers were given an offer to convert from traditional paid-up policies to paid-up policies with investment choice. Paid-up policies with investment choice, which are included in the Savings segment, amounted to NOK 5.5bn as of the 4th quarter. Reserves for defined-benefit pensions in Norway amounted to NOK 46bn at the end of the 4th quarter, a decline of NOK 9bn since the end of 2015.

Guaranteed portfolios in the Swedish business totalled NOK 83bn as of the 4th quarter, which corresponds to a decrease of NOK 9bn for 2016. The decrease was largely due to the NOK/SEK exchange rate.

## GUARANTEED PENSION - KEY FIGURES

| | 2016 | | | | 2015 | Full Year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Guaranteed reserves | 258,723 | 261,547 | 265,300 | 265,931 | 266,811 | 258,723 | 266,811 |
| Guaranteed reserves in % of total reserves | 64.9 % | 66.5 % | 67.5 % | 67.9 % | 67.6 % | 64.9 % | 67.6 % |
| Net transfers | -245 | -239 | -621 | -2,200 | -398 | -3,306 | -7,729 |
| Buffer capital in % of customer reserves Norway | 5.7 % | 5.6 % | 6.3 % | 5.9 % | 5.8 % | 5.7 % | 5.8 % |
| Buffer capital in % of customer reserves Sweden | 6.7 % | 6.7 % | 6.3 % | 6.6 % | 7.6 % | 6.7 % | 7.6 % |

# Other/Eliminations

*The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with lending to commercial enterprises by Storebrand Bank and the activities at BenCo are reported in this segment. Group eliminations are reported in a separate table below.*

## RESULT EXCLUDING ELIMINATIONS

| | 2016 | | | | 2015 | Full Year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Fee and administration income | 43 | 31 | 53 | 17 | 17 | 145 | 129 |
| Operational cost | -33 | -35 | -30 | -42 | -59 | -141 | -203 |
| **Operating profit** | **10** | **-4** | **23** | **-25** | **-41** | **4** | **-75** |
| Financial items and risk result life | -54 | 158 | 143 | 154 | 101 | 401 | -16 |
| **Profit before amortisation** | **-45** | **154** | **166** | **129** | **60** | **405** | **-91** |

Excluding eliminations

## ELIMINATIONS

| | 2016 | | | | 2015 | Full Year | |
|---|---|---|---|---|---|---|---|
| (NOK million) | 4Q | 3Q | 2Q | 1Q | 4Q | 2016 | 2015 |
| Fee and administration income | -25 | -75 | -66 | -66 | -78 | -233 | -251 |
| Operational cost | 25 | 75 | 66 | 66 | 78 | 233 | 251 |
| Financial result | | | | | | | |

The improvement in the result of the Other segment is primarily due to good returns in the company portfolios, in addition to the sale of STB Baltic. Fee and administration income increased 12,5% for the year.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance, and the financial result of Storebrand ASA.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. In October, Storebrand Livsforsikring AS issued a subordinated loan of SEK 750m with an interest rate of Stibor + 3.25%. This loan strengthened the solvency margin of the Storebrand Group by approximately 2.5 percentage points. On 27 December, SPP Pension & Insurance decided to exercise the early repurchase right for their subordinated loan of SEK 700m. The actual buy-back occurred after the end of the year. The buy-back does not have any impact on the solvency margin because this loan does not qualify as solvency capital. With the interest rate levels at the end of the 4$^{th}$ quarter of 2016, quarterly interest expenses of approximately NOK 100m are expected. The company portfolios in the life insurance companies totalled NOK 22bn at the end of the 4$^{th}$ quarter.

The investments are primarily in interest-bearing securities in Norway and Sweden with short maturities. The Norwegian company portfolio reported a return of 0.52% for the quarter and 3.38% for the year. The Swedish company portfolio provided a combined return of 0% during the quarter and 0.8% for the year.

# Balance sheet, solidity and capital situation

## Solvency margin of 160% before dividends, 157% after dividends

Continuous monitoring and active risk management are core areas of Storebrand's business. Risk and capital adequacy are both followed up on at Group level and in the legal entities. Regulatory requirements for capital adequacy and risk management follow the legal entities to a large extent. The section is thus divided up by legal entities.

### STOREBRAND GROUP

The Solvency II margin in the Storebrand Group was 157% at the end of the 4th quarter, a decrease of 8 percentage points during the quarter.

### STOREBRAND ASA

Storebrand ASA (holding) held liquid assets of NOK 2.2bn at the end of the year. Liquid assets consist primarily of short-term fixed income securities with a good credit rating. Total interest-bearing debt at Storebrand ASA (holding) amounted to NOK 2.7bn at the end of the year. This corresponds to a net debt-equity ratio of 2.9 per cent. The next maturity date for bond debt is in May 2017. In addition to the liquidity portfolio, the company has an unused credit facility of EUR 240m that runs until December 2019.

Storebrand ASA owned 0.36% (1,631,387) of the company's treasury shares at the end of the quarter.

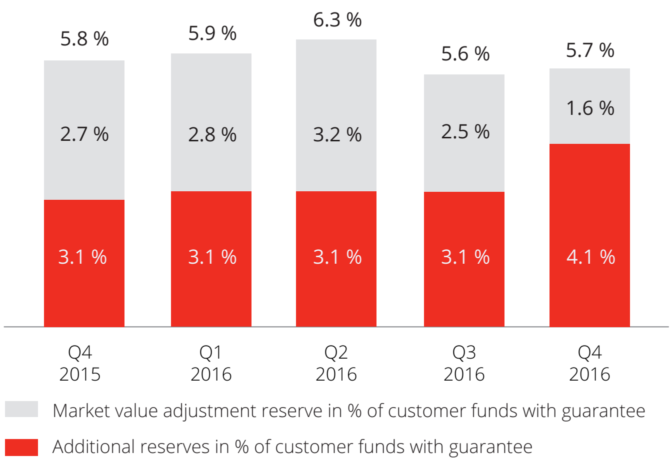
### STOREBRAND LIVSFORSIKRING GROUP[1]

The solidity capital[2] amounted to NOK 57.3 bn. at the end of 4th quarter, a reduction of NOK 4.2bn. in the 4th quarter and NOK 3.5 bn. for the year. Changes in the quarter are due to increased customer buffers in the Swedish business and reduction of execess value at amortised cost.

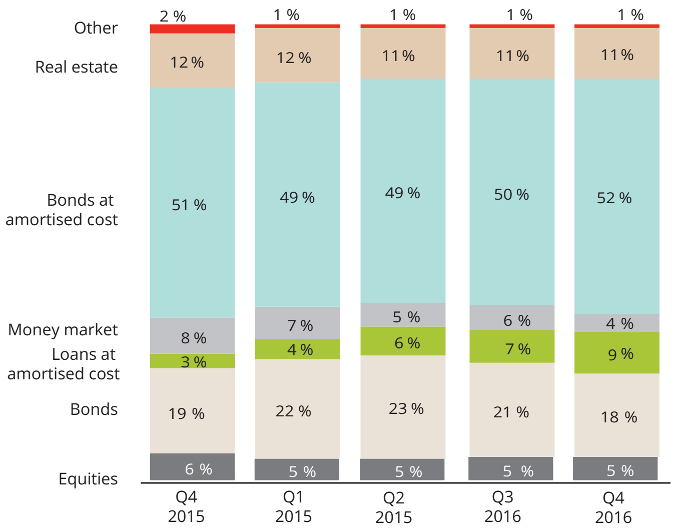
### STOREBRAND LIVSFORSIKRING AS

The market value adjustment reserve decreased by NOK 1.5bn during the 4th quarter and NOK 1.8bn for the year, and amounted to NOK 2.7bn at the end of the 4th quarter of 2016. The additional statutory reserves increased by NOK 1.6bn during the quarter and amounted to NOK 6.8bn at the end of the 4th quarter of 2016. A good booked return has contributed to increasing the additional statutory reserves for insurance contracts which are fully strengthened for longevity. The excess value of bonds and loans valued at amortised cost declined by NOK 2.8bn in the 4th quarter and by NOK 1.8bn for the year. The excess value at amortised cost was NOK 8.8bn as of the 4th quarter. The decline is attributed to rising interest rates. The excess value of bonds and loans at amortised cost is not included in the financial statements.

### CUSTOMER BUFFERS




### ALLOCATION OF GUARANTEED CUSTOMER ASSETS



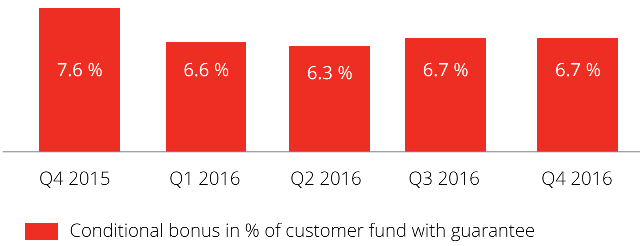

Customer assets increased by NOK 2.8bn in the 4th quarter and NOK 12.5bn for the year due to positive returns. Customer assets totalled NOK 242bn at the end of the 4th quarter of 2016. Customer assets within non-guaranteed savings increased NOK 3.8bn during the 4th quarter and NOK 11.3bn for the year. Guaranteed customer assets decreased by NOK 1.0bn during the 4th quarter and increased by NOK 1.3bn for the year.

[1] Storebrand Life Insurance, SPP and BenCo.

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

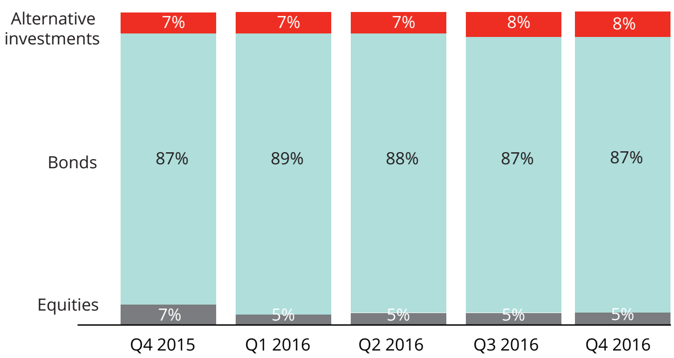
## SPP

### CUSTOMER BUFFERS - SPP




The buffer capital amounted to NOK 6.3bn (NOK 6.5bn) as of the 4th quarter.

### ALLOCATION OF GUARANTEED CUSTOMER ASSETS




Total assets under management in SPP were NOK 171bn. This corresponds to a decrease of 1% compared with the 3rd quarter of 2016. For customer assets in non-guaranteed savings, assets under management totalled NOK 83.1bn in the 4th quarter, which corresponds to an increase of 3.1%, compared with the 3rd quarter of 2016.

## STOREBRAND BANK

The lending portfolio in the retail market, including loans managed on behalf of Storebrand Livsforsikringen AS amounted to NOK 35.4bn, of which NOK 25.7bn consisted of retail market loans at Storebrand Bank. The corporate loan portfolio has declined as planned and amounted to NOK 1.5bn (NOK 1.6bn) at the end of the year.

The bank group had net primary capital of NOK 2.4bn at the end of 2016 (NOK 2.6bn). The capital adequacy ratio was 17.7% and the CET1 capital ratio was 14.0%, compared with 17.1% and 13.8% at the end of 2015. The company has satisfactory financial strength and liquidity based on its operations. The bank group, the parent bank, and the residential mortgage company all satisfy current statutory requirements.

# Outlook

**FINANCIAL PERFORMANCE**

Storebrand is the market leader for the sale of pension solutions to Norwegian businesses. Defined-contribution plans are the dominant solution for pension savings in Norway. The market for defined-contribution pensions is growing and Storebrand's reserves within Unit Linked increased by 21% from the previous year. Storebrand also has a strong challenger role for the sale of pension solutions to Swedish businesses and the growth in Unit Linked reserves at SPP was 10% compared with the previous year. Good sales growth for defined-contribution pensions is expected in the future. Work is being carried out to improve profitability within this area.

The loyalty programme for employees with companies that have a pension scheme at Storebrand will be an important area of focus in the future. The sale of banking products and P&C insurance contributes to expected growth within the Savings and Insurance segment. The competition in the market has resulted in pressure on margins within these segments that in turn sets requirements for cost reductions and adaptations in distribution and product solutions to achieve continued profitable growth. In order to realise the ambitions in the retail market, sales must continue to increase.

Asset management is an important business area within the Savings segment. Asset management has had stable growth in reserves and good earnings development.

The Guaranteed Pension segment is in long-term decline and the combined reserves for the Guaranteed business are decreasing. However, there is continued growth in the reserves linked to paid-up policies due to companies choosing to convert existing 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 portfolio of paid-up policies does not contribute to the Group's results with the present interest rates. Guaranteed reserves represent an increasingly smaller share of the Group's total pension reserves and were 65% at the end of the quarter.

A target has been set for combined nominal costs to be lower in 2018 compared with the level at the end of 2015. Storebrand will still make selected investments in growth. The partnership with Cognizant is expected to provide lower costs for the Group in the coming years.

In 2016, a new business area for digital development was established. Storebrand has combined the resources in the Group that work with digital business development and will, in future, make concerted efforts to succeed in the digitalisation of sales and earnings driven by customer insight and which also contributes to improving the efficiency of operations.

**MARKET TRENDS**

The Norwegian ten-year interest rate on government bonds has increased by approximately 0.6 percentage points in the fourth quarter and is above the level at the start of the year. The Swedish ten-year interest rate on government bonds has also increased by approximately 0.4 percentage points in the fourth quarter, but is still below the level at the start of the year. Swedish interest rates are influenced by very expansive monetary policy. The worldwide interest rate rise has largely been driven by the USA where the interest rate on ten-year government bonds has increased by more than one percentage point since it reached its lowest point in July 2016. The increase in interest rates has continued in 2017.

The short-term interest rate remains low in the Eurozone and this is influenced by the European Central Bank's expansive monetary policy. The first step in the downscaling of the central bank's programme for purchasing fixed income securities has been taken and a gradual reduction in the programme is expected going forward. Germany is experiencing strong economic growth which exerts pressure when setting interest rates in Europe.

The finance sector is characterised by the weak capitalisation of some European banks in combination with weakened credit portfolios. The authorities have implemented measures in several countries to alleviate the situation in certain exposed banks. We are seeing a consolidation of insurance companies in Europe.

**RISK**

Market risk is the Group's biggest risk. In the Board's ORSA (self-assessment of risk and solvency) process, developments in interest rates, credit spreads, and equity and property values are considered to be the biggest risks that influence the solvency of the Group. Storebrand has adapted to the 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, continued low interest rates will represent a risk for products with guaranteed high interest rates running at a loss, and it is therefore important to achieve a return that exceeds the interest rate guarantee associated with 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 development in disability are the factors that have greatest influence on solvency. Operational risk is closely monitored and may also have a significant effect on solvency.

### CHANGES TO THE SOLVENCY II REGULATIONS

The European Insurance and Occupational Pensions Authority (EIPOA) is considering changes to the methodology for determining the Ultimate Forward Rate (UFR) which, together with market interest rates, is used to determine the discount rates in Solvency II. The UFR is the combined total of an expected real interest rate (common for all currencies) and expected inflation (currency specific). Changes are proposed that, as a whole, entail that the UFR for NOK is reduced from 4.2% to 3.7% and that the change is phased in by a maximum of 20 basis points per year. If the proposal is approved, this will result in a lower solvency margin for Storebrand, depending on the interest rate. The matter is being assessed by EIPOA.

The EU Commission has asked EIOPA to assess changes in the Solvency II regulations, primarily in connection with the standard model for calculating capital requirements. EIPOA has prepared a consultation memo and a consultation process is now underway with a deadline of 3 March 2017. The purpose is to review the regulations to:

- Ensure that the capital requirements are in proportion to the actual risk
- Ensure consistent treatment between countries
- Simplification.

The consultation memo assesses different alternatives relating to 21 topics. Among other things, these include exposure to regional and local authorities, calibrating the risk of mortality, the possibility of using company-specific parameters for life insurance, exchange rate risk at group level, interest rate risk and risk margin. No specific recommendations are proposed. Following the consultation process, it is expected that EIPOA will provide its recommendations to the EU Commission.

### ASSESSMENT OF SEPARATE PENSION ACCOUNT

The assessment relating to "Separate pension account and other adjustments to private occupational pensions" was presented by a group of senior government officials in December 2016. The assessment follows up the Prime Minister's letter to the parties in connection with the collective bargaining for 2016 (hovedoppgjøret 2016), whereby the government pledged to review a number of issues relating to occupational pensions in the private sector.
The assessment has three main topics:

- Possible solutions for a scheme involving a separate pension account, whereby pension earnings from multiple employers can be combined.
- Possible solutions for individual additional savings in the occupational pension schemes.
- The age and income from which contributions should start and the duration of the employment required to be able to receive contributions (saving from the first krone).

Employee and employer organisations, the financial services industry and the Consumer Council of Norway have participated in a reference group for the work. The assessment does not present any specific proposals, but discusses alternative models. It will be up to the parties (Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO)) and the government to determine how the assessment should be followed-up.

### FINANCIAL TAX

In connection with the Storting's preparation of the 2017 national budget, it was agreed to introduce a tax on the financial sector with 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 to 24 per cent.

The financial tax applies from and including the 2017 financial year. The estimated annual effect on the Group's operating costs is NOK 55m.

### CAPITAL MANAGEMENT AND DIVIDENDS

Storebrand has established a framework for capital management that links dividends to the solvency ratio. The goal is a solvency ratio of over 150%, including transitional rules. The solvency ratio at the end of the fourth quarter was 157%. A minimum level for dividends is a solvency ratio without transitional rules of 110%. The solvency ratio without transitional rules at the end of the 4$^{th}$ quarter was 144%. The solvency level shows that the Group is robust for the risks the business faces. A gradual improvement is expected in the underlying solvency margin in the coming years. This is primarily due to the discontinuation of the strengthening of reserves for increased life expectancy, expected result achievement in the Group, and reduced capital requirements from guaranteed business. The remaining strengthening of reserves of NOK 0.35bn. for increased life expectancy is expected to conclude in 2017.

The Board has proposed a dividend to the General Meeting of NOK 695mill., equivalent to NOK 1.55 per share for the 2016 financial year. Dividends will normally be more than 35% of the Group result before amortisation after tax. The expected development in the solvency II ratio implies a further gradual increase in the dividend pay-out ratio from 2018 onwards.

Lysaker, 7 February 2017

# Storebrand Group
## Income statement

| (NOK million) | Note | 4Q 2016 | 4Q 2015[1] | 01.01 - 31.12 2016 | 01.01 - 31.12 2015[1] |
|---|---|---|---|---|---|
| Premium income | | 5,670 | 5,465 | 25,829 | 25,459 |
| Net interest income - banking activities | | 94 | 96 | 373 | 377 |
| *Net income from financial assets and real estate for the company:* | | | | | |
| - equities and other units at fair value | | 26 | 5 | 38 | 5 |
| - bonds and other fixed-income securities at fair value | | 72 | 15 | 553 | 7 |
| - financial derivatives at fair value | | 38 | 34 | 111 | 127 |
| - bonds at amortised cost | | 26 | 26 | 106 | 89 |
| - real estate | | | 212 | 10 | 294 |
| - profit from investments in associated companies/joint controlled operation | | 18 | -82 | 65 | 34 |
| *Net income from financial assets and real estate for the customers:* | | | | | |
| - equities and other units at fair value | | 6,707 | 4,255 | 11,609 | 7,072 |
| - bonds and other fixed-income securities at fair value | | 127 | 2,234 | 3,640 | 4,426 |
| - financial derivatives at fair value | | -3,964 | -1,404 | 2,570 | -5,179 |
| - lending at fair value | | 11 | | 18 | |
| - bonds at amortised cost | | 1,040 | 1,237 | 4,197 | 4,083 |
| - lending at amortised cost | | 93 | 15 | 289 | 108 |
| - real estate | | 412 | 802 | 2,295 | 2,407 |
| - profit from investments in associated companies | | 36 | 124 | 167 | 134 |
| Other income | | 910 | 534 | 2,904 | 2,500 |
| **Total income** | | **11,314** | **13,566** | **54,772** | **41,945** |
| Insurance claims | | -5,917 | -5,566 | -25,287 | -25,247 |
| Change in insurance liabilities | | -1,816 | -9,981 | -23,522 | -15,998 |
| To/from buffer capital | | -1,442 | 2,119 | 1,475 | 3,930 |
| Losses from lending/reversal of previous losses | | -9 | -21 | -17 | -45 |
| Operating costs | 7, 8 | -1,035 | -1,039 | -3,570 | -3,727 |
| Other costs | | -32 | -61 | -463 | -439 |
| Interest expenses | | -152 | -118 | -475 | -462 |
| **Total costs before amortisation** | | **-10,403** | **-14,666** | **-51,859** | **-41,987** |
| **Group profit before amortisation** | | **912** | **-1,101** | **2,913** | **-42** |
| Amortisation of intangible assets | | -95 | -106 | -406 | -396 |
| **Group pre-tax profit** | | **816** | **-1,207** | **2,506** | **-438** |
| Tax cost | 9 | -140 | 2,008 | -364 | 1,821 |
| **Profit/loss for the period** | | **676** | **801** | **2,143** | **1,382** |
| **Profit/loss for the period attributable to:** | | | | | |
| Share of profit for the period - shareholders | | 673 | 618 | 2,118 | 1,178 |
| Share of profit for the period - hybrid capital investors | | 3 | 3 | 11 | 9 |
| Share of profit for the period - minority | | | 181 | 14 | 196 |
| **Total** | | **676** | **801** | **2,143** | **1,382** |
| | | | | | |
| Earnings per ordinary share (NOK) | | 1.50 | 1.38 | 4.73 | 2.63 |
| Average number of shares as basis for calculation (million) | | | | 448.2 | 447.6 |
| There is no dilution of the shares | | | | | |

[1] There has been made changes in classifiacation between the lines ”operating costs” and ”amortisation and write-downs of intangible assets”for comparative figures 2015, see note 3 and 7

# Storebrand Group
## Statement of comprehensive income

| (NOK million) | 4Q 2016 | 4Q 2015 | 01.01 - 31.12 2016 | 01.01 - 31.12 2015 |
|---|---|---|---|---|
| **Profit/loss for the period** | **676** | **801** | **2,143** | **1,382** |
| | | | | |
| Change in actuarial assumptions | -119 | -178 | -142 | -187 |
| Adjustment of value of properties for own use | 22 | 165 | 205 | 180 |
| Gains/losses from cash flow hedging | -10 | 4 | -60 | 27 |
| Total comprehensive income elements allocated to customers | -22 | -165 | -205 | -180 |
| Tax on other result elements not to be classified to profit/loss | 37 | 55 | 37 | 49 |
| Total other result elements not to be classified to profit/loss | -92 | -119 | -166 | -111 |
| | | | | |
| Translation differences foreign exchange | 83 | 300 | -793 | 769 |
| Unrealised gains on financial instruments available for sale | | | -3 | |
| Tax on other result elements that may be classified to profit/loss | | | | 2 |
| Total other result elements that may be classified to profit/loss | 83 | 301 | -796 | 771 |
| | | | | |
| **Total other result elements** | **-9** | **182** | **-961** | **660** |
| | | | | |
| **Total comprehensive income** | **667** | **983** | **1,181** | **2,042** |
| **Total comprehensive income attributable to:** | | | | |
| Share of total comprehensive income - shareholders | 663 | 797 | 1,163 | 1,830 |
| Share of total comprehensive income - hybrid capital investors | 3 | 3 | 11 | 9 |
| Share of total comprehensive income - minority | 1 | 183 | 7 | 203 |
| **Total** | **667** | **983** | **1,181** | **2,042** |

# Storebrand Group
## Statement of financial position

| (NOK million) | Note | 31.12.16 | 31.12.15 |
|---|---|---|---|
| **Assets company portfolio** | | | |
| Deferred tax assets | | 595 | 957 |
| Intangible assets and excess value on purchased insurance contracts | | 4,858 | 5,810 |
| Tangible fixed assets | | 57 | 71 |
| Investments in associated companies | | 458 | 385 |
| *Financial assets at amortised cost:* | | | |
| - Bonds | 6 | 3,398 | 3,454 |
| - Lending to financial institutions | 6 | 272 | 123 |
| - Lending to customers | 6,10 | 25,310 | 28,049 |
| Reinsurers' share of technical reserves | | 40 | 22 |
| Real estate at fair value | 6 | 51 | 335 |
| Biological assets | | 64 | 64 |
| Accounts receivable and other short-term receivables | | 2,647 | 2,722 |
| *Financial assets at fair value:* | | | |
| - Equities and other units | 6 | 121 | 114 |
| - Bonds and other fixed-income securities | 6 | 30,503 | 29,123 |
| - Derivatives | 6 | 1,206 | 1,715 |
| - Lending to customers | 6,10 | 1,958 | 1,215 |
| Bank deposits | | 3,694 | 3,009 |
| Minority interests in consolidated securities funds | | 20,386 | 23,044 |
| **Total assets company portfolio** | | **95,619** | **100,212** |
| **Assets customer portfolio** | | | |
| Tangible fixed assets | | 433 | 429 |
| Investments in associated companies | | 1,918 | 1,465 |
| Receivables from associated companies | | 37 | 41 |
| *Financial assets at amortised cost:* | | | |
| - Bonds | 6 | 79,378 | 73,434 |
| - Bonds held-to-maturity | 6 | 15,644 | 15,648 |
| - Lending to customers | 6,10 | 16,727 | 6,017 |
| Reinsurers' share of technical reserves | | 106 | 112 |
| Real estate at fair value | 6 | 24,110 | 24,081 |
| Real estate for own use | 6 | 2,863 | 2,887 |
| Biological assets | | 702 | 725 |
| Accounts receivable and other short-term receivables | | 1,053 | 2,999 |
| *Financial assets at fair value:* | | | |
| - Equities and other units | 6 | 129,416 | 124,476 |
| - Bonds and other fixed-income securities | 6 | 141,334 | 161,653 |
| - Derivatives | 6 | 3,621 | 2,988 |
| - Lending to customers | 6,10 | 2,346 | |
| Bank deposits | | 4,375 | 4,164 |
| **Total assets customer portfolio** | | **424,065** | **421,118** |
| **Total assets** | | **519,684** | **521,329** |

Continue next page

# Storebrand Group
## Statement of financial position (continue)

| (NOK million) | Note | 30.09.16 | 30.09.15 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| Paid-in capital | | 11,726 | 11,724 |
| Retained earnings | | 15,631 | 14,477 |
| Hybrid capital | | 226 | 226 |
| Minority interests | | 54 | 520 |
| **Total equity** | | **27,637** | **26,946** |
| Subordinated loan capital | 5, 6 | 7,621 | 7,766 |
| Buffer capital | 11 | 16,719 | 19,016 |
| Insurance liabilities | | 405,257 | 400,211 |
| Pension liabilities | | 289 | 465 |
| Deferred tax | | 175 | 200 |
| *Financial liabilities:* | | | |
| - Liabilities to financial institutions | 5, 6 | 407 | 416 |
| - Deposits from banking customers | 6 | 15,238 | 17,825 |
| - Securities issued | 5, 6 | 16,219 | 15,475 |
| - Derivatives company portfolio | | 326 | 851 |
| - Derivatives customer portfolio | | 1,868 | 2,501 |
| Other current liabilities | | 7,542 | 6,614 |
| Minority interests in consolidated securities funds | | 20,386 | 23,044 |
| **Total liabilities** | | **492,047** | **494,383** |
| **Total equity and liabilities** | | **519,684** | **521,329** |

# Storebrand Group
## Statement of changes in equity

| | Majority's share of equity | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (NOK million) | Share capital [1] | Own shares | Share premium | Total paid in equity | Restatement differences | Other equity [2] | Total retained earnings | Hybrid capital [3] | Minority interests | Total equity |
| **Equity at 31 December 2014** | **2,250** | **-12** | **9,485** | **11,722** | **1,078** | **11,574** | **12,652** | | **366** | **24,741** |
| Profit for the period | | | | | | 1,178 | 1,178 | 9 | 196 | 1,382 |
| Total other profit elements | | | | | 753 | -100 | 653 | | 7 | 660 |
| **Total comprehensive income for the period** | | | | | **753** | **1,078** | **1,830** | **9** | **203** | **2,042** |
| | | | | | | | | | | |
| **Equity transactions with owners:** | | | | | | | | | | |
| Own shares | | 2 | | 2 | | 21 | 21 | | | 23 |
| Hybrid capital classified as equity | | | | | | 2 | 2 | 226 | | 228 |
| Paid out interest hybrid capital | | | | | | | | -9 | | -9 |
| Dividend paid | | | | | | | | | -25 | -25 |
| Purchase of minority interests | | | | | | | | | -25 | -25 |
| Other | | | | | | -28 | -28 | | 1 | -28 |
| **Equity at 31 December 2015** | **2,250** | **-10** | **9,485** | **11,724** | **1,831** | **12,646** | **14,477** | **226** | **520** | **26,946** |
| Profit for the period | | | | | | 2,118 | 2,118 | 11 | 14 | 2,143 |
| Total other profit elements | | | | | -789 | -166 | -955 | | -7 | -961 |
| **Total comprehensive income for the period** | | | | | **-789** | **1,952** | **1,163** | **11** | **7** | **1,182** |
| | | | | | | | | | | |
| **Equity transactions with owners:** | | | | | | | | | | |
| Own shares | | 2 | | 2 | | 26 | 26 | | | 28 |
| Hybrid capital classified as equity | | | | | | 3 | 3 | | | 3 |
| Paid out interest hybrid capital | | | | | | | | -11 | | -11 |
| Dividend paid | | | | | | | | | -14 | -14 |
| Purchase of minority interests | | | | | | -18 | -18 | | -460 | -478 |
| Other | | | | | | -19 | -19 | | | -19 |
| **Equity at 31 December 2016** | **2,250** | **-8** | **9,485** | **11,726** | **1,042** | **14,589** | **15,631** | **226** | **54** | **27,637** |

[1]) 449,909,891 shares with a nominal value of NOK 5.
[2]) Includes undistributable funds in the risk equalisation fund amounting to NOK 140 million and security reserves amounting NOK 48 million.
[3]) Perpetual hybrid tier 1 capital classified as equity.

# Storebrand Group
## Statement of cash flow

| (NOK million) | 1.1 - 31.12 2016 | 2015 |
|---|---|---|
| **Cash flow from operational activities** | | |
| Net receipts premium - insurance | 26,483 | 24,587 |
| Net payments compensation and insurance benefits | -18,911 | -19,272 |
| Net receipts/payments - transfers | -4,647 | -4,863 |
| Net change insurance liabilities | -1,784 | -1,591 |
| Receipts - interest, commission and fees from customers | 2,896 | 2,795 |
| Payments - interest, commission and fees to customers | -587 | -731 |
| Payments relating to operations | -3,125 | -3,164 |
| Net receipts/payments - other operational activities | 136 | -1,181 |
| **Net cash flow from operations before financial assets and banking customers** | **462** | **-3,419** |
| Net receipts/payments - lending to customers | -10,969 | -2,191 |
| Net receipts/payments - deposits bank customers | -2,586 | -1,533 |
| Net receipts/payments - mutual funds | 12,935 | 5,492 |
| Net receipts/payments - real estate investments | 2,058 | -338 |
| Net change in bank deposits insurance customers | -323 | -756 |
| **Net cash flow from financial assets and banking customers** | **1,115** | **674** |
| **Net cash flow from operational activities** | **1,576** | **-2,745** |
| **Cash flow from investment activities** | | |
| Net receipts - sale of subsidaries | 64 | |
| Net payments - purchase of group companies | -5 | |
| Net receits/payments - sale/purchase of fixed assets | -63 | -212 |
| **Net cash flow from investment activities** | **-4** | **-212** |
| **Cash flow from financing activities** | | |
| Payments - repayments of loans | -4,457 | -2,763 |
| Receipts - new loans | 3,700 | 3,702 |
| Payments - interest on loans | -372 | -393 |
| Receipts - subordinated loan capital | 700 | 997 |
| Payments - repayment of subordinated loan capital | | -1,033 |
| Payments - interest on subordinated loan capital | -367 | -469 |
| Net receipts/payments - lending to and claims from other financial institutions | -9 | 396 |
| Receipts - issuing of share capital / sale of shares to own employees | 14 | 10 |
| Payments - dividends | -14 | -25 |
| Payments - interest on hybrid capital | -11 | -9 |
| **Net cash flow from financing activities** | **-816** | **413** |
| **Net cash flow for the period** | **757** | **-2,544** |
| - of which net cash flow in the period before financial assets and banking customers | -358 | -3,218 |
| | | |
| Net movement in cash and cash equivalents | 757 | -2,544 |
| Cash and cash equivalents at start of the period for new/sold out companies | -13 | 4 |
| Cash and cash equivalents at start of the period | 3,132 | 5,473 |
| Currency translation differences | 91 | 198 |
| **Cash and cash equivalents at the end of the period** [1] | **3,966** | **3,132** |
| | | |
| 1) Consist of: | | |
| Lending to financial institutions | 272 | 123 |
| Bank deposits | 3,694 | 3,009 |
| **Total** | **3,966** | **3,132** |

# Notes to the interim accounts Storebrand Group

## Note 01 Accounting policies

The Group's interim financial statements include Storebrand ASA, subsidiaries, and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2015 annual report, and the interim financial statements are prepared with respect to these accounting policies.

Financial tax
In connection with the national budget for 2017, it was agreed to introduce 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 to 24 per cent.

There is none new or amended accounting standards that entered into effect as at 1 January 2016 that have caused significant effects on Storebrand's interim financial statements.

## Note 02 Estimates

In preparing the Group's financial statements the management are required to make estimates, judgements and assumptions of 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.

Actual results may differ from these estimates

A description of the most critical estimates and judgements that can affect recognised amounts appears in the 2015 annual financial statements in note 2, strengthening longevity reserves for Storebrand Life Insurance in note 3, insurance risk in note 7, valuation of financial instruments at fair value is described in note 13 and in the interim financial statements note 13 Solvency II.

## Note 03 Segments

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

**Change in profit and loss statement**
A change has been made to the alternative profit and loss statement in the 3rd quarter of 2016. The purpose of the change was to more clearly differentiate between the result elements from operations and result elements from finance.

A new term, "operating profit", has been incorporated that is prior to the financial results from the company portfolios and risk results from the guaranteed life insurance activities.

In the new profit and loss statement, "financial items and risk result life & pension" includes the following lines from the statement that was used up until 30 June 2016:
- Risk result life and pensions
- Financial result
-Net profit sharing and loan losses

Comparative figures are changed.

### Savings
Consists of products that include saving for retirement with no explicit interest rate guarantees. The area includes defined contribution pensions in Norway and Sweden, asset management and bank products to private individuals.

### Insurance
Insurance is responsible for the group's risk products in Norway and Sweden. The unit provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee- and pension-related insurances in the Norwegian and Swedish corporate market.

### Guaranteed pension
Guaranteed pension consists of products that include long-term saving for retirement, where customers have a guaranteed return or performance of savings funds. The area includes defined contribution pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

### Other
Under the Other category, the result from Storebrand ASA and the result from the company's portfolios and minor subsidiaries in Storebrand Livsforsikring and SPP are reported. In addition, the results linked to lending to business activities in Storebrand Bank, the operation in BenCo and minority in securities' fund are included. The elimination of intra-group transactions that have been included in the other segments has also been included.

### Reconciliation with the official profit and loss accounting
Results in the segments are reconciled with the corporate results before amortization and write-downs of intangible assets. The corporate profit and loss account includes gross income and gross costs linked to both the insurance customers and owners. In addition, the savings element is part of the premium income and in costs related to insurance. The various segments are to a large extent followed up in the follow-up of net profit margins, including follow-up of risk and administration results. The result lines that are used in segment reporting will therefore not be identical with the result lines in the corporate profit and loss account.

| | 4Q | | 01.01 - 31.12 | |
|---|---|---|---|---|
| (NOK million) | 2016 | 2015 | 2016 | 2015 |
| Savings | 321 | 296 | 1,063 | 1,001 |
| Insurance | 143 | 15 | 575 | 482 |
| Guaranteed pension | 492 | -110 | 870 | 329 |
| Other | -45 | 60 | 405 | -91 |
| **Group profit before amortisation and longevity** | **912** | **261** | **2,913** | **1,722** |
| Provision longevity | | -1,362 | | -1,764 |
| **Group profit before amortisation** | **912** | **-1,101** | **2,913** | **-42** |
| Amortisation of intangible assets[2)] | -95 | -106 | -406 | -396 |
| **Group pre-tax profit** | **816** | **-1,207** | **2,506** | **-438** |

[2)] There has been made changes in classifiacation between the lines "operational cost" and "amortisation of intangible assets"Amortisation and write-downs of IT-systems are included in operational cost from 2016. Comparative figures for 2015 are changed, se also note 7

## SEGMENT INFORMATION AS OF 4Q

| | Savings | | Insurance | | Guaranteed pension | |
|---|---|---|---|---|---|---|
| | Q4 | | Q4 | | Q4 | |
| (NOK million) | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Fee and administation income | 744 | 761 | | | 376 | 460 |
| Insurance result | | | 251 | 143 | | |
| *- Insurance premiums f.o.a.* | | | *957* | *934* | | |
| *- Claims f.o.a.* | | | *-706* | *-791* | | |
| Operational cost[2)] | -426 | -459 | -168 | -153 | -260 | -333 |
| **Operating profit** | **319** | **301** | **83** | **-9** | **116** | **128** |
| Financial items and risk result life & pension | 3 | -5 | 60 | 25 | 376 | -238 |
| **Group profit before amortisation and longevity** | **321** | **296** | **143** | **15** | **492** | **-110** |
| Provision longevity | | | | | | -1,362 |
| **Group profit before amortisation** | **321** | **296** | **143** | **15** | **492** | **-1,472** |
| Amortisation of intangible assets [1)2)] | | | | | | |
| **Group pre-tax profit** | | | | | | |

| | Other | | Storebrand Group | |
|---|---|---|---|---|
| | Q4 | | Q4 | |
| (NOK million) | 2016 | 2015 | 2016 | 2015 |
| Fee and administation income | 18 | -61 | 1,138 | 1,160 |
| Insurance result | | | 251 | 143 |
| *- Insurance premiums f.o.a.* | | | *957* | *934* |
| *- Claims f.o.a.* | | | *-706* | *-791* |
| Operational cost[2)] | -8 | 19 | -861 | -926 |
| **Operating profit** | **10** | **-41** | **528** | **378** |
| Financial items and risk result life & pension | -54 | 101 | 384 | -117 |
| **Group profit before amortisation and longevity** | **-45** | **60** | **912** | **261** |
| Provision longevity | | | | -1,362 |
| **Group profit before amortisation** | **-45** | **60** | **912** | **-1,101** |
| Amortisation of intangible assets[1)2)] | | | -95 | -106 |
| **Group pre-tax profit** | | | **816** | **-1,207** |

[1)] Amortization of intangible assets are included in Storebrand Group
[2)] There has been made changes in classifiacation between the lines ”operational cost” and ”amortisation of intangible assets”Amortisation and write-downs of IT-systems are included in operational cost from 2016. Comparative figures for 2015 are changed, se also note 7

## SEGMENT INFORMATION AS OF 01.01 - 31.12

| | Savings | | Insurance | | Guaranteed pension | |
|---|---|---|---|---|---|---|
| (NOK million) | 31.12.16 | 31.12.15 | 31.12.16 | 31.12.15 | 31.12.16 | 31.12.15 |
| Fee and administration income | 2,758 | 2,662 | | | 1,566 | 1,777 |
| Insurance result | | | 945 | 820 | | |
| *- Insurance premiums f.o.a.* | | | *3,828* | *3,642* | | |
| *- Claims f.o.a.* | | | *-2,883* | *-2,822* | | |
| Operational cost[2)] | -1,700 | -1,657 | -602 | -543 | -981 | -1,156 |
| **Operating profit** | **1,058** | **1,006** | **342** | **277** | **585** | **621** |
| Financial items and risk result life & pension | 5 | -4 | 233 | 206 | 284 | -292 |
| **Group profit before amortisation and longevity** | **1,063** | **1,001** | **575** | **482** | **870** | **329** |
| Provision longevity | | | | | | -1,764 |
| **Group profit before amortisation** | **1,063** | **1,001** | **575** | **482** | **870** | **-1,435** |
| Amortisation of intangible assets [1)2)] | | | | | | |
| **Group pre-tax profit** | | | | | | |

| | Other | | Storebrand Group | |
|---|---|---|---|---|
| (NOK million) | 31.12.16 | 31.12.15 | 31.12.16 | 31.12.15 |
| Fee and administration income | -88 | -123 | 4,235 | 4,317 |
| Insurance result | | | 945 | 820 |
| *- Insurance premiums f.o.a.* | | | *3,828* | *3,642* |
| *- Claims f.o.a.* | | | *-2,883* | *-2,822* |
| Operational cost[2)] | 92 | 48 | -3,191 | -3,309 |
| **Operating profit** | **4** | **-75** | **1,989** | **1,828** |
| Financial items and risk result life & pension | 401 | -16 | 924 | -107 |
| **Group profit before amortisation and longevity** | **405** | **-91** | **2,913** | **1,722** |
| Provision longevity | | | | -1,764 |
| **Group profit before amortisation** | **405** | **-91** | **2,913** | **-42** |
| Amortisation of intangible assets[1)2)] | | | -406 | -396 |
| **Group pre-tax profit** | | | **2,506** | **-438** |

[1)] Amortization of intangible assets are included in Storebrand Group
[2)] There has been made changes in classifiacation between the lines "operational cost" and "amortisation of intangible assets"Amortisation and write-downs of IT-systems are included in operational cost from 2016. Comparative figures for 2015 are changed, se also note 7

## KEY FIGURES BY BUSINESS AREA

| (NOK million) | 4Q 2016 | 3Q 2016 | 2Q 2016 | 1Q 2016 | 4Q 2015 | 3Q 2015 | 2Q 2015 | 1Q 2015 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| Earnings per ordinary share [1] | 4.73 | 3.22 | 2.25 | 0.67 | 2.63 | 1.25 | 1.12 | 0.55 |
| Equity | 27,637 | 27,189 | 27,000 | 26,538 | 26,946 | 25,982 | 25,275 | 24,745 |
| **Savings** | | | | | | | | |
| Premium income Unit Linked [2] | 3,466 | 3,444 | 3,541 | 3,693 | 3,185 | 3,168 | 3,028 | 2,865 |
| Unit Linked reserves | 139,822 | 131,571 | 127,876 | 125,434 | 128,117 | 118,695 | 117,452 | 115,816 |
| AuM asset management | 576,704 | 570,362 | 568,956 | 567,218 | 571,425 | 562,136 | 551,587 | 557,989 |
| Retail lending | 35,400 | 32,543 | 30,775 | 28,425 | 26,861 | 25,417 | 24,833 | 24,100 |
| **Insurance** | | | | | | | | |
| Total written premiums | 4,533 | 4,552 | 4,501 | 4,443 | 4,327 | 4,275 | 4,176 | 4,053 |
| Claims ratio [2] | 74% | 75% | 75% | 77% | 85% | 78% | 72% | 75% |
| Cost ratio [2] | 18% | 16% | 14% | 15% | 16% | 14% | 15% | 15% |
| Combined ratio [2] | 91% | 91% | 90% | 92% | 101% | 92% | 87% | 90% |
| **Guaranteed pension** | | | | | | | | |
| Guaranteed reserves | 258,723 | 261,547 | 265,300 | 265,931 | 266,811 | 263,035 | 258,658 | 261,277 |
| Guaranteed reseves in % of total reserves | 64.9% | 66.5% | 67.5% | 67.9% | 67.6% | 68.9% | 68.8% | 69.3% |
| Net transfer out of guaranteed reserves [2] | 245 | 239 | 621 | 2,200 | 398 | 855 | 1,438 | 5,037 |
| Buffer capital in % of customer reserves Storebrand Life Group [3] | 5.7% | 5.6% | 6.3% | 5.9% | 5.8% | 5.4% | 5.7% | 6.5% |
| Buffer capital in % of customer reserves SPP [4] | 6.7% | 6.7% | 6.3% | 6.6% | 7.6% | 11.1% | 12.4% | 12.5% |
| **Solidity** | | | | | | | | |
| Solvency II [5] | 157% | 165% | 172% | 175% | | | | |
| Solidity capital (Storebrand Life Group) [6] | 57,260 | 61,490 | 61,439 | 60,513 | 61,011 | 64,020 | 62,293 | 66,052 |
| Capital adequacy Storebrand Bank | 17.7% | 18.1% | 17.7% | 17.3% | 17.1% | 16.7% | 16.3% | 15.8% |
| Core Capital adequacy Stobrand Bank | 15.7% | 16.2% | 15.8% | 15.4% | 15.2% | 14.9% | 14.5% | 14.0% |

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

## Note 04 Financial market risk and insurance risk

Risks are described in the annual report for 2015 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Lending and counterparty risk), note 11 (Credit exposure) and note 12 (Concentration of 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 currency 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 and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on Storebrand's profit, as does the market risk from the financial assets of Storebrand ASA and the subsidiaries that are not life insurance companies.

The market risk in customer portfolios without a guarantee 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 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 sufficiently high to meet the guaranteed interest rate, the shortfall will be met by using customer buffers in the form of risk capital built up from previous years' surpluses. Risk capital primarily consists of unrealised gains, additional statutory reserves and conditional bonuses. The owner is responsible for meeting any shortfall that cannot be covered.

For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee.

The stock market was turbulent during the first half year, with significant price falls both early in the year and in June. The stock market was positive during the second half of the year and fourth quarter. The global index increased 5 per cent during the fourth quarter, which gave an overall increase of 9 per cent for 2016. The Norwegian stock market was especially strong, with an increase of 11 per cent in the fourth quarter and 12 per cent for 2016. The oil price increased by 50 per cent in 2016. The credit market has experienced an almost identical trend to the stock market and the credit spreads have been slightly reduced in both the fourth quarter and during the year.

Interest rates rose in the fourth quarter due to expectations of increased inflation. The 10-year interest swap rate increased by 0.5 percentage points in both Norway and Sweden. At the end of 2016, the 10-year interest swap rate was 2.0 per cent in Norway, an increase of 0.2 percentage points since the start of the year. In Sweden, the level was 1.1 per cent at the end of 2016, which was a decrease of 0.5 percentage points since the start of the year. Due to the majority of the interest rate investments in the Norwegian customer portfolios being held at amortised cost, the change in interest rates has a limited effect on expected returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee.

The Norwegian krone weakened slightly in the fourth quarter, particularly against the dollar, but also against the Swedish krone. Overall, the Norwegian krone increased in value in 2016. It strengthened by 9 per cent against the Swedish krone, 6 per cent against the Euro and 3 per cent against the dollar. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have had a modest effect on results and risk.

The interest rate sensitivity (duration) of the investments has increased somewhat during the year in both Norway and Sweden. Other than this, there have been minor changes in investment allocations.

Guaranteed portfolios in Sweden gave a return of minus 2 per cent in the fourth quarter due to higher interest rates. Guaranteed portfolios in Norway provided a return of 0.3 per cent. Investments at amortised cost cushions the effect of interest rate increases in Norway. There was a good return in 2016 and this was driven by positive stock markets, good returns on property investments and reduced credit spreads. In Sweden, the fall in interest rates also contributed to the return. For guaranteed portfolios as a whole, the return was 4.7 per cent in Norway and 5.3 per cent in Sweden. Based on the current strategy, any returns that exceed the guarantee in Norway will be primarily used for strengthening reserves or for additional statutory reserves, and the return therefore has little impact on the result. The market value adjustment reserve was reduced during 2016, while additional statutory reserves have increased. Excess values bonds at amortised cost have been reduced. In Sweden, the increase in value of the insurance liabilities has been somewhat lower than the increase in the value of assets and good returns have resulted in profit sharing.
SPP had a good financial result in the fourth quarter of 2016. Buffers in the form of conditional bonuses increased slightly.
On average, unit linked insurance customers had good returns in the fourth quarter. Balanced Pension in Norway increased 3 per cent and unit linked insurance in Sweden increased by an average of 4 per cent. The return in 2016 was better than in a normal year. Balanced Pension increased 7 per cent and unit linked insurance increased by an average of 10 per cent. This does not directly influence Storebrand's result and risk, but increased total assets is positive for future income.

Insurance risk is the risk of higher than expected payments and/or an unfavourable change in the value of an insurance liability due to actual developments deviating from what was expected when premiums or provisions were calculated. Most of the insurance risk for the group is related to life insurance. Long life expectancy is the greatest risk because increased longevity means that the guaranteed benefits must be paid over a longer period. There are also risks related to disability and death.

The insurance risk is almost unchanged during the year.

Note 05

# Liquidity risk

## SPECIFICATION OF SUBORDINATED LOAN CAPITAL

| (NOK million) | Nominal value | Currency | Interest rate | Call date | Book value |
|---|---|---|---|---|---|
| **Issuer** | | | | | |
| **Hybrid tier 1 capital [1]** | | | | | |
| Storebrand Livsforsikring AS | 1,500 | NOK | Variable | 2018 | 1,504 |
| | | | | | |
| **Perpetual subordinated loan capital** | | | | | |
| Storebrand Livsforsikring AS | 1,000 | NOK | Variable | 2020 | 999 |
| Storebrand Livsforsikring AS | 1,100 | NOK | Variable | 2024 | 1,099 |
| | | | | | |
| **Dated subordinated loan capital** | | | | | |
| Storebrand Livsforsikring AS | 300 | EUR | Fixed | 2023 | 3,027 |
| Storebrand Livsforsikring AS | 700 | SEK | Variable | 2021 | 715 |
| Storebrand Bank ASA | 150 | NOK | Variable | 2017 | 152 |
| Storebrand Bank ASA | 125 | NOK | Variable | 2019 | 126 |
| **Total subordinated loans and hybrid tier 1 capital 31.12.16** | | | | | **7,621** |
| Total subordinated loans and hybrid tier 1 capital 31.12.15 | | | | | 7,766 |

[1]) In addition, Storebrand Bank ASA has issued hybrid tier 1 capital bonds/hybrid capital that is classified as equity. See the statement of changes in equity.

## SPECIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

| | Book value | |
|---|---|---|
| (NOK million) | 31.12.16 | 31.12.15 |
| Maturity | | |
| 2016 | | 416 |
| 2017 | 407 | |
| **Total liabilities to financial institutions** | **407** | **416** |

## SPECIFICATION OF SECURITIES ISSUED

| | Book value | |
|---|---|---|
| (NOK million) | 31.12.16 | 31.12.15 |
| Call date | | |
| 2016 | | 1,922 |
| 2017 | 3,051 | 4,311 |
| 2018 | 4,062 | 4,068 |
| 2019 | 2,692 | 2,246 |
| 2020 | 3,417 | 2,928 |
| 2021 | 2,997 | |
| **Total securities issued** | **16,219** | **15,475** |

The loan agreements contain standard covenants. Storebrand is in compliance with all relevants covenants in 2016.

**Covered bonds**
For covered bonds issued by Storebrand Boligkreditt AS ascribed to the company's cover pool, an overcollateralization requirement of 109,5 per cent applies. This means that the company must at all times have assets in its cover pool that exceed at least 109,5 per cent of the total outstanding covered bonds.

**Credit facilities**
Storebrand ASA has an unused credit facility of EUR 240 million.

**Facilities for Storebrand Boligkreditt AS**
Storebrand Bank has two credit facilities with Storebrand Boligkreditt AS. One of these is an ordinary overdraft facility of up to NOK 6 billion. This has no fixed expiry date, but may be terminated by the bank with 15 months' notice. The other facility must at all times be sufficient to cover interest and principal on covered bonds and related derivatives for the next 31 days. The credit facility is not revocable by the bank until three months after the maturity of the longest covered bonds and related derivatives.

## Note 06 Valuation of financial instruments and investment properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 13 in the financial statements for 2015.

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.

### VALUATION OF FINANCIAL INSTRUMENTS TO AMORTISED COST

| (NOK million) | Fair value 31.12.16 | Fair value 31.12.15 | Book value 31.12.16 | Book value 31.12.15 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Loans to and due from financial institutions | 272 | 123 | 272 | 123 |
| Lending to customers - corporate | 8,474 | 8,298 | 8,518 | 8,331 |
| Lending to customers - retail | 33,520 | 25,735 | 33,520 | 25,735 |
| Bonds held to maturity | 17,537 | 17,578 | 15,644 | 15,648 |
| Bonds classified as loans and receivables | 89,677 | 85,540 | 82,777 | 76,888 |
| **Total financial assets 31.12.2016** | **149,480** | | **140,730** | |
| Total financial assets 31.12.2015 | | 137,273 | | 126,725 |
| **Financial liabilities** | | | | |
| Debt raised by issuance of securities | 16,290 | 15,428 | 16,219 | 15,475 |
| Liabilities to financial institutions | 5 | 12 | 5 | 12 |
| Deposits from banking customers | 15,238 | 17,825 | 15,238 | 17,825 |
| Subordinatd loan capital | 7,720 | 7,709 | 7,621 | 7,766 |
| **Total financial liabilities 31.12.2016** | **39,254** | | **39,083** | |
| Total financial liabilities 31.12.2015 | | 40,973 | | 41,078 |

## VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE

| (NOK million) | Level 1<br>Quoted prices | Level 2<br>Observable assumptions | Level 3<br>Non-observable assumptions | Total fair value 31.12.16 | Total fair value 31.12.15 |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| **Equities and units** | | | | | |
| - Equities | 20,371 | 523 | 1,057 | 21,951 | 20,661 |
| - Units | 244 | 99,291 | 8,050 | 107,585 | 103,928 |
| **Total equities and units 31.12.16** | **20,615** | **99,814** | **9,107** | **129,537** | |
| Total equities and units 31.12.15 | 17,890 | 94,463 | 12,236 | | 124,590 |
| | | | | | |
| **Lending to customers [1]** | | | | | |
| - Lending to customers - corporate | | | 2,346 | 2,346 | |
| - Lending to customers - retail | | | 1,959 | 1,959 | 1,215 |
| **Lending to customers 31.12.16** [1] | | | 4,304 | 4,304 | |
| Lending to customers 31.12.15 [1] | | | 1,215 | | 1,215 |
| | | | | | |
| **Bonds and other fixed-income securities** | | | | | |
| - Government bonds | 22,587 | 25,109 | | 47,696 | 51,191 |
| - Corporate bonds | 44 | 32,862 | 249 | 33,154 | 30,495 |
| - Structured notes | | 29 | | 29 | 34,669 |
| - Collateralised securities | | 33,216 | | 33,216 | 15,841 |
| - Bond funds | 707 | 57,035 | | 57,742 | 58,581 |
| **Total bonds and other fixed-income securities 31.12.16** | **23,337** | **148,251** | **249** | **171,837** | |
| Total bonds and other fixed-income securities 31.12.15 | 28,792 | 161,626 | 358 | | 190,776 |
| | | | | | |
| **Derivatives:** | | | | | |
| - Interest derivatives | | 3,290 | | 3,290 | 1,768 |
| - Currency derivatives | | -657 | | -657 | -417 |
| **Total derivatives 31.12.16** | | **2,634** | | **2,634** | |
| - of which derivatives with a positive market value | | 4,827 | | 4,827 | 4,703 |
| - of which derivatives with a negative market value | | -2,194 | | -2,194 | -3,351 |
| Total derivatives 31.12.15 | | 1,352 | | | 1,352 |
| | | | | | |
| **Real Estate:** | | | | | |
| Investment properties | | | 24,161 | 24,161 | 24,415 |
| Owner-occupied properties | | | 2,863 | 2,863 | 2,887 |
| **Total real estate 31.12.16** | | | **27,024** | **27,024** | |
| Total real estate 31.12.15 | | | 27,302 | | 27,302 |
| | | | | | |
| **Liabilities:** | | | | | |
| Liabilities to financial institutions [1] | | 402 | | 402 | 404 |
| **Total liabilities 31.12.16** [1] | | **402** | | **402** | |
| Total liabilities 31.12.15 [1] | | 404 | | | 404 |

[1] Includes lending to customers/liabilities to financial institutions classified at fair value through profit and loss

There is no significant movements between level 1 and level 2 in this quarter.

### FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

| (NOK million) | Equities | Units | Lending to customers | Corporrate bonds | Investment properties | Owner-occupied properties |
|---|---|---|---|---|---|---|
| **Book value 01.01.16** | **2,477** | **9,759** | **1,215** | **361** | **24,417** | **2,887** |
| Net gains/losses on financial instruments | -128 | -308 | -10 | -12 | 111 | 50 |
| Supply | 15 | 863 | 3,371 | 14 | 1,708 | 20 |
| Sales | -1,255 | -2,013 | -272 | -87 | -2,863 | |
| Translation differences | -53 | -251 | | -27 | -393 | -131 |
| Other | | | | | 1,182 | 37 |
| **Book value 31.12.16** | **1,057** | **8,050** | **4,304** | **249** | **24,161** | **2,863** |

### SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 13 in the 2015 annual financial statements. There is no significant change in sensitivity in this quarter.

## Note 07 Operating costs

| | 4Q | | 01.01 - 31.12 | |
|---|---|---|---|---|
| (NOK million) | 2016[1] | 2015 | 2016[1] | 2015 |
| Personnel costs[1] | -392 | -619 | -1,741 | -2,181 |
| Amortisation/write-downs [2] | -137 | -49 | -275 | -178 |
| Other operating costs | -505 | -371 | -1,554 | -1,368 |
| **Total operating costs** | **-1,035** | **-1,039** | **-3,570** | **-3,727** |

[1] *1) Including an income of NOK 45 million in 4th quarter 2016 (NOK 189 million for the whole year 2016) related to change in the pension scheme for disability- and survivors' pension.*

[2] *Comparative figures for 2015 are changed by NOK 41 million due to change in classification of amortisataion of IT-systems.*

## Note 08 Pension scheme for own employees

In 2014, the defined benefit pension scheme for employees at Storebrand in Norway was changed after the decision was made to transition to a defined contribution pension scheme. These pension liabilities were largely derecognised in 2014. Reference is made to the specific information regarding this in the notes to the financial statements for 2014 and 2015.

In connection with new rules for disability pensions in the Norwegian Occupational Pensions Act, Storebrand has altered the disability pension scheme for own employees in Norway in 2016. In 4th quarter 2016, NOK 45 million (NOK 189 million for the whole year) was recognised as income before tax relating to allocated liabilities for previous coverage, which is recognised in the income statement as reduced costs.

## Note 09 Tax

The Group reported an income tax expense of NOK 140 million for the fourth quarter, and NOK 364 million for the full year 2016. Completed property sales have resulted in taxable temporary differences associated with these properties being reversed, which reduces the income tax expense (about NOK 179 million).

The tax rate for the Group will vary from quarter to quarter depending on the individual legal entities' contribution to earnings. The net income tax expense for the quarter and year also reflects effects that each give a higher or lower effective tax rate. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway (25 per cent).

In December 2016, the Norwegian Parliament (Storting) agreed to reduce the company tax rate from 25 to 24 per cent with effect from 1 January 2017. It was also agreed that a financial tax would be introduced that shall enter into force from the same date. Therefore, for companies subject to the financial tax, the company tax rate will be continued at the 2016 level (25 per cent). The Storebrand Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalizing deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual Group companies is used. The group´s investment properties are owned by companies that will have a reduced tax rate from 2017. Isolated, this will result in a lower deferred tax on temporary differences related to the investment properties, which reduces the tax expence for 2016 ( about NOK 111 million).

## Note 10 Lending

| (NOK million) | 31.12.16 | 31.12.15 |
|---|---|---|
| Corporate market[1)] | 10,907 | 8,399 |
| Retail market | 35,508 | 26,981 |
| **Gross lending** | **46,415** | **35,379** |
| Write-down of lending losses | -73 | -98 |
| **Net lending [2)]** | **46,342** | **35,281** |
| | | |
| 1) Of which Storebrand Bank | 1,550 | 2,372 |
| | | |
| 2) Of which Storebrand Bank | 27,268 | 29,262 |
| Of which Storebrand Livsforsikring | 19,074 | 6,019 |

Balance per 31.12.16 of mortages from Storebrand Bank ASA to sister company Storebrand Livsforsikring AS is NOK 9,7 billion. The mortgages were sold on commercial terms.

### NON-PERFORMING AND LOSS-EXPOSED LOANS

| (NOK million) | 31.12.16 | 31.12.15 |
|---|---|---|
| Non-performing and loss-exposed loans without identified impairment | 107 | 87 |
| Non-performing and loss-exposed loans with identified impairment | 88 | 100 |
| **Gross non-performing loans** | **195** | **187** |
| Individual write-downs | -27 | -58 |
| **Net non-performing loans** | **167** | **129** |

## Note 11 Buffer capital

| (NOK million) | 31.12.16 | 31.12.15 |
|---|---|---|
| Additional statutory reserves | 6,794 | 5,160 |
| Market adjusment reserves | 2,684 | 9,336 |
| Conditional bonuses | 7,241 | 4,520 |
| **Total** | **16,719** | **19,016** |

The excess value of held-to-maturity bonds valued at amortised cost totalled NOK 8.785 million at the end of the 4th quarter 2016 - a decrease of NOK 1.796 million since the turn of the year.

The excess value of bonds at amortised cost is not included in the financial statements.

## Note 12 Contingent liabilities

| (NOK million) | 30.09.16 | 31.12.15 |
|---|---|---|
| Guarantees | 24 | 49 |
| Unused credit limit lending | 3,548 | 3,763 |
| Uncalled residual liabilities re limited partnership | 2,971 | 3,922 |
| Loan commitment retail market | 3,524 | 1,981 |
| **Total contingent liabilities** | **10,067** | **9,716** |

Guarantees principally concern payment guarantees and contract guarantees. Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

Storebrand Group companies are engaged in extensive activities in Norway and abroad and may become a party in legal disputes.

Please also refer to note 2 and note 45 in the 2015 annual report.

## Note 13 Solvency II

The Storebrand Group is an insurance-dominated, cross-sectoral financial group with capital requirements in accordance with Solvency II. Storebrand calculates Solvency II according to the standard method as defined in the Solvency II Regulations.

Solvency II entered into force on 1 January 2016. In accordance with the Solvency II regulations, the first complete Solvency II annual report for 2016 will be reported to the financial markets in the first 6 months of 2017.

Consolidation is carried out in accordance with Section 18-2 of the Norwegian Act relating to Financial Undertakings and Financial Groups. The solvency capital requirement and minimum capital requirement for the group are calculated in accordance with Section 46 (1)-(3) of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

The models used as a basis for the calculation of capital requirements and solvency capital are based on a number of requirements and assumptions that are partly specified in the regulations and partly interpreted by Storebrand based on the regulations. The most important assumptions and estimates in the calculation relate to the risk-reducing capacity of deferred tax, future margins and reserve developments, as well as the value of the customers guarantees and options. The assumptions and estimates are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgment at the time the financial statement were prepared. Changes to the regulations, methods and interpretations may be made that could affect the Solvency II margin in the future.

The solvency capital largely appears as net assets in the Solvency II balance sheet with the addition of eligible subordinated loans and deducted for own shares and ineligible minority interests. The solvency capital is therefore significantly different to book equity in the financial statements. Technical insurance reserves are calculated in accordance with the standard method and include the effect of the transitional arrangement pursuant to Section 56 (1) - (6) of the Solvency II Regulations. The transitional arrangement entails that the increase in the value of the technical insurance reserves is phased in gradually over a period of 16 years. The composition of solvency capital appears in the table below.

The solvency capital is divided into three capital groups in accordance with Section 6 of the Solvency II Regulations. Group 1 capital consists of paid-in capital and reconciliation reserve[1]. It also includes perpetual subordinated loans (perpetual hybrid Tier 1 capital) with up to 20 per cent of Group 1 capital.

Other subordinated loans (time limited) and risk equalisation reserve are categorised as Group 2 capital. Group 2 capital can cover up to 50 per cent of the solvency capital requirement and up to 20 per cent of the minimum capital requirement. Eligible minority interests and deferred tax assets are categorised as Group 3 capital. Group 3 capital can cover up to 15 per cent of the solvency capital requirement. Group 3 capital cannot be used to cover the minimum capital requirement.

[1] Profit earned that is included as equity in the financial statements must be replaced by the reconciliation reserve in the solvency balance. The reconciliation reserve also includes profit earned, but based on the valuation of assets and liabilities in the solvency balance. The reconciliation reserve will also include the present value of future profits. The value of future profits is implicitly included as a consequence of the valuation of the insurance liability.

Subordinated loans issued prior to 17 January 2015 are covered by a transitional arrangement that will continue until 2026 and during this period these loans will qualify as Group 1 capital despite them not fully satisfying the requirements for viable capital in the Solvency II regulations.

The companies in the group governed by CRD IV are included in the group's solvency capital and solvency capital requirements with their respective primary capital and capital requirements.

## SOLVENCY CAPITAL

| | 31.12.16 | | | | |
|---|---|---|---|---|---|
| NOK million | Total | Group 1 unlimited | Group 1 limited | Group 2 | Group 3 |
| Share capital | 2,250 | 2,250 | | | |
| Share premium | 9,485 | 9,485 | | | |
| Reconciliation reserve | 23,524 | 23,524 | | | |
| Including the effect of the transitional arrangement | 3,073 | 3,073 | | | |
| Subordinated loans | 7,198 | | 2,575 | 4,623 | |
| Deferred tax assets | 102 | | | | 102 |
| Risk equalisation reserve | 140 | | | 140 | |
| Minority interests | 46 | | | | 46 |
| Unavailable minority interests | -30 | | | | -30 |
| Deductions for CRD IV subsidiaries | -2,690 | -2,190 | -225 | -275 | |
| Expected paid out dividend | -695 | -695 | | | |
| **Total basic solvency capital** | **39,331** | **32,374** | **2,350** | **4,489** | **118** |
| Subordinated capital for subsidiaries regulated in accordance with CRD IV | 2,690 | | | | |
| **Total solvency capital** | **42,020** | | | | |
| **Total solvency capital available to cover the minimum capital requirement** | **36,726** | **32,374** | **2,350** | **1,902** | |

The capital requirement in Solvency II appears as the total of changes in solvency capital calculated under different types of stress, less diversification. The largest part of the capital requirement appears from financial market stress and particularly relates to changes in interest rates and falls in the equity markets, as well as increased credit spreads. There is also the insurance risk, for which the most important capital requirement comes from stress relating to the transfer of existing customers within defined contribution pensions. The solvency capital requirement appears in the table below.

## SOLVENCY CAPITAL REQUIREMENTS AND - MARGIN

| NOK million | 31.12.16 |
|---|---|
| Market | 24,175 |
| Counterparty | 529 |
| Life | 8,773 |
| Health | 731 |
| P&C | 295 |
| Operational | 1,449 |
| Diversification | -6,340 |
| Loss-absorbing tax effect | -5,363 |
| **Total solvency capital requirement - insurance company** | **24,249** |
| Capital requirements for subsidiaries regulated in accordance with CRD IV | 2,537 |
| Total solvency capital requirement | 26,786 |
| **Solvency margin with transitional rules** | **157%** |
| **Minimum capital requirement** | **10,010** |
| **Minimum margin** | **367%** |

## Note 14 Cross-sectoral financial group

Storebrand Group has a requirement to report capital adequacy in a multi-sectoral financial group (conglomerate directive). The calculation in accordance with the Solvency II regulations and capital adequacy calculation in accordance with the conglomerate directive give the same primary capital and essentially the same capital requirements.

| NOK million | 31.12.16 |
|---|---|
| Capital requirements for CRD IV companies | 2,700 |
| Solvency captial requirements for insurance | 24,249 |
| **Total capital requirements** | **26,950** |
| Net primary capital for companies included in the CRD IV report | 2,690 |
| Net primary capital for insurance | 39,331 |
| **Total net primary capital** | **42,020** |
| | |
| **Overfunding** | **15,070** |

Under Solvency II, the capital requirement from the CRD IV companies in the Group is included in accordance with their respective capital requirements. In a multi-sectoral financial group, all the capital requirements of the CRD IV companies are calculated based on their respective applicable requirements, including buffer requirement for the largest company in the Group (Storebrand Bank). This increases the total requirement from the CRD IV companies in relation to what is included in the Solvency II calculation. As at 31 December 2016, the difference amounted to NOK 164 million.

## Note 15 Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 25 and 48 in the 2015 annual report.

Storebrand had not carried out any material transactions other than normal business transactions with related parties at the close of the 4th quarter 2016.

# Storebrand ASA
## Income statement

| | 4Q | | Full year | |
|---|---|---|---|---|
| (NOK million) | 2016 | 2015 | 2016 | 2015 |
| Operating income | | | | |
| Income from investments in subsidiaries | 888 | 498 | 899 | 519 |
| Net income and gains from financial instruments: | | | | |
| - bonds and other fixed-income securities | 6 | 11 | 48 | 33 |
| - financial derivatives/other financial instruments | -4 | -3 | -7 | -4 |
| Other financial instruments | 1 | | 55 | 1 |
| **Operating income** | **891** | **507** | **996** | **550** |
| | | | | |
| Interest expenses | -20 | -29 | -85 | -109 |
| Other financial expenses | -1 | -3 | -6 | -15 |
| | | | | |
| **Operating costs** | | | | |
| Personnel costs | -1 | -8 | -27 | -29 |
| Amortisation | | | -1 | -1 |
| Other operating costs | -16 | -23 | -48 | -63 |
| **Total operating costs** | **-17** | **-31** | **-76** | **-93** |
| | | | | |
| **Total costs** | **-38** | **-63** | **-167** | **-217** |
| | | | | |
| **Pre-tax profit** | **853** | **444** | **829** | **333** |
| | | | | |
| Tax | -113 | -117 | -91 | -81 |
| | | | | |
| **Profit for the period** | **740** | **327** | **738** | **252** |

## STATEMENT OF COMPREHENSIVE INCOME

| | 4Q | | Full year | |
|---|---|---|---|---|
| (NOK million) | 2016 | 2015 | 2016 | 2015 |
| **Profit for the period** | **740** | **327** | **738** | **252** |
| | | | | |
| Other result elements not to be classified to profit/loss | | | | |
| Change in estimate deviation pension | -41 | -18 | -41 | -18 |
| Tax on other result elements | 10 | 5 | 10 | 5 |
| **Total other result elements** | **-31** | **-14** | **-31** | **-14** |
| | | | | |
| **Total comprehensive income** | **709** | **314** | **707** | **238** |

# Storebrand ASA
## Statement of financial position

| (NOK million) | 30.09.16 | 31.12.15 |
|---|---|---|
| **Fixed assets** | | |
| Deferred tax assets | 236 | 317 |
| Tangible fixed assets | 29 | 29 |
| Shares in subsidiaries | 17,102 | 17,095 |
| **Total fixed assets** | **17,367** | **17,441** |
| | | |
| **Current assets** | | |
| Owed within group | 891 | 511 |
| Other current receivables | 11 | 21 |
| Investments in trading portfolio: | | |
| - bonds and other fixed-income securities | 2,123 | 2,231 |
| - financial derivatives/other financial instruments | 20 | 28 |
| Bank deposits | 72 | 161 |
| **Total current assets** | **3,117** | **2,952** |
| **Total assets** | **20,484** | **20,393** |
| | | |
| **Equity and liabilities** | | |
| | | |
| Share capital | 2,250 | 2,250 |
| Own shares | -8 | -10 |
| Share premium reserve | 9,485 | 9,485 |
| **Total paid in equity** | **11,726** | **11,724** |
| | | |
| Other equity | 5,129 | 5,105 |
| **Total equity** | **16,855** | **16,829** |
| | | |
| **Non-current liabilities** | | |
| Pension liabilities | 159 | 157 |
| Securities issued | 2,698 | 3,261 |
| **Total non-current liabilities** | **2,857** | **3,418** |
| | | |
| **Current liabilities** | | |
| Debt within group | 7 | 76 |
| Provision for dividend | 695 | |
| Other current liabilities | 71 | 71 |
| **Total current liabilities** | **773** | **147** |
| **Total equity and liabilities** | **20,484** | **20,393** |

# Storebrand ASA
## Statement of changes in equity

| (NOK million) | Share capital [1] | Own shares | Share premium | Other equity | Total equity |
|---|---|---|---|---|---|
| **Equity at 31. December 2014** | **2,250** | **-12** | **9,485** | **4,859** | **16,581** |
| Profit for the period | | | | 252 | 252 |
| Total other result elements | | | | -14 | -14 |
| **Total comprehensive income** | | | | **238** | **238** |
| | | | | | |
| Own share bought back [2] | | 2 | | 21 | 23 |
| Employee share [2] | | | | -12 | -12 |
| **Equity at 31. December 2015** | **2,250** | **-10** | **9,485** | **5,105** | **16,829** |
| Profit for the period | | | | 738 | 738 |
| Total other result elements | | | | -31 | -31 |
| **Total comprehensive income** | | | | **707** | **707** |
| | | | | | |
| Provision for dividend | | | | -695 | -695 |
| Own share bought back [2] | | 2 | | 26 | 28 |
| Employee share [2] | | | | -14 | -14 |
| **Equity at 31. December 2016** | **2,250** | **-8** | **9,485** | **5,129** | **16,855** |

[1] 449 909 891 shares with a nominal value of NOK 5.
[2] In 2016, 431 334 shares are sold to own emplyees. Holding of own shares 30. June 2016 was 1 631 387 .

# Storebrand ASA
## Statement of cash flow

| (NOK million) | 01.01 - 31.12 2016 | 2015 |
|---|---|---|
| **Cash flow from operational activities** | | |
| Receipts - interest, commission and fees from customers | 48 | 39 |
| Net receipts/payments - securities at fair value | 112 | -618 |
| Payments relating to operations | -117 | -124 |
| Net receipts/payments - other operational activities | 522 | 776 |
| **Net cash flow from operational activities** | **565** | **73** |
| | | |
| **Cash flow from investment activities** | | |
| Net receipts - sale of subsidiaries | 64 | |
| Net payments - sale/capitalisation of subsidiaries | -79 | -23 |
| **Net cash flow from investment activities** | **-15** | **-23** |
| | | |
| **Cash flow from financing activities** | | |
| Payments - repayments of loans | -555 | -671 |
| Receipts - new loans | 2 | 802 |
| Payments - interest on loans | -100 | -111 |
| Receipts - sold own shart to employees | 14 | 10 |
| **Net cash flow from financing activities** | **-639** | **29** |
| | | |
| **Net cash flow for the period** | **-89** | **79** |
| | | |
| Net movement in cash and cash equivalents | -89 | 79 |
| Cash and cash equivalents at start of the period | 161 | 82 |
| **Cash and cash equivalents at the end of the period** | **72** | **161** |

# Notes to the financial statements Storebrand ASA

## Note 01 Accounting policies

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2015. The accounting policies are described in the 2015 annual report.
Storebrand ASA does not apply IFRS to the parent company's financial statements.

## Note 02 Estimates

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

## Note 03 Income from investments in subsidiaries

| (NOK million) | 30.12.16 | 31.12.15 |
|---|---|---|
| Storebrand Bank ASA | 369 | 79 |
| Storebrand Asset Management AS | 464 | 378 |
| Storebrand Forsikring AS | 54 | 31 |
| Storebrand Baltic UAB | | 10 |
| Storebrand Helseforsikring AS | 12 | 21 |
| **Total** | **899** | **519** |

## Note 03 Bond and bank loans

| (NOK million) | Interest rate | Currency | Net nominal value | 31.12.16 | 31.12.15 |
|---|---|---|---|---|---|
| Bond loan 2013/2020 [1] | Fixed | NOK | 300 | 321 | 327 |
| Bond loan 2011/2016 | Variable | NOK | 554 | | 558 |
| Bond loan 2012/2017 | Variable | NOK | 624 | 627 | 627 |
| Bond loan 2013/2018 | Variable | NOK | 450 | 452 | 452 |
| Bond loan 2014/2019 | Variable | NOK | 500 | 499 | 499 |
| Bank loan 2015/2018 | Variable | NOK | 800 | 799 | 798 |
| **Total** [2] | | | | **2,698** | **3,261** |

1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
2) Loans are booked at amortised cost zand include earned not due interest.
Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements.
Storebrand ASA has an unused drawing facility for EUR 240 million.

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## Financial calendar 2017

| | |
|---|---|
| **8 February** | Results 4Q 2016 |
| **5 April** | Annual General Meeting |
| **6 April** | Ex dividend date |
| **27 April** | Results 1Q 2017 |
| **13 July** | Results 2Q 2017 |
| **25 October** | Results 3Q 2017 |
| **February 2018** | Results 4Q 2017 |

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