storebrand


# Interim report 3rd quarter 2018

Storebrand Group

# Contents

# Storebrand Group

- **Group result[1] of NOK 853m for the 3rd quarter and NOK 2 595m YTD**
- **Results positively affected by strong risk results and low cost**
- **Solvency II ratio 169%**

*Storebrand's ambition is to be the best provider of pension savings. The Group offers an integrated product range spanning from life insurance, P&C insurance, asset management and banking to private individuals, companies and public sector entities. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.*

## GROUP RESULT [2]

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| (NOK million) | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Fee and administration income | 1,246 | 1,245 | 1,220 | 1,531 | 1,116 | 3,710 | 3,240 | 4,771 |
| Insurance result | 316 | 358 | 335 | 261 | 320 | 1,009 | 885 | 1,146 |
| Operational cost | -877 | -958 | -919 | -989 | -840 | -2,755 | -2,501 | -3,490 |
| **Operating profit** | **685** | **645** | **635** | **803** | **596** | **1,965** | **1,624** | **2,427** |
| Financial items and risk result life | 168 | 167 | 296 | -185 | 177 | 631 | 698 | 513 |
| **Profit before amortisation** | **853** | **812** | **931** | **618** | **773** | **2,595** | **2,322** | **2,940** |
| Amortisation and write-downs of intangible assets | -98 | -98 | -64 | -237 | -101 | -261 | -299 | -536 |
| **Profit before tax** | **755** | **714** | **866** | **381** | **672** | **2,335** | **2,023** | **2,404** |
| Tax | -229 | -126 | -139 | 113 | 27 | -494 | -111 | 2 |
| **Profit after tax** | **526** | **587** | **728** | **494** | **698** | **1,841** | **1,912** | **2,405** |

The Group result before amortisation was NOK  853m (NOK 773m) in the 3rd quarter and NOK 2 595 (NOK 2 322m) year to date. The figures in brackets are from the corresponding period last year.[3] Total fee and administration income amounted to NOK 1 246m (NOK 1 116m) for the 3rd quarter. This represents an increase of 6% compared to the same period last year, when adjusted for currency changes and effects stemming from the acquisition of Skagen. Income within the segment Guaranteed Pension was stable, while the Savings segment increased revenues by 19% compared to the same period last year. The Insurance result had a total combined ratio of 81% (85%) in the quarter. This is stronger than the targeted range of 90-92%.

The Group's operating costs are reduced compared to last year, excluding costs from Skagen. Non-recurring effects from changes in distribution and reversals of bonuses contribute with NOK 40m in lower costs, leading to reduced costs in the quarter. The underlying cost control is strong and the Group is on track to reach the goal of reduced nominal costs in 2018 compared to 2015, adjusted for the costs from Skagen.

Overall, the operating profit for the 3rd quarter increased by 9% compared to the same period last year and 20% year to date, adjusted for Skagen and currency. The 'Financial items and risk result' is positively affected by reserve releases in the Guaranteed business. The financial result is in line with the market movements in the quarter.

[1] Earnings before amortisation and tax. www.storebrand.no/ir provides an overview of APMs used in financial reporting.
[2] The income statement is based on reported IFRS results for the individual group companies. The statement differs from the official accounts layout.
[3] The abbreviations NOK for Norwegian kroner, m for million, bn for billion and % for per cent are used throughtout the report.

Amortisation of intangible assets amounted to NOK -98m. Normal amortisation of intangible assets is expected to remain at around NOK 100m pr. quarter in 2018.

Income tax expense has been estimated based on an expected effective tax rate for 2018. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway's, and it varies from quarter to quarter depending on each legal entity's contribution to the Group result. The effective tax rate was 27% in the 3rd quarter (19% YTD) and is estimated to be in the range of 19-23% for the year[1]. Periodization effects causes a higher tax rate in the quarter. Proposed changes in tax rules for life insurance companies is expected to reduce quarterly volatility in the effective tax rate.

## GROUP RESULT BY RESULT AREA

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| (NOK million) | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Savings - non-guaranteed | 336 | 307 | 296 | 639 | 314 | 940 | 872 | 1,511 |
| Insurance | 214 | 230 | 207 | 32 | 221 | 651 | 576 | 608 |
| Guaranteed pension | 292 | 234 | 398 | 31 | 244 | 925 | 735 | 766 |
| Other profit | 10 | 41 | 29 | -84 | -5 | 81 | 140 | 55 |
| **Profit before amortisation** | **853** | **812** | **931** | **618** | **773** | **2,595** | **2,322** | **2,940** |

The Savings segment reported a profit of NOK 336m for the 3rd quarter (NOK 314m). Growth within Unit linked savings and Storebrand Bank's lending volume contribute positively to the result. Investments for growth in the retail savings market increase costs in the Norwegian Unit linked business.

The Insurance segment reported a profit of NOK 214m (NOK 221m) in the quarter. The claims ratio decreased from 68% to 67% compared to the same period last year resulting in a combined ratio of 81% (85%) for the quarter. Fewer employees allocated to the area reduces the cost ratio. Run off gains and changed distribution affects results positively. Over time, the combined ratio is targeted to be in the area 90-92%.

The Guaranteed Pension segment achieved a profit before amortisation of NOK 292m (NOK 244m) for the 3rd quarter. Fee and administration income is stable compared with the same period last year. The products within Guaranteed Pension are in long-term runoff and reduced earnings from this segment are expected over time.

The Other segment reported a profit of NOK 10m (NOK -5m) for the 3rd quarter.

### CAPITAL SITUATION

The Group's target solvency margin in accordance with the Solvency II regulations is a minimum of 150%, including use of the transitional rules. The solvency margin for the Storebrand Group was calculated at 169% at the end of the 3rd quarter of 2018, including transitional rules. Without transitional rules, the solvency margin was 166%. Storebrand uses the standard model for the calculation of Solvency II. The solvency margin without transitional rules strengthened due to good investment returns and increased interest rates as well as a strong operating result. The value of the transitional measures are reduced in the quarter.

[1] Tax rate based on profit before amortisation

## MARKET AND SALES PERFORMANCE

The growth in Unit linked savings is driven by premiums from existing contracts, investment returns and conversion from defined benefit schemes and increased savings rates. Assets under management in the Unit Linked business in Norway increased by NOK 23bn (31%) relative to the Q3 2017. In Norway, Storebrand is the market leader in Unit Linked occupational pension with 31% of the market share of gross premiums written (at the end of the 2nd quarter 2018). SPP has a market share of 12% in the Swedish market for other occupational pensions ("Övrig Tjänstepension", at the end of 2nd quarter).

After the acquisition of Skagen the Storebrand Group has a 14.1% market share (Pr.30.09.2018) within retail mutual funds. The lending volume at Storebrand Bank increased by 11% compared to the same period previous year.

## GROUP - KEY FIGURES

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| (NOK million) | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Earnings per share[1)] | 1.33 | 1.46 | 1.69 | 1.56 | 1.77 | 4.48 | 4.91 | 6.47 |
| Equity | 30,742 | 30,227 | 31,140 | 30,832 | 29,088 | 30,742 | 29,088 | 30,832 |
| ROE, annualised[1)] | 8.6% | 9.6% | 11.3% | 11.3% | 12.4% | 9.6% | 11.2% | 11.0% |
| Solvency II | 169% | 167% | 165% | 172% | 160% | 169% | 160% | 172% |

| Financial targets | Target | Actual (Q3) |
|---|---|---|
| Return on equity (after tax)[1] | > 10% | 9.6% |
| Dividend (after tax) | > 50% | N/A |
| Solvency II margin Storebrand Group | > 150% | 169% |

[1)] After tax, adjusted for amortisation of intangible assets.

# Savings

- **Good return and strong volume growth in the quarter**
- **Increased costs due to investments in growth**

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

## SAVINGS - NON GUARENTEED

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| NOK million | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Fee and administration income | 905 | 909 | 889 | 1,189 | 761 | 2,702 | 2,205 | 3,394 |
| Operational cost | -563 | -599 | -583 | -554 | -443 | -1,745 | -1,337 | -1,891 |
| **Operating profit** | **342** | **310** | **306** | **635** | **318** | **957** | **868** | **1,503** |
| Financial items and risk result life | -5 | -2 | -9 | 4 | -4 | -17 | 4 | 8 |
| **Profit before amortisation** | **336** | **307** | **296** | **639** | **314** | **940** | **872** | **1511** |

### FINANCIAL PERFORMANCE

The Savings segment reported a profit before amortisation and tax of NOK 336m (NOK 314) for the 3rd quarter and NOK 940m (NOK 872m) year to date, including Skagen with NOK 33m for the 3rd quarter and NOK 17m year to date. Compared to the same period last year the result increased by 8% year to date. The Skagen acquisition closed 7 December 2017, and therefore Skagen is not included in the numbers for Q3 2017.

Fee and administration income increased by 6% during the quarter and 9% year to date (excluding Skagen with NOK 98m the 3rd quarter and NOK 308m year to date). Good returns, customer conversion from defined-benefit to defined-contribution pension schemes, new business and higher savings rates drives income growth. For the Norwegian Unit Linked products, increased competition contributes to moderate margin pressure, while there are relatively stable margins in the Swedish business and Asset Management. Year to date increased net interest rate margin (1.23% vs 1.18%) and lending volume have resulted in growth in net interest income for the banking business compared to the previous year. Due to higher NIBOR in the 3rd quarter, the net interest rate margin has decreased to 1.21% from 1.25% for the same period last year. Interest rate increases have been implemented with effect as of the 4th quarter.

Operating expenses includes Skagen with NOK 64m for the quarter and NOK 288m year to date. Exclusive of Skagen the operating expenses increased compared to previous year due to underlying growth in the business.

### BALANCE SHEET AND MARKET TRENDS

The premiums for non-guaranteed occupational pensions were NOK 4.1bn in the 3rd quarter, an increase of 12% compared to previous year. Total reserves within the Unit Linked business have increased by 5% in the 3rd quarter and 18% over the last year, and amounted to NOK 187bn at the end of the quarter. Assets under management in the Unit Linked business in Norway increased by NOK 4.8bn (5%) in the quarter and NOK 23bn (31%) over last year, including the acquisition of Silver AS with NOK 8.5bn. The underlying 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 31% of the market share of gross premiums written (at the end of the 2nd quarter).

In the Swedish market, SPP is the fourth largest actor in the Other Occupational Pensions segment with a market share of 12% measured by premium income from Unit Linked. Customer assets increased by SEK 3.5bn (4%) in the 3rd quarter and SEK 12bn (14%) from the previous year.

Assets under management in Storebrand Asset Management have increased by NOK 18bn (3%) in the quarter. Compared to the same period last year the growth is NOK 99.3bn (16%). Good sales and returns drive growth. Skagen is included in the numbers with NOK 64bn.

The bank lending portfolio in the retail market is developing positively and grew by NOK 1.4bn (3%) in the 3rd quarter and NOK 4.7bn (11%) from the same period previous year. The portfolio consists of low-risk home mortgages with an average LTV of 56%. Storebrand Life Insurance manages NOK 18.1bn of the mortgages on its balance sheet.

## SAVINGS - KEY FIGURES

| | 2018 | | | 2017 | |
|---|---|---|---|---|---|
| (NOK million) | Q3 | Q2 | Q1 | Q4 | Q3 |
| Unit linked Reserves | 187,016 | 178,498 | 171,749 | 167,849 | 157,984 |
| Unit linked Premiums | 4,096 | 3,892 | 3,947 | 3,981 | 3,670 |
| AuM Asset Management | 725,171 | 707,118 | 707,102 | 721,165 | 625,840 |
| Retail Lending | 45,641 | 44,310 | 43,047 | 42,133 | 40,996 |

# Insurance

- **Satisfactory underlying risk development**
- **Lower disability improves result**
- **Fewer employees and one-off effects decrease cost ratio**

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

## INSURANCE

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| NOK million | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Insurance premiums f.o.a. | 949 | 946 | 955 | 968 | 993 | 2,850 | 2,904 | 3,872 |
| Claims f.o.a. | -633 | -588 | -620 | -707 | -674 | -1,841 | -2,019 | -2,726 |
| Operational cost | -136 | -147 | -156 | -193 | -175 | -438 | -519 | -711 |
| **Operating profit** | **181** | **211** | **179** | **68** | **145** | **571** | **366** | **435** |
| Financial result | 33 | 19 | 28 | -36 | 76 | 80 | 209 | 173 |
| *Contribution from SB Helseforsikring AS* | *15* | *7* | *3* | *5* | *19* | *25* | *35* | 39 |
| **Profit before amortisation** | **214** | **230** | **207** | **32** | **221** | **651** | **576** | **608** |
| Claims ratio | 67% | 62% | 65% | 73% | 68% | 65% | 70% | 70% |
| Cost ratio | 14% | 16% | 16% | 20% | 18% | 15% | 18% | 18% |
| Combined ratio | 81% | 78% | 81% | 93% | 85% | 80% | 87% | 89% |

### FINANCIAL PERFORMANCE

In the third quarter, Insurance delivered a result before amortization of NOK 214m (NOK 221m) for the 3rd quarter and NOK 651m (NOK 576m) year to date. The combined ratio for the quarter was 81% (85%) in the quarter. Run off gains and changed distribution affects results positively. The underlying combined ratio is targeted to be in the range 90-92%.

The 3rd quarter claims ratio was 67% (68%) and the underlying risk development is satisfactory. P&C insurance has a satisfactory claims development despite larger claims due to rain and flooding. Individual insurance coverage has a good development due to lower disability. Group Life continues to deliver a good risk result. Health Insurance experiences slightly higher claim rates in the Norwegian business and stable claim rates in the Swedish business. The risk result for Group Disability Pension is significantly improved. During the period, there has been low disability, most likely due to recovery of economic conditions in Norway.

The cost ratio was 14% (18%) in the 3rd quarter. Fewer FTEs allocated to Insurance and one-off effects associated with changes in distribution agreements explains lower costs in the quarter. Insurance's investment portfolio in Norway amounted to NOK 8.3bn as of the 3rd quarter. It is primarily invested in fixed income securities with a short to medium duration.

### BALANCE SHEET AND MARKET TRENDS

Storebrand aims to grow in the retail market, but strong competition and shift in distribution strategy resulted in lower growth than in the previous years. Steps have been implemented to improve pricing, products, sales and service solutions to strengthen competitiveness. The Akademiker portfolio is important for growth and delivers as expected. Health related insurance is growing and Storebrand is succeeding in the market.

### INSURANCE PREMIUMS

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| NOK million | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| P&C & Individual life* | 1,717 | 1,714 | 1,707 | 1,731 | 1,750 | 1,717 | 1,750 | 1,731 |
| Health & Group life [1) **] | 1,538 | 1,548 | 1,555 | 1,568 | 1,541 | 1,538 | 1,541 | 1,568 |
| Pension related disability insurance Nordic*** | 1,153 | 1,155 | 1,163 | 1,164 | 1,183 | 1,153 | 1,183 | 1,164 |
| **Total written premiums** | **4,408** | **4,417** | **4,424** | **4,462** | **4,474** | **4,408** | **4,474** | **4,462** |
| **Investment portfolio[2)]** | **8,292** | **8,447** | **8,525** | **8,290** | **8,336** | **8,292** | **8,336** | **8,290** |

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

1) Includes all written premiums in Storebrand Helseforsikring AS (50/50 joint venture with Munich Health)
2) NOK 2,8bn of the investment portfolio is linked to disability coverages where the investment result goes to the customer reserves and not as a result element in the P&L.

# Guaranteed pension

- **Income reduction in line with strategy and product run-off**
- **Stronger risk result in the Norwegian business**

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

## GUARANTEED PENSION

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| NOK million | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Fee and administration income | 369 | 370 | 368 | 376 | 380 | 1,107 | 1,108 | 1,483 |
| Operational cost | -181 | -218 | -203 | -240 | -212 | -602 | -649 | -889 |
| **Operating profit** | **188** | **153** | **165** | **136** | **169** | **506** | **459** | **595** |
| Risk result life & pensions | 91 | -140 | 183 | 18 | 9 | 134 | 49 | 67 |
| Net profit sharing and loan losses | 13 | 221 | 51 | -123 | 66 | 285 | 227 | 104 |
| **Profit before amortisation** | **292** | **234** | **398** | **31** | **244** | **925** | **735** | **766** |

### RESULT

Guaranteed Pension achieved a profit before amortisation of NOK 292m (NOK 244m) for the 3rd quarter and NOK 925m year to date (NOK 735m).

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 369m (NOK 380m) for the 3rd quarter and NOK 1 107m year to date (NOK 1 108m).

The operating costs are gradually being reduced due to the area being in long-term decline and amounted to NOK 181m (NOK 212m) for the 3rd quarter and NOK 602m year to date (NOK 649m).

The risk result life & pensions was NOK 91m (NOK 9m) for the 3rd quarter and NOK 134m year to date (NOK 49m). For the 3rd quarter the risk result in the Norwegian business was strong at NOK 83m (NOK 0m) based on improved portfolio and satisfactory disability development. In the Swedish business the risk result returned to normal levels after a one-off effect in the 2nd quarter.

The result from profit sharing and loan losses consists of profit sharing and financial effects. The result was NOK 13m (NOK 66m) for the 3rd quarter and NOK 285m for the year to date (NOK 227m). The result was generated in the Swedish business and was moderate in the quarter driven by marginal positive levels on all items (profit sharing, indexation charges and deferred capital contribution). The Norwegian business is prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners.

**BALANCE SHEET AND MARKET TRENDS**

The majority of products are closed for new business, and the customers' choice about transferring from guaranteed to non-guaranteed products is in line with the Group's strategy. As of the 3rd quarter, customer reserves for guaranteed pensions amounted to NOK 258bn, which is a decrease of approximately NOK 6.7bn year to date. The total premium income for guaranteed pensions (excluding transfers) was NOK 0.9bn (NOK 1.0bn) for the 3rd quarter and NOK 4.2bn year to date (NOK 5.2bn).

In the Norwegian business, paid-up policies was the only guaranteed pension portfolio experiencing growth, which amounted to NOK 133bn as of the 3rd quarter. This is an increase of NOK 4.8bn year to date. Since 2014, customers have been given the choice to convert from traditional paid-up policies to paid-up policies with investment choice. Conversions amounted to NOK 250m year to date. Paid-up policies with investment choice are included in the Savings segment. Reserves for defined-benefit pensions in Norway amounted to NOK 34bn at the end of the 3rd quarter, a decline of NOK 2bn year to date.

Guaranteed portfolios in the Swedish business totalled NOK 77bn as of the 3rd quarter, a reduction of NOK 9bn year to date. However, the main reason for the reduction is attributed to changes in the SEK/NOK exchange rate. The underlying reduction is NOK 1.5 bn when adjusted for currency effects.

## GUARANTEED PENSION - KEY FIGURES

| | 2018 | | 2017 | | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| NOK million | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Guaranteed reserves | 257,570 | 257,783 | 259,426 | 264,320 | 261,652 | 257,570 | 261,652 | 264,320 |
| Guaranteed reserves in % of total reserves | 57.9% | 59.1% | 60.2% | 61.2% | 62.4% | 57.9% | 62.4% | 61.2% |
| Net transfers | -24 | -13 | -118 | -117 | -103 | -155 | -842 | -959 |
| Buffer capital in % of customer reserves Norway | 6.6% | 6.5% | 6.2% | 7.2% | 5.2% | 6.6% | 5.2% | 7.2% |
| Buffer capital in % of customer reserves Sweden | 9.5% | 8.8% | 9.0% | 9.0% | 9.3% | 9.5% | 9.3% | 9.0% |

# 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

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| NOK million | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Fee and administration income | 32 | 25 | 21 | 20 | 19 | 79 | 63 | 83 |
| Operational cost | -58 | -54 | -36 | -56 | -53 | -148 | -132 | -188 |
| **Operating profit** | **-25** | **-29** | **-15** | **-36** | **-35** | **-69** | **-69** | -105 |
| Financial items and risk result life | 35 | 70 | 80 | -48 | 30 | 185 | 209 | 161 |
| **Profit before amortisation** | **10** | **41** | **29** | **-84** | **-5** | **116** | **140** | **55** |

## ELIMINATIONS

| | 2018 | | | 2017 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|---|---|---|
| NOK million | Q3 | Q2 | Q1 | Q4 | Q3 | 2018 | 2017 | 2017 |
| Fee and administration income | -60 | -60 | -58 | -54 | -44 | -178 | -136 | -190 |
| Operational cost | 60 | 60 | 58 | 54 | 44 | 178 | 136 | 190 |
| Financial result | | | -35 | | | -35 | | |
| **Profit before amortisation** | | | **-35** | | | -35 | | |

The Other segment reported a profit of NOK 10 (NOK -5m) for the 3rd quarter. Fee and administration income was stable in comparison with the same quarter last year. Increased income in BenCo and planned reduction of corporate loans at Storebrand Bank reduces income and affects the composition of the income line.

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. Given the interest rate level at the end of the 3rd quarter, interest expenses of approximately NOK 80m per quarter are expected. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 21bn at end of the quarter.

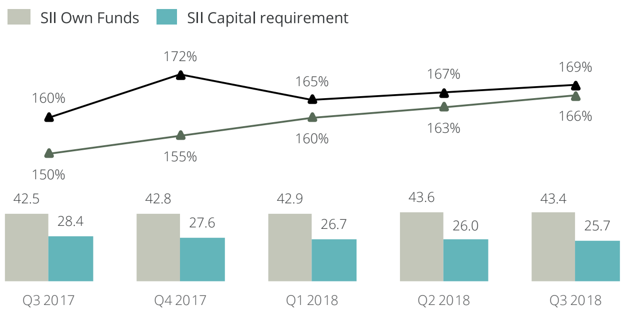
The investments are primarily in interest-bearing securities, with short maturities, in Norway and Sweden. The Norwegian company portfolio reported a return of 0.48% for the quarter. The Swedish company portfolio provided a return of minus -0.05% in the quarter

# Balance sheet, solidity and capital situation

Continuous monitoring and active risk management is core to Storebrand's business. Risk and capital adequacy are both monitored at Group level and in the legal entities. Regulatory requirements for capital adequacy and risk management follow the legal entities. The section is thus divided by legal entities.

## STOREBRAND GROUP

The Solvency II framework is the most material capital regulation for the Storebrand Group.The Solvency II margin in the Storebrand Group was 169% (incl. transitional rules) at the end of the 3rd quarter, an increase of 2 percentage points during the quarter. The underlying solvency margin increased by 3 percentage points due to good investment returns and increased interest rates as well as a strong operating result. The value of the transitional measures are reduced in the quarter.




## STOREBRAND ASA

Storebrand ASA (holding company) held liquid assets of NOK 2.3 bn at the end of the quarter. Liquid assets consist primarily of short-term fixed income securities with a good credit rating and bank deposits. Storebrand ASA's total interest-bearing liabilities were NOK 2.3bn at the end of the quarter. This corresponds to a net debt-equity ratio of -0,4%. The next maturity date for bond debt is in October 2018. In addition to the liquidity portfolio, the company has an unused credit facility of EUR 240m that runs until December 2019.

Storebrand ASA owned 431 140 (0.09%) of the company's own shares at the end of the quarter.

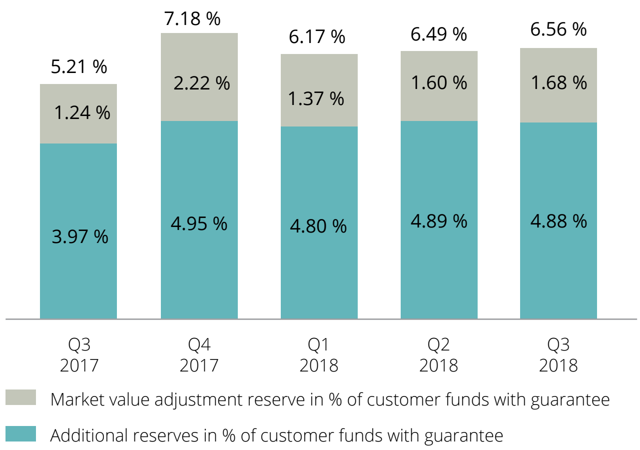
## STOREBRAND LIFE INSURANCE GROUP[1)]

The Solidity capital[2)] measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 57.7bn at the end of 3rd quarter 2018, a decrease of NOK 0.2bn in 3rd quarter and NOK 6.3bn year to date. The change in the quarter is due to increased customer buffers in the Swedish business, decreased customer buffer in the Norwegian business and dividend paid to Storebrand ASA. A subordinated loan of NOK 1.5bn was called in the 2nd quarter.

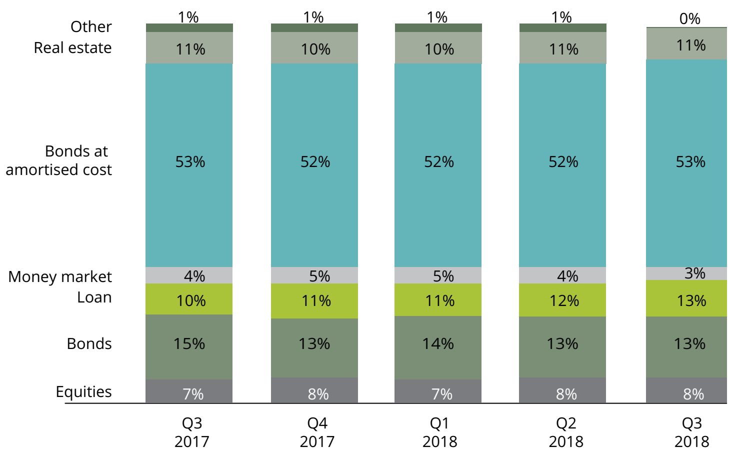
## STOREBRAND LIVSFORSIKRING AS

The market value adjustment reserve increased during the 3rd quarter by NOK 0.1bn and decreased with NOK 0.9bn year to date and amounted to NOK 2.8bn at the end of the 3rd quarter of 2018. The additional statutory reserves are almost unchanged in the 3rd quarter and year to date and amounted to NOK 8.3bn at the end of the 3rd quarter of 2018. The excess value of bonds and loans valued at amortised cost decreased in the 3rd quarter by NOK 1.3bn and by NOK 3.5bn year to date and amounted to NOK 5.1bn at the end of the 3rd quarter 2018 due to increases in 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

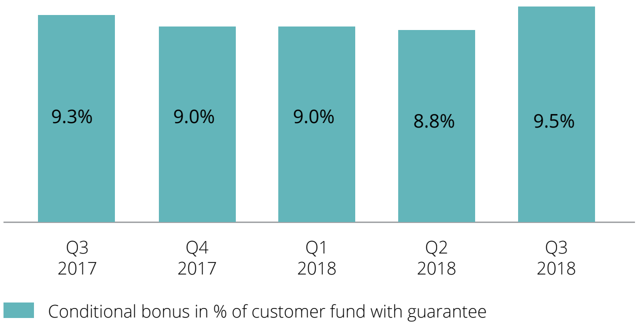



Customer assets increased by NOK 4.9bn in the 3rd quarter and NOK 20.0bn year to date due to positive returns and acquisition of Silver's pension portfolio in 1st quarter. Customer assets totaled NOK 279bn at the end of the 3rd quarter of 2018. Customer assets within non-guaranteed savings increased NOK 4.8bn during the 3rd quarter and NOK 18.1bn year to date. Guaranteed customer assets were unchanged during the 3rd quarter and increased by NOK 1.9 year to date.

[1)] Storebrand Life Insurance, SPP and BenCo.
[1)] Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation reserve, unrealised gains/losses on bonds and loans at amortised cost, additional statutory reserves, conditional bonuses.

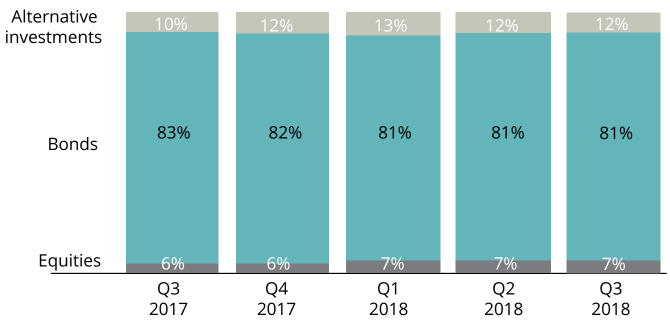
## SPP

### CUSTOMER BUFFERS - SPP




The buffer capital amounted to SEK 7.3bn (SEK 6,8bn in the second quarter) at the close of the 3rd quarter.

### ALLOCATION OF GUARANTEED CUSTOMER ASSETS




Total assets under management in SPP were SEK 178bn for the 3rd quarter. This corresponds to an increase of 6.5% compared with the 3rd quarter of 2017. For customer assets in non-guaranteed savings, assets under management totalled SEK 97bn (SEK 83.3bn) at the end of 2nd quarter, which corresponds to an increase of 14.3%, compared with the 3rd quarter of 2017.

## STOREBRAND BANK

The lending portfolio in the retail market, including loans managed on behalf of Storebrand Livsforsikring AS, amounted to NOK 46bn, of which NOK 18bn is managed on Storebrand Livsforsikring AS' balance sheet. The corporate market portfolio is now at NOK 34m and for all practical purposes out of the balance sheet.

The Storebrand Bank Group had a net capital base of NOK 2.2bn at the end of the 3rd quarter. The capital adequacy ratio was 18.4%, and the core equity tier 1 ratio was 14.6%.

# Outlook

**STRATEGY**

Storebrand follows a twofold strategy. First, Storebrand aims to build a world class Savings Group supported by Insurance. Storebrand is the market leader in pension solutions to Norwegian businesses and a challenger in the Swedish market, and uniquely positioned in the growing retail savings market. Storebrand Asset Management has a strong competitive position and clear growth ambitions. Second, through cost control and disciplined use of capital Storebrand aims to increase return to shareholders. Storebrand expects to start capital release as dividends when the solvency margin is above 180%. The solvency margin is expected to grow 5 percentage points annually after dividends from today's level. The guaranteed business in long term run off is projected to release NOK 10bn in the next ten years until 2027.

**FINANCIAL PERFORMANCE**

The market for defined-contribution pensions is growing, and Storebrand's total reserves within Unit Linked increased by 18% in the last 12 months. Continued good growth for defined-contribution pensions is expected in the future. The loyalty program for employees with companies that have a pension scheme at Storebrand remains an important area of focus. The sale of banking products and P&C insurance contributes to growth within the Savings and Insurance segments. The competition in the market has resulted in pressure on margins within these segments. This in turn sets requirements for cost reductions and efficiency improvements in distribution and product solutions to achieve continued profitable growth. In order to realize 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 a 14% growth in assets over the last 12 months and good earnings development. With the acquisition of Skagen, Storebrand became a top three mutual fund provider in Norway. The asset management platform is competitive and scalable for further growth.

The Guaranteed Pension segment is in long term runoff and the reserves for the Guaranteed Defined Benefit solutions 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 the next few years and that there will be flat growth in reserves over several years before the reserves start to fall. The portfolio of paid-up policies makes a limited contribution towards the Group results with the present interest rates. Guaranteed reserves represent an increasingly smaller share of the Group's total pension reserves and were 59.1% at the end of the quarter, a 4.1%-point reduction from the previous year.

Storebrand targets a nominally lower cost base in 2018 compared to the level at the end of 2015. The cost base is expected to remain at a nominal flat level towards 2020. The cost ambition is excluding any performance related costs in Asset Management. Storebrand will still make selected investments in growth. Lower cost through automation, digitalization and the partnership with Cognizant is expected to cover normal investments in business growth and inflation the coming years.

**RISK**

Market risk is the Group's biggest risk. In the Board's self-assessment of risk and solvency (ORSA) 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 increasing duration in portfolios and building up buffer capital. The level of the average annual interest rate guarantee is gradually reduced as older policies with higher guarantees are phased out. In the long term, continued low interest rates will represent a risk for products with guaranteed high interest rates. Storebrand has adjusted its asset allocation by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. For insurance risk, increased longevity and the development in disability are the factors that have greatest influence on solvency. Operational risk may have an effect on solvency. The risk is closely monitored.

**INDIVIDUAL PENSION ACCOUNT**

The Norwegian Ministry of Finance is expected to present a bill proposing a scheme for individual pension accounts to parliament before Christmas 2018. The proposal will be based on existing pension accounts in active defined contribution schemes. Defined contribution capital certificates issued by previous employers ("pensjonskapitalbevis") will be transferred into the active scheme based on a principle of "negative acceptance". This means the holder of a certificate actively has to make a choice to stay with its current provider. Connecting the active schemes and the capital certificates may lead to a risk for increased margin pressure. Storebrand currently has a higher market share for active defined contribution schemes than for certificates from such schemes. We would therefore expect some new net inflows of certificates as a result of the proposed changes. Main principles of the Ministry's proposals gained broad support in the consultation round.

**NEW PUBLIC SERVICE PENSION**
The Ministry of Labour and Social Affairs has reached an agreement with the labour market parties on a new occupational pension schemes for the public sector. The existing defined benefit scheme will be closed, so that only employees born in 1962 and earlier will continue in the old scheme. Employees born in 1963 and later will earn new pension rights in a hybrid-based scheme from 2020. Storebrand is considering business opportunities related to the new product.

**REPORT ON PAID-UP POLICIES**
An interdepartmental working group with participants from the Ministry of Finance, the Ministry of Labour and Social Affairs and the Financial Supervisory Authority of Norway, has presented a report with proposals for changes in regulation for guaranteed pension products, including paid-up policies.

The Working Group assessed the regulations for profit sharing and buffer building, as well as rules regulating the transfer of pension assets between providers. Changes in these parameters leading to more long term investment strategies are expected to have positive effects for customers and shareholders. The Working Group's report was published in September 2018. The Ministry of Finance will now consider the Working Groups proposals.

**POTENTIAL CHANGE IN TAX RULES FOR INSURANCE COMPANIES IN NORWAY**
The Ministry of Finance has proposed changes in tax rules for life insurance companies. The aim of the proposed changes is to establish a clear distinction between customer and corporate funds in terms of taxation. The changes will apply with effect from the tax year 2018. Under the new rules, life insurance companies' profits as well as gains on corporate funds will be subject to tax. Customer funds will no longer incur tax losses that give rise to tax losses carried forward for the companies. Tax losses carried forward that have already been recognised will not be affected. The transition rules to the new regime can have effects at year-end. Storebrand is working to interpret and implement the transition rules.

**DIVIDEND POLICY**
Storebrand has established a framework for capital management that links dividends to the solvency margin. The dividend policy intends to reflect the strong growth in fee based earnings, the more volatile financial markets related earnings and the future capital release from the guaranteed book. The Board's ambition is to pay a stable and growing base dividend combined with special dividends to reflect financial markets volatility and capital release. The expected capital release will lead to increased payout ratio over time. Storebrand aims to pay a dividend of more than 50% of Group result after tax. The Board of Directors' ambition is to pay ordinary dividends per share of at least the same nominal amount as the previous year. Ordinary dividends are subject to a sustainable solvency margin of above 150%. If the solvency margin is above 180%, the Board of Directors intends to propose special dividends or share buy backs.

A dividend of more than 50% of the Group's result after tax and a higher nominal level than the 2017 ordinary dividend is expected for 2018.

Lysaker, 23. October 2018.

# Storebrand Group
## Income statement

| (NOK million) | Note | Q3 2018 | Q3 2017 | 01.01 - 30.09 2018 | 01.01 - 30.09 2017 | Full year 2017 |
|---|---|---|---|---|---|---|
| Premium income | | 7,315 | 6,302 | 22,713 | 20,352 | 26,652 |
| *Net income from financial assets and real estate for the company:* | | | | | | |
| - equities and fund units at fair value | | 1 | 15 | 1 | 24 | 31 |
| - bonds and other fixed-income securities at fair value | | 81 | 69 | 275 | 392 | 507 |
| - financial derivatives at fair value | | -148 | 2 | 18 | 63 | 99 |
| - loans at fair value | | 8 | 32 | 5 | 50 | 57 |
| - bonds at amortised cost | | 30 | 28 | 85 | 107 | 134 |
| - loans at amortised cost | | 164 | 162 | 500 | 493 | 665 |
| - profit from investments in associated companies and joint ventures | | 16 | 18 | 36 | 112 | 119 |
| *Net income from financial assets and real estate for the customers:* | | | | | | |
| - equities and fund units at fair value | | 5,620 | 2,598 | 11,024 | 10,017 | 16,943 |
| - bonds and other fixed-income securities at fair value | | 424 | 805 | 646 | 2,429 | 3,157 |
| - financial derivatives at fair value | | -507 | 1,562 | -463 | 1,836 | 848 |
| - loans at fair value | | 34 | 56 | 105 | 82 | 113 |
| - bonds at amortised cost | | 972 | 950 | 2,911 | 3,215 | 4,243 |
| - loans at amortised cost | | 139 | 91 | 376 | 321 | 443 |
| - properties | | 324 | 348 | 1,095 | 1,563 | 2,556 |
| - profit from investments in associated companies and joint ventures | | 72 | 61 | 295 | 172 | 231 |
| Other income | | 1,174 | 481 | 3,676 | 2,017 | 4,239 |
| **Total income** | | **15,719** | **13,579** | **43,297** | **43,245** | **61,037** |
| Insurance claims | | -5,902 | -5,908 | -19,139 | -19,260 | -24,985 |
| Change in insurance liabilities | | -6,928 | -5,216 | -17,286 | -16,671 | -23,048 |
| Change in capital buffer | | -792 | -481 | 161 | -1,225 | -3,943 |
| Operating expenses | 8 | -1,051 | -1,000 | -3,298 | -2,869 | -4,266 |
| Other expenses | | -170 | -31 | -538 | -222 | -930 |
| Interest expenses | | -24 | -171 | -602 | -676 | -925 |
| **Total expenses before amortisation** | | **-14,867** | **-12,806** | **-40,702** | **-40,922** | **-58,097** |
| **Group profit before amortisation** | | **853** | **773** | **2,595** | **2,322** | **2,940** |
| Amortisation of intangible assets | | -98 | -101 | -261 | -299 | -536 |
| **Group pre-tax profit** | | **755** | **672** | **2,335** | **2,023** | **2,404** |
| Tax expenses | 9 | -229 | 27 | -494 | -111 | 2 |
| **Profit/loss for the period** | | **526** | **698** | **1,841** | **1,912** | **2,405** |
| **Profit/loss for the period attributable to:** | | | | | | |
| Share of profit for the period - shareholders | | 523 | 695 | 1,830 | 1,902 | 2,375 |
| Share of profit for the period - hybrid capital investors | | 2 | 3 | 7 | 8 | 11 |
| Share of profit for the period - minority | | 1 | 1 | 3 | 2 | 20 |
| **Total** | | **526** | **698** | **1,841** | **1,912** | **2,405** |
| | | | | | | |
| Earnings per ordinary share (NOK) | | 1.12 | 1.55 | 3.92 | 4.24 | 5.28 |
| Average number of shares as basis for calculation (million) | | | | 467.1 | 448.5 | 449.8 |
| There is no dilution of the shares | | | | | | |

# Storebrand Group
## Statement of comprehensive income

| | Q3 | | 01.01 - 30.09 | | Full year |
|---|---|---|---|---|---|
| (NOK million) | 2018 | 2017 | 2018 | 2017 | 2017 |
| **Profit/loss for the period** | **526** | **698** | **1,841** | **1,912** | **2,405** |
| | | | | | |
| Change in actuarial assumptions | -3 | -2 | -8 | -8 | -117 |
| Adjustment of value of properties for own use | 4 | 85 | 46 | 432 | 130 |
| Gains/losses from cash flow hedging | -16 | -21 | -53 | -2 | 23 |
| Total comprehensive income elements allocated to customers | -4 | -85 | -46 | -432 | -130 |
| Tax on other comprehensive income elements not to be classified to profit/loss | | | | | 2 |
| **Total other comprehensive income elements not to be classified to profit/loss** | **-20** | **-23** | **-61** | **-10** | **-92** |
| | | | | | |
| Translation differences foreign exchange | 18 | -142 | -555 | 204 | 387 |
| Unrealised gains on financial instruments available for sale | | | | 6 | 8 |
| **Total other comprehensive income elements that may be classified to profit/loss** | **18** | **-142** | **-555** | **210** | **395** |
| | | | | | |
| **Total other comprehensive income elements** | **-2** | **-164** | **-616** | **200** | **303** |
| | | | | | |
| **Total comprehensive income** | **524** | **534** | **1,224** | **2,111** | **2,708** |
| **Total comprehensive income attributable to:** | | | | | |
| Share of total comprehensive income - shareholders | 520 | 532 | 1,218 | 2,100 | 2,675 |
| Share of total comprehensive income - hybrid capital investors | 2 | 3 | 7 | 8 | 11 |
| Share of total comprehensive income - minority | 2 | | -1 | 3 | 22 |
| **Total** | **524** | **534** | **1,224** | **2,111** | **2,708** |

# Storebrand Group
## Statement of financial position

| (NOK million) | Note | 30.09.18 | 30.09.17 | 31.12.17 |
|---|---|---|---|---|
| **Assets company portfolio** | | | | |
| Deferred tax assets | | 653 | 584 | 637 |
| Intangible assets and excess value on purchased insurance contracts | | 5,953 | 4,714 | 6,295 |
| Pension assets | | 3 | 3 | 3 |
| Tangible fixed assets | | 44 | 48 | 55 |
| Investments in associated companies and joint ventures | | 243 | 278 | 291 |
| *Financial assets at amortised cost:* | | | | |
| - Bonds | 7 | 3,738 | 3,350 | 3,403 |
| - Loans to financial institutions | 7 | 253 | 44 | 313 |
| - Loans to customers | 7,10 | 27,290 | 27,167 | 26,678 |
| Reinsurers' share of technical reserves | | 23 | 25 | 27 |
| Investment properties at fair value | 7 | 50 | 50 | 50 |
| Biological assets | | 67 | 64 | 64 |
| Accounts receivable and other short-term receivables | | 6,239 | 4,174 | 4,834 |
| *Financial assets at fair value:* | | | | |
| - Equities and fund units | 7 | 316 | 61 | 363 |
| - Bonds and other fixed-income securities | 7 | 28,120 | 30,741 | 31,719 |
| - Derivatives | 7 | 1,089 | 1,241 | 1,341 |
| - Loans to customers | 7,10 | 318 | 2,030 | 580 |
| Bank deposits | | 3,073 | 2,387 | 3,466 |
| Minority interests in consolidated mutual funds | | 30,201 | 26,294 | 30,303 |
| **Total assets company portfolio** | | **107,674** | **103,254** | **110,424** |
| **Assets customer portfolio** | | | | |
| Tangible fixed assets | | | 452 | 488 |
| Investments in associated companies and joint ventures | | 4,627 | 3,668 | 3,113 |
| Receivables from associated companies | | 31 | 38 | 39 |
| *Financial assets at amortised cost:* | | | | |
| - Bonds | 7 | 88,544 | 84,348 | 84,071 |
| - Bonds held-to-maturity | 7 | 14,469 | 15,720 | 15,128 |
| - Loans to customers | 7,10 | 24,710 | 19,735 | 21,425 |
| Reinsurers' share of technical reserves | | 56 | 71 | 63 |
| Investment properties at fair value | 7 | 27,151 | 25,387 | 27,403 |
| Properties for own use | 7 | 1,331 | 3,383 | 1,408 |
| Biological assets | | | 730 | 791 |
| Accounts receivable and other short-term receivables | | 875 | 960 | 692 |
| *Financial assets at fair value:* | | | | |
| - Equities and fund units | 7 | 167,876 | 145,902 | 156,071 |
| - Bonds and other fixed-income securities | 7 | 127,767 | 134,385 | 135,042 |
| - Derivatives | 7 | 2,675 | 2,793 | 2,723 |
| - Loans to customers | 7,10 | 5,078 | 4,260 | 5,104 |
| Bank deposits | | 5,068 | 4,267 | 4,958 |
| **Total assets customer portfolio** | | **470,260** | **446,101** | **458,519** |
| **Total assets** | | **577,935** | **549,355** | **568,943** |

*Continue next page*

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

| (NOK million) | Note | 30.09.18 | 30.09.17 | 31.12.17 |
|---|---|---|---|---|
| **Equity and liabilities** | | | | |
| Paid-in capital | | 12,858 | 11,729 | 12,855 |
| Retained earnings | | 17,655 | 17,078 | 17,652 |
| Hybrid capital | | 176 | 226 | 226 |
| Minority interests | | 53 | 55 | 99 |
| **Total equity** | | **30,742** | **29,088** | **30,832** |
| Subordinated loan capital | 6,7 | 7,849 | 7,671 | 8,867 |
| Capital buffer | 11 | 19,952 | 17,983 | 21,137 |
| Insurance liabilities | | 447,858 | 426,116 | 435,749 |
| Pension liabilities | | 325 | 282 | 341 |
| Deferred tax | | 260 | 176 | 238 |
| *Financial liabilities:* | | | | |
| - Liabilities to financial institutions | 6,7 | 35 | 405 | 155 |
| - Deposits from banking customers | 7 | 14,953 | 15,149 | 14,628 |
| - Securities issued | 6,7 | 16,454 | 17,241 | 16,575 |
| - Derivatives company portfolio | | 77 | 228 | 282 |
| - Derivatives customer portfolio | | 1,419 | 1,459 | 1,733 |
| Other current liabilities | | 7,812 | 7,262 | 8,102 |
| Minority interests in consolidated mutual funds | | 30,201 | 26,294 | 30,303 |
| **Total liabilities** | | **547,192** | **520,267** | **538,110** |
| **Total equity and liabilities** | | **577,935** | **549,355** | **568,943** |

# 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 | Currency translation differences | Other equity [2] | Total retained earnings | Hybrid capital [3] | Minority interests | Total equity |
| **Equity at 31 December 2016** | **2,250** | **-8** | **9,485** | **11,726** | **1,042** | **14,590** | **15,631** | **226** | **54** | **27,637** |
| Profit for the period | | | | | | 2,375 | 2,375 | 11 | 20 | 2,405 |
| Total other comprehensive income elements | | | | | 385 | -84 | 300 | | 2 | 303 |
| **Total comprehensive income for the period** | | | | | **385** | **2,290** | **2,675** | **11** | **22** | **2,708** |
| | | | | | | | | | | |
| **Equity transactions with owners:** | | | | | | | | | | |
| Own shares | | 3 | | 3 | | 44 | 44 | | | 47 |
| Issue of shares | 90 | | 1,037 | 1,126 | | | | | 3 | 1,129 |
| Hybrid capital classified as equity | | | | | | 3 | 3 | | | 3 |
| Paid out interest hybrid capital | | | | | | | | -11 | | -11 |
| Dividend paid | | | | | | -695 | -695 | | -2 | -697 |
| Purchase of minority interests | | | | | | 2 | 2 | | | 2 |
| Other | | | | | | -8 | -8 | | 21 | 13 |
| **Equity at 31 December 2017** | **2,339** | **-5** | **10,521** | **12,855** | **1,426** | **16,226** | **17,652** | **226** | **99** | **30,832** |
| Profit for the period | | | | | | 1,830 | 1,830 | 7 | 3 | 1,841 |
| Total other comprehnsive income elements | | | | | -551 | -61 | -612 | | -4 | -616 |
| **Total comprehensive income for the period** | | | | | **-551** | **1,769** | **1,218** | **7** | **-1** | **1,224** |
| | | | | | | | | | | |
| **Equity transactions with owners:** | | | | | | | | | | |
| Own shares | | 3 | | 3 | | 48 | 48 | | | 50 |
| Issue of shares | | | | | | | | | 4 | 4 |
| Hybrid capital classified as equity | | | | | | 2 | 2 | -50 | | -48 |
| Paid out interest hybrid capital | | | | | | | | -7 | | -7 |
| Dividend paid | | | | | | -1,167 | -1,167 | | -2 | -1,169 |
| Purchase of minority interests | | | | | | -82 | -82 | | -38 | -120 |
| Other | | | | | | -16 | -16 | | -8 | -24 |
| **Equity at 30 September 2018** | **2,339** | **-2** | **10,521** | **12,858** | **875** | **16,779** | **17,655** | **176** | **54** | **30,742** |

*1) 467 813 982 shares with a nominal value of NOK 5.*
*2) Includes undistributable funds in the risk equalisation fund amounting to NOK 181 million and security reserves amounting NOK 56 million.*
*3) Perpetual hybrid tier 1 capital classified as equity.*

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Equity at 31 December 2016** | **2,250** | **-8** | **9,485** | **11,726** | **1,042** | **14,590** | **15,631** | **226** | **54** | **27,637** |
| Profit for the period | | | | | | 1,902 | 1,902 | 8 | 2 | 1,912 |
| Total other comprehensive income elements | | | | | 203 | -4 | 199 | | 1 | 200 |
| **Total comprehensive income for the period** | | | | | **203** | **1,898** | **2,100** | **8** | **3** | **2,111** |
| | | | | | | | | | | |
| **Equity transactions with owners:** | | | | | | | | | | |
| Own shares | | 3 | | 3 | | 44 | 44 | | | 47 |
| Hybrid capital classified as equity | | | | | | 2 | 2 | | | 2 |
| Paid out interest hybrid capital | | | | | | | | -8 | | -8 |
| Dividend paid | | | | | | -695 | -695 | | -1 | -696 |
| Purchase of minority interests | | | | | | 2 | 2 | | | 2 |
| Other | | | | | | -7 | -7 | | -1 | -9 |
| **Equity at 30 September 2017** | **2,250** | **-5** | **9,485** | **11,729** | **1,245** | **15,833** | **17,078** | **226** | **54** | **29,088** |

# Storebrand Group
## Statement of cash flow

| (NOK million) | 01.01 - 30.09 2018 | 2017 |
|---|---|---|
| **Cash flow from operational activities** | | |
| Net receipts premium - insurance | 19,165 | 18,146 |
| Net payments compensation and insurance benefits | -15,100 | -14,481 |
| Net receipts/payments - transfers | -577 | -2,721 |
| Net change insurance liabilities | -5,868 | -444 |
| Receipts - interest, commission and fees from customers | 2,430 | 1,878 |
| Payments - interest, commission and fees to customers | -124 | -211 |
| Taxes paid | -54 | -5 |
| Payments relating to operations | -3,929 | -2,474 |
| Net receipts/payments - other operational activities | 893 | -59 |
| **Net cash flow from operations before financial assets and banking customers** | **-3,164** | **-371** |
| Net receipts/payments - loans to customers | -3,882 | -6,778 |
| Net receipts/payments - deposits bank customers | 282 | -150 |
| Net receipts/payments - securities | 7,401 | 6,943 |
| Net receipts/payments - investment properties | 563 | -821 |
| Net change in bank deposits insurance customers | -150 | 440 |
| **Net cash flow from financial assets and banking customers** | **4,215** | **-366** |
| **Net cash flow from operational activities** | **1,051** | **-737** |
| **Cash flow from investment activities** | | |
| Net receipts - sale of subsidaries | 1,175 | 245 |
| Net payments - purchase of group companies | -771 | -2 |
| Net receits/payments - sale/purchase of fixed assets | -39 | -65 |
| **Net cash flow from investment activities** | **365** | **178** |
| **Cash flow from financing activities** | | |
| Payments - repayments of loans | -2,125 | -4,599 |
| Receipts - new loans | 2,701 | 4,895 |
| Payments - interest on loans | -224 | -248 |
| Receipts - subordinated loan capital | 845 | 150 |
| Payments - repayment of subordinated loan capital | -1,501 | -150 |
| Payments - interest on subordinated loan capital | -337 | -332 |
| Net receipts/payments - loans to and claims from other financial institutions | -120 | -1 |
| Receipts - issuing of share capital / sale of shares to own employees | 37 | 36 |
| Payments - dividends | -1,168 | -695 |
| Receipts - hybrid capital | 100 | |
| Payments - repayment of hybrid capital | -150 | |
| Payments - interest on hybrid capital | -7 | -8 |
| **Net cash flow from financing activities** | **-1,948** | **-951** |
| **Net cash flow for the period** | **-532** | **-1,510** |
| - of which net cash flow in the period before financial assets and banking customers | -4,747 | -1,145 |
| | | |
| Net movement in cash and cash equivalents | -532 | -1,510 |
| Cash and cash equivalents at start of the period for new/sold out companies | 35 | |
| Cash and cash equivalents at start of the period | 3,780 | 3,965 |
| Currency translation differences | 43 | -24 |
| **Cash and cash equivalents at the end of the period [1]** | **3,326** | **2,431** |
| | | |
| **[1] Consist of:** | | |
| Loans to financial institutions | 253 | 44 |
| Bank deposits | 3,073 | 2,387 |
| **Total** | **3,326** | **2,431** |

# Notes to the interim accounts Storebrand Group

## Note 01 Accounting policies

The Group's interim financial statements include Storebrand ASA, subsidiaries, associated companies and joint ventures. 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 are provided in the 2017 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

During 2018 changes were made to the classification of certain types of transactions in the income statement, and comparable figures have been restated. The changes has no effect on the Group profit or the classification in the segment note. Below are the most significant result lines that are included in the changes:

- other income
- change in insurance liabilities
- operating expenses
- other expenses
- interest expenses

There are new accounting standards that entered into effect in 2018.

IFRS 9 Financial Instruments have replaced IAS39, and entered into force from 1 January 2018. For insurance-dominated groups and companies, IFRS 4 allows for either the implementation of IFRS 9 to be deferred (deferral approach) or to enter the differences between IAS39 and IFRS 9 through Other Comprehensive Income (overlay approach) until implementation of IFRS 17 on 1 January 2021. The Storebrand Group qualifies for temporary deferral of IFRS 9 because over 90 per cent of the Group's total liabilities as at 31 December 2015 relates to the insurance business. Storebrand Group will implement IFRS 9 together with IFRS 17, applicable from 1 January 2021.

The new standard IFRS 15 for recognising revenue from contracts with customers entered into force from 1 January 2018, and replaced IAS18. Revenue recognition in the Storebrand Group is primarily regulated by IAS39/IFRS9 and IFRS4. Revenue that will be recognised under Other Income is assessed in relation to IFRS 15. The implementation of IFRS15 have no impact on the Group result in Storebrand's consolidation 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 is included in the 2017 annual report in note 2, insurance risk in note 7, valuation of financial instruments at fair value is described in note 12 and in the interim financial statements note 13 Solvency II.

# Note 03 Aquisition

*Silver*

On 24 October 2017 Storebrand Livsforsikring AS entered into an agreement to acquire Silver Pensjonsforsikring (Silver). The transaction was completed in January 2018 after Silver was released from administration. The transaction was completed in two parts, with the first part as an acquisition of the bifurcated insurance portfolio (amounted to NOK 9.7 billion), and the latter as an acquisition of Silver Pensjonsforsikring AS with its remaining insurance portfolio (amounted to NOK 0.3 billion) and operations. The remaining insurance portfolio for Silver Pensjonsforsikring consisting of pension capital certificates and individual pension contracts with no guarantee. Before acquisition as a part of the administration solution, Silver's portfolio of paid-up policies has been converted to paid-up policies with investment options (FMI) for retirement pension coverage, amounted NOK 8.3 billion. Risk cover (paid-up policies) is continued based on a reduced base rate of 2.75%, amounted NOK 1.4 billion. Storebrand Livsforsikring AS paid a purchase price of NOK 520 million. The purchase price has been transferred to Silver's customers as a part of the administrative board's solution, and contributes to maintaining good pensions for the customers.

The amount of NOK 520 million has been transferred to Silver's customers, and in the acquisition analysis the excess value of the acquisition will be allocated to the insurance contracts (VIF –value of business in force) amounted NOK 280 million, which are amortised over 10 years, reserve strength due to transition to Storebrand's tariffs amounted NOK 97 million, deferred tax asset amounted NOK 374 million and negative goodwill amounted NOK 37 million.

As a part of simplifying the corporate structure, Storebrand Livsforsikring AS has completed a merger with the fully owned subsidiary Silver Pensjonsforsikring AS. The merger has been carried out without consideration pursuant to the Norwegian Limited Liability Companies Act §13-23 and §13-1 with accounting effect from 1 January 2018, and assuming tax continuity.

## ACQUISITION ANALYSIS SILVER

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

*Skagen*

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

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

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

## Note 04 | Profit by segments

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

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

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

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

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

**Reconciliation with the official profit and loss accounting**
Profit in the segments are reconciled with the corporate profit and loss account before tax. The corporate profit and loss account includes gross income and gross expenses linked to both the insurance customers and owners. The various segments are to a large extent followed up on net profit margins, including risk and administration results. The profit lines that are used in segment reporting will therefore not be identical with the profit lines in the corporate profit and loss account.

A description of the most important differences is included in the 2017 annual report in note 4 Segment reporting.

| (NOK million) | Q3 2018 | 2017 | 01.01 - 30.09 2018 | 2017 | Full year 2017 |
|---|---|---|---|---|---|
| Savings | 336 | 314 | 940 | 872 | 1,511 |
| Insurance | 214 | 221 | 651 | 576 | 608 |
| Guaranteed pension | 292 | 244 | 925 | 735 | 766 |
| Other | 10 | -5 | 81 | 140 | 55 |
| **Group profit before amortisation** | **853** | **773** | **2,595** | **2,322** | **2,940** |
| Amortisation of intangible assets | -98 | -101 | -261 | -299 | -536 |
| **Group pre-tax profit** | **755** | **672** | **2,335** | **2,023** | **2,404** |

## SEGMENT INFORMATION AS OF Q3

| | Savings | | Insurance | | Guaranteed pension | |
|---|---|---|---|---|---|---|
| | Q3 | | Q3 | | Q3 | |
| (NOK million) | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Fee and administration income | 905 | 761 | | | 369 | 380 |
| Insurance result | | | 316 | 320 | | |
| *- Insurance premiums for own account* | | | *949* | *993* | | |
| *- Claims for own account* | | | *-633* | *-674* | | |
| Operating expense | -563 | -443 | -136 | -175 | -181 | -212 |
| **Operating profit** | **342** | **318** | **181** | **145** | **188** | **169** |
| Financial items and risk result life & pension | -5 | -4 | 33 | 76 | 105 | 75 |
| **Group profit before amortisation** | **336** | **314** | **214** | **221** | **292** | **244** |
| Amortisation of intangible assets [1)] | | | | | | |
| **Group pre-tax profit** | | | | | | |

| | Other | | Storebrand Group | |
|---|---|---|---|---|
| | Q3 | | Q3 | |
| (NOK million) | 2018 | 2017 | 2018 | 2017 |
| Fee and administration income | -28 | -25 | 1,246 | 1,116 |
| Insurance result | | | 316 | 320 |
| *- Insurance premiums for own account* | | | *949* | *993* |
| *- Claims for own account* | | | *-633* | *-674* |
| Operating expense | 3 | -9 | -877 | -840 |
| **Operating profit** | **-25** | **-35** | **685** | **596** |
| Financial items and risk result life & pension | 35 | 30 | 168 | 177 |
| **Group profit before amortisation** | **10** | **-5** | **853** | **773** |
| Amortisation of intangible assets [1)] | | | -98 | -101 |
| **Group pre-tax profit** | | | **755** | **672** |

[1)] Amortisation of intangible assets are included in Storebrand Group

## SEGMENT INFORMATION AS OF 01.01 - 30.09

| | Savings | | Insurance | | Guaranteed pension | |
|---|---|---|---|---|---|---|
| (NOK million) | 30.09.18 | 30.09.17 | 30.09.18 | 30.09.17 | 30.09.18 | 30.09.17 |
| Fee and administration income | 2,702 | 2,205 | | | 1,107 | 1,108 |
| Insurance result | | | 1,009 | 885 | | |
| *- Insurance premiums for own account* | | | *2,850* | *2,904* | | |
| *- Claims for own account* | | | *-1,841* | *-2,019* | | |
| Operating expense | -1,745 | -1,337 | -438 | -519 | -602 | -649 |
| **Operating profit** | **957** | **868** | **571** | **366** | **506** | **459** |
| Financial items and risk result life & pension | -17 | 4 | 80 | 209 | 419 | 276 |
| **Group profit before amortisation** | **940** | **872** | **651** | **576** | **925** | **735** |
| Amortisation of intangible assets [1] | | | | | | |
| **Group pre-tax profit** | | | | | | |

| | Other | | Storebrand Group | |
|---|---|---|---|---|
| (NOK million) | 30.09.18 | 30.09.17 | 30.09.18 | 30.09.17 |
| Fee and administration income | -99 | -73 | 3,710 | 3,240 |
| Insurance result | | | 1,009 | 885 |
| *- Insurance premiums for own account* | | | 2,850 | 2,904 |
| *- Claims for own account* | | | -1,841 | -2,019 |
| Operating expense | 30 | 4 | -2,755 | -2,501 |
| **Operating profit** | **-69** | **-69** | **1,965** | **1,624** |
| Financial items and risk result life & pension | 149 | 209 | 631 | 698 |
| **Group profit before amortisation** | **81** | **140** | **2,595** | **2,322** |
| Amortisation of intangible assets [1] | | | -261 | -299 |
| **Group pre-tax profit** | | | **2,335** | **2,023** |

[1] Amortisation of intangible assets are included in Storebrand Group.

## KEY FIGURES BY BUSINESS AREA

| (NOK million) | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Q1 2017 | Q4 2016 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| Earnings per ordinary share [1)] | 3.92 | 2.80 | 1.55 | 5.28 | 4.24 | 2.69 | 1.03 | 4.73 |
| Equity | 30,742 | 30,227 | 31,140 | 30,832 | 29,088 | 28,559 | 28,208 | 27,637 |
| **Savings** | | | | | | | | |
| Premium income Unit Linked [2)] | 4,096 | 3,892 | 3,947 | 3,981 | 3,670 | 3,649 | 3,716 | 3,466 |
| Unit Linked reserves | 187,016 | 178,498 | 171,749 | 167,849 | 157,984 | 151,425 | 147,311 | 139,822 |
| AuM asset management | 725,171 | 707,118 | 707,102 | 721,165 | 625,840 | 620,584 | 599,111 | 576,704 |
| Retail lending | 45,641 | 44,310 | 43,047 | 42,133 | 40,996 | 39,464 | 37,585 | 35,400 |
| **Insurance** | | | | | | | | |
| Total written premiums | 4,408 | 4,417 | 4,424 | 4,462 | 4,474 | 4,440 | 4,413 | 4,502 |
| Claims ratio [2)] | 67% | 62% | 65% | 73% | 68% | 70% | 71% | 74% |
| Cost ratio [2)] | 14% | 16% | 16% | 20% | 18% | 18% | 18% | 18% |
| Combined ratio [2)] | 81% | 78% | 81% | 93% | 85% | 88% | 89% | 91% |
| **Guaranteed pension** | | | | | | | | |
| Guaranteed reserves | 257,570 | 257,783 | 259,426 | 264,320 | 261,652 | 260,459 | 261,148 | 258,723 |
| Guaranteed reseves in % of total reserves | 57.9% | 59.1% | 60.2% | 61.2% | 62.4% | 63.2% | 63.9% | 64.9% |
| Net transfer out of guaranteed reserves [2)] | 24 | 13 | 118 | 117 | 103 | 199 | 541 | 245 |
| Capital buffer in % of customer reserves Store-brand Life Group [3)] | 6.6% | 6.5% | 6.2% | 7.2% | 5.2% | 5.3% | 5.4% | 5.7% |
| Capital buffer in % of customer reserves SPP [4)] | 9.5% | 8.8% | 9.0% | 9.0% | 9.3% | 8.4% | 7.9% | 6.7% |
| **Solidity** | | | | | | | | |
| Solvency II [5)] | 169% | 167% | 165% | 172% | 160% | 163% | 159% | 157% |
| Solidity capital (Storebrand Life Group) [6)] | 57,702 | 57,869 | 58,849 | 63,972 | 59,332 | 58,875 | 57,139 | 56,381 |
| Capital adequacy Storebrand Bank | 18.4% | 18.8% | 18.8% | 18.9% | 18.1% | 18.2% | 17.9% | 17.7% |
| Core Capital adequacy Stobrand Bank | 16.1% | 16.5% | 16.6% | 16.6% | 16.0% | 16.1% | 15.8% | 15.7% |

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 05

## Financial market risk and insurance risk

Risks are described in the annual report for 2017 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk) and note 11 (Concentrations of risk).

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

The most significant market risks for Storebrand are equity 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-portfolios: company portfolios, customer portfolios without a guarantee (unit linked) and customer portfolios with a guarantee.

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

The market risk in customer portfolios without a guarantee (unit linked) is at the customers' risk, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly on the size of the portfolios, while the costs tend to be fixed. Lower returns from 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 risk sharing with customers depends on several factors, the most important being the size and flexibility of the customer buffers, and also the level and duration of the interest rate 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. Storebrand is responsible for meeting any shortfall that cannot be covered by the customer buffers.

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 equity market started the year on a positive note, but after reaching a peak in January, the uncertainty and volatility has increased. Initially, the market feared that a stronger labor market and less accommodating central banks could trigger higher interest rates. During the second quarter, the main concern has been the rising trade war and expected imposed tariffs. The political situation in Italy has also caused increased volatility. During the third quarter, the equity market has been strong.

The global equity market increased by 7 % during the first three quarters of the year. The Norwegian equity market rose 15 % on the back of rising oil-price. The market for corporate bonds has been affected by increased uncertainty, and there has been an increase in credit spreads since the beginning of the year.

Interest rates rose at the start of the year across all markets, but then fell back in many markets as the concern for increased inflation receded. For the first three quarters of the year the Norwegian 10-year interest rate swap increased by 0.4 pp. The Swedish 10-year interest swap rate increased by 0.1 pp. Due to the majority of the interest rate investments in the Norwegian customer portfolios being held at amortized cost, changes in interest rates have 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. Higher interest rates are a positive factor for the solvency position.

The Norwegian krone has strengthened during the first three quarters of the year against the Swedish krona and the Euro, but is little changed against the US dollar. The increase is 4 % against the Euro and 8 % against the Swedish krona. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have a modest effect on results and risk.

There are minor changes in investment allocations during the first three quarters of the year.

Guaranteed portfolios in Norway on average provided returns that were almost in line with the interest rate guarantee in the first three quarters of the year. The return therefore has little impact on the results. Excess values of portfolios at amortized cost fell in the first three quarters of the year due to the increase in interest rates. Guaranteed portfolios in Sweden gave returns that were slightly better than the change in value of insurance liabilities, which created a positive result.

On average, unit linked insurance customers in Norway had positive returns during the first three quarters of the year. In Sweden, the return was even better, helped by a positive currency effect on international equity funds from the weak Swedish krona.

Insurance risk is the risk of higher than expected payments and/or an unfavorable 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. Changes in longevity is the greatest risk because higher longevity means that the guaranteed benefits must be paid over a longer period. There are also risks related to disability and early death.

The insurance risk has only had minor changes during the first three quarters of the year.

## Note 06 Liquidity risk

### SPECIFICATION OF SUBORDINATED LOAN CAPITAL

| (NOK million) | Nominal value | Currency | Interest rate | Call date | Book value |
|---|---|---|---|---|---|
| **Issuer** | | | | | |
| **Perpetual subordinated loan capital** | | | | | |
| Storebrand Livsforsikring AS | 1,000 | NOK | Variable | 2020 | 1,001 |
| Storebrand Livsforsikring AS | 1,100 | NOK | Variable | 2024 | 1,100 |
| | | | | | |
| **Dated subordinated loan capital** | | | | | |
| Storebrand Livsforsikring AS | 1,000 | SEK | Variable | 2022 | 916 |
| Storebrand Livsforsikring AS | 300 | EUR | Fixed | 2023 | 3,042 |
| Storebrand Livsforsikring AS | 750 | SEK | Variable | 2021 | 691 |
| Storebrand Livsforsikring AS | 900 | SEK | Variable | 2025 | 823 |
| Storebrand Bank ASA | 125 | NOK | Variable | 2019 | 126 |
| Storebrand Bank ASA | 150 | NOK | Variable | 2022 | 150 |
| **Total subordinated loans and hybrid tier 1 capital 30.09.18** | | | | | **7,849** |
| Total subordinated loans and hybrid tier 1 capital 30.09.17 | | | | | 7,671 |
| Total subordinated loans and hybrid tier 1 capital 31.12.17 | | | | | 8,867 |

## SPECIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

| | Book value | | |
|---|---|---|---|
| (NOK million) | 30.09.18 | 30.09.17 | 31.12.17 |
| Call date | | | |
| 2017 | | 405 | |
| 2018 | 35 | | 155 |
| **Total liabilities to financial institutions** | **35** | **405** | **155** |

## SPECIFICATION OF SECURITIES ISSUED

| | Book value | | |
|---|---|---|---|
| (NOK million) | 30.09.18 | 30.09.17 | 31.12.17 |
| Call date | | | |
| 2017 | | 301 | |
| 2018 | 753 | 2,882 | 2,882 |
| 2019 | 3,170 | 3,221 | 3,152 |
| 2020 | 4,324 | 4,328 | 4,030 |
| 2021 | 3,702 | 3,506 | 3,509 |
| 2022 | 3,002 | 3,002 | 3,002 |
| 2023 | 1,503 | | |
| **Total securities issued** | **16,454** | **17,241** | **16,575** |

The loan agreements contain standard covenants.

**Covered bonds**

For issued covered bonds, a regulatory requirement for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent for bonds issued before 21 June 2017 apply.

**Credit facilities**

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

**Facilities for Storebrand Boligkreditt AS**

Storebrand Bank has issued two credit facilities to Storebrand Boligkreditt AS. One of these is an ordinary overdraft facility, with a ceiling of NOK 6 billion. This has no expired date, but can be terminated by the bank with 15 months' notice. The other facility may not be terminated by Storebrand Bank until at least 3 months after the maturity date of the covered bond and the associated derivates with the longest period to maturity. Both agreements provide a minimum capacity to cover at least interests and payments on covered bonds and derivatives the following 31 days.

## Note 07 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 12 in annual report for 2017.

The company has established valuation models and gathers 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 30.09.18 | Fair value 31.12.17 | Book value 30.09.18 | Book value 31.12.17 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Loans to and due from financial institutions | 253 | 313 | 253 | 313 |
| Loans to customers - corporate | 6,596 | 6,501 | 6,630 | 6,533 |
| Loans to customers - retail | 45,371 | 41,571 | 45,371 | 41,571 |
| Bonds held to maturity | 15,773 | 16,933 | 14,469 | 15,128 |
| Bonds classified as loans and receivables | 96,074 | 94,218 | 92,282 | 87,474 |
| **Total financial assets 30.09.18** | **164,067** | | **159,005** | |
| Total financial assets 31.12.17 | | 159,537 | | 151,020 |
| **Financial liabilities** | | | | |
| Debt raised by issuance of securities | 16,598 | 16,634 | 16,454 | 16,575 |
| Liabilities to financial institutions | 35 | 155 | 35 | 155 |
| Deposits from banking customers | 14,953 | 14,628 | 14,953 | 14,628 |
| Subordinatd loan capital | 7,915 | 8,990 | 7,849 | 8,867 |
| **Total financial liabilities 30.09.18** | **39,501** | | **39,290** | |
| Total financial liabilities 31.12.17 | | 40,407 | | 40,224 |

## 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 | 30.09.18 | 31.12.17 |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| **Equities and fund units** | | | | | |
| - Equities | 25,372 | 333 | 654 | 26,359 | 23,360 |
| - Fund units | 311 | 133,769 | 7,752 | 141,832 | 133,074 |
| **Total equities and fund units 30.09.18** | **25,683** | **134,102** | **8,406** | **168,191** | |
| Total equities and fund units 31.12.17 | 22,563 | 125,425 | 8,445 | | 156,433 |
| | | | | | |
| **Loans to customers [1]** | | | | | |
| - Loans to customers - corporate | | | 5,078 | 5,078 | 5,104 |
| - Loans to customers - retail | | | 318 | 318 | 580 |
| **Loans to customers 30.09.18 [1]** | | | **5,396** | **5,396** | |
| Loans to customers 31.12.17 [1] | | | 5,684 | | 5,684 |
| | | | | | |
| **Bonds and other fixed-income securities** | | | | | |
| - Government bonds | 15,760 | 19,715 | | 35,475 | 49,022 |
| - Corporate bonds | 1 | 50,362 | 70 | 50,433 | 49,331 |
| - Structured notes | | 75 | | 75 | 81 |
| - Collateralised securities | | 24,806 | | 24,806 | 28,914 |
| - Bond funds | | 43,504 | 1,594 | 45,099 | 39,412 |
| **Total bonds and other fixed-income securities 30.09.18** | **15,761** | **138,462** | **1,664** | **155,888** | |
| Total bonds and other fixed-income securities 31.12.17 | 24,186 | 142,467 | 108 | | 166,761 |
| | | | | | |
| **Derivatives:** | | | | | |
| - Interest derivatives | | 1,624 | | 1,624 | 2,799 |
| - Currency derivatives | | 645 | | 645 | -751 |
| **Total derivatives 30.09.18** | | **2,269** | | **2,269** | |
| - of which derivatives with a positive market value | | 3,765 | | 3,765 | 4,064 |
| - of which derivatives with a negative market value | | -1,496 | | -1,496 | -2,015 |
| Total derivatives 31.12.17 | | 2,049 | | | 2,049 |
| | | | | | |
| **Properties:** | | | | | |
| Investment properties | | | 27,201 | 27,201 | 27,453 |
| Properties for own use | | | 1,331 | 1,331 | 1,408 |
| **Total properties 30.09.18** | | | **28,532** | **28,532** | |
| Total properties 31.12.17 | | | 28,861 | | 28,861 |

[1] Includes loans 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 | Fund units | Loans to custo-mers | Corporate bonds | Bond funds | Investment properties | Properties for own use |
|---|---|---|---|---|---|---|---|
| **Book value 01.01.18** | **767** | **7,679** | **5,685** | **108** | | **27,453** | **1,408** |
| Net gains/losses on financial instruments | -6 | -899 | 118 | 8 | 1 | -496 | |
| Additions | 30 | 2,199 | 1,014 | | 1,594 | 916 | 79 |
| Sales | -114 | -1,028 | -994 | -41 | | | -1 |
| Currency translation differences | -22 | -198 | -426 | -6 | | -887 | -154 |
| Other | | | | | | 214 | |
| **Book value 30.09.18** | **654** | **7,752** | **5,396** | **70** | **1,594** | **27,201** | **1,331** |

As at 30.09.18, Storebrand Livsforisikring had NOK 4.590 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "Investment in associated Ccmpanies and joint ventures" in the Consolidated Financial Statements.

### SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 12 in the 2017 annual report. There is no significant changes in sensitivity in this quarter.

## Note 08 Operating costs

| (NOK million) | Q3 2018 | Q3 2017 | 01.01 - 30.09 2018 | 01.01 - 30.09 2017 | Total 2 017 |
|---|---|---|---|---|---|
| Personnel expenses | -512 | -492 | -1,567 | -1,429 | -1,955 |
| Amortisation/write-downs | -43 | -43 | -108 | -126 | -167 |
| Other operating expenses | -496 | -465 | -1,624 | -1,314 | -2,145 |
| **Total operating expenses** | **-1,051** | **-1,000** | **-3,298** | **-2,869** | **-4,266** |

## Note 09 Tax

The National Budget 2019, which was published on 8 October 2018, calls for changes in the taxation of insurance and pension undertakings with effect from 1 January 2018. The aim of the proposals is to establish a distinction between customer and corporate funds in terms of taxation. It is pointed out that all of the circumstances related to the proposed amendments have not been clarified, and the proposal will not be formally adopted by the Storting until December 2018 when the National Budget for 2019 is debated.

Hence, the proposed amendments to the Norwegian Tax Code have not been incorporated into the accounts as at the 3rd quarter of 2018, since this is considered an event after the balance sheet date that is not to be taken into account. The income tax expense as at the 3rd quarter has been estimated based on existing rules.

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. In addition, the Group includes Norwegian entities that are both subject to and not subject to the financial tax. Therefore, the company tax rate that applies for the individual Norwegian Group companies, i.e. 23% or 25%, is used in the consolidated financial statements.

## Note 10 Loans

| (NOK million) | 30.09.18 | 30.09.17 | 31.12.17 |
|---|---|---|---|
| Corporate market [1] | 11,748 | 17,726 | 11,685 |
| Retail market | 45,707 | 35,582 | 42,184 |
| **Gross loans** | **57,454** | **53,309** | **53,869** |
| Write-down of loans losses | -57 | -116 | -80 |
| **Net loans** [2] | **57,397** | **53,193** | **53,788** |
| | | | |
| 1) Of which Storebrand Bank | 39 | 813 | 360 |
| | | | |
| 2) Of which Storebrand Bank | 27,607 | 29,195 | 27,257 |
| Of which Storebrand Livsforsikring | 29,790 | 23,998 | 26,531 |

### NON-PERFORMING AND LOSS-EXPOSED LOANS

| (NOK million) | 30.09.18 | 30.09.17 | 31.12.17 |
|---|---|---|---|
| Non-performing and loss-exposed loans without identified impairment | 78 | 157 | 150 |
| Non-performing and loss-exposed loans with identified impairment | 62 | 85 | 114 |
| **Gross non-performing loans** | **141** | **241** | **265** |
| Individual write-downs | -21 | -30 | -43 |
| **Net non-performing loans** [1] | **119** | **211** | **222** |

[1] The figures apply in their entirety Storebrand Bank

## Note 11 Capital buffer

| (NOK million) | 30.09.18 | 30.09.17 | 31.12.17 |
|---|---|---|---|
| Additional statutory reserves | 8,267 | 6,721 | 8,254 |
| Market adjustment reserves | 2,841 | 2,104 | 3,707 |
| Conditional bonuses | 8,843 | 9,158 | 9,176 |
| **Total** | **19,952** | **17,983** | **21,137** |

## Note 12 Contingent liabilities

| (NOK million) | 30.09.18 | 30.09.17 | 31.12.17 |
|---|---|---|---|
| Guarantees | 12 | 22 | 20 |
| Unused credit facilities | 3,449 | 3,503 | 3,474 |
| Uncalled residual liabilities re limited partnership | 6,272 | 7,901 | 5,451 |
| Loan commitment retail market | 2,517 | 3,174 | 2,007 |
| Debt instrument to Silver Pensjonsforsikring in connection with the acquisition[1] | | | 520 |
| **Total contingent liabilities** | **12,250** | **14,600** | **11,472** |

[1] The debt instrument is conditional upon the company being released from administration

Guarantees essentially encompass payment and contract guarantees.

Unused credit facilities encompass granted and any unused credit accounts and credit cards, as well as, any unused flexible mortgage facilities.

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes, see  note 2 and note 44 in the 2017 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.

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 re based on historical experience and expexctations of future events and represent the management's best judgement 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.

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.

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.

## SOLVENCY CAPITAL

| NOK million | 30.09.18 Total | Group 1 unlimited | Group 1 limited | Group 2 | Group 3 | 31.12.17 Total |
|---|---|---|---|---|---|---|
| Share capital | 2,339 | 2,339 | | | | 2,339 |
| Share premium | 10,521 | 10,521 | | | | 10,521 |
| Reconciliation reserve | 23,665 | 23,665 | | | | 25,694 |
| *Including the effect of the transitional arrangement* | | | | | | 4,513 |
| Subordinated loans | 7,533 | | 1,118 | 6,415 | | 8,547 |
| Deferred tax assets | 55 | | | | 55 | 71 |
| Risk equalisation reserve | 181 | | | 181 | | 143 |
| Minority interests | 46 | | | | 46 | 49 |
| Unavailable minority interests | -30 | | | | -30 | -33 |
| Deductions for CRD IV subsidiaries | -2,749 | -2,299 | -175 | -275 | | -2,929 |
| Unpaid dividend 2017 | | | | | | -1,168 |
| Expected dividend 2018 | -915 | -915 | | | | |
| **Total basic solvency capital** | **40,647** | **33,312** | **943** | **6,321** | **71** | **43,234** |
| Subordinated capital for subsidiaries regulated in accordance with CRD IV | 2,749 | | | | | 2,929 |
| **Total solvency capital** | **43,396** | | | | | **46,164** |
| **Total solvency capital available to cover the minimum capital requirement** | **36,106** | **33,312** | **943** | **1,851** | | **39,294** |

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 | 30.09.18 | 31.12.17 |
|---|---|---|
| Market | 21,265 | 22,936 |
| Counterparty | 401 | 565 |
| Life | 10,945 | 10,453 |
| Health | 706 | 744 |
| P&C | 281 | 283 |
| Operational | 1,451 | 1,496 |
| Diversification | -6,949 | -7,023 |
| Loss-absorbing tax effect | -4,842 | -5,002 |
| **Total solvency capital requirement - insurance company** | **23,259** | **24,452** |
| Capital requirements for subsidiaries regulated in accordance with CRD IV | 2,446 | 2,458 |
| Total solvency capital requirement | 25,705 | 26,910 |
| **Solvency margin with transitional rules** | **169%** | **172%** |
| **Minimum capital requirement** | **9,255** | **9,599** |
| **Minimum margin** | **390%** | **409%** |

## Note 14 Cross-sectoral financial group

The 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 | 30.09.18 | 31.12.17 |
|---|---|---|
| Capital requirements for CRD IV  companies | 2,678 | 2,687 |
| Solvency captial requirements for insurance | 23,259 | 24,452 |
| **Total capital requirements** | **25,936** | **27,138** |
| Net primary capital for companies included in the CRD IV report | 2,749 | 2,929 |
| Net primary capital for insurance | 40,647 | 43,234 |
| **Total net primary capital** | **43,396** | **46,164** |
| | | |
| **Overfunding** | **17,460** | **19,025** |

Under Solvency II, the capital requirement from the CRD IV companies in the Group is included in accordance with their respective capital requirements.  In a multi-sectoral financial group, all the capital requirements of the CRD IV companies are calculated based on their respective applicable requirements, including buffer requirement for the largest company in the Group (Storebrand Bank). This increases the total requirement from the CRD IV companies in relation to what is included in the Solvency II calculation. As at 30 September 2018, the difference amounted to NOK 232 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 24 and 46 in the 2017 annual report.

Storebrand has not carried out any material transactions other than normal business transactions with related parties at the close of the 3rd quarter 2018.

# Storebrand ASA
## Profit and loss account

| | Q3 | | 01.01. - 30.09 | | Full year |
|---|---|---|---|---|---|
| (NOK million) | 2018 | 2017 | 2018 | 2017 | 2017 |
| Operating income | | | | | |
| Income from investments in subsidiaries | | | 39 | 37 | 2,154 |
| Net income and gains from financial instruments: | | | | | |
| - bonds and other fixed-income securities | 8 | 8 | 21 | 32 | 36 |
| - financial derivatives/other financial instruments | -2 | -1 | -6 | -2 | -4 |
| Other financial income | | | 32 | 2 | 2 |
| **Operating income** | **6** | **7** | **86** | **68** | **2,188** |
| | | | | | |
| Interest expenses | -15 | -14 | -44 | -54 | -69 |
| Other financial expenses | 8 | -2 | 38 | -9 | -62 |
| | | | | | |
| **Operating expenses** | | | | | |
| Personnel expenses | -10 | -25 | -33 | -48 | -41 |
| Amortisation | | | | -1 | -1 |
| Other operating expenses | -7 | -15 | -30 | -39 | -81 |
| **Total operating expenses** | **-17** | **-41** | **-63** | **-87** | **-123** |
| | | | | | |
| **Total expenses** | **-24** | **-57** | **-69** | **-150** | **-254** |
| | | | | | |
| **Pre-tax profit** | **-18** | **-50** | **17** | **-82** | **1,934** |
| | | | | | |
| Tax | 6 | 13 | 22 | 30 | -110 |
| | | | | | |
| **Profit for the period** | **-12** | **-38** | **39** | **-53** | **1,824** |

### STATEMENT OF TOTAL COMPREHENSIVE INCOME

| | Q3 | | 01.01. - 30.09 | | Full year |
|---|---|---|---|---|---|
| (NOK million) | 2018 | 2017 | 2018 | 2017 | 2017 |
| **Profit for the period** | **-12** | **-38** | **39** | **-53** | **1,824** |
| | | | | | |
| **Other result elements not to be classified to profit/loss** | | | | | |
| Change in estimate deviation pension | | | | | -34 |
| Tax on other comprehensive elements | | | | | 8 |
| **Total other comprehensive income elements** | | | | | **-25** |
| | | | | | |
| **Total comprehensive income** | **-12** | **-38** | **39** | **-53** | **1,798** |

# Storebrand ASA
## Statement of financial position

| (NOK million) | 30.09.18 | 30.09.17 | 31.12.17 |
|---|---|---|---|
| **Fixed assets** | | | |
| Deferred tax assets | 156 | 266 | 135 |
| Tangible fixed assets | 27 | 28 | 28 |
| Shares in subsidiaries and associated companies | 18,716 | 17,100 | 18,724 |
| **Total fixed assets** | **18,899** | **17,394** | **18,886** |
| | | | |
| **Current assets** | | | |
| Owed within group | | | 2,207 |
| Other current receivables | 11 | 40 | |
| Investments in trading portfolio: | | | |
| - equities and other units | 21 | 3 | 3 |
| - bonds and other fixed-income securities | 2,305 | 1,871 | 1,380 |
| - financial derivatives/other financial instruments | 21 | 29 | 16 |
| Bank deposits | 42 | 45 | 53 |
| **Total current assets** | **2,400** | **1,988** | **3,659** |
| | | | |
| **Total assets** | **21,299** | **19,382** | **22,545** |
| | | | |
| **Equity and liabilities** | | | |
| | | | |
| Share capital | 2,339 | 2,250 | 2,339 |
| Own shares | -2 | -5 | -5 |
| Share premium reserve | 10,521 | 9,485 | 10,521 |
| **Total paid in equity** | **12,858** | **11,729** | **12,855** |
| | | | |
| Other equity | 5,867 | 5,110 | 5,793 |
| **Total equity** | **18,725** | **16,839** | **18,648** |
| | | | |
| **Non-current liabilities** | | | |
| Pension liabilities | 176 | 159 | 176 |
| Securities issued | 2,277 | 2,282 | 2,270 |
| **Total non-current liabilities** | **2,453** | **2,441** | **2,446** |
| | | | |
| **Current liabilities** | | | |
| Debt within group | | 1 | 3 |
| Provision for dividend | | | 1,168 |
| Other current liabilities | 121 | 101 | 280 |
| **Total current liabilities** | **122** | **102** | **1,451** |
| **Total equity and liabilities** | **21,299** | **19,382** | **22,545** |

# Storebrand ASA
## Statement of changes in equity

| (NOK million) | Share capital [1] | Own shares | Share premium | Other equity | Total equity |
|---|---|---|---|---|---|
| **Equity at 31. December 2016** | **2,250** | **-8** | **9,485** | **5,129** | **16,855** |
| Profit for the period | | | | 1,824 | 1,824 |
| Total other result elements | | | | -25 | -25 |
| **Total comprehensive income** | | | | **1,798** | **1,798** |
| | | | | | |
| Issue of shares | 90 | | 1,037 | | 1,126 |
| Provision for dividend | | | | -1,168 | -1,168 |
| Own share bought back [2] | | 3 | | 44 | 47 |
| Employee share [2] | | | | -11 | -11 |
| **Equity at 31. December 2017** | **2,339** | **-5** | **10,521** | **5,793** | **18,648** |
| Profit for the period | | | | 39 | 39 |
| **Total comprehensive income** | | | | **39** | **39** |
| | | | | | |
| Own share bought back [2] | | 3 | | 48 | 50 |
| Employee share [2] | | | | -13 | -13 |
| **Equity at 30. September 2018** | **2,339** | **-2** | **10,521** | **5,867** | **18,725** |

[1] 467 813 982 shares with a nominal value of NOK 5.
[2] In 2018, 542 532 shares were sold to our own employees. Holding of own shares 30. September 2018 was 431 140.

| | | | | | |
|---|---|---|---|---|---|
| **Equity at 31. December 2016** | **2,250** | **-8** | **9,485** | **5,129** | **16,855** |
| Profit for the period | | | | -53 | -53 |
| **Total comprehensive income** | | | | **-53** | **-53** |
| | | | | | |
| Own share bought back | | 3 | | 44 | 47 |
| Employee share | | | | -11 | -11 |
| **Equity at 30. September 2017** | **2,250** | **-5** | **9,485** | **5,110** | **16,839** |

# Storebrand ASA
## Statement of cash flow

| | 01.01 - 30.09 | |
|---|---|---|
| (NOK million) | 2018 | 2017 |
| **Cash flow from operational activities** | | |
| Receipts - interest, commission and fees from customers | 30 | 40 |
| Net receipts/payments - securities at fair value | -950 | 247 |
| Payments relating to operations | -65 | -91 |
| Net receipts/payments - other operational activities | 2,247 | 924 |
| **Net cash flow from operational activities** | **1,262** | **1,120** |
| | | |
| **Cash flow from investment activities** | | |
| Net receipts - sale of subsidiaries | 33 | |
| Net payments - sale/capitalisation of subsidiaries | -131 | -2 |
| Net receipts/payments - sale/purchase of property and fixed assets | 2 | 1 |
| **Net cash flow from investment activities** | **-96** | |
| | | |
| **Cash flow from financing activities** | | |
| Payments - repayments of loans | | -1,425 |
| Receipts - new loans | 1 | 1,000 |
| Payments - interest on loans | -47 | -64 |
| Receipts - sold own shart to employees | 37 | 36 |
| Payments - dividends | -1,168 | -695 |
| **Net cash flow from financing activities** | **-1,176** | **-1,146** |
| | | |
| **Net cash flow for the period** | **-11** | **-27** |
| | | |
| Net movement in cash and cash equivalents | -11 | -27 |
| Cash and cash equivalents at start of the period | 53 | 72 |
| **Cash and cash equivalents at the end of the period** | **42** | **45** |

# 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 2017. The accounting policies are described in the 2017 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 Bond and bank loans

| (NOK million) | Interest rate | Currency | Net nominal value | 30.09.18 | 30.09.17 | 31.12.17 |
|---|---|---|---|---|---|---|
| Bond loan 2013/2020 [1] | Fixed | NOK | 300 | 323 | 330 | 317 |
| Bond loan 2013/2018 | Variable | NOK | 450 | 452 | 452 | 452 |
| Bond loan 2014/2019 | Variable | NOK | 500 | 500 | 500 | 500 |
| Bond loan 2017/2020 | Variable | NOK | 500 | 501 | 501 | 501 |
| Bond loan 2017/2022 | Variable | NOK | 500 | 501 | 500 | 500 |
| **Total [2]** | | | | **2,277** | **2,282** | **2,270** |

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

pwc

To the Board of Directors of Storebrand ASA

## Report on Review of interim balance sheet

*Introduction*

We have reviewed the accompanying consolidated interim balance sheet of Storebrand ASA as of 30 September 2018, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 September 2018, and its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 23 October 2018
**PricewaterhouseCoopers AS**

Magne Sem
State Authorised Public Accountant

*PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo*
*T: 02316, org. no.: 987 009 713 MVA,* www.pwc.no
*Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap*

**HOVEDKONTOR:**

Storebrand ASA
Professor Kohts vei 9
Postboks 500
1327 Lysaker, Norge
Tlf.: 22 31 50 50
www.storebrand.no

Kundesenter: 08880

**ØVRIGE SELSKAPER I KONSERNET:**

SPP Livförsäkring AB
Vasagatan 10
S-105 39 Stockholm, Sverige
Tlf.: +46 8 451 70 00
www.spp.se

Storebrand Livsforsikring AS
- filial Sverige
Vasagatan 10
S-105 39 Stockholm, Sverige
Tlf.: +46 8 700 22 00
www.storebrand.se

Storebrand Kapitalforvaltning AS -
filial Sverige
Vasagatan 10
S-105 39 Stockholm, Sverige
Tlf.: +46 8 614 24 00
www.storebrand.se

Storebrand Helseforsikring AS
Professor Kohts vei 9
Postboks 464
1327 Lysaker, Norge
Tlf.: 22 31 13 30
www.storebrandhelse.no

DKV Hälsa
Vasagatan 10
S-105 39 Stockholm, Sverige
Tlf.: +46 8 619 62 00
www.dkvhalsa.se

## Financial calendar 2019

| | |
|---|---|
| **13th February** | Results Q4 2018 |
| **10th April** | Annual General Meeting |
| **8th May** | Results Q1 2019 |
| **17th July** | Results Q2 2019 |
| **23rd October** | Results Q3 2019 |
| **February 2020** | **Results Q4 2019** |

## Investor Relations contacts


| | | | |
|---|---|---|---|
| **Kjetil Ramberg Krøkje** | Head of IR | kjetil.r.krokje@storebrand.no | +47 9341 2155 |
| **Lars Løddesøl** | CFO | lars.loddesol@storebrand.no | +47 2231 5624 |

Storebrand ASA
Professor Kohtsvei 9, P.O. Box 500,
N-1327 Lysaker, Norway
Telephone +47 22 31 50 50

**www.storebrand.com/ir**


storebrand