



Interim report 2017

Storebrand Livsforsikring AS

(unaudited)

Contents

FINANCIAL PERFORMANCE SEGMENTS

Storebrand Livsforsikring Group	3
Savings	5
Insurance	6
Guaranteed pension	7
Other	9
Balance, Solidity and Capital situation	10
Outlook	12

FINANCIAL STATEMENTS/NOTES

Statement of comprehensive income Storebrand Livsforsikring Group.	14
Statement of financial position Storebrand Livsforsikring Group	16
Statement of change in equity Storebrand Livsforsikring Group	18
Statement of cash flow	19
Statement of comprehensive income Storebrand Livsforsikring AS	20
Statement of financial position Storebrand Livsforsikring AS	22
Statement of change in equity Storebrand Livsforsikring AS.	24
Notes	25

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Storebrand Livsforsikring group

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 3rd quarter result please refer to the Storebrand Group's interim report for the 3rd quarter of 2017.

PROFIT STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	2017			2016		01.01 - 30.09		Full Year
	3Q	2Q	1Q	4Q	3Q	2017	2016	2016
Fee and administration income	780	776	743	754	775	2,298	2,284	3,038
Insurance result	250	224	191	192	197	665	497	689
Operational cost	-579	-590	-604	-618	-623	-1,773	-1,794	-2,412
Operating profit	451	411	329	328	348	1,191	987	1,315
Financial items and risk result life & pension	137	297	191	388	166	625	392	779
Profit before amortisation	588	707	521	716	515	1,816	1,379	2,093

The profit before amortisation was NOK 588m (515m) in 3rd quarter 2017. The figures parenthesis are from the corresponding period last year. Total fee and administration income in the 3rd quarter increased 0.7% compared with the same period last year. Adjusted for foreign currency, the income increased 2.4%. Income within Guaranteed Pension declined, while Savings had increased revenues compared with the same period last year. Premium income for non-guaranteed savings was NOK 3.7bn in the 3rd quarter, an increase of 6.6% compared with the same period in 2016.

The operating costs in the 3rd quarter were NOK 579m (623m). In 3rd quarter 2016 costs were negatively affected by NOK 30m because of pension scheme change and restructuring. Cost-efficiency is achieved through staff reductions, increased outsourcing and automation. Volume growth within the Savings and Insurance segments has resulted in a larger part of the Group's costs being allocated to the segments. The costs in the Guaranteed Pensions segment were correspondingly reduced.

PROFIT STOREBRAND LIVSFORSIKRING GROUP - BY SEGMENTS

(NOK million)	2017			2016		01.01 - 30.09		Full Year
	3Q	2Q	1Q	4Q	3Q	2017	2016	2016
Savings	135	152	115	120	100	402	298	418
Insurance	186	149	126	121	140	461	308	429
Guaranteed pensions	244	290	201	492	126	735	378	870
Other	24	117	78	-17	149	218	395	377
Profit before amortisation	588	707	521	716	515	1,816	1,379	2,093

The Savings segment reported a profit of NOK 135m (100m) for the 3rd quarter. The earnings improvement was due to growth in assets under management in pension. Costs in this segment increased due sales and marketing activities.

The Insurance segment reported a profit of NOK 186m (140m) in the quarter. The combined risk result gives a combined ratio of 81% (87%) in the 3rd quarter.

The Guaranteed Pension segment achieved a profit before amortisation of NOK 244m (NOK 126m) in the 3rd quarter. Fee and administration income fell by 6% compared with the same quarter last year. The products within Guaranteed Pension are in long-term decline and reduced earnings from this segment are expected.

The Other segment includes the return in company portfolios which is driven by the interest rate market.

CAPITAL SITUATION AND TAXES

The Solvency II regulations were introduced on 1 January 2016. The Storebrand Group's target solvency margin in accordance with the new regulations is a minimum of 150%, including use of the transitional rules. The solvency margin for the Storebrand Group was calculated at 160% at the end of the 3rd quarter 2017 inclusive the transitional rules. Without transitional rules, the solvency margin was 150%. Storebrand uses the standard model for the calculation of Solvency II. Decrease in interest rates and volatility adjustment and increased equity stress levels all contribute negatively to the solvency margin in the quarter. Good investment results and withheld profits on the other hand, increases the solvency ratio. The combined effects gives a decrease of 2 percentage points in the quarter.

Storebrand Livsforsikring AS had a solvency margin after transitional rules of 212% as of 3rd quarter (without transitional rules, the solvency margin is calculated at 199%). The Storebrand Livsforsikring Group is no longer required to report the solvency margin, requirement at consolidated level applies for the Storebrand Group.

Tax costs in the 3rd quarter and year to date are estimated based on an expected effective tax rate for 2017. The effective tax rate is influenced

by the fact that the Group has operations in countries with tax rates that are different from Norway, and it varies from quarter to quarter depending on each legal entity's contribution to the Group result. The tax rate is estimated to be in the range of 18-22% for the year. Sales of property concluded in the third quarter, have resulted in taxable temporary differences connected with these properties being reversed, which reduces the income tax expense per 30 September.

STRENGTHENING OF RESERVES FOR LONGEVITY

In the 4th quarter of 2015, Storebrand decided to charge the remaining estimated direct contribution to expected increased longevity. The remaining reserve strengthening is expected to be covered by the surplus return and loss of profit sharing. Customer investment returns were strong in the 3rd quarter and year to date. The strengthening of reserves for increased life longevity is expected to conclude in 2017.

MARKET AND SALES PERFORMANCE

Assets under management in the Unit Linked business in Norway increased NOK 14,3bn (23%) relative to the 3rd quarter of 2016. The growth is driven by premium payments for existing contracts, returns and conversion from defined benefit schemes. In Norway, Storebrand is the market leader in Unit Linked with 32% of the market share of gross premiums written. In SPP, customer assets increased by SEK 2.2bn (3%) in the 3rd quarter and SEK 11bn (9%) from the previous year. SPP has a market share of 14% in the Swedish market for "other occupational pensions".

Sales of savings products to private individuals are good. The proportion of private individuals with occupational pensions at Storebrand who have also purchased a Storebrand Group private product is increasing.

EVENTS AFTER THE REPORTING PERIOD

On October 24th, Storebrand Livsforsikring AS has signed an agreement to acquire the Norwegian pension company Silver AS and its insurance portfolio for NOK 520m. The guaranteed defined benefit pensions in Silver will be converted to defined contribution with investment choice before the transaction. For further information, see Note 12 of the interim report.

Savings

Increased earnings due to a higher volume

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

SAVINGS

(NOK million)	2017			2016		01.01 - 30.09		Full Year
	3Q	2Q	1Q	4Q	3Q	2017	2016	2016
Fee and administration income	382	385	369	353	347	1 136	1 025	1 378
Insurance result								
- Insurance premiums for own account								
- Claims for own account								
Operational cost	-244	-243	-253	-232	-248	-741	-734	-966
Operating profit	138	141	116	121	99	396	291	412
Financial items and risk result life & pension	-3	10	-1	-1		6	7	6
- Risk result life & pension	-3	10	-1	-1		6	7	6
- Financial result								
- Net profit sharing								
Profit before amortisation	135	152	115	120	100	402	298	418

PROFIT

The Savings segment reported a profit before amortisation and tax of NOK 135m (100m) for the 3rd quarter which is equivalent to a profit increase of 36% for the quarter. Income growth is driven by good returns, customer conversion from defined-benefit to defined-contribution pension schemes, new business and higher savings rates. Fee and administration income in the 3rd quarter increased 10. For the Norwegian Unit Linked products, increased competition contributes to pressure on margins, while there are relatively stable margins in the Swedish business.

Operating expenses for the 3rd quarter are NOK 244m (248m). Costs in this segment includes increased sales and marketing activities. Operating expenses in 3rd quarter 2016 include net negative cost effect of NOK 12m linked to provisions for restructuring costs and changes in own pension scheme employees.

MARKET AND SALES PERFORMANCE

The premiums for non-guaranteed occupational pensions were NOK 3.6bn in the 3rd quarter, an increase of 7% from the same period last year. Total reserves within the Unit Linked business have increased by 20% over the last year and amounted to NOK 158bn at the end of the quarter. Assets under management in the Unit Linked business in Norway increased NOK 14.1bn (23%) relative to the 3rd quarter of 2016. The growth is driven by premium payments for existing contracts, returns and conversion from defined benefit schemes and increased savings levels. In Norway, Storebrand is the market leader in Unit Linked with 32% of the market share of gross premiums written (at the end of the 2nd quarter).

SPP has a market share of 14% in the Swedish market for other occupational pensions. Customer assets increased by SEK 2.2bn (3%) in the 3rd quarter and SEK 11bn (9%) from the previous year.

KEY FIGURES

(NOK million)	2017			2016	
	3Q	2Q	1Q	4Q	3Q
Unit Linked Reserves	157,984	151,425	147,311	139,822	131,571
Unit Linked Premiums	3,670	3,649	3,716	3,466	3,444

Insurance

Good underlying claims development and reserve releases increases profit

The Insurance segment provides personal risk products in the Norwegian and Swedish retail market and employee insurance and pensions-related insurance in the Norwegian and Swedish corporate market.

INSURANCE

(NOK million)	2017			2016			01.01 - 30.09		Full Year
	3Q	2Q	1Q	4Q	3Q	2017	2016	2016	
Fee and administration income	-	-	-	-	-	-	-	-	
Insurance result	250	224	191	192	197	665	497	689	
- Insurance premiums for own account	720	705	673	689	690	2,097	2,070	2,759	
- Claims for own account	-470	-480	-482	-496	-493	-1,432	-1,573	-2,070	
Operational cost	-113	-119	-117	-114	-107	-349	-304	-418	
Operating profit	137	106	74	78	90	317	193	271	
Financial items and risk result life & pension	49	43	53	43	50	145	115	158	
- Risk result life & pension	-	-	-	-	-	-	-	-	
- Financial result	49	43	53	43	50	145	115	158	
- Net profit sharing	-	-	-	-	-	-	-	-	
Profit before amortisation	186	149	126	121	140	461	308	429	

PROFIT

Insurance delivered a profit before amortisation of NOK 186m (140m) in 3rd quarter. Overall combined ratio for the quarter was 81% (87%).

The combined risk result gives a claims ratio of 65 % (71 %) in the 3rd quarter, and the underlying risk development is satisfying. Group Life has delivered a good risk result on disability and mortality risk, and a solid return from the investment portfolio. The claims ratio was further improved due dissolution of reserves. The risk result for Group Disability Pension is stable.

The cost ratio ended at 16% (15%) for the 3rd quarter. As planned, growth initiatives have resulted in higher costs for the insurance area.

The investment portfolio of Insurance in Norway amounted to NOK 6.5bn as of the 3rd quarter, which is primarily invested in fixed income securities with a short to medium duration.¹

MARKET AND SALES PERFORMANCE

Premium for own account amounts to NOK 720m (690m) in the 3rd quarter.

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

PORTFOLIO PREMIUM (ANNUAL)

(NOK million)	2017			2016		
	3Q	2Q	1Q	4Q	3Q	
Individual life *	640	637	635	632	629	
Group life **	894	880	874	896	908	
Pension related disability insurance ***	1,183	1,176	1,184	1,266	1,268	
Portfolio premium	2,717	2,694	2,692	2,793	2,805	

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

KEY FIGURES

(NOK million)	2017			2016		
	3Q	2Q	1Q	4Q	3Q	
Claims ratio	65 %	68 %	72 %	72 %	71 %	
Cost ratio	16 %	17 %	17 %	17 %	15 %	
Combined ratio	81 %	85 %	89 %	89 %	87 %	

¹⁾ NOK 2,7bn 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 development in line with strategy and product run-off. Postive profit sharing result during the quarter.

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

(NOK million)	2017			2016		01.01 - 30.09		Full Year
	3Q	2Q	1Q	4Q	3Q	2017	2016	2016
Fee and administration income	380	369	358	376	403	1,108	1,190	1,566
Insurance result	-	-	-	-	-	-	-	-
- Insurance premiums for own account	-	-	-	-	-	-	-	-
- Claims for own account	-	-	-	-	-	-	-	-
Operational cost	-212	-216	-221	-260	-257	-649	-721	-981
Operating profit	169	153	137	116	146	459	469	585
Financial items and risk result life & pension	75	137	64	376	-20	276	-91	284
- Risk result life & pension	9	6	34	-13	-18	49	-24	-37
- Financial result	-	-	-	-	-	-	-	-
- Net profit sharing	66	131	30	389	-2	227	-67	322
Profit before amortisation	244	290	201	492	126	735	378	870

PROFIT

Guaranteed Pension achieved a profit before amortisation and strengthening of longevity reserves of NOK 244m (NOK 126m) for the 3rd quarter.

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 380m (NOK 403m) for the 3rd quarter. This is equivalent to a reduction of 6% in 2017 compared with the same quarter last year.

The operating costs were reduced due to the area being in long-term decline and amounted to NOK 212m (NOK 257m) for the 3rd quarter.

The risk result was NOK 9m (minus NOK 18m) for the 3rd quarter. The

risk result was mainly generated in the Swedish business and is driven by positive mortality compared with the tariff.

The result from profit sharing and loan losses consists of profit sharing and financial effects. The result was NOK 66m (minus NOK 2m) for the 3rd quarter. The result was primarily generated in the Swedish business and during the quarter was driven by a positive development in the equity, property and credit portfolios, and generated profit sharing of NOK 49m in the quarter. The Norwegian business is prioritising the build-up of buffers and reserves prior to profit sharing between customers and owners. Nonetheless, during the quarter there was a profit sharing result in the Norwegian individual customer portfolio of NOK 17m.

BALANCE SHEET AND MARKET TRENDS

The majority of the products are closed for new business, and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy. At the end of the 3rd quarter, customer reserves for guaranteed pensions amounted to NOK 261bn, which is the same level as at the 3rd quarter of 2016. The total premium income for guaranteed pensions (excluding transfers) was NOK 1.0bn (NOK 1.1bn) for the 3rd quarter. This corresponds to a decrease of 18% year to date.

In the Norwegian business, paid-up policies was the only guaranteed pension portfolio that experienced growth and amounted to NOK 128bn at the close of the 3rd quarter, an increase of NOK 13bn since the

end of the year, which is equivalent to 11%. From and including 2014, the customers were given an offer to convert from traditional paid-up policies to paid-up policies with investment choice. Paid-up policies with investment choice, which are included in the Savings segment, amounted to NOK 6.4bn at the close of the 3rd quarter. Reserves for defined-benefit pensions in Norway amounted to NOK 36bn at the end of the 3rd quarter, a decline of NOK 11bn since the start of the year.

Guaranteed portfolios in the Swedish business totalled NOK 83bn at the close of the 3rd quarter, representing a stable level in recent quarters.

KEY FIGURES

(NOK million)	2017			2016	
	3Q	2Q	1Q	4Q	3Q
Guaranteed reserves	261,652	260,459	261,148	258,723	261,547
Guaranteed reserves in % of total reserves	62.4 %	63.2 %	63.9 %	64.9 %	66.5 %
Transfer out of guaranteed reserves	103	199	541	245	239
Buffer capital in % of customer reserves Storebrand	5.2 %	5.3 %	5.4 %	5.7 %	5.6 %
Buffer capital in % of customer reserves SPP	9.3 %	8.9 %	6.7 %	6.7 %	6.7 %

Other

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

OTHER

(NOK million)	2017			2016		01.01 - 30.09		Full Year
	3Q	2Q	1Q	4Q	3Q	2017	2016	2016
Fee and administration income	17	22	16	25	25	55	69	94
Insurance result	-	-	-	-	-	-	-	-
- Insurance premiums for own account	-	-	-	-	-	-	-	-
- Claims for own account	-	-	-	-	-	-	-	-
Operational cost	-10	-12	-13	-12	-12	-35	-35	-48
Operating profit	7	10	3	13	13	20	33	46
Financial items and risk result life & pension	17	106	75	-29	136	198	362	331
- Risk result life & pension	1	-5	2	-11	0	-2	18	7
- Financial result	16	111	73	-18	142	200	352	333
- Net profit sharing	-	-	-	-1	-6	-	-9	-9
Profit before amortisation	24	117	78	-17	149	218	395	377

PROFIT

Fee and administration income is associated to BenCo's business being wound down over a long-term.

The financial result for the Other segment includes the net return from the company portfolios of SPP and Storebrand Livsforsikring as well as the net result for subsidiaries.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. With the interest rate level at the end of the 3rd quarter, interest expenses of approximately NOK 100m per

quarter are expected. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 22.8bn at the end of the 3rd quarter.

The investments are primarily in interest-bearing securities in Norway and Sweden with short maturities. The Norwegian company portfolio reported a return of 0.56% for the quarter. The Swedish company portfolio provided a return of 0.10%.

Balance sheet and capital situation

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

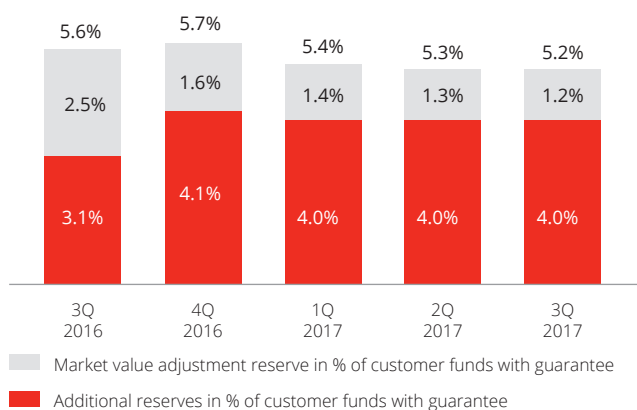
STOREBRAND LIVSFORSIKRING GROUP

The solidity capital¹ amounted to NOK 62.8bn at the end of 3rd quarter 2017, an increase of NOK 1.1bn in 3rd quarter and NOK 5.5bn year to date. The change in the quarter and year to date is due to positive profits, increased customer buffers in the Swedish business and reduction of customer buffers in the Norwegian business.

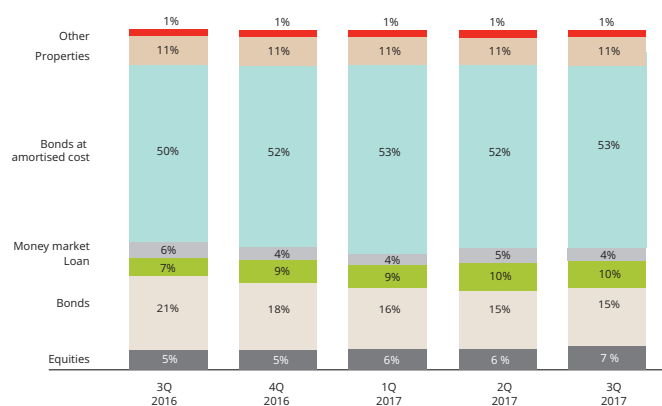
STORBRAND LIVSFORSIKRING AS

The market value adjustment reserve remained stable during the 3rd quarter and has declined by NOK 0.6bn year to date, and amounted to NOK 2.1bn at the end of the 3rd quarter of 2017. The additional statutory reserves remained unchanged during the quarter and year to date and amounted to NOK 6.7bn at the end of the 3rd quarter of 2017. The excess value of bonds and loans valued at amortised cost has been reduced by 0.2bn in the 3rd quarter and year to date and totaled NOK 8.6bn per 3rd quarter. The excess value of bonds and loans at amortised cost is not included in the financial statements.

CUSTOMER BUFFERS



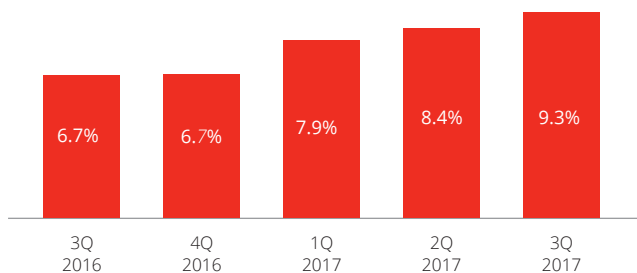
ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Customer assets increased by NOK 4.4bn in the 3rd quarter and NOK 11.8bn year to date due to positive returns. Customer assets totalled NOK 254bn at the end of the 3rd quarter of 2017. Customer assets within non-guaranteed savings increased NOK 4.1bn during the 3rd quarter and NOK 10.3bn for the year to date. Guaranteed customer assets increased NOK 0.3bn during the 3rd quarter and NOK 1.5bn for the year to date.

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 and retained earnings.

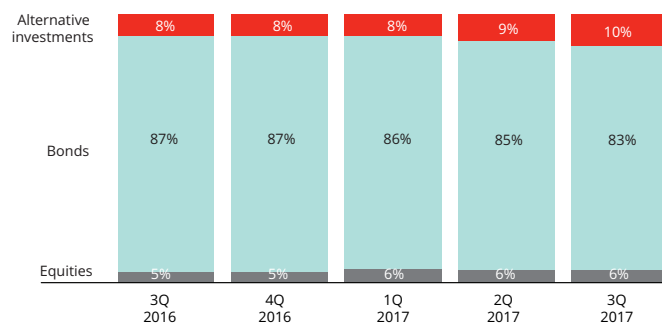
SPP
CUSTOMER BUFFERS



■ Conditional bonus in % of customer fund with guarantee

The buffer capital amounted to SEK 7.2bn (SEK 5.6bn) as of the 3rd quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were SEK 167bn for the 3rd quarter. This corresponds to an increase of 3.6% compared with the 3rd quarter of 2016. For customer assets in non-guaranteed savings, assets under management totalled SEK 84.7bn in the 3rd quarter, which corresponds to an increase of 12.5%, compared with the 3rd quarter of 2016.

Outlook

FINANCIAL PERFORMANCE

Storebrand is the market leader for the sale of pension solutions to Norwegian businesses. Defined-contribution pension plans are the dominant solution for pension savings in Norway. The market for defined-contribution pensions is growing, and Storebrand's reserves within Unit Linked increased by 20% from the 3rd quarter of 2016. Good sales growth for defined-contribution pensions is expected in the future.

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

The Guaranteed Pension segment is in long-term decline and the combined reserves for the Guaranteed business are decreasing. However, there is continued growth in the reserves linked to paid-up policies due to companies choosing to convert existing defined-benefit schemes to defined-contribution schemes. It is expected that the growth in paid-up policies will decline in the future and that there will be flat growth in reserves over several years before the reserves start to fall. The portfolio of paid-up policies 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 62% at the end of the quarter, a 4 percentage point reduction from the previous year.

It is targeted that nominal costs will be lower in 2018. Storebrand will still make selected investments in growth. Outsourcing is expected to provide lower costs for the Group in 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 building up buffer capital. Over time the level of the annual interest rate guarantee will be reduced. In the long term, continued low interest rates will represent a risk for products with guaranteed high interest rates running at a loss, and it is therefore important to achieve a return that exceeds the interest

rate guarantee associated with the products. Storebrand has therefore adjusted its assets by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. For insurance risk, increased longevity and the development in disability are the factors that have greatest influence on solvency. Operational risk is closely monitored and may also have a significant effect on solvency.

TAX FAVORABLE INDIVIDUAL PENSION SAVINGS

The new scheme for individual pension savings (IPS) will take effect on 1 November 2017. Tax deductions are granted for savings up to NOK 40,000 per year. The tax rules are symmetrical with the same rate for deductions when contributions are made, and tax on disbursement. In addition, there are deferred tax on returns and exception for wealth tax. The increase in savings framework for self-employed workers from 4-6% has already entered into force.

UNIT LINKED

In the national state budget the Government proposes new tax rules for Unit Linked accounts from 1 January 2019. The objective is that investments in shares and other securities through insurance based Unit Linked contracts, shall be taxed equally with investments in mutual funds when the insurance element is low (less than 50% of the balance). Compared with equity savings accounts, Unit Linked accounts offers the opportunity to invest in several asset classes, and the new rules also makes this an attractive savings platform.

PERSONAL PENSION ACCOUNT

The Ministry of Finance is drawing upon a concrete model for a system of personal pension accounts, which will then be sent for consultation. The Ministry is hereby following up on the interministerial working group's report from December 2016, which discussed various solutions for personal pension accounts. The purpose of personal pension account is to collect all pensions from current and former employers in a single account. A proposal from the Ministry is expected in December.

REPORT ON PAID-UP POLICIES

The Ministry of Finance will assess possible amendments to the rules for guaranteed paid-up policies. The assessment will be carried out by a working group with participants from the Ministry of Finance, the Ministry of Labour and Social Affairs and the Financial Supervisory Authority of Norway. A reference group will be established with participants from the labour marked parties and the industry. The work has not started yet.

TAX RULES FOR INSURANCE COMPANIES

In the national budget the Ministry of Finance announced that a proposal for changes in the taxation of insurance and pension companies will be sent for consultation this autumn.

CAPITAL MANAGEMENT

Storebrand has established a framework for capital management that links dividends to the solvency ratio. The goal is a solvency ratio of above 150%, including transitional rules. The solvency ratio at the end of the 3rd quarter was 160%. A minimum level for dividends is a solvency ratio without transitional rules of 110%. The solvency ratio without transitional rules at the end of the 3rd quarter was 150%. The solvency level shows that the Group is robust for the risks the business faces. A gradual improvement is expected in the underlying solvency margin in the coming years. Reduction in capital requirements from guaranteed business and results from the Group is expected to improve solvency on a recurring basis. Volatility from financial markets and change in regulatory input parameters can lead to short term movements in the solvency ratio. This is primarily due to the discontinuation of the strengthening of reserves for increased longevity, expected result generation in the Group, and reduced capital requirements from guaranteed business. The strengthening of reserves for increased longevity is expected to be concluded in 2017.

Lysaker, 24 October 2017

Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring group

Statement of comprehensive income

(NOK million)	3Q		01.01 - 30.09		Full Year
	2017	2016	2017	2016	2016
Technical account					
Gross premiums written	5,462	5,251	17,686	18,343	23,433
Reinsurance premiums ceded	8	-20	-50	-107	-127
Premium reserves transferred from other companies	559	471	1,910	1,123	1,454
Premiums for own account	6,029	5,702	19,546	19,358	24,760
Income from investments in subsidiaries, associated companies and joint ventures companies	54	35	152	118	150
Interest income and dividends etc. from financial assets	1,062	1,357	3,744	4,755	8,337
Net operating income from properties	246	244	719	695	897
Changes in investment value	1,388	1,357	2,996	6,235	1,179
Realised gains and losses on investments	494	1,348	1,894	3,128	3,408
Total net income from investments in the collective portfolio	3,244	4,340	9,505	14,931	13,972
Income from investments in subsidiaries, associated companies and joint ventures companies	7	4	20	13	17
Interest income and dividends etc. from financial assets	-33	-195	-29	12	625
Net operating income from properties	28	22	78	64	83
Changes in investment value	2,438	5,760	7,738	4,017	8,552
Realised gains and losses on investments	639	341	2,078	915	1,036
Total net income from investments in the investment selection portfolio	3,079	5,931	9,884	5,021	10,313
Other insurance related income	246	562	1,214	1,527	2,126
Gross claims paid	-4,931	-4,399	-14,087	-13,486	-18,031
Claims paid - reinsurance	38	15	45	24	18
Premium reserves etc. transferred to other companies	-812	-964	-4,630	-4,909	-6,101
Claims for own account	-5,704	-5,347	-18,673	-18,371	-24,114
To (from) premium reserve, gross	1,033	-469	2,575	-6,534	-3,972
To/from additional statutory reserves	12	-1	73	141	-1,490
Change in value adjustment fund	54	1,025	579	300	1,836
Change in premium fund, deposit fund and the pension surplus fund	-2	-1	-17	-5	-11
To/from technical reserves for non-life insurance business	-18	-33	-17	-60	-34
Change in conditional bonus	-555	-362	-1,877	2,471	1,126
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-4	13	-12	4	2
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	521	171	1,305	-3,682	-2,543
Change in pension capital	-5,558	-8,136	-15,898	-12,151	-19,352
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-5,558	-8,136	-15,898	-12,151	-19,352
Profit on investment result		1			-501
Risk result allocated to insurance contracts					0
Other allocation of profit	5	-3	4	-3	-263
Unallocated profit	-664	-2,065	-3,306	-3,546	
Funds allocated to insurance contracts	-659	-2,066	-3,302	-3,549	-765
Management expenses	-58	-199	-170	-306	-218
Selling expenses	-182	-38	-537	-396	-706

Storebrand Livsforsikring group

Statement of comprehensive income continue

(NOK million)	3Q		01.01 - 30.09		Full Year
	2017	2016	2017	2016	2016
Change in pre-paid direct selling expenses	1		7	1	0
Insurance-related administration expenses (incl. commissions for reinsurance received)	-358	-404	-1,086	-1,097	-1,510
Insurance-related operating expenses	-597	-641	-1,786	-1,798	-2,435
Other insurance related expenses	-29	-123	-186	-239	-222
Technical insurance profit	572	393	1,608	1,047	1,740
Non-technical account					
Income from investments in subsidiaries, associated companies and joint ventures companies	-2	6	74	17	24
Interest income and dividends etc. from financial assets	56	82	228	241	322
Net operating income from properties				10	10
Changes in investment value	-32	115	47	287	287
Realised gains and losses on investments	63	26	191	49	105
Net income from investments in company portfolio	86	229	539	603	749
Other income	47	42	159	131	283
Management expenses	3	-6	-14	-21	-29
Other costs	-217	-243	-767	-686	-1,047
Management expenses and other costs linked to the company portfolio	-214	-249	-782	-707	-1,075
Profit or loss on non-technical account	-82	22	-84	27	-44
Profit before tax	490	115	1,524	1,075	1,697
Tax costs	69	-99	2	-103	-196
Profit before other comprehensive income	559	316	1,526	972	1,501
Change in actuarial assumptions	-2	-13	-8	-31	-79
Change in value adjustment reserve own properties	85	12	432	183	205
Profit/loss cash flow hedging	-21	-32	-2	-50	-60
Adjustment of insurance liabilities	-85	-12	-432	-183	-205
Tax on other profit elements not to be classified to profit/loss					19
Other comprehensive income not to be classified to profit/loss	-23	-45	-10	-81	-120
Currency translation differences	-137	-400	200	-864	-783
Other profit comprehensive income that may be classified to profit /loss	-137	-400	200	-864	-783
Other comprehensive income	-160	-445	190	-944	-902
Total comprehensive income	399	-129	1,717	27	598
Profit is attributable to:					
Majority share of profit	559	314	974	954	1,482
Minority share of profit	1	2	3	18	19
Comprehensive income is attributable to:					
Majority share of profit	400	-127	1,163	17	586
Minority share of profit	-1	-1	4	10	12

Storebrand Livsforsikring group

Statement of financial position

(NOK million)	30.09.2017	30.09.2016	31.12.2016
Assets			
Assets in company portfolio			
Goodwill	779	746	757
Other intangible assets	3,589	3,839	3,753
Total intangible assets	4,368	4,585	4,510
Properties at fair value	50	51	51
Equities and fund units in subsidiaries, associated companies and joint ventures companies	82	266	265
Loans at amortised cost	2	1	1
Bonds at amortised cost	3,150	2,766	2,868
Deposits at amortised cost	261	415	146
Equities and other fund units at fair value	17	75	103
Bonds and other fixed-income securities at fair value	23,532	21,927	23,172
Derivatives at fair value	959	1,263	932
Total investments	28,054	26,765	27,538
Receivables in connection with direct business transactions	802	733	481
Receivables in connection with reinsurance transactions		2	9
Receivables with group company	72	57	61
Other receivables	3,062	4,392	2,016
Total receivables	3,937	5,184	2,567
Tangible fixed assets	471	444	458
Cash, bank	1,812	1,574	2,769
Tax assets	310	424	312
Other assets designated according to type	797	759	766
Total other assets	3,390	3,202	4,306
Pre-paid direct selling expenses	523	496	502
Other pre-paid costs and income earned and not received	130	124	101
Total pre-paid costs and income earned and not received	653	620	603
Total assets in company portfolio	40,401	40,356	39,524
Assets in customer portfolios			
Properties at fair value	22,796	21,565	22,050
Properties for own use	3,180	2,682	2,702
Equities and fund units in subsidiaries, associated companies and joint ventures companies	3,023	1,587	1,718
Loans to and securities issued by subsidiaries, associated companies	38	37	37
Bonds held to maturity	15,720	15,725	15,644
Bonds at amortised cost	84,348	76,189	79,378
Loans at amortised cost	18,850	12,864	16,628
Deposits at amortised cost	3,989	6,941	4,159
Equities and fund units at fair value	22,320	18,276	19,329
Bonds and other fixed-income securities at fair value	103,426	124,565	113,976
Financial derivatives at fair value	2,708	6,066	3,548
Loans at fair value	4,260	871	2,346
Total investments in collective portfolio	284,658	287,368	281,515
Reinsurance share of insurance obligations	71	105	106

Storebrand Livsforsikring group

Statement of financial position continue

(NOK million)	30.09.2017	30.09.2016	31.12.2016
Properties at fair value	2,591	2,007	2,060
Properties for own use	204	172	161
Equities and fund units in subsidiaries, associated companies and joint ventures companies	645	185	200
Loans	886		100
Deposits at amortised cost	279	356	216
Equities and fund units at fair value	123,582	101,431	110,087
Bonds and other fixed-income securities at fair value	30,959	27,443	27,358
Financial derivatives at fair value	85	731	73
Other financial assets	0	3	
Total investments in investment selection portfolio	159,230	132,328	140,255
Total assets in customer portfolio	443,959	419,801	421,876
Total assets	484,360	460,156	461,400
Equity and liabilities			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Total paid in equity	13,251	13,251	13,251
Risk equalisation fund	146	139	140
Other earned equity	11,997	9,744	10,290
Minority's share of equity	117	325	114
Total earned equity	12,260	10,207	10,545
Perpetual subordinated loan capital	2,099	2,749	2,098
Dated subordinated loan capital	3,792	2,992	3,742
Hybrid tier 1 capital	1,504	1,503	1,504
Total subordinated loan capital and hybrid tier 1 capital	7,395	7,244	7,344
Premium reserves	259,615	260,018	259,661
Additional statutory reserves	6,721	5,190	6,794
Market value adjustment reserve	2,104	4,220	2,684
Premium fund, deposit fund and the pension surplus fund	2,274	2,410	2,671
Conditional bonus	9,158	6,322	7,241
Unallocated profit to insurance contracts	3,309	3,546	
Other technical reserve	665	709	684
Total insurance obligations in life insurance - contractual obligations	283,846	282,413	279,734
Pension capital	159,119	132,878	141,162
Unallocated profit to insurance contracts	-3		
Total insurance obligations in life insurance - investment portfolio separately	159,116	132,878	141,162
Pension liabilities etc.	89	112	96
Deffered tax	173	173	189
Other provisions for liabilities	1		3
Total provisions for liabilities	262	285	287
Liabilities in connection with direct insurance	1,268	1,108	1,204
Liabilities in connection with reinsurance	29	29	44
Financial derivatives	1,523	1,019	1,985
Liabilities to group companies	28	19	60
Other liabilities	4,923	11,147	5,239
Total liabilities	7,771	13,322	8,532
Other accrued expenses and received, unearned income	459	555	544
Total accrued expenses and received, unearned income	459	555	544
Total equity and liabilities	484,360	460,156	461,400

Storebrand Livsforsikring group

Statement of change in equity

(NOK million)	Majority's share of equity							Total equity
	Share capital	Share premium	Total paid in equity	Risk equalisation fund	Other equity	Minority interests		
Equity at 31.12.2015	3,540	9,711	13,251	142	9,724	576	23,693	
Profit for the period				-3	957	18	972	
Other comprehensive income					-937	-7	-944	
Total comprehensive income for the period				-3	20	10	27	
Equity transactions with owner:								
Group contributions						-14	-14	
Derecognition minority						-248	-248	
Equity at 30.09.2016	3,540	9,711	13,251	139	9,744	325	23,458	
Profit for the period				-2	1,484	19	1,501	
Other comprehensive income					-896	-7	-902	
Total comprehensive income for the period				-2	588	12	598	
Equity transactions with owner:								
Group contributions					-17	-14	-31	
Derecognition minority						-459	-459	
Other					-5		-5	
Equity at 31.12.2016	3,540	9,711	13,251	140	10,290	114	23,796	
Profit for the period				6	1,517	3	1,526	
Other comprehensive income					189	1	190	
Total comprehensive income for the period				6	1,706	4	1,717	
Equity transactions with owner:								
Group contributions						-1	-1	
Other					1	-1	0	
Equity at 30.09.2017	3,540	9,711	13,251	146	11,998	117	25,512	

Storebrand Livsforsikring

Statement of cash flow 1. January - 30. September

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2016	2017	(NOK million)	2017	2016
Cash flow from operational activities				
20,094	17,326	Net received - direct insurance	12,238	14,823
-13,636	-13,950	Net claims/benefits paid - direct insurance	-7,500	-7,517
-3,786	-2,721	Net receipts/payments - policy transfers	-2,484	-2,701
-1,593	-444	Net change insurance liabilities	-483	-294
1,441	1,214	Receipts - interest, commission and fees from customers	400	334
-419	-186	Payments - interest, commission and fees to customers	-147	-384
-1,807	-1,764	Net receipts/payments operations	-1,024	-985
-691	-685	Net receipts/payments - other operational activities	-1,440	-545
-398	-1,210	Net cash flow from operational activities before financial assets	-440	2,731
-7,717	-4,854	Net receipts/payments - loans to customers	-3,008	-6,846
9,419	5,744	Net receipts/payments - financial assets	2,448	6,794
1,726,9	-821,3	Net receipts/payments - property activities		
-3,265	440	Net change bank deposits insurance customers	207	-2,553
164	509	Net cash flow from operational activities from financial assets	-354	-2,605
-234	-700	Net cash flow from operational activities	-794	126
Cash flow from investment activities				
		Net payments - sale/purchase of subsidiaries	245	
	245	Net payments - purchase/capitalisation associated companies		
-43	-35	Net receipts/payments - sale/purchase of fixed assets	-4	-4
-43	210	Net cash flow from investment activities	241	-4
Cash flow from financing activities				
-316	-324	Payments - interest on subordinated loan capital	-324	-316
-14		Payment of dividend		
-330	-324	Net cash flow from financing activities	-324	-316
-607	-814	Net cash flow for the period	-876	-193
-771	-1,323	of which net cash flow for the period before financial assets	-523	2,411
-607	-814	Net movement in cash and cash equivalent assets	-876	-193
		Cash at start of the period sold companies		
2,411	2,916	Cash and cash equivalents at start of the period	1,787	1,234
185	-28	Currency translation differences		
1,989	2,074	Cash and cash equivalent assets at the end of the period	911	1,041

Storebrand Livsforsikring AS

Statement of comprehensive income

(NOK million)	3Q		01.01 - 30.09		Full Year
	2017	2016	2017	2016	2016
Technical account					
Gross premiums written	3,688	3,586	12,609	13,060	16,589
Reinsurance premiums ceded	-3	-1	-31	-29	-30
Premium reserves transferred from other companies	186	235	920	552	806
Premiums for own account	3,872	3,820	13,498	13,583	17,365
Income from investments in subsidiaries, associated companies and joint ventures companies	263	535	1,525	1,575	1,948
of which from investment in property companies	277	560	1,491	1,601	1,965
Interest income and dividends etc. from financial assets	575	477	2,062	2,727	5,942
Changes in investment value	1,342	634	2,749	1,707	-1,597
Realised gains and losses on investments	69	881	1,070	1,662	2,209
Total net income from investments in the collective portfolio	2,249	2,526	7,406	7,671	8,502
Income from investments in subsidiaries, associated companies and joint ventures companies	39	72	228	195	249
of which from investment in property companies	39	72	228	195	249
Interest income and dividends etc. from financial assets	-41	-199	-38	5	615
Changes in investment value	1,473	1,323	3,375	560	1,999
Realised gains and losses on investments	628	345	2,063	920	1,039
Total net income from investments in the investment selection portfolio	2,099	1,540	5,627	1,680	3,902
Other insurance related income	141	116	400	334	454
Gross claims paid	-2,501	-2,476	-7,670	-7,483	-9,962
Claims paid - reinsurance	6	2	11	8	12
Premium reserves etc. transferred to other companies	-425	-607	-3,404	-3,253	-4,170
Claims for own account	-2,920	-3,081	-11,063	-10,728	-14,119
To (from) premium reserve, gross	13	126	-767	-10	-1,739
To/from additional statutory reserves	12	-1	73	141	-1,490
Change in value adjustment fund	54	1,025	579	300	1,836
Change in premium fund, deposit fund and the pension surplus fund	-2	-1	-17	-5	-11
To/from technical reserves for non-life insurance business	-18	-33	-17	-60	-34
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-4	13	-12	4	2
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	55	1,128	-161	370	-1,437
Change in pension capital	-4,099	-3,237	-10,265	-7,441	-11,256
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-4,099	-3,237	-10,265	-7,441	-11,256
Profit on investment result					-501
Other allocation of profit					-259
Unallocated profit	-664	-2,065	-3,306	-3,546	
Funds allocated to insurance contracts	-664	-2,065	-3,306	-3,546	-761

Storebrand Livsforsikring AS

Statement of comprehensive income continue

(NOK million)	3Q		01.01 - 30.09		Full Year
	2017	2016	2017	2016	2016
Management expenses	-47	-49	-140	-132	-171
Selling expenses	-60	-69	-203	-206	-278
Insurance-related administration expenses (incl. commissions for reinsurance received)	-223	-251	-688	-653	-918
Insurance-related operating expenses	-330	-369	-1,030	-991	-1,368
Other insurance related expenses after reinsurance share	-16	-110	-147	-203	-182
Technical insurance profit	387	269	959	729	1,100
Non-technical account					
Income from investments in subsidiaries, associated companies and joint ventures companies	-80	-275	305	-635	-536
Interest income and dividends etc. from financial assets	62	82	240	238	319
Changes in investment value	-35	76	22	200	203
Realised gains and losses on investments	159	341	20	785	736
Net income from investments in company portfolio	107	224	587	587	722
Other income	4	6	15	18	24
Management expenses	-4	-4	-13	-11	-15
Other costs	-80	-88	-323	-246	-373
Total management expenses and other costs linked to the company portfolio	-84	-91	-336	-257	-388
Profit or loss on non-technical account	27	138	267	349	359
Profit before tax	413	407	1,226	1,078	1,459
Tax costs	69	-95	13	-88	-205
Profit before other comprehensive income	482	313	1,238	990	1,254
Change in actuarial assumptions					-18
Profit/loss cash flow hedging	-21	-32	-2	-50	-60
Tax on other profit elements not to be classified to profit/loss					19
Other comprehensive income not to be classified to profit/loss	-21	-32	-2	-50	-58
Other comprehensive income	-21	-32	-2	-50	-58
Total comprehensive income	462	281	1,236	940	1,195

Storebrand Livsforsikring AS

Statement of financial position

(NOK million)	30.09.2017	30.09.2016	31.12.2016
Assets			
Assets in company portfolio			
Other intangible assets	104	186	133
Total intangible assets	104	186	133
Equities and fund units in subsidiaries, associated companies and joint ventures companies	13 038	13 335	13 434
of which investment in property companies			
Loans at amortised cost	1	1	1
Bonds at amortised cost	3,150	2,766	2,868
Deposits at amortised cost	257	413	143
Equities and fund units at fair value	16	74	83
Bonds and other fixed-income securities at fair value	14,829	12,261	13,529
Derivatives at fair value	959	1,263	932
Total investments	32,251	30,114	30,989
Receivables in connection with direct business transactions	768	687	419
Receivables in connection with reinsurance transactions		2	9
Receivables with group company	74	57	66
Other receivables	382	2,591	410
Total receivables	1,225	3,337	903
Tangible fixed assets	8	12	11
Cash, bank	653	627	1,644
Tax assets	188	272	175
Total other assets	849	912	1,830
Other pre-paid costs and income earned and not received	19	32	14
Total pre-paid costs and income earned and not received	19	32	14
Total assets in company portfolio	34,448	34,581	33,870
Assets in customer portfolios			
Equities and fund units in subsidiaries, associated companies and joint ventures companies	21,496	20,626	20,884
of which investment in property companies	20,683	19,855	20,104
Bonds held to maturity	15,720	15,725	15,644
Bonds at amortised cost	84,348	76,189	79,378
Loans at amortised cost	18,850	12,864	16,628
Deposits at amortised cost	1,885	4,416	2,133
Equities and fund units at fair value	12,827	9,889	10,501
Bonds and other fixed-income securities at fair value	30,914	46,512	38,444
Financial derivatives at fair value	365	940	128
Total investments in collective portfolio	186,406	187,161	183,739
Reinsurance share of insurance obligations	71	105	106
Equities and fund units in subsidiaries, associated companies and joint ventures companies	3,673	2,805	2,974
of which investment in property companies	3,673	2,805	2,974
Loans at amortised cost	886		100
Deposits at amortised cost	224	318	183
Equities and fund units at fair value	46,385	35,562	39,626
Bonds and other fixed-income securities at fair value	24,445	21,762	21,807
Financial derivatives at fair value	85	731	73

Storebrand Livsforsikring AS

Statement of financial position continue

(NOK million)	30.09.2017	30.09.2016	31.12.2016
Total investments in investment selection portfolio	75,698	61,179	64,763
Total assets in customer portfolios	262,175	248,446	248,609
Total assets	296,623	283,026	282,478
Equity and liabilities			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Total paid in equity	13,251	13,251	13,251
Risk equalisation fund	146	139	140
Other earned equity	12,272	10,784	11,042
Total earned equity	12,418	10,923	11,182
Perpetual subordinated loan capital	2,099	2,097	2,098
Dated subordinated loan capital	3,792	2,992	3,742
Hybrid tier 1 capital	1,504	1,503	1,504
Total subordinated loan capital and hybrid tier 1 capital	7,395	6,593	7,344
Premium reserves	169,626	166,815	168,884
Additional statutory reserves	6,721	5,190	6,794
Market value adjustment reserve	2,104	4,220	2,684
Premium fund, deposit fund and the pension surplus fund	2,274	2,410	2,671
Unallocated profit to insurance contracts	3,309	3,546	
Other technical reserve	665	709	684
Total insurance obligations in life insurance - contractual obligations	184,699	182,889	181,716
Pension capital	75,410	61,329	65,144
Unallocated profit to insurance contracts	-3		
Total insurance obligations in life insurance - investment portfolio separately	75,406	61,329	65,144
Pension liabilities etc.	59	97	59
Total provisions for liabilities	59	97	59
Liabilities in connection with direct insurance	1,006	869	898
Liabilities in connection with reinsurance	16		
Financial derivatives	575	157	1,047
Liabilities to group companies	23	108	199
Other liabilities	1,620	6,565	1,415
Total liabilities	3,241	7,699	3,559
Other accrued expenses and received, unearned income	154	245	224
Total accrued expenses and received, unearned income	154	245	224
Total equity and liabilities	296,623	283,026	282,478

Storebrand Livsforsikring AS

Statement of change in equity

(NOK million)	Share capital ¹⁾	Share premium reserve	Total paid in equity	Risk equalisation fund	Other equity	Total equity
Equity at 31.12.2015	3,540	9,711	13,251	142	9,845	23,238
Profit for the period				-3	993	990
Other comprehensive income					-50	-50
Total comprehensive income for the period				-3	943	940
Equity transactions with owner:						
Other					-3	-3
Equity at 30.09.2016	3,540	9,711	13,251	139	10,784	24,174
Profit for the period				-2	1,255	1,254
Other comprehensive income					-58	-58
Total comprehensive income for the period				-2	1,197	1,195
Equity at 31.12.2016	3,540	9,711	13,251	140	11,042	24,433
Profit for the period				6	1,232	1,238
Other comprehensive income					-2	-2
Total comprehensive income for the period				6	1,230	1,236
Equity at 30.09.2017	3,540	9,711	13,251	146	12,272	25,669

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

Notes

Storebrand Livsforsikring group

Note 01 | Accounting policies

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries, associated and joint-ventures companies. The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of lifeinsurance companies" for the parent company and the consolidated financial statements in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2016 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

There is none new or amended accounting standards that entered into effect as at 1 January 2017 that have caused significant effects on Storebrand's interim reports.

Storebrand Livsforsikring AS - the company's financial statements

The financial statements have been prepared in accordance with the accounting principles that were used in the annual financial statements for 2016.

During the quarter and year to date, changes were made to the classification of certain types of transactions in the income statement, and comparable figures have been restated. This has resulted in some minor changes between lines in the income statement, but has no effect on the Group result or the classification in the segment note. Below are the most significant result lines that are included in the changes:

- interest income and dividend etc. on financial instruments - the collective portfolio
- realised gains and losses on investments - the collective portfolio
- other insurance related income
- gross claims paid
- to (from) premium reserve, gross
- management expenses
- insurance-related administration expenses
- realised gains and losses on investments - the company portfolio
- other income
- other costs

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 2016 annual report in note 2, strengthening longevity reserves for Storebrand Life Insurance, in note 3, insurance risk, in note 8 and valuation of financial instruments and real estate at fair value is described in note 13 and in the interim financial statements note 9 Solvency II.

Note 03 | Profit by segments

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

SAVINGS

Savings segment consists of products that include long-term saving for retirement with no explicit long-term interest rate guarantees. The area includes fundbased insurance (Unit Linked and defined contribution pensions) to individuals and companies in Norway and Sweden. In addition it also includes certain other subsidiaries.

INSURANCE

Insurance segment consists of products that include personal risk products in the Norwegian and Swedish retail market and employee- and pension related insurances in the Norwegian and Swedish corporate market.

GUARANTEED PENSION

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

OTHER

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

RECONCILIATION 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 costs 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.

PROFIT BY SEGMENTS

(NOK million)	3Q		01.01 - 30.09		Full Year
	2017	2016	2017	2016	2016
Savings	135	100	402	298	418
Insurance	186	140	461	308	429
Guaranteed pension	244	126	735	378	870
Other	24	149	218	395	377
Profit before amortisation	588	515	1,816	1,379	2,093
Amortisation intangible assets	-99	-99	-292	-305	-396
Profit before tax	490	415	1,524	1,075	1,697

SEGMENT INFORMATION 3Q

(NOK million)	Savings		Insurance		Guaranteed pension	
	2017	2016	2017	2016	2017	2016
Fee and administration income	382	347			380	403
Insurance result			250	197		
- Insurance premiums for own account			720	690		
- Claims for own account			-470	-493		
Operational cost	-244	-248	-113	-107	-212	-257
Operating profit	138	99	137	90	169	146
Financial items and risk result life & pension	-3		49	50	75	-20
- Risk result life & pensions	-3				9	-18
- Financial result			49	50		
- Net profit sharing					66	-2
Profit before tax	135	100	186	140	244	126

(NOK million)	Other		Storebrand Livsforsikring group	
	2017	2016	2017	2016
Fee and administration income	17	25	780	775
Insurance result			250	197
- Insurance premiums for own account			720	690
- Claims for own account			-470	-493
Operational cost	-10	-12	-579	-623
Operating profit	7	13	451	348
Financial items and risk result life & pension	17	136	137	166
- Risk result life & pensions	1		6	-18
- Financial result	16	142	65	192
- Net profit sharing		-6	66	-8
Profit before amortisation	24	149	588	514
Amortisation of intangible assets			-99	-99
Profit before tax	24	149	490	415

SEGMENT INFORMATION AS OF 01.01 - 30.09

(NOK million)	Savings		Insurance		Guaranteed pension	
	2017	2016	2017	2016	2017	2016
Fee and administration income	1,136	1,025			1,108	1,190
Insurance result			665	497		
- Insurance premiums for own account			2,097	2,070		
- Claims for own account			-1,432	-1,573		
Operational cost	-741	-734	-349	-304	-649	-721
Operating profit	396	291	317	193	459	469
Financial items and risk result life & pension	6	7	145	115	276	-91
- Risk result life & pensions	6	7			49	-24
- Financial result			145	115		
- Net profit sharing					227	-67
Profit before tax	402	298	461	308	735	378

(NOK million)	Other		Storebrand Livsforsikring group	
	2017	2016	2017	2016
Fee and administration income	55	69	2,298	2,284
Insurance result			665	497
- Insurance premiums for own account			2,097	2,070
- Claims for own account			-1,432	-1,573
Operational cost	-35	-35	-1,773	-1,794
Operating profit	20	33	1,191	987
Financial items and risk result life & pension	198	362	625	392
- Risk result life & pensions	-2	18	53	1
- Financial result	200	352	345	467
- Net profit sharing		-9	227	-76
Profit before amortisation	218	395	1,816	1,379
Amortisation of intangible assets			-292	-305
Profit before tax	218	395	1,524	1,075

Note 04 | Financial market risk and insurance risk

Risks are described in the annual report for 2016 in note 8 (Insurance risk), note 9 (Financial market risk), note 10 (Liquidity risk), note 11 (Credit exposure), note 12 (Concentration of risk).

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

The most significant market risks for Storebrand are share market risk, credit risk, property price risk, interest rate risk and 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 and customer portfolios with a guarantee.

The market risk in the company portfolios and the subsidiaries that are not life insurance companies or included in the customer portfolios has a direct impact on Storebrand's profit.

The market risk in customer portfolios without a guarantee is at the customers' risk and expense, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based largely on the size of the reserves, while the costs tend to be fixed. Lower returns on the financial market than expected will therefore have a negative effect on Storebrand's income and profit.

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of measures to reduce risk depends on several factors, the most important being the size and flexibility of the customer buffers and level and duration of the return guarantee. If the investment return is not sufficiently high to meet the guaranteed interest rate, the shortfall will be met by using customer buffers in the form of risk capital built up from previous years' surpluses. Risk capital primarily consists of unrealised gains, additional statutory reserves and conditional bonuses. The owner is responsible for meeting any shortfall that cannot be covered. For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee.

The stock market was strong both in the third quarter and for the first three quarters as a whole. The global index increased by 13 percent during the first three quarters, including a 4% rise during the third quarter. The Norwegian stock market increased by 15 percent during the first three quarters, of which 12 percent in the third quarter. The market for corporate bonds has also been good and there has been a reduction in credit spreads, particularly during the first half-year. Return from property investments was also good during the first three quarters.

Interest rates were minor changed during the third quarter. At the end of the third quarter the Norwegian 10-year interest swap rate remained largely unchanged from the level at the start of the year. The Swedish 10-year interest swap rate has increased by 0.2 percentage points since the start of the year. Due to the majority of the interest rate investments in the Norwegian customer portfolios being held at amortized cost, the 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 against the American dollar since the start of the year, particularly during the third quarter. On the other hand the Norwegian krone has weakened against the Euro and 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 were minor changes in investment allocations year to date.

Guaranteed portfolios in Norway provided returns that were better than the average accumulated guarantee during the first three quarters. Based on the current strategy, any returns that exceed the guarantee in Norway will be primarily used for strengthening reserves or for additional statutory reserves, and the return therefore has little impact on the result. The remaining strengthening of reserves for longevity reserve is expected to be covered by the surplus return and loss of profit sharing. The strengthening of reserves for longevity is expected to conclude in 2017. Investment return on customer portfolios year to date provides an expected strengthening of additional statutory reserves at year-end. The market value adjustment reserve fell during the first three quarters of the year, while excess values of portfolios at amortized cost remained largely unchanged. Guaranteed portfolios in Sweden gave returns that were higher than the increase in value of insurance liabilities. This led to a positive financial result and an increase in the buffer (conditional bonus) during the first three quarters of the year.

On average, unit linked insurance customers had good returns during the first three quarters of the year. The main reason is strong equity markets.

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

The insurance risk is almost unchanged year to date.

Note 05 | Liquidity risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,504
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2020	1,000
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	3,055
Storebrand Livsforsikring AS	750	SEK	Variable	2021	737
Total subordinated loan capital and hybrid tier 1 capital 30.09.2017					7,395
Total subordinated loan capital and hybrid tier 1 capital 31.12.2016					7,344

Note 06 | Valuation of financial instruments and properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 13 in the annual report for 2016.

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.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

(NOK million)	Fair value 30.09.17	Fair value 31.12.16	Book value 30.09.17	Book value 31.12.16
Financial assets				
Loans to customers - corporate	7,092	6,997	7,084	7,004
Loans to customers - retail	12,652	9,724	12,653	9,724
Bonds held to maturity	17,615	17,537	15,720	15,644
Bonds classified as loans and receivables	94,227	89,144	87,497	82,246
Financial liabilities				
Subordinated loan capital	7,510	7,443	7,395	7,344

VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	Level 1	Level 2	Level 3	Total 30.09.2017	Total 31.12.2016
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets					
Equities and fund units					
- Equities	20,107	541	734	21,382	21,935
- Fund units	190	116,740	7,607	124,536	107,584
Total equities and fund units	20,297	117,281	8,340	145,919	
Total equities and fund units 31.12.16	17,121	26,771	6,305		129,518
Total loans to customers					
- Loans to customers - corporate			4,260	4,260	2,346
Bonds and other fixed income securities					
- Government bonds	21,269	23,621		44,890	46,095
- Corporate bonds	157	31,842	124	32,122	31,632
- Structured notes		74		74	29
- Collateralised securities		25,777		25,777	29,145
- Bond funds	533	54,521		55,053	57,604
Total bonds and other fixed income securities	21,958	135,835	124	157,917	
Total bonds and other fixed income securities 31.12.16	22,952	141,305	249		164,506
Derivatives:					
- Interest derivatives		955	1,499	2,455	3,225
- Currency derivatives		-158	-67	-225	-657
Total derivatives		798	1,432	2,230	
- derivatives with a positive market value		1,510	2,243	3,753	4,553
- derivatives with a negative market value		-712	-811	-1,523	-1,985
Total derivatives 31.12.16		798	1,432		2,568
Properties:					
- investment properties			25,437	25,437	24,161
- Owner-occupied properties			3,383	3,383	2,863
Total properties			28,820	28,820	
Total properties 31.12.16			27,024		27,024

There are no significant movement between level 1 and level 2 in the third quarter and year to date 2017.

MOVEMENT LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Investment properties	Owner-occupied properties
Book value 01.01	1,052	8,050	2,346	249	24,163	2,863
Net profit/loss	-47	414	-30	-3,699		
Supply/disposal	-188	544	2,008	3,664	2,373	138
Sales/overdue/settlement	-97	-1,471	-190	-96	-1,856	
Currency translation differences	13	69	69	6		
Other					757	382
Book value 30.09.17	734	7,607	4,203	124	25,437	3,383

As of 30.9.17, Storebrand Livsforsikring had NOK 3,626 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "Investment in associated companies and joint ventures companies" in the Consolidated Financial Statements.

SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 13 in the 2016 annual report. There are no significant change in sensitivity in this quarter 2017.

STOREBRAND LIVSFORSIKRING AS

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 30.09.2017	Total 31.12.2016
Assets					
Equities and fund units					
- Equities	17,156	196	478	17,830	17,879
- Fund units		36,097	5,302	41,399	32,330
Total equities and fund units	17,156	36,293	5,780	59,229	
Total equities and fund units 31.12.16					50,210
Bonds and other fixed income securities					
- Government bonds	9,829			9,829	11,512
- Corporate bonds		10,635	47	10,682	10,457
- Collateralised securities		6,815		6,815	5,907
- Bond funds		42,862		42,862	45,905
Total bonds and other fixed income securities	9,829	60,312	47	70,189	
Total bonds and other fixed income securities 31.12.16	13,215	64,356	77		73,780
Derivates:					
- Interest derivatives		996		996	803
- Currency derivatives		-162		-162	-716
Total derivatives		834		834	
- derivatives with a positive market value		1,409		1,409	
- derivatives with a negative market value		-575		-575	
Total derivatives 31.12.16		86			86

MOVEMENT LEVEL 3

(NOK million)	Equities	Fund units	Corporate bonds
Book value 01.01	621	5,683	51
Net profit/loss	-47	296	-3,667
Supply/disposal		450	3,664
Sales/overdue/settlement	-97	-1,127	
Book value 30.09.17	478	5,302	47

Note 07

Tax

The income tax expense has been estimated based on an expected effective tax rate per legal entity for 2017. There will be uncertainty associated with these estimates. The effective tax rate is affected by the fact that the Group has operations in countries with tax rates that are different from Norway, and 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 to date reflects effects that each give a higher or lower effective tax rate.

In the third quarter, non-taxable sales of properties were carried out where previously allocations have been made for deferred tax. Consideration was made of the reversal of deferred tax in its entirety as of 30 September.

Note 08

Contingent liabilities

(NOK million)	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	30.09.17	31.12.16	30.09.17	31.12.16
Uncalled residual liabilities re limited partnership	7,901	2,971	4,720	2,249
Total contingent liabilities	7,901	2,971	4,720	2,249

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

Note 09

Solvency II

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

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

The solvency capital requirement and minimum capital requirement are calculated in accordance with Section 8 and 22 of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

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

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

The solvency capital is divided into three capital groups in accordance with Section 6 of the Solvency II Regulations. Group 1 capital consists of paid-in capital and reconciliation reserve². 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.

SOLVENCY CAPITAL

(NOK million)	30.09.17					31.12.16
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	21,360	21,360				183,723
Including the effect of the transitional arrangement	2,547	2,547				3,073
Subordinated loans	7,402		2,644	4,759		7,198
Risk equalisation reserve	146			146		140
Total solvency capital	42,160	34,611	2,644	4,905		38,962
Total solvency capital available to cover the minimum capital requirement	38,489	34,611	2,644	1,234		35,529

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 on page 35.

² 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 REQUIREMENT AND - MARGIN

(NOK million)	30.09.17	31.12.16
Market	21,590	21,791
Counterparty	477	423
Life	6,295	5,180
Health	522	524
Operational	970	953
Diversification	-4,629	-4,012
Loss-absorbing tax effect	-5,315	-5,401
Total solvency requirement	19,910	19,457
Solvency margin	211.8 %	200.2 %
Minimum capital requirement	6,168	6,651
Minimum margin	624.0 %	534.2 %

Note 10 | 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 45 in the 2016 annual report.

Storebrand Life Insurance has not carried out any material transactions other than normal business transactions with related parties at the close of the 3rd quarter, other than Storebrand Livsforsikring AS having acquired mortgages from the sister company Storebrand Bank ASA. The mortgages were transferred on commercial terms. The portfolio of loans that have been transferred in 3rd quarter 2017 totaled NOK 5.8 billion, of which NOK 0.6 billion in 3rd quarter.

Note 11 | Dividends from subsidiaries and gains on sale of associated company

During the 2nd quarter Storebrand Livsforsikring AS received dividends from Storebrand Holding AB of SEK 430 million. Storebrand Livsforsikring has received SEK 18 million from BenCo. The equity values of Storebrand Holding and BenCo Holding is correspondingly written down in the financial statements of Storebrand Livsforsikring AS. These items are presented on a net basis on the line for income from investments in subsidiaries. The equities in Formuesforvaltning AS were sold in the 2nd quarter, giving a gain of NOK 118 million in the parent company accounts.

Note 12 | Events after the Reporting Period

On October 24th, Storebrand Livsforsikring AS signed an agreement with the administration board of Silver to acquire Silver AS and its insurance portfolio for NOK 520 million. The purchase is financed by the company portfolio in Storebrand Livsforsikring AS. The purchase price will be added to the pension accounts of Silver's customers.

The guaranteed defined benefit pensions in Silver will be converted to defined contribution with investment choice before the transaction. The agreement encompasses Silver's 21 000 policies and NOK 10 billion in pension assets.

The agreement with the administration board presupposes that no more than 20% of Silver's customers object to the solution by the deadline set by Silver and is further dependent upon public approvals.

The transaction is expected to be completed during January 2018.

Financial calendar 2017



February 2018 Result Q4 2017

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