



Interim report 2018

Storebrand Livsforsikring AS (unaudited)

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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 4th quarter result please refer to the Storebrand Group's interim report for the 4th quarter of 2018. Storebrand Group'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.

PROFIT STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	2018				2017		Full Year	
	Q4	Q3	Q2	Q1	Q4	2018	2017	
Fee and administration income	776	821	800	788	803	3,185	3,101	
Insurance result	199	239	274	234	172	947	837	
Operational expenses	-653	-593	-609	-599	-651	-2,454	-2,424	
Operating profit	322	467	465	423	323	1,678	1,514	
Financial items and risk result life & pension	36	148	151	302	-148	637	477	
Profit before amortisation	358	615	616	725	175	2,315	1,992	

The profit before amortisation was NOK 358m (NOK 175m) in the 4th quarter. The figures in brackets are from the corresponding period last year. Total fee and administration income amounted to NOK 776m (NOK 803m) for the 4th quarter representing a decrease of 2.0% compared to the same period last year, when adjusted for currency changes. For the full year fee-and administration income has increased by 4.1% when adjusted for currency changes. Income within the segment Guaranteed Pension was stable, while the Savings segment increased revenues by 4.5% compared to the same period last year, when adjusted for currency changes. The Insurance result had a total combined ratio of 88% (93%) in the quarter and 81% (88%) for the full year.

The operating costs in the 4th quarter were NOK 653m (NOK 651m). The underlying cost control is strong. Volume growth within the Saving segment has resulted in a larger part of the Group's costs being allocated to this segment. Costs in the quarter increased due to write down of IT systems and other minor effects.

Overall, the operating profit increased by 10.8% year to date compared to the same period last year. The 'financial items and risk result' was affected by increased credit spreads which led to lower return in company portfolios in the quarter.

PROFIT STOREBRAND LIVSFORSIKRING GROUP - BY SEGMENTS

(NOK million)	2018				2017		Full year	
	Q4	Q3	Q2	Q1	Q4	2018	2017	
Savings	118	135	136	112	134	501	536	
Insurance	67	153	179	155	0	554	462	
Guaranteed pensions	214	292	234	398	31	1,138	766	
Other	-40	35	67	60	10	121	228	
Profit before amortisation	358	615	616	725	175	2,315	1,992	

The Savings segment reported a profit of NOK 118m (NOK 134m) for the 4th quarter and NOK 501m (NOK 536m) for the full year. Structural growth within Unit linked savings contribute positively to the result. Weak equity markets reduces assets under management and impacts 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 67m (NOK 0m) for the 4th quarter and NOK 554m (NOK 462m) for the full year. The risk result gives a claims ratio of 65% (65%) in the quarter.

The Guaranteed Pension segment achieved a profit before amortisation of NOK 214m (NOK 31m) for the 4th quarter and NOK 1,138m (NOK 766m) for 2018. Fee and administration income is reduced by 3% compared with 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 includes the return in company portfolios which is driven by the interest rate market.

CAPITAL SITUATION AND TAXES

Storebrand uses the standard model for the calculation of Solvency II. The Storebrand 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 was calculated to 173% at the end of the 4th quarter of 2018, including one percentage point effect from transitional rules. Weak financial markets in the quarter was more than offset by risk management, volatility reducing factors in the solvency regulation and a strong after tax result.

Nordben, a subsidiary of Storebrand Livsforsikring AS, was sold during the 4th quarter. The transaction is expected to have a positive impact of 0.8 percentage points on Storebrand Group's solvency margin in 2019.

The Storebrand Livsforsikring group reported a tax income of NOK 1,445m for the 4th quarter and NOK 1,088m for the full year 2018. In December 2018, the Norwegian parliament (Stortinget) ratified new tax rules for insurance and pension undertakings effective from 1 January 2018. Storebrand has previously booked a deferred tax liability due to the differences between mark to market values and tax values associated with real estate owned by the customer portfolios. As a consequence of the new rules, the deferred tax liability is reversed, creating a clearer separation between customer assets and shareholders assets. In isolation, the transitional effects leads to a tax income of approximately NOK 1.6 billion for the Group in the 4th quarter.

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 new tax rules imply that customer assets for life insurance companies will be tax neutral and shareholders' part of the result will be taxed in accordance with ordinary tax rules. This will significantly reduce tax risk and volatility for the Group. The tax rate is estimated to be in the range of 20-23% for 2019. For more information on tax see note 9.

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 13bn (16%) relative to the 4th quarter 2017. In Norway, Storebrand is the market leader in Unit Linked occupational pension with 31.4% of the market share of gross premiums written (at the end of the 3rd quarter 2018). SPP has a market share of 12% in the Swedish market for other occupational pensions ("Övrig Tjänstepension", at the end of 3rd quarter).

Savings

- Turbulent market conditions leads to decreasing asset under management
- Increased cost due to underlying growth in the business

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

PROFIT

(NOK million)	2018				2017	Full Year	
	Q4	Q3	Q2	Q1	Q4	2018	2017
Fee and administration income	426	424	406	398	407	1,654	1,543
Operational expenses	-298	-283	-267	-280	-273	-1,128	-1,013
Operating profit	129	141	138	118	134	526	530
Financial items and risk result life & pension	-11	-6	-2	-6	1	-25	7
Profit before amortisation	118	135	136	112	134	501	536

The Savings segment reported a profit before amortisation and tax of NOK 118m (NOK 134m) for for the 4th quarter and NOK 501m (NOK 536m) for the full year.

Fee- and administration income increased by 4.5% for the quarter, when adjusted for currency changes. Due to turbulent financial market conditions, asset under management decreased in the quarter and had an impact on fee- and administration income. Customer conversion from defined-benefit to defined-contribution pension schemes, new business and higher savings rates drives income growth. Increased competition contributes to moderate margin pressure for the Norwegian and the Swedish Unit Linked products. For the full year fee- and administration income has increased by 7.6% when adjusted for currency changes.

Operating expenses was NOK 298m for the quarter (NOK 273m) and NOK 1,128m (NOK 1,013m) for the year. The operating expenses increased compared to 2017 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 4th quarter. Due to negative return in the 4th quarter the total reserves within the Unit Linked business has decreased from the 3rd quarter, but over the last year the total reserves has increased 7% and amounted to NOK 179bn at the end of the quarter. Assets under management in the Unit Linked business in Norway decreased by NOK 5bn (5%) in the quarter, but increased by NOK 13bn (16%) For the year as a whole. 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 3rd quarter).

In the Swedish market, SPP is the fourth largest actor in the Other Occupational Pensions segment with a market share of 13.4% measured by premium income from Unit Linked. Customer assets decreased by SEK 2.6bn (3%) in the 4th quarter and SEK 1,6bn (2%) from the previous year.

KEY FIGURES

(NOK million)	2018				2017
	Q4	Q3	Q2	Q1	Q4
Unit Linked Reserves	179,299	187,016	187,016	178,498	171,749
Unit Linked Premiums	4,086	4,096	4,096	3,892	3,947

Insurance

- Satisfactory risk development
- The financial result is negative due to widen spreads

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.

PROFIT

(NOK million)	2018				2017	Full Year	
	Q4	Q3	Q2	Q1	Q4	2018	2017
Insurance result	199	239	274	234	172	947	837
- Insurance premiums f.o.a.	731	681	680	687	699	2,780	2,797
- Claims f.o.a.	-532	-442	-406	-453	-528	-1,833	-1,960
Operational expenses	-112	-99	-100	-99	-124	-411	-472
Operating profit	87	140	174	135	48	536	365
Financial items and risk result life & pension	-20	12	5	20	-48	18	97
Profit before amortisation	67	153	179	155	0	554	462

Insurance delivered a result before amortization of NOK 67m (NOK 0m) for the 4th quarter and NOK 554m (NOK 462m) in 2018. The combined ratio was 88% (93%) in the quarter and 81% (87%) year to date 2018. The 4th quarter is satisfying although higher frequency on claims, higher costs and negative financial result affects the results.

The 4th quarter claims ratio was 73% (75%) and the underlying risk development is acceptable. Individual insurance coverage has a good development due to lower disability. Group Life deliver a lower risk result because of one larger claim and higher disability. The risk result for pension related disability insurance is significantly improved.

The cost ratio was 15% (18%) in the 4th quarter. Higher costs related to marketing and distribution explains much of the increase from last quarter. Insurance's investment portfolio in Norway amounted to NOK

6.1bn as of the 4th quarter. The financial result is negative due to widen spreads. The Portfolio is primarily invested in fixed income securities with a short to medium duration. ¹⁾

BALANCE SHEET AND MARKET TRENDS

Portfolio premium (annual) amounts to NOK 2,655m (NOK 2,704m) in the 4th quarter.

For risk cover in connection with defined-contribution pensions in Norway, future growth is expected to be driven by pension related disability insurance and salary growth. 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)	2018				2017
	Q4	Q3	Q2	Q1	Q4
Individual life *	645	641	641	641	642
Group life **	872	889	889	898	899
Pension related disability insurance ***	1,138	1,155	1,155	1,163	1,164
Portfolio premium	2,655	2,685	2,685	2,701	2,704

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

KEY FIGURES

(NOK million)	2018				2017
	Q4	Q3	Q2	Q1	Q4
Claims ratio	73%	65%	60%	66%	75%
Cost ratio	15%	15%	15%	14%	18%
Combined ratio	88%	79%	74 %	80%	93%

1) NOK 2.5bn 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
- Altogether stable profit sharing and risk results

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.

PROFIT

(NOK million)	2018				2017		Full Year	
	Q4	Q3	Q2	Q1	Q4	2018	2017	
Fee and administration income	334	369	370	368	376	1,441	1,483	
Operational expenses	-226	-181	-218	-203	-240	-828	-889	
Operating profit	108	188	153	165	136	614	595	
Financial items and risk result life & pension	106	105	81	233	-105	525	171	
Profit before amortisation	214	292	234	398	31	1,138	766	

Guaranteed Pension achieved a profit before amortisation of NOK 214m (NOK 31m) for the 4th quarter and NOK 1,138m year to date (NOK 766m).

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 334m (NOK 376m) for the 4th quarter and NOK 1,441m for the full year (NOK 1,483m). The paid-up policies fee income had a negative non-recurring effect of close to NOK 40m in the quarter due to accounting accruals and process provisions.

The operating costs are gradually being reduced due to the area being in long-term decline and amounted to NOK 226m (NOK 240m) for the 4th quarter and NOK 828m year to date (NOK 889m).

The risk result life & pensions was NOK 58m (NOK 18m) for the 4th quarter and NOK 191m year to date (NOK 67m). For the 4th quarter the risk result in the Norwegian business was satisfactory at NOK 52m (NOK 0m) based on improved portfolio and satisfactory disability development. In the Swedish business the risk result was stable.

The result from profit sharing and loan losses consists of profit sharing and financial effects. The result was NOK 48m (minus NOK 123m) for the 4th quarter and NOK 333m for 2018 in total (NOK 104m). The full year result was mainly generated in the Swedish business. In the 4th quarter isolated the profit came predominantly from the Norwegian business due to distributable returns in the individual and paid-up policies products. Profit sharing in SPP was moderate in the quarter.

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 4th quarter, customer reserves for guaranteed pensions amounted to NOK 261bn, which is a decrease of NOK 3.8bn year to date. The total premium income for guaranteed pensions (excluding transfers) was NOK 1.1bn (NOK 1.0bn) for the 4th quarter and NOK 5.3bn 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 4th quarter. This is an increase of NOK 4.9bn 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 350m 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 33bn at the end of the 4th quarter, a decline of NOK 3.2bn year to date.

Guaranteed portfolios in the Swedish business totalled NOK 81bn as of the 4th quarter, a reduction of NOK 4.5bn year to date. About half of the reduction is attributed to changes in the SEK/NOK exchange rate.

KEY FIGURES

(NOK million)	2018				2017
	Q4	Q3	Q2	Q1	Q4
Guaranteed reserves	260,573	257,570	257,783	259,426	264,320
Guaranteed reserves in % of total reserves	59.2%	57.9%	59.1%	60.2%	61.2%
Transfer out of guaranteed reserves	10	24	13	118	117
Buffer capital in % of customer reserves Storebrand	6.4%	6.6%	6.5%	6.2%	7.2%
Buffer capital in % of customer reserves SPP	8.7%	9.6%	8.8%	9.0%	9.0%

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.

PROFIT

(NOK million)	Q4	2018			2017		Full Year	
		Q3	Q2	Q1	Q4	2018	2017	
Fee and administration income	16	27	24	22	20	89	75	
Operational expenses	-18	-29	-24	-17	-15	-88	-50	
Operating profit	-2	-2	0	5	6	2	25	
Financial items and risk result life & pension	-39	37	67	55	4	120	203	
Profit before amortisation	-40	35	67	60	10	121	228	

The Other segment reported a profit of minus NOK 40m (NOK 10m) for the 4th quarter and NOK 121m (NOK 228m) for the full year. 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 company portfolios of SPP and Storebrand Life Insurance as well as the net result for subsidiaries.

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 4th 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 23.9bn at end of the quarter.

The investments are primarily in interest-bearing securities, with short maturities, in both Norway and Sweden. The Norwegian company portfolio reported a return of 1.87% for the year. The Swedish company portfolio provided a return of minus 0.67% in the year.

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

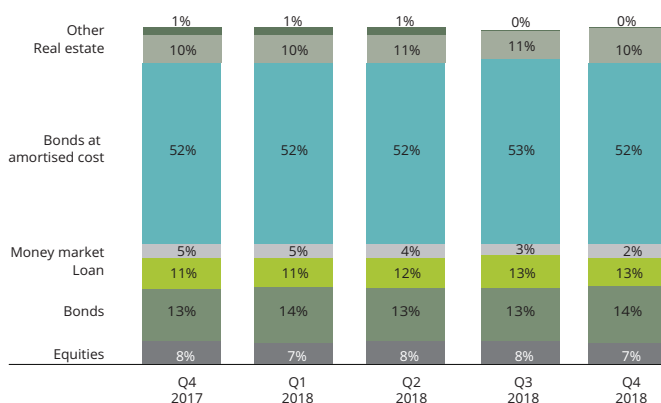
The Solidity capital¹⁾ measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 59.0bn at the end of 4th quarter 2018, an increase of NOK 1.3bn in 4th quarter and a decrease of NOK 5.0bn year to date. The change in the quarter is due to decreased customer buffers in the Swedish and Norwegian business, positive result and dividend paid to Storebrand ASA. A subordinated loan of NOK 1.5bn was called in the 2nd quarter.

STORBRAND LIVSFORSIKRING AS

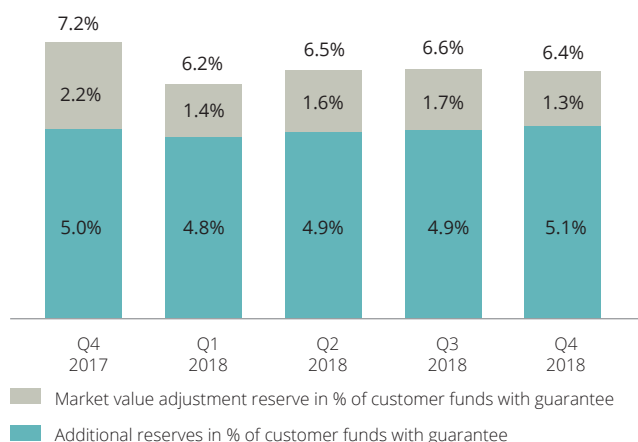
The market value adjustment reserve decreased during the 4th quarter by NOK 0.6bn and NOK 1.5bn year to date and amounted to NOK 2.2bn at the end of the 4th quarter of 2018. The additional statutory reserves increased during 4th quarter by 0.2bn and year to date due to preliminary application of the investment return and amounted to NOK 8.5bn at the end of the 4th quarter of 2018. The excess value of bonds and loans valued at amortised cost are almost unchanged in the 4th quarter, decreased by NOK 3.5bn year to date and amounted to NOK 5.0bn at the end of the 4th 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.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS

Customer assets decreased by NOK 6.2bn in the 4th quarter due to negative returns and an increase of NOK 13.8bn year to date due to positive returns and acquisition of Storebrand Silver's pension portfolio in 1st quarter. Customer assets within non-guaranteed savings decreased NOK 5.1bn during the 4th quarter and had an increase of NOK 13.1bn year to date. Guaranteed customer assets decreased by NOK 1.1bn in the 4th quarter and increased by NOK 0.7 year to date.



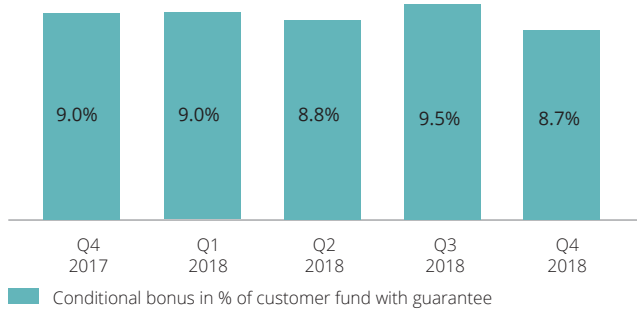
CUSTOMER BUFFERS



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

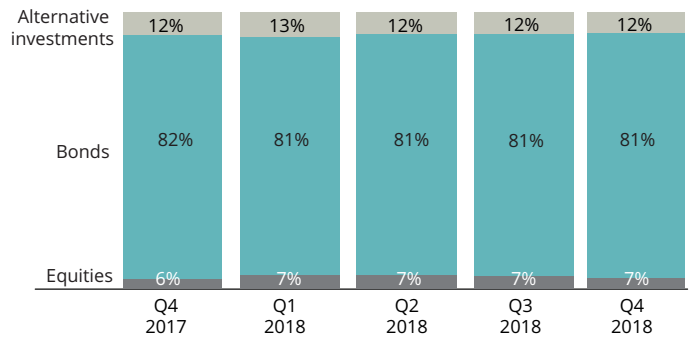
CUSTOMER BUFFERS



The buffer capital amounted to SEK 6.6bn (SEK 7.3bn in the third quarter) at the close of the 4th quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS

Total assets under management in SPP were SEK 168bn for the 4th quarter. This corresponds to a decrease of 1% compared with the 4th quarter of 2017. For customer assets in non-guaranteed savings, assets under management totaled SEK 88bn (SEK 97bn) at the end of 4th quarter, which corresponds to an increase of 0.3%, compared with the 4th quarter of 2017.



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. Second, through cost control and disciplined use of capital Storebrand aims to increase return to shareholders.

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 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.

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.

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 has presented a bill to the Norwegian parliament (Stortinget) proposing a scheme for individual pension accounts. The bill is expected to be passed this spring. The proposal

is 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 has to make an active choice to stay with its current provider. Individuals will be able to transfer the pension account (both current and former earnings) to other providers. Connecting the active schemes and the capital certificates will increase 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.

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. The market is larger than the private sector market Storebrand is active in today. Storebrand is considering business opportunities related to the new product.

GUARANTEED PENSION REGULATION

The Ministry of Finance has asked the Financial Supervisory Authority to provide proposals for changes in guaranteed pension regulation to follow up the Working Group Report which was published in September 2018.

The interdepartmental working group with participants from the Ministry of Finance, the Ministry of Labour and Social Affairs and the Financial Supervisory Authority of Norway, proposed 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 Financial Supervisory Authority has been asked to consider all regulatory changes considered by the working group, also those that were not recommended by the working group such as making it possible for life insurers to cover annual interest rate guarantees with loaned equity if returns or buffers are not adequate. The Financial Supervisory Authority's proposals shall be ready by summer 2019. We expect that The Ministry of Finance will then consider which proposals to present for the Storting (parliament) after a public hearing.

Lysaker, 12 February 2019

Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring group

Statement of comprehensive income

(NOK million)	Q4		1.1 - 31.12	
	2018	2017	2018	2017
TECHNICAL ACCOUNT				
Gross premiums written	5,647	5,487	24,027	23,173
Reinsurance premiums ceded	-1	-3	-25	-54
Premium reserves transferred from other companies	1,004	547	4,566	2,457
Premiums for own account	6,649	6,031	28,568	25,577
Income from investments in subsidiaries, associated companies and joint ventures companies	8	58	254	210
Interest income and dividends etc. from financial assets	1,807	3,420	7,350	7,164
Net operating income from properties	225	257	903	976
Changes in investment value	-1,295	-1,221	-2,300	1,775
Realised gains and losses on investments	-502	1,182	1	3,076
Total net income from investments in the collective portfolio	242	3,695	6,207	13,200
Income from investments in subsidiaries, associated companies and joint ventures companies	1	2	49	22
Interest income and dividends etc. from financial assets	578	1,627	570	1,598
Net operating income from properties	30	29	127	106
Changes in investment value	-16,402	2,961	-7,624	10,698
Realised gains and losses on investments	-350	447	480	2,525
Total net income from investments in the investment selection portfolio	-16,143	5,065	-6,398	14,950
Other insurance related income	464	749	2,238	1,963
Gross claims paid	-4,790	-4,715	-19,223	-18,802
Claims paid - reinsurance	53	-10	76	35
Premium reserves etc. transferred to other companies	-1,126	-822	-5,265	-5,452
Claims for own account	-5,863	-5,546	-24,413	-24,219
To (from) premium reserve, gross	807	-1,370	2,309	1,205
To/from additional statutory reserves	-118	-1,448	-52	-1,376
Change in value adjustment fund	596	-1,603	1,462	-1,024
Change in premium fund, deposit fund and the pension surplus fund	-3	-6	-5	-23
To/from technical reserves for non-life insurance business	4	25	-5	9
Change in conditional bonus	1,095	350	336	-1,527
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-4	-4	-16	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	2,376	-4,056	4,028	-2,752
Change in pension capital	13,276	-7,775	-4,922	-23,673
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	13,276	-7,775	-4,922	-23,673
Profit on investment result	-162	-441	-162	-441
Risk result allocated to insurance contracts	-194	4	-194	4
Other allocation of profit	-60	-133	-63	-129
Unallocated profit	722	3,306		
Funds allocated to insurance contracts	306	2,736	-419	-566
Management expenses	-53	-51	-209	-221
Selling expenses	-213	-189	-739	-727
Change in pre-paid direct selling expenses	9	1	27	8

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Storebrand Livsforsikring group

Statement of comprehensive income continue

(NOK million)	Q4		1.1 - 31.12	
	2018	2017	2018	2017
Insurance-related administration expenses (incl. commissions for reinsurance received)	-400	-421	-1,503	-1,507
Insurance-related operating expenses	-657	-660	-2,425	-2,447
Other insurance related expenses	-142	-68	-237	-254
Technical insurance profit	508	170	2,228	1,778
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint ventures companies	4	1	14	75
Interest income and dividends etc. from financial assets	93	102	363	329
Changes in investment value	-89	-10	-108	37
Realised gains and losses on investments	28	58	133	249
Net income from investments in company portfolio	36	151	403	690
Other income	-42	21	270	179
Management expenses	-4	-5	-18	-19
Other expenses	-225	-260	-873	-1,027
Management expenses and other costs linked to the company portfolio	-229	-265	-890	-1,046
Profit or loss on non-technical account	-235	-93	-217	-177
Profit before tax	273	76	2,010	1,601
Tax expenses	1,445	202	1,088	204
Profit before other comprehensive income	1,718	278	3,098	1,805
Change in actuarial assumptions	-28	-83	-36	-91
Change in value adjustment reserve own properties	2	-302	48	130
Adjustment of insurance liabilities	-2	302	-48	-130
Tax on other profit elements	4	-4	4	-4
Other comprehensive income not to be classified to profit/loss	-24	-87	-32	-95
Profit/loss cash flow hedging	30	25	-23	23
Currency translation differences	226	178	-324	379
Other profit comprehensive income that may be classified to profit /loss	256	204	-347	402
Other comprehensive income	232	117	-380	307
TOTAL COMPREHENSIVE INCOME	1,950	395	2,718	2,112
Profit is attributable to:				
Majority share of profit	1,717	277	3,091	1,800
Minority share of profit	1	1	7	5
Comprehensive income is attributable to:				
Majority share of profit	1,952	392	2,719	2,105
Minority share of profit	-2	3	-1	7

Storebrand Livsforsikring group

Statement of financial position

(NOK million)	31.12.2018	31.12.2017
ASSETS		
Assets in company portfolio		
Goodwill	780	797
Other intangible assets	3,457	3,573
Total intangible assets	4,237	4,370
Properties at fair value	50	50
Equities and units in subsidiaries, associated companies and joint ventures companies	100	88
Loans at amortised cost	2	2
Bonds at amortised cost	7,655	3,023
Deposits at amortised cost	705	400
Equities and fund units at fair value	16	26
Bonds and other fixed-income securities at fair value	17,391	24,977
Derivatives at fair value	1,121	1,145
Total investments	27,040	29,711
Receivables in connection with direct business transactions	575	581
Receivables in connection with reinsurance transactions	9	40
Receivables with group company	98	81
Other receivables	5,756	3,270
Total receivables	6,439	3,973
Tangible fixed assets	12	504
Cash, bank	2,012	2,139
Tax assets	1,942	487
Other assets designated according to type	70	858
Total other assets	4,036	3,988
Pre-paid direct selling expenses	553	537
Other pre-paid costs and income earned and not received	132	124
Total pre-paid costs and income earned and not received	685	662
Total assets in company portfolio	42,437	42,704
Assets in customer portfolios		
Properties at fair value	24,913	24,450
Properties for own use	1,420	1,408
Equities and units in subsidiaries, associated companies and joint ventures companies	3,679	2,513
Loans to and securities issued by subsidiaries, associated companies		39
Bonds held to maturity	14,403	15,128
Bonds at amortised cost	86,374	84,071
Loans at amortised cost	25,270	21,425
Deposits at amortised cost	4,509	4,603
Equities and fund units at fair value	23,402	24,556
Bonds and other fixed-income securities at fair value	91,493	101,623
Financial derivatives at fair value	5,172	4,940
Loans at fair value	3,311	2,690
Total investments in collective portfolio	283,946	287,446
Reinsurance share of insurance obligations	48	63

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Storebrand Livsforsikring group

Statement of financial position continue

(NOK million)	31.12.2018	31.12.2017
Properties at fair value	3,303	2,954
Properties for own use		
Equities and units in subsidiaries, associated companies and joint ventures companies	727	600
Deposits at amortised cost	948	355
Equities and fund units at fair value	133,664	131,514
Bonds and other fixed-income securities at fair value	42,038	33,419
Loans at fair value	535	165
Financial derivatives at fair value	389	33
Total investments in investment selection portfolio	181,605	169,040
Total assets in customer portfolio	465,599	456,548
Total assets	508,036	499,253
EQUITY AND LIABILITIES		
Share capital	3,540	3,540
Share premium	9,711	9,711
Total paid in equity	13,251	13,251
Risk equalisation fund	234	143
Other earned equity	13,714	12,370
Minority's share of equity	114	114
Total earned equity	14,061	12,627
Perpetual subordinated loan capital	2,101	2,103
Dated subordinated loan capital	5,847	4,982
Hybrid tier 1 capital		1,506
Total subordinated loan capital and hybrid tier 1 capital	7,948	8,591
Premium reserves	260,106	262,513
Additional statutory reserves	8,494	8,254
Market value adjustment reserve	2,245	3,707
Premium fund, deposit fund and the pension surplus fund	2,157	2,564
Conditional bonus	8,243	9,176
Other technical reserve	622	631
Total insurance obligations in life insurance - contractual obligations	281,868	286,845
Pension capital	180,283	168,949
Total insurance obligations in life insurance - investment portfolio separately	180,283	168,949
Pension liabilities etc.	149	143
Deferred tax	85	96
Other provisions for liabilities	24	
Total provisions for liabilities	258	239
Liabilities in connection with direct insurance	1,310	1,448
Liabilities in connection with reinsurance	20	30
Financial derivatives	4,535	1,876
Liabilities to group companies	42	24
Other liabilities	3,999	4,908
Total liabilities	9,905	8,286
Other accrued expenses and received, unearned income	463	464
Total accrued expenses and received, unearned income	463	464
TOTAL EQUITY AND LIABILITIES	508,036	499,253

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 31.12.2016	3,540	9,711	13,251	140	10,290	114	23,796	
Profit for the period				2	1,798	5	1,805	
Other comprehensive income					305	2	307	
Total comprehensive income for the period				2	2,102	7	2,112	
Equity transactions with owner:								
Share issue					-102	3	-99	
Group contributions					79	-12	68	
Other						1	1	
Equity at 31.12.2017	3,540	9,711	13,251	143	12,370	114	25,878	
Profit for the period				91	3,000	7	3,098	
Other comprehensive income					-379	-1	-380	
Total comprehensive income for the period				91	2,622	6	2,718	
Equity transactions with owner:								
Share issue						4	4	
Dividend/group contributions					-1,300	-2	-1,302	
Other				22		14	36	
Equity at 31.12.2018	3,540	9,711	13,251	234	13,714	114	27,313	

Storebrand Livsforsikring

Statement of cash flow 1. January - 31. December

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

Storebrand Livsforsikring AS

Statement of comprehensive income

(NOK million)	Q4		1.1 - 31.12	
	2018	2017	2018	2017
TECHNICAL ACCOUNT				
Gross premiums written	3,773	3,748	16,729	16,357
Reinsurance premiums ceded	-1	-1	-18	-31
Premium reserves transferred from other companies	308	284	2,131	1,203
Premiums for own account	4,080	4,031	18,843	17,529
Income from investments in subsidiaries, associated companies and joint ventures companies	-493	294	323	1,819
of which from investment in property companies	123	259	1,028	1,750
Interest income and dividends etc. from financial assets	1,404	2,973	5,594	5,035
Changes in investment value	286	-2,112	-592	637
Realised gains and losses on investments	-645	1,004	-555	2,073
Total net income from investments in the collective portfolio	552	2,159	4,770	9,565
Income from investments in subsidiaries, associated companies and joint ventures companies	-997	43	-814	271
of which from investment in property companies	26	43	210	271
Interest income and dividends etc. from financial assets	521	1,619	503	1,581
Changes in investment value	-5,534	452	-3,373	3,827
Realised gains and losses on investments	-947	457	-150	2,520
Total net income from investments in the investment selection portfolio	-6,958	2,571	-3,835	8,199
Other insurance related income	219	151	693	551
Gross claims paid	-2,872	-2,598	-11,180	-10,268
Claims paid - reinsurance	50	2	64	13
Premium reserves etc. transferred to other companies	-588	-425	-2,930	-3,829
Claims for own account	-3,411	-3,020	-14,046	-14,084
To (from) premium reserve, gross	602	-6	335	-832
To/from additional statutory reserves	-119	-1,444	-60	-1,371
Change in value adjustment fund	596	-1,603	1,462	-1,024
Change in premium fund, deposit fund and the pension surplus fund	-3	-6	-5	-23
To/from technical reserves for non-life insurance business	4	25	-5	9
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-4	-4	-16	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	1,075	-3,038	1,710	-3,257
Change in pension capital	5,033	-4,967	-4,530	-15,232
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	5,033	-4,967	-4,530	-15,232
Profit on investment result	-162	-441	-162	-441
Risk result allocated to insurance contracts	-194	4	-194	4
Other allocation of profit	-58	-131	-58	-131
Unallocated profit	722	3,306		
Funds allocated to insurance contracts	307	2,738	-415	-568

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Storebrand Livsforsikring AS

Statement of comprehensive income continue

(NOK million)	Q4		1.1 - 31.12	
	2018	2017	2018	2017
Management expenses	-53	-49	-209	-189
Selling expenses	-93	-80	-282	-283
Insurance-related administration expenses (incl. commissions for reinsurance received)	-261	-249	-964	-937
Insurance-related operating expenses	-407	-378	-1,456	-1,409
Other insurance related expenses after reinsurance share	-122	-49	-157	-138
Technical insurance profit	368	198	1,576	1,156
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint ventures companies	339	158	908	464
Interest income and dividends etc. from financial assets	94	105	367	345
Changes in investment value	-56	-5	-61	17
Realised gains and losses on investments	-294	-75	135	-55
Net income from investments in company portfolio	83	184	1,350	771
Other income	-91	1	105	16
Management expenses	-4	-4	-18	-17
Other expenses	-104	-143	-419	-466
Total management expenses and other costs linked to the company portfolio	-108	-147	-436	-483
Profit or loss on non-technical account	-117	37	1,019	304
Profit before tax	251	235	2,594	1,460
Tax expenses	1,442	197	1,087	210
Profit before other comprehensive income	1,693	432	3,682	1,670
Change in actuarial assumptions	21	-7	21	-7
Tax on other profit elements		-4		-4
Other comprehensive income not to be classified to profit/loss	22	-11	22	-11
Profit/loss cash flow hedging	30	25	-23	23
Other comprehensive income that may be classified to profit /loss	30	25	-23	23
Other comprehensive income	52	14	-1	12
Total comprehensive income	1,745	446	3,681	1,682

Storebrand Livsforsikring AS

Statement of financial position

(NOK million)	31.12.2018	31.12.2017
ASSETS		
Assets in company portfolio		
Other intangible assets	338	94
Total intangible assets	338	94
Equities and units in subsidiaries, associated companies and joint ventures companies	13,136	13,168
Loans at amortised cost	1	1
Bonds at amortised cost	7,655	3,023
Deposits at amoritsed cost	486	400
Equities and fund units at fair value	16	17
Bonds and other fixed-income securities at fair value	11,026	15,801
Derivatives at fair value	1,121	1,145
Total investments	33,441	33,555
Receivables in connection with direct business transactions	520	503
Receivables in connection with reinsurance transactions		4
Receivables with group company	197	59
Other receivables	1,752	782
Total receivables	2,469	1,347
Tangible fixed assets	4	7
Cash, bank	904	865
Tax assets	1,817	381
Total other assets	2,725	1,253
Other pre-paid costs and income earned and not received	38	18
Total pre-paid costs and income earned and not received	38	18
Total assets in company portfolio	39,012	36,267
Equities and units in subsidiaries, associated companies and joint ventures companies	25,919	19,532
of which investment in property companies	18,751	18,683
Loans to and securities issued by subsidiaries, associated companies	529	
Bonds held to maturity	14,403	15,128
Bonds at amortised cost	86,374	84,071
Loans at amoritsed cost	25,270	21,425
Deposits at amoritsed cost	1,791	2,530
Equities and fund units at fair value	6,797	14,455
Bonds and other fixed-income securities at fair value	25,166	30,050
Financial derivatives at fair value	709	221
Total investments in collective portfolio	186,959	187,412
Reinsurance share of insurance obligations	48	63

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Storebrand Livsforsikring AS

Statement of financial position continue

(NOK million)	31.12.2018	31.12.2017
Equities and units in subsidiaries, associated companies and joint ventures companies	15,855	3,885
of which investment in property companies	4,133	3,885
Lendings at amoritised cost	106	
Deposits at amoritised cost	870	300
Equities and fund units at fair value	42,617	48,963
Bonds and other fixed-income securities at fair value	34,731	27,550
Loans at fair value	364	
Financial derivatives at fair value	389	33
Total investments in investment selection portfolio	94,933	80,731
Total assets in customer portfolios	281,939	268,206
Total assets	320,951	304,473
EQUITY AND LIABILITIES		
Share capital	3,540	3,540
Share premium	9,711	9,711
Other paid in equity	84	
Total paid in equity	13,335	13,251
Risk equalisation fund	234	143
Other earned equity	11,812	11,422
Total earned equity	12,045	11,564
Perpetual subordinated loan capital	2,101	2,103
Dated subordinated loan capital	5,847	4,982
Hybrid tier 1 capital		1,506
Total subordinated loan capital and hybrid tier 1 capital	7,948	8,591
Premium reserves	171,927	169,843
Additional statutory reserves	8,494	8,254
Market value adjustment reserve	2,245	3,707
Premium fund, deposit fund and the pension surplus fund	2,157	2,564
Other technical reserve	622	631
Total insurance obligations in life insurance - contractual obligations	185,446	184,999
Pension capital	93,441	80,372
Total insurance obligations in life insurance - investment portfolio separately	93,441	80,372
Pension liabilities etc.	12	42
Total provisions for liabilities	12	42
Liabilities in connection with direct insurance	1,050	1,079
Liabilities in connection with reinsurance		4
Financial derivatives	3,910	1,007
Liabilities to group companies	3,257	1,323
Other liabilities	367	2,108
Total liabilities	8,585	5,521
Other accrued expenses and received, unearned income	139	133
Total accrued expenses and received, unearned income	139	133
TOTAL EQUITY AND LIABILITIES	320,951	304,473

Storebrand Livsforsikring AS

Statement of change in equity

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

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

Notes

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 are provided in the 2017 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

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 report for 2017.

During 2018 no changes were made to the classification in the accounts. Storebrand Livsforsikring AS has completed a merger with the fully owned subsidiary Storebrand Silver Pensjonsforsikring AS. See note 4 for further information. There are new accounting standards that entered into effect in 2018.

IFRS 9 Financial Instruments have replaced IAS 39, 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 IAS 39 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 IAS 18. Revenue recognition in the Storebrand Group is primarily regulated by IAS 39/IFRS 9 and IFRS 4. Revenue that will be recognised under Other Income is assessed in relation to IFRS 15. The implementation of IFRS 15 have no impact on the Group result in Storebrand's consolidation financial statements.

New standards and changes to standards that have not been applied:

IFRS 16

IFRS 16 Leases replaces the current IAS 17 and is applicable from 1 January 2019. IFRS 16 stipulates principles for recognition, measurement, presentation and disclosure for leases. New standards for leases will not entail major changes for landlords, but will however significantly change accounting for tenants. IFRS 16 requires that tenants must, as a starting point, recognise all leases in the balance sheet according to a simplified model that resembles accounting for financial leases under IAS 17. The present value of total lease payments must be capitalized as debt and an asset that reflects the right of use of the asset during the lease period, with the exception of short-term agreements and agreements in which the asset has a low value. The capitalized asset is amortized over the lease period and the depreciation expense is continually recognised in the income statement as an operating expense. Interest expense on the lease liability is recognised in the income statement as a financial expense.

IFRS 16 can be implemented either in accordance with the full retrospective method or modified retrospective method, and Storebrand has selected the modified retrospective method. This means that comparable figures are not restated and the effect is entered in the balance sheet for the implementation year of 2019. Upon implementation, the right of use of the asset and liability will be the same amount and will not have any effect on equity. The transition to IFRS 16 is expected to result in an increase in assets and liabilities in the group statement of approximately NOK 78 million on the transition date. Operating expenses are expected to be reduced by approximately NOK 1 million, financial expenses are expected to increase by approximately NOK 1,6 million and profit before tax will thereby decrease by about NOK 0,5 million in 2019. For the company accounts, the transition is expected to result in an increase in assets and liabilities of approximately NOK 6 million on the transition date. Operating expenses are expected to be reduced by approximately NOK 0,1 million, financial expenses are expected to increase by approximately NOK 0,1 million and will show no effect in profit before tax in 2019. Leases that are shorter than 12 months as of 1 January 2019 and leases that include assets with a value lower than NOK 50,000 will not be recognised in the balance sheet but as an expense over the lease period.

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 11 Solvency II.

Note 03 | Acquisition

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 Storebrand 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.

ACQUISITION ANALYSIS SILVER

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

Merger

As a part of simplifying the corporate structure, Storebrand Livsforsikring AS has completed a merger with the fully owned subsidiary Storebrand Silver Pensjonsforsikring AS. The merger has been carried out 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.

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

* The purchase price has been transferred to Silver's customers, see note 3 for further information.

Segments - profit by business area

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

SAVINGS

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

INSURANCE

The insurance segment provides 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 the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, 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.

PROFIT BY SEGMENTS

(NOK million)	Q4		Full Year	
	2018	2017	2018	2017
Savings	118	134	501	536
Insurance	67	0	554	462
Guaranteed pension	214	31	1,138	766
Other	-40	10	121	228
Profit before amortisation	358	175	2,315	1,992
Amortisation intangible assets	-85	-99	-305	-391
Profit before tax	273	77	2,010	1,601

SEGMENT INFORMATION Q4

(NOK million)	Savings		Insurance		Guaranteed pension	
	2018	2017	2018	2017	2018	2017
Fee and administration income	426	407			334	376
Insurance result			199	172		
- Insurance premiums for own account			731	699		
- Claims for own account			-532	-528		
Operational cost	-298	-273	-112	-124	-226	-240
Operating profit	129	134	87	48	108	136
Financial items and risk result life & pension	-11	1	-20	-48	106	-105
Profit before amortisation	118	134	67	0	214	31
Amortisation of intangible assets						
Profit before tax	118	134	67	0	214	31

(NOK million)	Other		Storebrand Livsforsikring group	
	2018	2017	2018	2017
Fee and administration income	16	20	776	803
Insurance result			199	172
- Insurance premiums for own account			731	699
- Claims for own account			-532	-528
Operational cost	-18	-15	-653	-651
Operating profit	-2	6	322	323
Financial items and risk result life & pension	-39	4	36	-148
Profit before amortisation	-40	10	358	175
Amortisation of intangible assets			-85	-99
Profit before tax	-40	10	273	77

SEGMENT INFORMATION AS AT 31.12

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

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

Note 06 | 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. During the fourth quarter the equity market corrected sharply, driven by fear of lower economic growth and the effects of the trade war between the US and China.

The global equity market fell 13 % during the fourth quarter, taking the full year return to minus 7 %. The Norwegian equity market fell 15 % during the fourth quarter, as the oil price decreased sharply, taking the full year return to minus 2 %. The market for corporate bonds has been affected by the increased uncertainty. Credit spreads increased during the year, particularly during the fourth quarter. Increased spreads was negative for return during 2018, but higher credit spreads are positive for expected return going forward.

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. During 2018 the Norwegian 10-year interest rate swap increased by 0.2 pp. The Swedish 10-year interest swap rate fell by 0.1 pp. Short term interest rates increased during 2018, both in Norway and Sweden, but the short rate in Sweden (3 month STIBOR) is still negative. 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 strengthened during the first three quarters of the year, but weakened during the fourth quarter. For 2018 the Norwegian Krone strengthened 3 % against the Swedish Krona, weakened 5 % against the US dollar and was little changed against the Euro. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have a modest effect on results and risk.

During the fourth quarter the investments in equity in the guaranteed customer portfolios in Norway was reduced.

Booked return for 2018 for guaranteed customer portfolios in Norway on average was slightly higher than the guaranteed rate. A positive contributor was a large allocation to bonds held at amortized cost with a higher yield than current market level. Property also provided a good return. Equities gave negative return, but this mainly resulted in a decrease in the buffer (reduced unrealized gains). Return for guaranteed customer portfolios in Sweden on average was positive for 2018.

Return for unit linked portfolios was negatively affected by the weak equity markets during the fourth quarter. For 2018, the return on average was minus 3-4 % both in Norway and Sweden.

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 year.

Note
07

Liquidty 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	Fixed	2022	977
Storebrand Livsforsikring AS	300	EUR	Variable	2023	3,255
Storebrand Livsforsikring AS	750	SEK	Variable	2021	738
Storebrand Livsforsikring AS	900	SEK	Variable	2025	877
Total subordinated loan capital and hybrid tier 1 capital 31.12.2018					7,948
Total subordinated loan capital and hybrid tier 1 capital 31.12.2017					8,591

Note
08

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 12 in the 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 minimizing the uncertainty of valuations.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

(NOK million)	Fair value 31.12.2018	Fair value 31.12.17	Book value 31.12.2018	Book value 31.12.17
Financial assets				
Loans to customers - corporate	6,981	6,202	6,999	6,210
Loans to customers - retail	18,272	15,217	18,272	15,217
Bonds held to maturity	15,679	16,933	14,403	15,128
Bonds classified as loans and receivables	97,790	93,837	94,029	87,094
Financial liabilities				
Subordinated loan capital	7,940	8,711	7,948	8,591

VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	Level 1	Level 2	Level 3	Total 31.12.2018	Total 31.12.2017
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets					
Equities and fund units					
- Equities	23,039	333	602	23,974	23,316
- Fund units	127	125,132	7,849	133,108	132,780
Total equities and fund units	23,166	125,465	8,451	157,082	
Total equities and fund units 31.12.17	22,271	125,396	8,429		156,096
Total loans to customers					
- Loans to customers - corporate			5,708	5,708	5,104
Bonds and other fixed income securities					
- Government bonds	13,530	19,342		32,872	47,460
- Corporate bonds		49,040	56	49,096	47,823
- Structured notes		79		79	81
- Collateralised securities		19,703		19,703	25,632
- Bond funds		45,851	3,321	49,172	39,023
Total bonds and other fixed income securities	13,530	134,015	3,377	150,922	
Total bonds and other fixed income securities 31.12.17	23,792	136,119	108		160,019
Derivatives:					
- Equity derivatives					
- Interest derivatives		3,068		3,068	2,742
- Currency derivatives		-2,781		-2,781	-751
- Credit derivatives					
Total derivatives		287		287	
- derivatives with a positive market value		4,822		4,822	3,868
- derivatives with a negative market value		-4,535		-4,535	-1,876
Total derivatives 31.12.17		1,991			1,991
Properties:					
- investment properties			28,266	28,266	27,453
- Owner-occupied properties			1,420	1,420	1,408
Total properties			29,686	29,686	
Total properties 31.12.17			28,861		28,861

There is no significant movement between level 1 and level 2 in 4th quarter and at 31 December 2018.

MOVEMENT LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond fund	Investment properties	Owner-occupied properties
Book value 01.01	750	7,679	5,104	108		27,453	1,408
Net profit/loss	-33	-2,397	48	10	134	-314	
Supply/disposal	12	3,967	1,310		3,202	1,259	82
Sales/overdue/settlement	-121	-1,347	-641	-60	-15		-2
Currency translation differences	-6	-53	-114	-1		-341	-68
Other						209	
Book value 31.12.18	602	7,849	5,707	56	3,321	28,266	1,420

As at 31 December 2018, Storebrand Livsforsikring had NOK 4 376 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "investment in associated companies 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 are no significant change in sensitivity in this quarter or year to date.

STOREBRAND LIVSFORSIKRING AS

(NOK million)	Level 1	Level 2	Level 3	Total 31.12.2018	Total 31.12.2017
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets					
Equities and fund units					
- Equities	1,310	78	451	1,839	19,179
- Fund units		42,251	5,340	47,591	44,256
Total equities and fund units	1,310	42,329	5,791	49,430	
Total equities and fund units 31.12.17	18,512	39,135	5,788		63,436
Total loans to customers					
- Loans to customers - corporate			364	364	
Bonds and other fixed income securities					
- Government bonds	4,139			4,139	12,578
- Corporate bonds		25,832	25	25,857	25,138
- Structured notes					
- Collateralised securities		5,703		5,703	7,792
- Bond funds		34,658	567	35,225	27,893
Total bonds and other fixed income securities	4,139	66,193	592	70,924	
Total bonds and other fixed income securities 31.12.17	12,569	60,790	42		73,401
Derivatives:					
- Equity derivatives					
- Interest derivatives		1,365		1,365	1,122
- Currency derivatives		-3,056		-3,056	-730
Total derivatives		-1,691		-1,691	
- derivatives with a positive market value		2,220		2,220	
- derivatives with a negative market value		-3,910		-3,910	
Total derivatives 31.12.17		392			392

MOVEMENT LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds
Book value 01.01	488	5,300		42	
Net profit/loss	-33	-141	20	6	48
Supply/disposal	12	1,195	346		519
Sales/overdue/settlement	-16	-1,014	-2	-23	
Book value 31.12.18	451	5,340	364	25	567

Note 09

Tax

The Storebrand Livsforsikring Group reported a tax income of NOK 1,445m for the 4th quarter and NOK 1,088m for the full year 2018. Storebrand has previously booked a deferred tax liability due to the differences between mark to market values and tax values associated with real estate owned by the customer portfolios. As a consequence of new tax rules (see below for further information), the deferred tax liability is reversed, creating a clearer separation between customer assets and shareholders assets. In isolation, the transitional effects leads to a tax income of approximately NOK 1.6 billion for the Group in the 4th quarter.

The tax rate for the Storebrand Livsforsikring 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 Storebrand Livsforsikring Group has operations in countries with tax rates that are different from Norway.

In December 2018, the Norwegian Parliament (Stortinget) agreed to reduce the company tax rate from 23 to 22 per cent with effect from 1 January 2019. It was also agreed to maintain the tax rate at 25 per cent for companies subject to the financial tax. The Storebrand Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalizing deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual Group companies is used.

New tax rules for insurance and pension undertakings

In December 2018, the Norwegian parliament (Stortinget) ratified new tax rules for insurance and pension undertakings. For life insurance companies, the new rules entail that taxation of income and expenses relating to assets in the customer portfolios, with effect from the income year 2018, shall be carried out in accordance with the financial statements. The principle applies to both financial assets and other types of assets (such as operating assets, etc.) owned by the customer portfolios. The technical result stated in the accounts is the basis for the taxation; hence, no permanent or temporary differences will arise for tax purposes. The aim of the new rules are to establish a distinction between customer and corporate funds in terms of taxation. This will significantly reduce tax risk and volatility for the Group.

Note 10

Contingent liabilities

(NOK million)	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	31.12.18	31.12.17	31.12.18	31.12.17
Uncalled residual liabilities re limited partnership	5,818	5,451	4,912	4,647
Debt note to Silver Pensjonsforsikring in conjunction with acquisitions		520		520
Total contingent liabilities	5,818	5,971	4,912	5,167

The debt note is conditioned by Silver Pensjonsforsikring no longer being under public 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 also note 2 and note 43 in the 2017 annual report.

Note 11 | Solvency II

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

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

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

SOLVENCY CAPITAL

(NOK million)	31.12.18					31.12.17
	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	18,881	18,881				22,088
Including the effect of the transitional arrangement						4,513
Subordinated loans	7,780		1,089	6,691		8,547
Deferred tax asset	584				584	
Risk equalisation reserve	234			234		143
Expected dividend/group contributions	-3,200	-3,200				
Total solvency capital	37,530	28,932	1,089	6,925	584	42,728
Total solvency capital available to cover the minimum capital requirement	31,314	28,932	1,089	1,293		37,928

SOLVENCY CAPITAL REQUIREMENT AND - MARGIN

(NOK million)	31.12.18	31.12.17
Market	18,688	20,336
Counterparty	493	449
Life	6,292	6,434
Health	522	540
PRC	0	0
Operational	1,007	990
Diversification	-4,526	-4,646
Loss-absorbing tax effect	-4,701	-5,015
Total solvency requirement	17,775	19,088
Solvency margin	211,1,%	223,8,%
Minimum capital requirement	6,465	6,240
Minimum margin	484,4,%	607,8,%

Note 12 | 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 23 and 45 in the 2017 annual report.

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2018, 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 2018 totaled NOK 8.1 billion. The total portfolio of loans bought as of 31 December 2018 is NOK 28.8 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense for 2018 is NOK 16 million.

Note 13 | Dividends from subsidiaries and gains on sale of associated company

During the 2nd and 3rd quarter Storebrand Livsforsikring AS received dividends from Storebrand Holding AB of SEK 965 million, and SEK 18 million from BenCo. The equity values of 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.

Financial calendar 2019



13 February	Results Q4 2018
8 May	Results 1Q 2019
13 July	Results 2Q 2019
24 October	Results 3Q 2019
February 2020	Results 4Q 2019

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