



Interim report 2017

Storebrand Livsforsikring AS (unaudited)

Contents

FINANCIAL PERFORMANCE BUSINESS AREAS

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

Notice:

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

Storebrand Livsforsikring Group

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 1st quarter result please refer to the Storebrand Group's interim report for the 1st quarter of 2017.

PROFIT STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	2017		2016			01.01 - 31.03		Full Year
	1Q	4Q	3Q	2Q	1Q	2017	2016	2016
Fee and administration income	743	754	775	728	781	743	781	3,038
Insurance result	191	192	197	153	147	191	147	689
Operational cost	-604	-618	-623	-537	-634	-604	-634	-2,412
Operating profit	329	328	348	344	294	329	294	1,315
Financial itmens and risk result life & pension	191	388	166	223	2	191	2	779
Profit before amortisation	521	716	514	567	297	521	297	2,093

The profit before amortisation was NOK 716m (297m) in Q1 2017. The figures in parentheses show the corresponding period last year. Fee and administration income in the 1st quarter decreased 4.9 % compared with the same quarter last year. Adjusted for exchange rates, the income decreased 1.7 %. The income reduction is driven by the long-term decline of the guaranteed pensions products. Premium income for non-guaranteed savings was NOK NOK 3.7 mrd. in the 1st quarter, an increase of 1 % compared with the same period in 2016.

The operating costs in the 1st were NOK 604m (634m). Cost rationalisation is achieved through workforce 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 BUSINESS AREA

(NOK million)	2017		2016			01.01 - 31.03		Full Year
	1Q	4Q	3Q	2Q	1Q	2017	2016	2016
Savings	115	120	100	87	111	115	111	418
Insurance	126	121	140	97	71	126	71	429
Guaranteed pensions	201	492	126	237	15	201	15	870
Other	78	-17	148	146	99	78	99	377
Profit before amortisation	521	716	514	567	297	521	297	2,093

The Savings segment reported a 1st quarter profit of NOK 115m (111m). Income development is driven by the customers' conversion from defined benefit to defined contribution pension schemes in combination with strong competition in the market.

The Insurance segment delivered a profit of NOK NOK 126m (71m) in the quarter. The combined risk result gives a claims ratio for the quarter of 72% (79%) and a combined ratio of 89% (94%).

The Guaranteed Pension segment achieved a profit before amortisation of NOK 201m (NOK 15m) in the 1st quarter. Fee and administration income fell by 11% during the quarter due to the portfolio being in long-term decline.

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 inclusive transitional rules for the Storebrand Group was calculated at 159% at the end of 1st quarter 2017. Without transitional rules, the solvency margin is 147%. Storebrand uses the standard model for the calculation of Solvency II. During the quarter, the solvency margin without transitional rules strengthened due to good investment results, increased buffer capital and retained profit. The transitional rule is reduced as a result of discontinuation of transitional rules on shares, which slightly lightens the solvency II obligations.

Storebrand Livsforsikring AS had a solvency margin after transitional rules of 210% (without transitional rules, the solvency margin is calculated at 196%). 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 1st quarter 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 effective tax rate is calculated to be in the range of 18-22% for the year.

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 returns were strong in the 1st quarter. The strengthening of reserves for increased life expectancy is expected to conclude in 2017.

MARKET AND SALES PERFORMANCE

Assets under management in the United Linked business in Norway increased NOK 12.6bn (23%) relative to the 1st quarter of 2016. The growth is driven by premium payments for existing contracts, returns and conversion from defined benefit schemes.

Sales of savings products are good. Storebrand has been successful with the sale of retail market products to employees with an occupational pension from Storebrand. In Norway, Storebrand is the market leader in Unit Linked with 34% of the market share of gross premiums written.

In SPP, customer assets increased by SEK 10,1bn (15%) in the 1st quarter and SEK 13,9bn (20%) from the previous year.

Savings

Increased earnings due to a higher volume

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

SAVINGS

(NOK million)	2017		2016			01.1 - 31.03		Full Year
	Q1	Q4	Q3	Q2	Q1	2017	2016	2016
Fee and administration income	369	353	347	323	355	369	355	1,378
Operational cost	-253	-232	-248	-244	-242	-253	-242	-966
Operating profit	116	121	99	79	113	116	113	412
Financial items and risk result life & pension	-1	-1		9	-2	-1	-2	6
- Risk result life & pension	-1	-1		8	-2	-1	-2	6
Profit before amortisation	115	120	100	87	111	115	111	418

PROFIT

The Savings segment reported a profit before amortisation of NOK 115m (111m) for the 1st quarter. Fee and administration income in 1st quarter increased 4 % relative to the 1st quarter of 2016. Adjusted for currency effect, the growth was 8 % in the 1st quarter.

Income growth is driven by the customers' conversion from defined-benefit to defined-contribution pension schemes in combination with new business and higher savings rates. For the Norwegian Unit Linked products, increased competition contributes to pressure on margins, while there are relatively stable margins in the Swedish business.

Operating costs in this segment increased during the quarter due to increased sales and marketing activities. This gives higher allocated costs for the area and lower allocated costs for Guaranteed Pension.

MARKET AND SALES PERFORMANCE

Premiums for non-guaranteed occupational pensions were NOK 3.7bn in the 1st quarter, an increase of 1% from the same period last year. Total reserves within the Unit Linked business have increased by 17% over the last year and amounted to NOK 147bn at the end of the quarter. Assets under management in the United Linked business in Norway increased NOK 12.6bn (23%) relative to the 1st 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 34% of the market share of gross premiums written.

In the Swedish market, SPP is the fifth largest actor in the Other Occupational Pensions segment with a market share of 9.1% measured by premium income from Unit Linked. In SPP, customer assets increased by SEK 10,1bn (15%) in the 1st quarter and SEK 13,9bn (20%) from the previous year.

KEY FIGURES

(NOK mill.)	2017		2016		
	1Q	4Q	3Q	2Q	1Q
Unit Linked-reserver	147,311	139,822	131,571	127,876	125,434
Unit Linked-premier	3,716	3,466	3,444	3,541	3,693

Insurance

Good underlying risk performance and limited growth due to new disability products

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

INSURANCE

(NOK million)	2017		2016			01.1 - 31.03		Full Year
	1Q	4Q	3Q	2Q	1Q	2017	2016	2016
Insurance result	191	192	197	153	147	191	147	689
- Insurance premiums f.o.a.	673	689	690	693	687	673	687	2,759
- Claims f.o.a.	-482	-496	-493	-540	-540	-482	-540	-2,070
Operational cost	-117	-114	-107	-90	-107	-117	-107	-418
Operating profit	74	78	90	63	40	74	40	271
Financial items and risk result life & pension	53	43	50	34	31	53	31	158
- Financial result	53	43	50	34	31	53	31	158
Profit before amortisation	126	121	140	97	71	126	71	429

PROFIT

Insurance delivered a profit before amortisation of NOK 126m (71m) in 1st quarter. Overall combined ratio for the quarter was 89 % (94%).

The combined risk result gives a claims ratio of 72 % (79 %) in the 1st quarter. Employer's liability insurance delivered a good result due to high financial income and a lower claims ratio than the previous year. Group disability pension was more profitable compared with the previous year. The market for defined-contribution pensions is very competitive and the price for disability pension is a key competition parameter. Personal insurance maintains a good level of profitability.

The cost percentage ended at 17% (15%) for the 1st quarter. As planned, increased ambitions of growth have resulted in higher allocated costs for the insurance area.

The investment portfolio of Insurance in Norway amounts to NOK 5.4bn, which is primarily invested in fixed income securities with a short and medium duration. The assets have had good returns during the quarter.

MARKET AND SALES PERFORMANCE

Premium for own account amounts to NOK 673m (687m) in the 1st 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		
	1Q	4Q	3Q	2Q	1Q
Individual life *	635	632	629	626	623
Group life **	874	896	908	890	901
Pension related disability insurance ***	1,185	1,297	1,268	1,253	1,204
Portfolio premium	2,694	2,824	2,805	2,769	2,728

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

KEY FIGURES	2017		2016		
	1Q	4Q	3Q	2Q	1Q
Claims ratio	72 %	72 %	71 %	78 %	79 %
Cost ratio	17 %	17 %	15 %	13 %	15 %
Combined ratio	89 %	89 %	87 %	91 %	94 %

Guaranteed pension

Income reduction in line with strategy and population trends. Positive net profit sharing and risk results during the quarter.

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

GUARANTEED PENSION

(NOK mill.)	2017		2016			01.1 - 31.03		Full Year
	1Q	4Q	3Q	2Q	1Q	2017	2016	2016
Fee and administration income	358	376	403	383	404	358	404	1,566
Operational cost	-221	-260	-257	-192	-271	-221	-271	-981
Operating profit	137	116	146	191	132	137	132	585
Financial items and risk result life & pension	64	376	-20	46	-117	64	-117	284
- Risk result life & pension	34	-13	-18	-10	4	34	4	-37
- Net profit sharing	30	389	-2	57	-122	30	-122	322
Profit before amortisation	201	492	126	237	15	201	15	870

PROFIT

Guaranteed Pension achieved a profit before amortisation and strengthening of longevity reserves of NOK 201m (NOK 15m) during the 1st quarter of 2017.

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 358m (NOK 404m) in the 1st quarter. This is equivalent to a reduction of 11% in 2017 compared with the same quarter in the previous year.

The operating costs were reduced due to the area being in long-term decline and amounted to NOK 221m (NOK 271m.) for the quarter.

The risk result was NOK 34m (NOK 4m) in the 1st quarter. The risk result was generated in the Swedish business and is driven by positive mortality development compared with the tariff. The risk result in the Norwegian business was restricted due to reserve strengthening based in the introduction of a new group disability pension and the general disability development in the population.

The result from profit sharing and loan losses consists of profit sharing and financial effects. The result was NOK 30m (- NOK 122m) during the 1st quarter of 2017. The result was generated in the Swedish business and during the quarter was driven by a positive development in the equity, real estate and credit portfolios. The Norwegian business is prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners.

BALANCE SHEET AND MARKET TRENDS

The majority of products are closed for new business, and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy. As of the 1st quarter, customer reserves for guaranteed pensions amounted to NOK 261bn, which is a decrease of approximately NOK 5bn since the 1st quarter of 2016. The total premium income for guaranteed pensions (excluding transfers) was NOK 2bn (NOK 2.7bn) in the 1st quarter, which was a reduction of 28%.

In the Norwegian business, paid-up policies were the only guaranteed pension portfolio experiencing growth and amounted to NOK 121bn as of the 1st quarter, an increase of NOK 12bn since the 1st quarter of 2016, which is equivalent to 11 per cent. From and including the

4th quarter of 2014, the customers were given an offer to convert from traditional paid-up policies to paid-up policies with investment choice. Paid-up policies with investment options, which are included in the Savings segment, amounted to NOK 5.8bn as of the 1st quarter. Reserves for defined-benefit pensions in Norway amounted to NOK 42bn at the end of the 1st quarter, a decline of NOK 9bn since the 1st quarter of 2016.

Guaranteed portfolios in the Swedish business totalled NOK 83bn as of the 1st quarter, which corresponds to a decrease of NOK 7bn since the 1st quarter of 2016. The decrease was largely due to the NOK/SEK exchange rate.

KEY FIGURES

(NOK million)	2017	2016			
	1Q	4Q	3Q	2Q	1Q
Guaranteed reserves	261,148	258,723	261,547	265,300	265,931
Guaranteed reserves in % of total reserves	63.9 %	64.9 %	66.5 %	67.5 %	67.9 %
Transfer out of guaranteed reserves	541	245	239	621	2 200
Buffer capital in % of customer reserves Storebrand	5.4 %	5.7 %	5.6 %	6.3 %	5.9 %
Buffer capital in % of customer reserves SPP	6.7 %	6.7 %	6.7 %	6.3 %	6.6 %

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)	2017		2016			01.1 - 31.03		Full Year
	1Q	4Q	3Q	2Q	1Q	2017	2016	2016
Fee and administration income	16	25	25	22	22	16	22	94
Operational cost	-13	-12	-12	-10	-14	-13	-14	-48
Operating profit	3	13	13	12	8	3	8	46
Financial items and risk result life & pension	75	-29	136	134	91	75	91	331
- Risk result life & pension	2	-11		-4	22	2	22	7
- Financial result	73	-18	141	140	69	73	69	333
- Net profit sharing		-1	-6	-2				-9
Profit before amortisation	78	-17	148	146	99	78	99	377

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

The financial result for the Other 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 1st 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 22.4bn at the end of the 1st quarter.

The investments are primarily in interest-bearing securities in Norway and Sweden with short maturities. The Norwegian company portfolio reported a return of 0.52% for the quarter. The Swedish company portfolio had weak negative returns due to the continued low interest rates in Sweden.

Balance sheet, solidity 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.

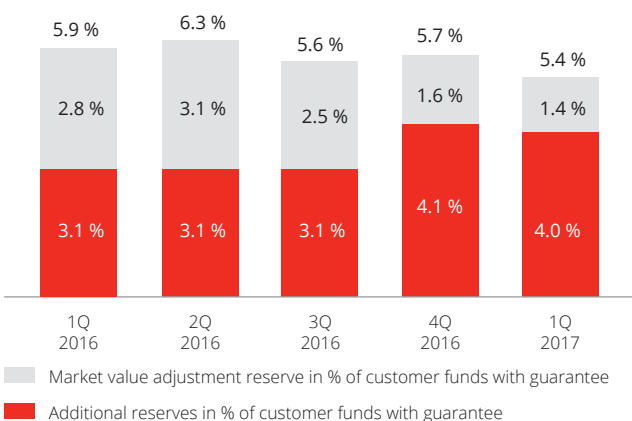
STOREBRAND LIVSFORSIKRING GROUP

The solidity capital ¹⁾ amounted to NOK 58.8 bn. at the end of 1st quarter, an increase of NOK 1.6bn in the 1st quarter. Positive results, increased customer buffers in the Swedish business and reduction of customer buffers in the Norwegian business.

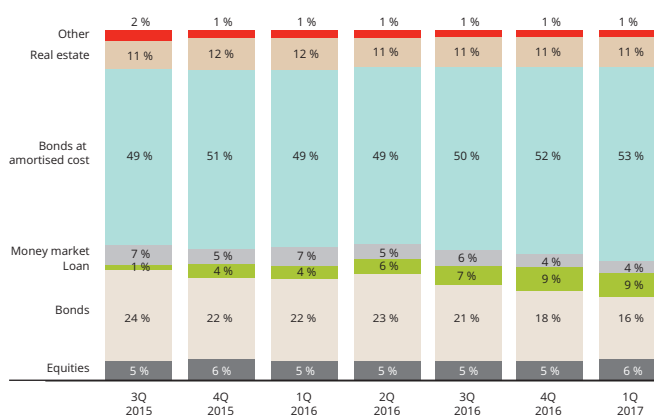
STORBRAND LIVSFORSIKRING AS

The market value adjustment reserve fell by NOK 0.4bn during the 1st quarter, and amounted to NOK 2.3bn at the end of the 1st quarter of 2017. The additional statutory reserves remained unchanged during the quarter and amounted to NOK 6.8bn at the end of the 1st quarter of 2017. The excess value of held-to-maturity bonds and loans valued at amortised cost has been unchanged since the start of the year and was NOK 8.8bn as of the 1st 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

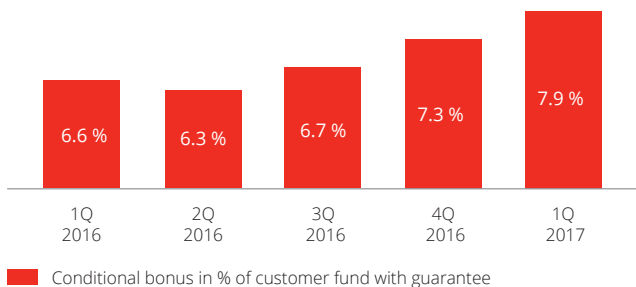


Customer assets increased by NOK 4bn in the 1st quarter due to positive returns. Customer assets totalled NOK 246bn at the end of the 1st quarter of 2017. Customer assets within non-guaranteed Savings increased by NOK 2.7bn in the 1st quarter. Guaranteed customer assets increased by NOK 1.3 bn in the 1st quarter.

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.

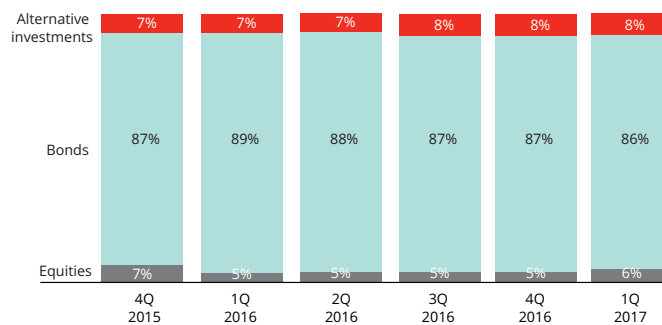
SPP

CUSTOMER BUFFERS



The buffer capital amounted to SEK 6.4bn (SEK 5.5bn) as of the 1st quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were SEK 166bn. This corresponds to a increase of 2.2% compared with the 4th quarter of 2016. For customer assets in non-guaranteed savings, assets under management totalled NOK 82.6bn in the 1st quarter, which corresponds to an increase of 4.8%, compared with the 4th 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 23% from the 1st quarter of 2016. Storebrand also has a strong challenger role for the sale of pension solutions to Swedish businesses and Unit Linked reserves at SPP grew by 13% from the 1st quarter of 2016. Good sales growth for defined-contribution pensions is expected in the future. Work is being carried out to improve profitability within this area.

The loyalty programme for employees with companies that have a pension scheme at Storebrand will be an important area of focus in the future. The competition in the market has resulted in pressure on margins within the Savings and Insurance 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's results with the present interest rates. Guaranteed reserves represent an increasingly smaller share of the Group's total pension reserves and were 64% at the end of the quarter.

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

MARKET TRENDS

The Norwegian ten-year interest rate on government bonds fell by approximately 0.1 percentage points in the first quarter. The Swedish ten-year interest rate remained largely unchanged in the first quarter. The rise in interest rates that occurred in the USA and EU from autumn last year has now ended and the ten-year interest rates in these countries are now slightly lower than they were at the start of the year.

The Federal Reserve increased the fund rate in March and the short-term market rate in the USA is now approximately 0.8%. It is expected that the central bank's programme for purchasing fixed income securities will be gradually reduced in the time ahead. We have not seen an equivalent increase in Europe and the interest here is still negative of approximately -0.7%.

The finance sector is characterised by the weak capitalisation of some European banks in combination with weakened credit portfolios. The authorities have implemented measures in several countries to alleviate the situation in certain exposed banks. Deutsche Bank conducted an equity issue during the first quarter.

RISK

Market risk is the Group's biggest risk. In the Board's ORSA (self-assessment of risk and solvency) process, developments in interest rates, credit spreads, and equity and property values are considered to be the biggest risks that influence the solvency of the Group. Storebrand has adapted to the low interest rates by building up buffer capital. Over time the level of the annual interest rate guarantee will be reduced. In the long term, continued low interest rates will represent a risk for products with guaranteed high interest rates running at a loss, and it is therefore important to achieve a return that exceeds the interest rate guarantee associated with the products. Storebrand has therefore adjusted its assets by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. For insurance risk, increased life expectancy and the development in disability are the factors that have greatest influence on solvency. Operational risk is closely monitored and may also have a significant effect on solvency.

SOLVENCY II - ULTIMATE FORWARD RATE

On 6 April, the European Insurance and Occupational Pensions Authority (EIPOA) announced changes to the Ultimate Forward Rate (UFR) which, together with market interest rates, determine the discount rate for the insurance liabilities in Solvency II. For NOK, the change means that the UFR is reduced from 4.2% to 3.65%. The reduction will be phased in gradually, with a maximum of 15 basis points per year. The UFR for 2018 will therefore be 4.05%. The reduction was expected. As a result of this, a reduction in the solvency margin excluding transitional rules of 8 percentage points is expected. On the other hand, the required rate of return on our investments is also lower and it will be easier to comply with the development in liabilities over time. The solvency position is therefore expected to strengthen over time following the immediate weakening.

CONSULTATION REGARDING CHANGES TO THE SOLVENCY II STANDARD MODEL

The EIPOA conducted a consultation process in connection with changes to the standard model for calculating capital requirements. The objectives were: (1) ensure that the capital requirements are in proportion to the actual risk, (2) ensure consistent treatment between countries, and (3) simplification. Among other things, the issues that were assessed included exposure to regional and local authorities, calibrating the risk of mortality, the possibility of using company-specific parameters for life insurance, exchange rate risk at group level, interest rate risk, risk-reducing effect of deferred tax and risk margin.

THE GOVERNMENT WANTS TO ABOLISH INVESTMENT RESTRICTIONS

The Ministry of Finance has asked the Financial Supervisory Authority of Norway to prepare a consultation memo proposing the repeal of the provision in the Financial Undertakings Act that insurance companies cannot own more than 15% of other businesses ("non-insurance operations") Reference is made to the fact that Solvency II has reduced the need for such provisions. The Ministry also wants to facilitate the increased use of pension capital in Norwegian infrastructure projects.

EQUITY SAVINGS ACCOUNT AND FUND ACCOUNT

Equity savings account expected to be introduced from 1 July 2017. The scheme involves individuals being able to trade in shares and equity funds within the framework of an equity savings account. Profits will not be taxable until amounts are withdrawn from the equity savings account.

The Ministry of Finance has sent proposed regulations regarding equity savings accounts for consultation. It is assumed that there will be a transitional period until the end of 2017, whereby existing shares and equity funds can be transferred to a share savings account without this resulting in capital gains tax. The Ministry will consider extending the transitional period.

A proposal regarding changes to the tax rules for fund accounts has been circulated for consultation. The Ministry has proposed changes such that fund accounts with an insurance element of less than 150% of the balance will be treated the same as mutual funds. Fund accounts with an insurance element down to 101% of the balance have thus far had lower capital gains tax than mutual funds

SEPARATE PENSION ACCOUNT

The government's report regarding separate pension accounts was presented before Christmas. It is not yet clear how this will be followed up, but in a letter to the government on 27 February, the Norwegian Confederation of Trade Unions (LO) made it clear that they want separate pension accounts and requested that the government present a proposal based on the report as soon as possible.

The Confederation of Norwegian Enterprise (NHO) proposed the introduction of pension accounts in connection with the annual wage settlement in 2014. The issue was first assessed by these parties and then by the government. Based on the involvement of these parties, we consider it probable that work will continue on this type of reform until the main bargaining period in spring 2018.

NO FINANCIAL TAX IN SWEDEN

The Swedish government concluded that a financial tax of 15% on the income base of finance companies will not be introduced. It has instead been proposed to increase the banks' fee to the resolution reserve from 0.09% to 0.125%. This has no impact on SPP.

CAPITAL MANAGEMENT

The solvency ratio for the Storebrand group without transitional rules at the end of the 1st quarter was 147%. The solvency level shows that the Group is robust for the risks the business faces. A gradual improvement is expected in the underlying solvency margin in the coming years. This is primarily due to the discontinuation of the strengthening of reserves for increased life expectancy, expected result achievement in the Group, and reduced capital requirements from guaranteed business. The strengthening of reserves for increased life expectancy is expected to conclude in 2017.

Lysaker, 26 April 2017
Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring group

Statement of comprehensive income

(NOK million)	1Q		Full Year
	2017	2016	2016
Technical account			
Gross premiums written	6,733	7,617	23,433
Reinsurance premiums ceded	-22	-41	-127
Premium reserves transferred from other companies	581	451	1,454
Premiums for own account	7,293	8,027	24,760
Income from investments in subsidiaries, associated companies and joint-controlled companies	60	37	150
Interest income and dividends etc. from financial assets	1,248	1,853	8,517
Net operating income from real estate	222	246	897
Changes in investment value	1,277	1,839	1,179
Realised gains and losses on investments	1,073	1,259	3,389
Total net income from investments in the collective portfolio	3,881	5,234	14,132
Income from investments in subsidiaries, associated companies and joint-controlled companies	7	4	17
Interest income and dividends etc. from financial assets	-6	-5	625
Net operating income from real estate	25	20	83
Changes in investment value	4,859	-3,320	8,552
Realised gains and losses on investments	505	341	1,036
Total net income from investments in the investment selection portfolio	5,390	-2,960	10,313
Other insurance related income	435	499	2,013
Gross claims paid	-4,539	-4,478	-18,007
Claims paid - reinsurance	3	2	18
Premium reserves etc. transferred to other companies	-2,896	-2,997	-6,101
Claims for own account	-7,432	-7,472	-24,090
To (from) premium reserve, gross	-151	-4,105	-3,743
To/from additional statutory reserves	35	187	-1,490
Change in value adjustment fund	362	-193	1,836
Change in premium fund, deposit fund and the pension surplus fund	-18	-3	-11
To/from technical reserves for non-life insurance business	-23	-29	-34
Change in conditional bonus	-515	2,249	1,126
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-3		2
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-312	-1,894	-2,314
Change in premium reserve	-6,349	511	-19,352
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-6,349	511	-19,352
Profit on investment result			-501
Other allocation of profit		1	-263
Unallocated profit	-1,586	-964	
Funds allocated to insurance contracts	-1,586	-964	-765
Management expenses	-98	-97	-397
Selling expenses	-167	-196	-706
Change in pre-paid direct selling expenses	2	-10	
Insurance-related administration expenses (incl. commissions for reinsurance received)	-361	-348	-1,415
Insurance-related operating expenses	-624	-651	-2,518

Storebrand Livsforsikring group

Statement of comprehensive income continue

(NOK million)	1Q		Full Year
	2017	2016	2016
Other insurance related expenses	-224	-97	-451
Technical insurance profit	472	231	1,728
Non-technical account			
Income from investments in subsidiaries, associated companies and joint-controlled companies	-3	5	24
Interest income and dividends etc. from financial assets	85	78	322
Net operating income from real estate		-3	10
Changes in investment value	58	58	287
Realised gains and losses on investments	49	-10	124
Net income from investments in company portfolio	189	128	768
Other income	97	144	277
Management expenses	-8	-7	-29
Other costs	-324	-303	-1,047
Management expenses and other costs linked to the company portfolio	-332	-310	-1,075
Profit or loss on non-technical account	-46	-38	-31
Profit before tax	426	194	1,697
Tax costs	-75	-70	-196
Profit before other comprehensive income	351	123	1,501
Change in actuarial assumptions	-3	-7	-79
Change in value adjustment reserve own buildings	94	22	205
Profit/loss cash flow hedging	-5	-9	-60
Adjustment of insurance liabilities	-94	-22	-205
Tax on other profit elements not to be classified to profit/loss			19
Total other profit elements not to be classified to profit/loss	-9	-16	-120
Translation differences	108	-238	-783
Total other profit elements that may be classified to profit /loss	108	-238	-783
Total other profit elements	99	-255	-902
Total comprehensive income	450	-131	598
Profit is attributable to:			
Minority share of profit	347	117	1,482
Majority share of profit	4	6	19
Comprehensive income is attributable to:			
Minority share of profit	445	-136	12
Majority share of profit	5	5	

Storebrand Livsforsikring group

Statement of financial position

(NOK million)	31.03.2017	31.03.2016	31.12.16
Assets			
Assets in company portfolio			
Goodwill	769	814	757
Other intangible assets	3,721	4,363	3,753
Total intangible assets	4,489	5,177	4,510
Real estate at fair value	51	51	51
Equities and units in subsidiaries, associated companies and joint-controlled companies	252	251	265
Lendings at amortised cost	1	1	1
Bonds at amortised cost	3,173	2,686	2,868
Deposits at amortised cost	584	2,749	146
Equities and other units at fair value	81	78	103
Bonds and other fixed-income securities at fair value	22,793	19,903	23,172
Derivatives at fair value	984	1,206	932
Total investments	27,918	26,926	27,538
Receivables in connection with direct business transactions	798	1,174	481
Receivables in connection with reinsurance transactions	10	8	9
Receivables with group company	67	64	61
Other receivables	3,631	4,794	2,016
Total receivables	4,505	6,040	2,567
Tangible fixed assets	465	457	458
Cash, bank	1,806	2,951	2,769
Tax assets	237	474	312
Other assets designated according to type	778	782	766
Total other assets	3,285	4,665	4,306
Pre-paid direct selling expenses	511	535	502
Other pre-paid costs and income earned and not received	158	138	101
Total pre-paid costs and income earned and not received	669	673	603
Total assets in company portfolio	40,866	43,481	39,524
Assets in customer portfolios			
Real estate at fair value	22,141	19,963	22,050
Real estate for own use	2,689	2,706	2,702
Equities and units in subsidiaries, associated companies and joint-controlled companies	1,711	1,633	1,718
Loans to and securities issued by subsidiaries, associated companies	38	40	37
Bonds held to maturity	15,688	15,894	15,644
Bonds at amortised cost	83,183	71,746	79,378
Lendings at amortised cost	17,548	7,634	16,628
Deposits at amortised cost	3,818	7,907	4,159
Equities and other units at fair value	19,969	18,150	19,329
Bonds and other fixed-income securities at fair value	110,914	138,274	113,976
Financial derivatives at fair value	3,072	4,678	3,548
Lendings at fair value	2,462		2,346
Total investments in collective portfolio	283,232	288,624	281,515
Reinsurance share of insurance obligations	106	113	106

Continue next page

Storebrand Livsforsikring group

Statement of financial position continue

(NOK million)	31.03.2017	31.03.2016	31.12.16
Real estate at fair value	2,584	1,986	2,060
Real estate for own use	194	173	161
Equities and units in subsidiaries, associated companies and joint-controlled companies	217	181	200
Lendings	833		100
Deposits at amortised cost	290	390	216
Equities and other units at fair value	116,788	96,718	110,087
Bonds and other fixed-income securities at fair value	27,975	26,741	27,358
Financial derivatives at fair value	17	557	73
Total investments in investment selection portfolio	148,897	126,746	140,255
Total assets in customer portfolio	432,235	415,483	421,876
Total assets	473,102	458,964	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	139	137	140
Other earned equity	10,739	9,593	10,290
Minority's share of equity	120	127	114
Total earned equity	10,998	9,857	10,545
Perpetual subordinated loan capital	2,099	2,808	2,098
Dated subordinated loan capital	3,628	3,207	3,742
Hybrid tier 1 capital	1,503	1,503	1,504
Total subordinated loan capital and hybrid tier 1 capital	7,230	7,519	7,344
Premium reserves	260,803	266,717	259,661
Additional statutory reserves	6,814	5,090	6,794
Market value adjustment reserve	2,321	4,713	2,684
Premium fund, deposit fund and the pension surplus fund	2,550	2,528	2,671
Conditional bonus	7,840	7,034	7,241
Unallocated profit to insurance contracts	1,586	964	
Other technical reserve	707	685	684
Total insurance obligations in life insurance - contractual obligations	282,620	287,732	279,734
Premium reserve	148,589	126,951	141,162
Total insurance obligations in life insurance - investment portfolio separately	148,589	126,951	141,162
Pension liabilities etc.	96	216	96
Deffered tax	175	192	175
Other provisions for liabilities	3	-74	3
Total provisions for liabilities	274	334	274
Liabilities in connection with direct insurance	1,367	1,159	1,204
Liabilities in connection with reinsurance	27	16	44
Financial derivatives	1,967	844	1,985
Liabilities to group companies	15	17	60
Other liabilities	6,271	10,729	5,252
Total liabilities	9,648	12,765	8,545
Other accrued expenses and received, unearned income	492	556	544
Total accrued expenses and received, unearned income	492	556	544
Total equity and liabilities	473,102	458,964	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				-5	122	6	123
Total other profit elements					-253	-2	-255
Total comprehensive income for the period				-5	-131	5	-131
Equity transactions with owner:							
Derecognition minority						-453	-453
Equity at 31.3.2016	3,540	9,711	13,251	137	9,593	127	23,108
Profit for the period				-2	1,484	19	1,501
Total other profit elements					-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				-1	348	4	351
Total other profit elements					99	1	99
Total comprehensive income for the period				-1	446	5	450
Equity transactions with owner:							
Other					2		3
Equity at 31.3.2017	3,540	9,711	13,251	139	10,739	119	24,249

Storebrand Livsforsikring

Statement of cash flow 1. January - 31. March

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2016	2017	(NOK million)	2017	2016
Cash flow from operational activities				
8,999	6,396	Net received - direct insurance	4,743	5,425
-4,674	-4,385	Net claims/benefits paid - direct insurance	-2,356	-2,622
-2,547	-2,315	Net receipts/payments - policy transfers	-2,218	-2,149
-695	-343	Net change insurance liabilities	-74	-385
499	435	Receipts - interest, commission and fees from customers	127	111
-97	-224	Payments - interest, commission and fees to customers	-214	-84
-616	-615	Net receipts/payments operations	-345	-345
3,241	-1,488	Net receipts/payments - other operational activities	-735	759
4,111	-2,539	Net cash flow from operational activities before financial assets	-1,073	709
-1,616	-1,000	Net receipts/payments - lendings to customers	-1,653	-1,616
1,722	3,131	Net receipts/payments - financial assets	2,103	4,338
3,267	-293	Net receipts/payments - real estate activities		
-4,170	440	Net change bank deposits insurance customers	499	-2,060
-797	2,278	Net cash flow from operational activities from financial assets	949	662
3,314	-261	Net cash flow from operational activities	-123	1,371
Cash flow from investment activities				
		Net payments - purchase/capitalisation associated companies		1,847
-31	-15	Net receipts/payments - sale/purchase of fixed assets	-2	-4
-31	-15	Net cash flow from investment activities	-2	1,843
Cash flow from financing activities				
-41	-236	Payments - interest on subordinated loan capital	-236	-41
-41	-236	Net cash flow from financing activities	-236	-41
3,242	-512	Net cash flow for the period	-361	3,174
4,039	-2,790	of which net cash flow for the period before financial assets	-1,310	2,512
3,242	-512	Net movement in cash and cash equivalent assets	-361	3,174
2,411	2,915	Cash and cash equivalents at start of the period	1,787	1,234
47	-14	Currency translation differences		
5,700	2,389	Cash and cash equivalent assets at the end of the period	1,427	4,408

Storebrand Livsforsikring AS

Statement of comprehensive income

(NOK million)	1Q		Full Year
	2017	2016	2016
Technical account			
Gross premiums written	5,058	5,779	16,589
Reinsurance premiums ceded	-6	-5	-30
Premium reserves transferred from other companies	327	293	806
Premiums for own account	5,379	6,066	17,365
Income from investments in subsidiaries, associated companies and joint-controlled companies	492	495	1,948
of which from investment in real estate companies	478	484	1,965
Interest income and dividends etc. from financial assets	494	1,209	5,942
Changes in investment value	1,036	221	-1,597
Realised gains and losses on investments	744	647	2,209
Total net income from investments in the collective portfolio	2,765	2,571	8,502
Income from investments in subsidiaries, associated companies and joint-controlled companies	77	54	249
of which from investment in real estate companies	77	54	249
Interest income and dividends etc. from financial assets	-7	-7	615
Changes in investment value	1,653	-1,069	1,999
Realised gains and losses on investments	505	346	1,039
Total net income from investments in the investment selection portfolio	2,229	-676	3,902
Other insurance related income	127	111	454
Gross claims paid	-2,566	-2,526	-9,962
Claims paid - reinsurance	3	2	12
Premium reserves etc. transferred to other companies	-2,545	-2,442	-4,170
Claims for own account	-5,107	-4,965	-14,119
To (from) premium reserve, gross	-617	-41	-1,510
To/from additional statutory reserves	33	187	-1,490
Change in value adjustment fund	362	-193	1,836
Change in premium fund, deposit fund and the pension surplus fund	-18	-3	-11
To/from technical reserves for non-life insurance business	-23	-29	-34
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-3		2
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-265	-79	-1,208
Change in premium reserve	-2,708	-1,400	-11,256
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-2,708	-1,400	-11,256
Profit on investment result			-501
Other allocation of profit			-259
Unallocated profit	-1,586	-964	
Funds allocated to insurance contracts	-1,586	-964	-761
Management expenses	-45	-41	-171
Selling expenses	-64	-79	-278
Insurance-related administration expenses (incl. commissions for reinsurance received)	-238	-229	-918
Insurance-related operating expenses	-347	-349	-1,368
Other insurance related expenses after reinsurance share	-214	-84	-412
Technical insurance profit	272	231	1,100

Continue next page

Storebrand Livsforsikring AS

Statement of comprehensive income continue

(NOK million)	1Q		Full Year
	2017	2016	2016
Non-technical account			
Income from investments in subsidiaries, associated companies and joint-controlled companies	90	-201	-536
Interest income and dividends etc. from financial assets	88	76	319
Changes in investment value	50	49	203
Realised gains and losses on investments	-20	201	736
Net income from investments in company portfolio	209	125	722
Other income	6	7	24
Management expenses	-4	-4	-15
Other costs	-116	-64	-373
Total management expenses and other costs linked to the company portfolio	-121	-68	-388
Profit or loss on non-technical account	94	65	359
Profit before tax	366	295	1,459
Tax costs	-75	-74	-205
Profit before other comprehensive income	291	221	1,254
Change in actuarial assumptions			-18
Profit/loss cash flow hedging	-5	-9	-60
Tax on other profit elements not to be classified to profit/loss			19
Total other profit elements not to be classified to profit/loss	-5	-9	-58
Translation differences			
Total other profit elements that may be classified to profit /loss			
Total other profit elements	-5	-9	-58
Total comprehensive income	285	212	1,195

Storebrand Livsforsikring AS

Statement of financial position

(NOK million)	31.03.2017	31.03.2016	31.12.16
Assets			
Assets in company portfolio			
Other intangible assets	125	184	133
Total intangible assets	125	184	133
Equities and units in subsidiaries, associated companies and joint-controlled companies	13,515	13,895	13,434
Lendings at amortised cost	1	1	1
Bonds at amortised cost	3,173	2,686	2,868
Deposits at amortised cost	578	2,747	143
Equities and other units at fair value	80	63	83
Bonds and other fixed-income securities at fair value	13,377	10,063	13,529
Derivatives at fair value	984	1,206	932
Total investments	31,708	30,662	30,989
Receivables in connection with direct business transactions	727	975	419
Receivables in connection with reinsurance transactions	10	8	9
Receivables with group company	64	64	66
Other receivables	631	2,711	410
Total receivables	1,432	3,757	903
Tangible fixed assets	11	13	11
Cash, bank	848	1,661	1,644
Tax assets	100	286	175
Total other assets	959	1,961	1,830
Other pre-paid costs and income earned and not received	47	35	14
Total pre-paid costs and income earned and not received	47	35	14
Total assets in company portfolio	34,272	36,598	33,870
Assets in customer portfolios			
Equities and units in subsidiaries, associated companies and joint-controlled companies	21,362	22,714	20,884
of which investment in real estate companies	20,568	20,104	20,104
Bonds held to maturity	15,688	15,894	15,644
Bonds at amortised cost	83,183	71,746	79,378
Lendings at amortised cost	17,548	7,634	16,628
Deposits at amortised cost	1,590	4,060	2,133
Equities and other units at fair value	10,955	9,966	10,501
Bonds and other fixed-income securities at fair value	34,726	51,569	38,444
Financial derivatives at fair value	152	870	128
Total investments in collective portfolio	185,202	184,452	183,739
Reinsurance share of insurance obligations	106	113	106
Equities and units in subsidiaries, associated companies and joint-controlled companies	3,065	2,708	2,974
of which investment in real estate companies	3,065	2,974	2,974
Lendings at amortised cost	833		100
Deposits at amortised cost	227	181	183
Equities and other units at fair value	41,536	31,439	39,626
Bonds and other fixed-income securities at fair value	22,490	20,364	21,807
Financial derivatives at fair value	17	557	73
Total investments in investment selection portfolio	68,168	55,249	64,763
Total assets in customer portfolios	253,477	239,814	248,609
Total assets	287,748	276,413	282,478

Storebrand Livsforsikring AS

Statement of financial position continue

(NOK million)	31.03.2017	31.03.2016	31.12.16
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	139	137	140
Other earned equity	11,329	10,062	11,042
Total earned equity	11,468	10,199	11,182
Perpetual subordinated loan capital	2,099	2,096	2,098
Dated subordinated loan capital	3,628	3,207	3,742
Hybrid tier 1 capital	1,503	1,503	1,504
Total subordinated loan capital and hybrid tier 1 capital	7,230	6,807	7,344
Premium reserves	169,513	166,861	168,884
Additional statutory reserves	6,815	5,090	6,794
Market value adjustment reserve	2,321	4,713	2,684
Premium fund, deposit fund and the pension surplus fund	2,550	2,528	2,671
Unallocated profit to insurance contracts	1,586	964	
Other technical reserve	707	685	684
Total insurance obligations in life insurance - contractual obligations	183,492	180,841	181,716
Premium reserves	67,853	55,293	65,144
Total insurance obligations in life insurance - investment portfolio separately	67,853	55,293	65,144
Pension liabilities etc.	59	196	59
Other provisions for liabilities		-75	-75
Total provisions for liabilities	59	121	-16
Liabilities in connection with direct insurance	1,104	820	898
Financial derivatives	1,109	148	1,047
Liabilities to group companies	29	1,713	199
Other liabilities	1,947	6,994	1,490
Total liabilities	4,190	9,675	3,634
Other accrued expenses and received, unearned income	206	227	224
Total accrued expenses and received, unearned income	206	227	224
Total equity and liabilities	287,748	276,413	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				-5	226	221
Total other profit elements					-9	-9
Total comprehensive income for the period				-5	217	212
Equity at 31.03.2016	3,540	9,711	13,251	137	10,062	23,450
Profit for the period				-2	1,255	1,254
Total other profit elements					-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				-1	292	291
Total other profit elements					-5	-5
Total comprehensive income for the period				-1	287	285
Equity at 31.03.2017	3,540	9,711	13,251	139	11,329	24,719

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 and associated 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 with respect to 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 financial statements.

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.

Note 02 | Estimates

In preparing the Group's financial statements the management are required to make estimates, judgements and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.

Actual results may differ from these estimates

A description of the most critical estimates and judgements that can affect recognised amounts appears in the 2016 annual financial statements 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 | Segments - result by business area

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

SAVINGS

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 also includes certain other subsidiaries.

INSURANCE

Insurance is responsible for the group's insurance risk products. The unit provides 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 contribution 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

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

RESULT BY BUSINESS AREA

(NOK million)	Q1		Full Year
	2017	2016	2016
Savings	115	111	418
Insurance	126	71	429
Guaranteed pension	201	15	870
Other	78	99	377
Profit before amortisation	521	297	2,093
Amortisation intangible assets	-95	-103	-396
Profit before tax	425	193	1,697

SEGMENT INFORMATION Q1

(NOK million)	Savings		Insurance		Guaranteed pension	
	2017	2016	2017	2016	2017	2016
Fee and administration income	369	355			358	404
Insurance result			191	147		
- Insurance premiums f.o.a.			673	687		
- Claims f.o.a.			-482	-540		
Operational cost	-253	-242	-117	-107	-221	-271
Operating profit	116	113	74	40	137	132
Financial items and risk result life & pension	-1	-2	53	31	64	-117
- Risk result life & pensions	-1	-2			34	4
- Financial result			53	31		
- Net profit sharing					30	-122
Profit before amortisation	115	111	126	71	201	15
Amortisation of intangible assets						
Profit before tax	115	111	126	71	201	15

(NOK million)	Other		Storebrand Livsforsikring group	
	2017	2016	2017	2016
Fee and administration income	16	22	743	781
Insurance result			191	147
- Insurance premiums f.o.a.			673	687
- Claims f.o.a.			-482	-540
Operational cost	-13	-14	-604	-634
Operating profit	3	8	329	294
Financial items and risk result life & pension	75	91	191	2
- Risk result life & pensions	2	22	35	24
- Financial result	73	69	126	100
- Net profit sharing			30	-122
Profit before amortisation	78	99	521	297
Amortisation of intangible assets			-95	-103
Profit before tax	78	99	425	193

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-portfolio: 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.

Global equity markets were strong during the first quarter. The global index increased 5 per cent, while the Norwegian stock market increased by 1 per cent. Interest rates rose slightly at the start of the year, but have since returned their previous levels. Both Norwegian and Swedish 10-year interest swap rates ended the first quarter at about the same level as at the start of the year. Due to the majority of the interest rate investments in the Norwegian customer portfolios being at amortised 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. During the first quarter, the Norwegian krone remai-

ned largely unchanged compared to both the American dollar and Euro. 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 in the first quarter.

Guaranteed portfolios in Norway provided returns that were better than the average accumulated guarantee during the first quarter. Based on the current strategy, any returns that exceed the guarantee in Norway will primarily be used for strengthening reserves or for additional statutory reserves, and the return therefore has little impact on the result. The market value adjustment reserve fell slightly during the first quarter, while additional statutory reserves remained unchanged. Excess values at amortised cost were largely unchanged. Guaranteed portfolios in Sweden gave returns that were slightly higher than the increase in value of insurance liabilities. This gave a positive financial result and a slight increase in the buffer (conditional bonus) during the first quarter.

Insurance risk is the risk of higher than expected payments and/or unfavourable changes in the value of an insurance liability due to the actual development differing from what was expected when premiums or provisions were calculated. Most of the Group's insurance risk is related to life insurance. Longevity is the greatest risk, since longer life expectancy entails that guaranteed benefits must be paid for a longer period of time. There is also risk related to disability and death. Insurance risk remains largely unchanged throughout the year.

Note
05

Liquidity risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2,018	1,503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2,020	1,000
Storebrand Livsforsikring AS	1,100	NOK	Variable	2,024	1,099
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2,023	2,902
Storebrand Livsforsikring AS	750	SEK	Variable	2,021	726
Total subordinated loan capital and hybrid tier 1 capital					
31.03.2017					7,230
Total subordinated loan capital and hybrid tier 1 capital					
31.12.2016					7,344

Note
06

Valuation of financial instruments and real estate

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

The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

(NOK million)	Fair value 31.03.17	Fair value 31.12.16	Book value 31.03.17	Book value 31.12.16
Financial assets				
Lending to customers - corporate	6,588	6,997	6,601	7,004
Lending to customers - retail	11,779	9,724	11,780	9,724
Bonds held to maturity	17,659	17,537	15,688	15,644
Bonds classified as loans and receivables	93,202	89,144	86,354	82,246
Financial liabilities				
Subordinated loan capital	7,639	7,443	7,230	7,344

VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 31.03.17	Total 31.12.16
Assets					
Equities and units					
- Equities	19,738	624	842	21,204	21,935
- Units	256	107,395	7,984	115,635	107,584
Total equities and units	19,995	108,018	8,825	136,839	
Total equities and units 31.12.16					129,518
Total lending to customers ¹⁾			2,462	2,462	2,346
Bonds and other fixed income securities					
- Government bonds	24,263	23,491		47,754	46,095
- Corporate bonds	44	31,439	211	31,695	31,632
- Structured notes		57		57	29
- Collateralised securities		27,068		27,068	29,145
- Bond funds	740	54,368		55,108	57,604
Total bonds and other fixed income securities	25,048	136,423	211	161,682	
Total bonds and other fixed income securities 31.12.16					164,506
Derivatives:					
- Interest derivatives		3,035		3,035	3,225
- Currency derivatives		-930		-930	-657
Total derivatives		2,106		2,106	
- derivatives with a positive market value		4,073		4,073	
- derivatives with a negative market value		-1,967		-1,967	
Total derivatives 31.12.16		1,232			2,568
Real estate:					
- investment properties			24,775	24,775	24,161
- Owner-occupied properties			2,882	2,882	2,863
Total real estate			27,658	27,658	
Total real estate 31.12.16			27,024		27,024

¹⁾ Includes lending to customers classified at fair value through profit and loss

There are no significant movement between level 1 and level 2 in the first quarter 2017.

MOVEMENT LEVEL 3

(NOK million)	Equities	Units	Lending 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	-18	167	-10	-3,165	106	-2
Supply/disposal	-185	53	267	3,164	157	2
Sales/overdue/settlement	-14	-323	-177	-39	-8	
Translation differences	7	36	36	3	74	19
Other					293	-10
Book value 31.03.17	842	7,984	2,462	211	24,785	2,873

As of 31.3.17, Storebrand Livsforsikring had NOK 1 994 million invested in Storebrand Eiendomsfond Norge KS. The investment is classified as "Investment in Associated Companies" in the Consolidated Financial Statements. Storebrand Eiendomsfond Norge KS invests exclusively in real estate at fair value.

SENSITIVITY ASSESSMENTS

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

STOREBRAND LIVSFORSIKRING AS

(NOK million)	Level 1	Level 2	Level 3	Total 31.03.17	Total 31.12.16
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets					
Equities and units					
- Equities	17,003	181	590	17,773	17,879
- Units		29,186	5,612	34,798	32,330
Total equities and units	17,003	29,367	6,202	52,571	
Total equities and units 31.12.16					50,210
Bonds and other fixed income securities					
- Government bonds	11,795			11,795	11,512
- Corporate bonds		9,507	51	9,558	10,457
- Collateralised securities		5,772		5,772	5,907
- Bond funds		43,468		43,468	45,905
Total bonds and other fixed income securities	11,795	58,747	51	70,593	
Total bonds and other fixed income securities 31.12.16	13,215	64,356	77		73,780
Derivatives:					
- Interest derivatives		950		950	803
- Currency derivatives		-907		-907	-716
Total derivatives		43		43	
- derivatives with a positive market value		1,153		1,153	
- derivatives with a negative market value		-1,109		-1,109	
Total derivatives 31.12.16		86			86

MOVEMENT LEVEL 3

(NOK million)	Equities	Units	Corporate bonds
Book value 01.01	621	5,683	51
Net profit/loss	-18	141	-3,164
Supply/disposal		35	3,164
Sales/overdue/settlement	-14	-247	
Book value 31.03.17	590	5,612	51

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.

Note 08 | Contingent liabilities

(NOK million)	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	31.03.17	31.12.16	31.03.17	31.12.16
Uncalled residual liabilities re limited partnership	4,199	2,971	3,506	2,249
Total contingent liabilities	4,199	2,971	3,506	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.

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

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 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 reserve¹. 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)	31.03.17				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	19,691	19,691				183,723
Including the effect of the transitional arrangement	2,880	2,880				3,073
Subordinated loans	7,298		2,614	4,684		7,198
Risk equalisation reserve	139			139		140
Total solvency capital	40,379	32,942	2,614	4,823		38,962
Total solvency capital available to cover the minimum capital requirement	36,873	32,942	2,614	1,318		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 33.

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

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

(NOK million)	31.03.17	31.12.16
Market	21,027	21,791
Counterparty	452	423
Life	5,451	5,180
Health	528	524
Operational	967	953
Diversification	-4,161	-4,012
Loss-absorbing tax effect	-5,073	-5,401
Total solvency requirement	19,191	19,457
Solvency margin	210.4 %	200.2 %
Minimum capital requirement	6,589	6,651
Minimum margin	559.6 %	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 1st 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 1st quarter 2017 totaled NOK 3.1 billion.

Financial calendar 2017



27 April	Result Q1 2017
13 July	Result Q2 2017
25 October	Result Q3 2017
February 2018	Result Q4 2017

Investor Relations contacts



Kjetil Ramberg Krøkje	Head of IR	kjetil.r.krokje@storebrand.no	+47 9341 2155
Sigbjørn Birkeland	Finance Director	sigbjorn.birkeland@storebrand.no	+47 9348 0893
Lars Løddesøl	CFO	lars.loddesol@storebrand.no	+47 2231 5624

Storebrand Livsforsikring AS
Professor Kohts vei 9
P.O. Box 500, 1327 Lysaker, Norway
Telephone 08880

storebrand.no