

Interim report 2019

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 1st quarter result please refer to the Storebrand Group's interim report for the 1st quarter of 2019. 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)	2019		2018			1.1 - 31.03		Full year
	Q1	Q4	Q3	Q2	Q1	2019	2018	2018
Fee and administration income	809	776	821	800	788	809	788	3,185
Insurance result	170	199	239	274	234	170	234	947
Operational expenses	-577	-653	-593	-609	-599	-577	-599	-2,454
Operating profit	402	322	467	466	423	402	423	1,678
Financial items and risk result life & pension	194	36	148	151	302	194	302	637
Profit before amortisation	596	358	615	616	725	596	725	2,315
Amortisation	-86	-85	-84	-85	-50	-86	-50	-305
Profit before tax	511	273	531	532	675	511	675	2,010

The profit before amortisation was NOK 596m (NOK 725m) in the 1st quarter. The figures in brackets are from the corresponding period last year.

Total fee and administration income amounted to NOK 809m (NOK 788m) for the 1st quarter representing an increase of 4.1% compared to the same period last year, when adjusted for currency changes. Income within the segment Guaranteed Pension decreased by 1% compared to same period last year. This is in line with the run off of the Guaranteed Pension schemes, while the Savings segment increased income by 11%.

The Insurance result had a total combined ratio of 89% (82%) in the quarter. High claims in Group Life decreases the segment result.

The operating costs in the 1st quarter were NOK 577m (NOK 599m). 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.

Overall, the operating profit decreased in the quarter compared to last year. Strong insurance results in Q1 2018 is the main explanation for the difference compared to last year. The 'financial items and risk result' was strong in the quarter due to high returns in company portfolios. The return was generated by a higher interest rate level in the short end of the curve and tighter credit spreads.

PROFIT STOREBRAND LIVSFORSIKRING GROUP - BY BUSINESS AREA

(NOK million)	2019		2018			1.1 - 31.03		Full year
	Q1	Q4	Q3	Q2	Q1	2019	2018	2018
Savings	150	115	133	134	109	150	109	491
Insurance	74	67	153	179	155	74	155	554
Guaranteed pensions	249	217	295	236	401	249	401	1,148
Other	124	-40	35	67	60	124	60	121
Profit before amortisation	596	358	615	616	725	596	725	2,315

The Savings segment reported a profit of NOK 150m (NOK 109m) for the 1st quarter. Structural growth and positive equity markets within Unit linked savings contribute positively to the result.

The Insurance segment reported a profit of NOK 74m (NOK 155m) for the 1st quarter. The risk result gives a claims ratio of 75% (68%) in the quarter.

The Guaranteed Pension segment achieved a profit before amortisation of NOK 249m (NOK 401m) for the 1st quarter. Dissolution of longevity reserves in the 1st quarter last year contribute to the result development. Fee and administration income is reduced by 2% compared to last year. The products within Guaranteed Pension are in long-term runoff and reduced earnings from this segment are to be expected over time.

The Other segment includes the return in company portfolios, credit spreads tightening affects results positively.

CAPITAL SITUATION

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 172% at the end of the 1st quarter of 2019, including a two percentage points effect from transitional rules. The solvency margin was 173% at the end of the 1st quarter 2019, unchanged from year end 2018. The Solvency margin without transitional rules was 171%. Strong asset returns increases buffer capital in the guaranteed business lines and strengthens the solvency position. Volatility reducing factors in the solvency regulations (volatility adjustment, symmetrical equity adjustment) in combination with lower interest rates contributes negatively to the solvency position.

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 and Sweden increased by NOK 19bn (11%) relative to the same period in 2018. In Norway, Storebrand is the market leader in Unit Linked occupational pension with 31% of the market share of gross premiums written (at the end of the 4th quarter 2018). SPP has a market share of 14% in the Swedish market for other occupational pensions ("Övrig Tjänstepension", at the end of 4th quarter).

Savings

- Strong growth in the Unit Linked business in the quarter
- Increased costs 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.

SAVINGS

(NOK million)	2019		2018			1.1 - 31.03		Full year 2018
	Q1	Q4	Q3	Q2	Q1	2019	2018	
Fee and administration income	435	427	425	406	398	435	398	1,655
Insurance result								
- Insurance premiums f.o.a.								
- Claims f.o.a.								
Operational expenses	-281	-301	-286	-270	-283	-281	-283	-1,139
Operating profit	153	126	139	136	116	153	116	516
Financial itmens and risk result life & pension	-3	-11	-6	-2	-6	-3	-6	-25
Profit before amortisation	150	115	133	134	109	150	109	491

PROFIT

The Savings segment reported a profit before amortisation and tax of NOK 153m (NOK 116m) for for the 1st quarter. Turbulent market conditions in the 4th quarter 2018 lead to lower assets under management at the beginning of 2019, but good returns in the 1st quarter has contributed to growth.

Fee- and administration income increased by 10.9% for the quarter, when adjusted for currency changes. Returns, customer conversion from defined-benefit to defined-contribution pension schemes, new business and higher savings rates drive income growth. Increased competition contributes to moderate margin pressure both for the Norwegian and the Swedish Unit Linked products.

Operating expenses was NOK 281m for the quarter (NOK 283m). The operating expenses are impacted by underlying growth in the business.

BALANCE SHEET AND MARKET TRENDS

The Unit Linked premiums were NOK 4.2bn at the end of 1st quarter, growing by 7% in the quarter and 11% from the 1st quarter last year. The total assets under management in Unit Linked have increased by 19bn (7%) during 1st quarter and amounted to NOK 191bn at the end of the quarter. In the Norwegian Unit Linked business the assets under management increased by NOK 6bn (7%) in the quarter and NOK 11 bn (12%) last year. 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 4th quarter).

In the Swedish market, SPP is the fourth largest supplier in the Other Occupational Pensions segment with a market share of 14% measured by premium income from Unit Linked. Customer assets increased by SEK 10.2bn (12%) both in the 1st quarter and compared to the same period last year.

KEY FIGURES

(NOK million)	2019		2018		
	Q1	Q4	Q3	Q2	Q1
Unit Linked Reserves	190,971	187,016	187,016	178,498	171,749
Unit Linked Premiums	4,237	4,096	4,096	3,892	3,947

Insurance

- High claims frequency in Group Life decreases the segment result
- Continued cost control keeps the operational costs stable

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

INSURANCE

(NOK million)	2019		2018			1.1 - 31.03		Full year 2018
	Q1	Q4	Q3	Q2	Q1	2019	2018	
Fee and administration income								
Insurance result	170	199	239	274	234	170	234	947
- Insurance premiums f.o.a.	675	731	626	680	742	675	742	2,780
- Claims f.o.a.	-505	-532	-387	-406	-508	-505	-508	-1,833
Operational expenses	-95	-112	-99	-100	-99	-95	-99	-411
Operating profit	75	87	140	174	135	75	135	536
Financial items and risk result life & pension	-1	-20	12	5	20	-1	20	18
Profit before amortisation	74	67	153	179	155	74	155	554

PROFIT

Insurance delivered a result before amortization of NOK 75m (NOK 135m) for the 1st quarter. The combined ratio was 89% (82%) in the quarter. The 1st quarter claims ratio was 75% (68%) and is weaker due to Group Life development.

The 1st quarter claims ratio was 75% (68%) and is weaker due to Group Life development. Individual insurance coverage has stable claims ratio compared to last year. There was introduced a new product in 2018 with a successful sales start. Group Life delivers weak risk results due to high claims frequency and a number of specific large claims. Measures will be taken to improve profitability going forward and repricing measures has been implemented. The risk result for Group Disability Pension is driven by a good disability development, but competition and price pressure are high in the market. The Swedish disability result is stronger than expected due to good disability development.

The cost ratio was 14% (13%) in the 1st quarter and cost control has been satisfactory in the period.

Insurance's investment portfolio in Norway amounted to NOK 6.6bn as of the 1st quarter, which primarily is invested in fixed income securities with a short to medium duration. The negative return in 4th quarter 2018 was explained by widening credit spreads, which are now reversing.¹⁾

BALANCE SHEET AND MARKET TRENDS

Portfolio premium (annual) amounts to NOK 2 628m (NOK 2 701m) in the 1st 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)	2019		2018		
	1Q	4Q	3Q	2Q	1Q
Individual life *	649	645	640	641	641
Group life **	855	872	877	889	898
Pension related disability insurance ***	1,124	1,138	1,153	1,155	1,163
Portfolio premium	2,628	2,655	2,670	2,685	2,701

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

KEY FIGURES

(NOK million)	2019		2018		
	1Q	4Q	3Q	2Q	1Q
Claims ratio	75 %	73 %	62 %	60 %	68 %
Cost ratio	14 %	15 %	16 %	15 %	13 %
Combined ratio	89 %	88 %	78 %	74 %	82 %

¹⁾ NNOK 2.6bn 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
- Decreasing cost level
- Moderate risk and financial 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.

GUARANTEED PENSION

(NOK million)	2019		2018			1.1 - 31.03		Full year 2018
	Q1	Q4	Q3	Q2	Q1	2019		
Fee and administration income	361	333	369	370	368	361	368	1,440
Insurance result								
- Insurance premiums f.o.a.								
- Claims f.o.a.								
Operational expenses	-186	-223	-179	-215	-200	-186	-200	-816
Operating profit	174	111	190	155	168	174	168	624
Financial itmens and risk result life & pension	74	106	105	81	233	74	233	525
Profit before amortisation	249	217	295	236	401	249	401	1,148

PROFIT

Guaranteed Pension achieved a profit before amortisation of NOK 249m (NOK 401m) in the 1st quarter. Dissolution of longevity reserves last year contribute to the result development.

Fee and administration income has performed in line with the fact that a large part of the portfolio is mature and in long-term decline. Income was NOK 361m (NOK 368m) in the 1st quarter. This is equivalent to a decline of 2.0% compared with the previous year.

Operating costs amounted to NOK 186m (NOK 200m) in the 1st quarter. Operating costs are being reduced over time as a result of the area being in long-term runoff.

The risk result amounted to NOK 61m (NOK 183) in the 1st quarter. In 2018 the result was positively affected by dissolution of NOK 149m of longevity reserves. The risk result was mainly generated by good results in the Norwegian paid-up policy portfolio while other products areas had moderate results.

The result from profit sharing and loan losses in the Guaranteed Pension segment consists of profit sharing and financial effects. The result was NOK 13m (NOK 51m) in the 1st quarter. The result was generated in the Swedish business. The result is moderate but with underlying strong profit sharing due to good financial returns offset by strenghtening of deferred capital contribution (DCC) due to lower interest rate in Sweden.

BALANCE SHEET AND MARKET TRENDS

The majority of products are closed for new business, and the customers' choice of transferring from guaranteed to non-guaranteed products is in line with the Group's strategy. As of the 1st quarter, customer reserves for guaranteed pensions amounted to NOK 261bn, which is in line with the previous quarter and an increase of NOK 1.1bn compared to the same quarter last year. The premium income for guaranteed pensions (excluding transfers) was NOK 1.8bn (NOK 2.0bn) for the 1st quarter.

In the Norwegian business, paid-up policies was the only guaranteed pension portfolio experiencing growth, with a total portfolio amounting to NOK 136bn as of the 1st quarter. This is an increase of NOK 3.1bn 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. Reserves for defined-benefit pensions in Norway amounted to NOK 32bn at the end of the 1st quarter, a decline of NOK 0.8bn year to date.

Guaranteed portfolios in the Swedish business totalled NOK 79bn as of the 1st quarter, a reduction of NOK 2.2bn year to date. The reduction is attributed to changes in the SEK/NOK exchange rate.

KEY FIGURES

(NOK million)	2019		2018		
	Q1	Q4	Q3	Q2	Q1
Guaranteed reserves	260,560	260,573	257,570	257,783	259,426
Guaranteed reserves in % of total reserves	57.7 %	59.2 %	57.9 %	59.1 %	60.2 %
Transfer out of guaranteed reserves	20	10	24	13	118
Buffer capital in % of customer reserves Storebrand	7.4 %	6.4 %	6.6 %	6.5 %	6.2 %
Buffer capital in % of customer reserves SPP	9.4 %	8.7 %	9.6 %	8.8 %	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.

OTHER

(NOK million)	2019		2018			1.1 - 31.03		Full year
	Q1	Q4	Q3	Q2	Q1	2019	2018	2018
Fee and administration income	14	16	27	24	22	14	22	89
Insurance result								
- Insurance premiums f.o.a.								
- Claims f.o.a.								
Operational expenses	-14	-18	-29	-23	-17	-14	-17	-88
Operating profit	-0	-2	-2	1	5	-0	5	2
Financial itmens and risk result life & pension	124	-39	37	66	56	124	56	120
Profit before amortisation	124	-40	35	67	60	124	60	121

PROFIT

The Other segment reported a profit of NOK 124m (NOK 60m) for the 1st quarter. Fee and administration income is associated to BenCo's business being wound down.

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 1st 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 23,3bn at end of the quarter.

The investments are primarily in interest-bearing securities, with short maturities, in Norway and Sweden. The Norwegian company portfolio reported a return of 0.91% for the quarter. The Swedish company portfolio provided a return of 0.29% in the quarter.

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.

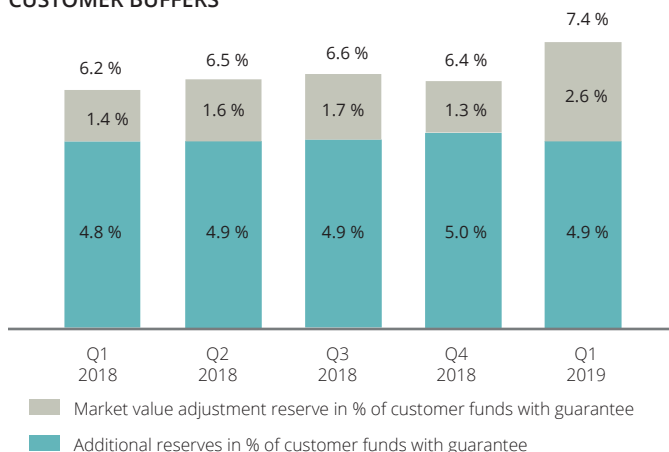
STOREBRAND LIVSFORSIKRING GROUP

The Solidity capital¹⁾ measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 58.6bn at the end of 1st quarter 2019, a decrease of NOK 0.4bn in 1st quarter. The change in the quarter is due to increased customer buffers in the Swedish and Norwegian business and approved dividend to Storebrand ASA.

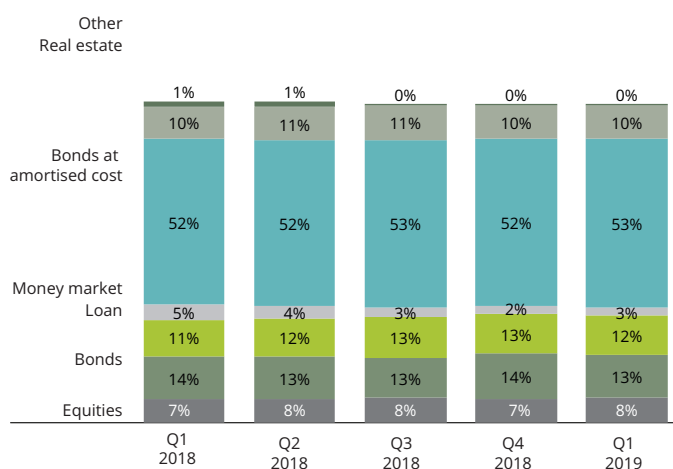
STORBRAND LIVSFORSIKRING AS

The market value adjustment reserve increased during the 1st quarter by NOK 2.1bn and amounted to NOK 4.3bn at the end of the 1st quarter of 2019. The additional statutory reserves decreased during 1st quarter by NOK 0.2bn due to preliminary calculated deduction due to weak booked return and amounted to NOK 8.2bn at the end of the 1st quarter 2019. The excess value of bonds and loans valued at amortised cost increased by NOK 0.9bn in the 1st quarter and amounted to NOK 5.9bn at the end of the 1st quarter 2019 due to increases in interest rates. The excess value of bonds and loans at amortised cost is not included in the financial statements.

CUSTOMER BUFFERS



ALLOCATION OF GUARANTEED CUSTOMER ASSETS

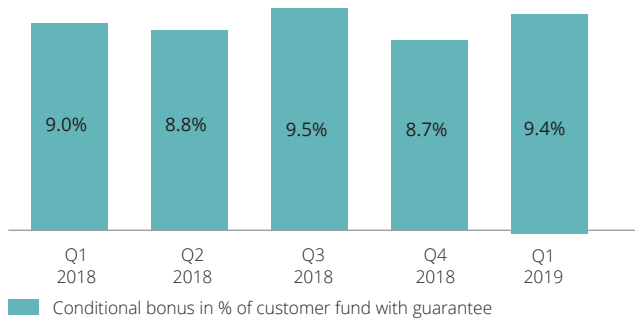


Customer assets increased by NOK 8.7bn in the 1st quarter due to positive investment returns. Customer assets totaled NOK 281bn at the end of the 1st quarter 2019. Customer assets within non-guaranteed savings increased NOK 6.5bn during the 1st quarter and amounted to 100bn at the end of 1st quarter 2019. Guaranteed customer assets increased by NOK 2.2bn in the 1st quarter and amounted to NOK 181bn at the end of 1st quarter 2019.

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.

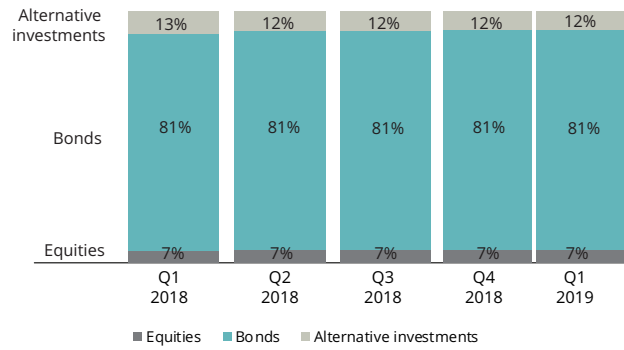
SPP

BUFFER CAPITAL



The buffer capital amounted to SEK 7,3bn (SEK 6,6bn in the 4th quarter) at the close of the 1st quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were SEK 180bn (SEK 174bn) for the 1st quarter. This corresponds to an increase of 3.4% compared with the 1st quarter of 2018. For customer assets in non-guaranteed savings, assets under management totaled SEK 98bn (SEK 88bn) at the end of 1st quarter, which corresponds to an increase of 11.5%, compared with the 1st quarter of 2018.

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. Storebrand expects to start capital release as dividends when the Group solvency margin is above 180%. The solvency margin is expected to grow 5 percentage points annually after dividends from today's level. The guaranteed business in long term run off is projected to release NOK 10bn in the next ten years until 2027.

FINANCIAL PERFORMANCE

The market for defined-contribution pensions is growing, and Storebrand's total reserves within Unit Linked increased by 11% in the last 12 months. Continued good growth for defined-contribution pensions is expected in the future. The loyalty program for employees at companies that have a pension scheme at Storebrand remains an important area of focus. The sale of banking products and P&C insurance contributes to growth within the Savings and Insurance segments. The competition in the market has resulted in pressure on margins within these segments. This in turn sets requirements for cost reductions and efficiency improvements in distribution and product solutions to achieve continued profitable growth. In order to realize the ambitions in the retail market, sales must continue to increase.

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 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 to the Group results with the present interest rates.

Guaranteed reserves represent a declining share of the Group's total pension reserves and were 57.7% at the end of the quarter, a 2%-point reduction from the previous year.

The Board observes margin pressure in many parts of the group operations. The group has a strong track record on cost control. To ensure profitability, the group continues a strict reign on cost and invests in digital solutions to improve scalability and efficiency.

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 Storting (parliament) has passed the bill on individual pension accounts. The new scheme 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 unless the holder of a certificate makes an active choice to stay with his or her current provider ("negative acceptance"). Individuals will be able to transfer the pension account (both current and former earnings) to other providers.

Merging management of the active schemes and 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.

We expect the scheme to be introduced in 2021.

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 will re-enter the market if sufficient competition is allowed.

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 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 contingent 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.

MORTGAGE LOANS HELD BY INSURANCE COMPANIES

The Financial Supervisory Authority has proposed changes capital requirements for mortgage loans held by life insurance companies. The proposal will have limited minimal effect on Storebrand's solvency margin. We expect the Ministry of Finance to consider the proposals after a public hearing.

Lysaker, 7 May 2019

Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring group

Statement of comprehensive income

(NOK million)	01.01 - 31.03		
	2019	2018	Year 2018
TECHNICAL ACCOUNT:			
Gross premiums written	7,038	6,986	24,027
Reinsurance premiums ceded	-6	-10	-25
Premium reserves transferred from other companies	1,481	981	4,566
Premiums for own account	8,513	7,957	28,568
Income from investments in subsidiaries, associated companies and joint ventures companies	100	120	254
Interest income and dividends etc. from financial assets	1,803	1,934	7,350
Net operating income from properties	262	216	903
Changes in investment value	3,304	-1,404	-2,300
Realised gains and losses on investments	959	198	1
Total net income from investments in the collective portfolio	6,427	1,063	6,207
Income from investments in subsidiaries, associated companies and joint ventures companies	16	40	49
Interest income and dividends etc. from financial assets	-17	-1	570
Net operating income from properties	33	28	127
Changes in investment value	14,215	-1,980	-7,624
Realised gains and losses on investments	616	469	480
Total net income from investments in the investment selection portfolio	14,862	-1,443	-6,398
Other insurance related income	520	551	2,238
Gross claims paid	-5,422	-5,178	-19,223
Claims paid - reinsurance	4	6	76
Gross change in claims reserve		-25	
Premium reserves etc. transferred to other companies	-2,510	-1,581	-5,265
Claims for own account	-7,927	-6,778	-24,413
To/from premium reserve, gross	-2,709	-379	2,309
To/from additional statutory reserves	29	20	-52
Change in value adjustment fund	-2,067	1,394	1,462
Change in premium fund, deposit fund and the pension surplus fund			-5
To/from technical reserves for non-life insurance business	-16	8	-5
Change in conditional bonus	-508	40	336
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	-3	-4	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-5,273	1,079	4,028
Change in pension capital	-16,057	-786	-4,922
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-16,057	-786	-4,922
Profit on investment result			-162
Risk result allocated to insurance contracts			-194
Other allocation of profit		-1	-63
Unallocated profit	39	-403	
Funds allocated to insurance contracts	39	-404	-419

Storebrand Livsforsikring group

Statement of comprehensive income continue

(NOK million)	01.01 - 31.03		
	2019	2018	Year 2018
Management expenses	-48	-51	-209
Selling expenses	-186	-175	-739
Change in pre-paid direct selling expenses	14	2	27
Insurance-related administration expenses (incl. commissions for reinsurance received)	-357	-372	-1,503
Insurance-related operating expenses	-577	-595	-2,425
Other insurance related expenses	-76	-68	-237
Technical insurance profit	450	577	2,228
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint ventures companies	8	11	14
Interest income and dividends etc. from financial assets	109	82	363
Changes in investment value	96	19	-108
Realised gains and losses on investments	2	30	133
Net income from investments in company portfolio	215	143	403
Other income	47	199	270
Management expenses	-5	-5	-18
Other expenses	-198	-239	-873
Management expenses and other costs linked to the company portfolio	-202	-243	-890
Profit or loss on non-technical account	61	98	-217
Profit before tax	511	675	2,010
Tax expenses	-109	-97	1,088
Profit before other comprehensive income	402	579	3,098
Change in actuarial assumptions	-2	-2	-36
Change in value adjustment reserve own properties	-33	23	48
Adjustment of insurance liabilities	33	-23	-48
Tax on other profit elements not to be classified to profit/loss			4
Other comprehensive income not to be classified to profit/loss	-2	-2	-32
Profit/loss cash flow hedging	-21	-20	-23
Currency translation differences	-190	-448	-324
Other profit comprehensive income that may be classified to profit /loss	-211	-468	-347
Other comprehensive income	-214	-471	-380
TOTAL COMPREHENSIVE INCOME	188	108	2,718
PROFIT IS ATTRIBUTABLE TO:			
Majority share of profit	399	576	3,091
Minority share of profit	3	3	7
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:			
Majority share of profit	191	109	2,719
Minority share of profit	-3	-1	-1

Storebrand Livsforsikring group

Statement of financial position

(NOK million)	31.03.2019	31.03.2018	31.12.2018
ASSETS			
Assets in company portfolio			
Goodwill	742	749	780
Other intangible assets	3,238	3,564	3,457
Total intangible assets	3,980	4,313	4,237
Properties at fair value	50	50	50
Equities and units in subsidiaries, associated companies and joint ventures companies	108	97	100
Loans at amortised cost	2	2	2
Bonds at amortised cost	7,777	3,111	7,655
Deposits at amortised cost	460	1,228	705
Equities and fund units at fair value	16	30	16
Bonds and other fixed-income securities at fair value	18,495	21,610	17,391
Derivatives at fair value	1,262	1,274	1,121
Total investments	28,169	27,401	27,040
Receivables in connection with direct business transactions	733	788	575
Receivables in connection with reinsurance transactions	13	10	9
Receivables with group company	106	71	98
Other receivables	4,971	6,608	5,756
Total receivables	5,822	7,477	6,439
Tangible fixed assets	265	344	12
Cash, bank	1,889	2,100	2,012
Tax assets	1,828	759	1,942
Other assets designated according to type	70	846	70
Total other assets	4,053	4,050	4,036
Pre-paid direct selling expenses	540	507	553
Other pre-paid costs and income earned and not received	168	184	132
Total pre-paid costs and income earned and not received	708	691	685
Total assets in company portfolio	42,732	43,932	42,437

Storebrand Livsforsikring group

Statement of financial position continue

(NOK million)	31.03.2019	31.03.2018	31.12.2018
Assets in customer portfolios			
Properties at fair value	25,082	24,186	24,913
Properties for own use	1,314	1,347	1,420
Equities and units in subsidiaries, associated companies and joint ventures companies	3,555	2,690	3,679
Loans to and securities issued by subsidiaries, associated companies		37	
Bonds held to maturity	14,433	15,166	14,403
Bonds at amortised cost	88,783	84,829	86,374
Loans at amortised cost	23,910	21,445	25,270
Deposits at amortised cost	6,627	4,397	4,509
Equities and fund units at fair value	24,692	23,894	23,402
Bonds and other fixed-income securities at fair value	87,347	96,968	91,493
Financial derivatives at fair value	4,775	2,482	5,172
Loans at fair value	4,160	4,733	3,311
Total investments in collective portfolio	284,678	282,173	283,946
Reinsurance share of insurance obligations	86	63	48
Properties at fair value	2,842	3,153	3,303
Equities and units in subsidiaries, associated companies and joint ventures companies	572	518	727
Deposits at amortised cost	756	282	948
Equities and fund units at fair value	144,684	130,218	133,664
Bonds and other fixed-income securities at fair value	41,750	38,481	42,038
Loans at fair value	507	153	535
Financial derivatives at fair value	93	91	389
Total investments in investment selection portfolio	191,203	172,894	181,605
Total assets in customer portfolio	475,968	455,131	465,599
TOTAL ASSETS	518,700	499,062	508,036
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	295	34	234
Other earned equity	10,641	11,310	13,714
Minority's share of equity	114	116	114
Total earned equity	11,050	11,460	14,061
Perpetual subordinated loan capital	2,101	2,104	2,101
Dated subordinated loan capital	5,705	5,711	5,847
Hybrid tier 1 capital		1,390	
Total subordinated loan capital and hybrid tier 1 capital	7,807	9,204	7,948

Storebrand Livsforsikring group

Statement of financial position continue

(NOK million)	31.03.2019	31.03.2018	31.12.2018
Premium reserves	258,263	258,766	260,106
Additional statutory reserves	8,239	8,114	8,494
Market value adjustment reserve	4,312	2,313	2,245
Premium fund, deposit fund and the pension surplus fund	2,047	2,402	2,157
Conditional bonus	8,404	8,518	8,243
Unallocated profit to insurance contracts	144	406	
Other technical reserve	675	623	622
Total insurance obligations in life insurance - contractual obligations	282,084	281,144	281,868
Pension capital	191,728	172,845	180,283
Total insurance obligations in life insurance - investment portfolio separately	191,728	172,845	180,283
Pension liabilities etc.	140	134	149
Deferred tax	96	92	85
Other provisions for liabilities	22		24
Total provisions for liabilities	258	226	258
Liabilities in connection with direct insurance	1,141	1,316	1,310
Liabilities in connection with reinsurance	25	53	20
Financial derivatives	1,266	2,065	4,535
Liabilities to group companies	2,728	825	42
Other liabilities	6,908	6,287	3,999
Total liabilities	12,067	10,546	9,905
Other accrued expenses and received, unearned income	455	386	463
Total accrued expenses and received, unearned income	455	386	463
TOTAL EQUITY AND LIABILITIES	518,700	499,062	508,036

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 31.12.2017	3,540	9,711	13,251	143	12,370	114	25,878	
Profit for the period				-109	684	3	579	
Other comprehensive income					-467	-4	-471	
Total comprehensive income for the period				-109	217	-1	108	
Equity transaction with owner:								
Share issue						4	4	
Group contributions					-1,300		-1,300	
Other					23	-1	22	
Equity at 31.03.2018	3,540	9,711	13,251	34	11,310	116	24,711	
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	
Group contributions					-1,300	-2	-1,302	
Other					22	-8	14	
Equity at 31.12.2018	3,540	9,711	13,251	234	13,714	114	27,313	
Profit for the period				61	338	3	402	
Other comprehensive income					-211	-3	-214	
Total comprehensive income for the period				61	127	0	188	
Equity transactions with owner:								
Group contributions					-3,200		-3,200	
Equity at 31.03.2019	3,540	9,711	13,251	295	10,641	114	24,301	

Storebrand Livsforsikring

Statement of cash flow 1. January - 31. March

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2018	2019	(NOK million)	2019	2018
Cash flow from operational activities				
24,039	6,876	Net received - direct insurance	4,879	16,698
-19,282	-5,623	Net claims/benefits paid - direct insurance	-3,712	-11,133
-699	-1,029	Net receipts/payments - policy transfers	-1,456	-799
-6,124	-577	Net change insurance liabilities	-97	773
2,238	520	Receipts - interest, commission and fees from customers	172	693
-237	-76	Payments - interest, commission and fees to customers	-65	-157
-2,425	-577	Net receipts/payments operations	-343	-1,456
-3,738	3,729	Net receipts/payments - other operational activities	2,176	-2,833
-6,227	3,242	Net cash flow from operational activities before financial assets	1,555	1,785
-4,398	1,493	Net receipts/payments - loans to customers	1,380	-4,209
12,609	-2,743	Net receipts/payments - financial assets	-1,171	4,371
295.9	165.1	Net receipts/payments - property activities		
-423	-2,045	Net change bank deposits insurance customers	-1,241	229
8,084	-3,131	Net cash flow from operational activities from financial assets	-1,032	391
1,857	112	Net cash flow from operational activities	523	2,175
Cash flow from investment activities				
1,141		Net payments - sale/purchase of subsidiaries		764
-520		Net payments - purchase/capitalisation associated companies		-520
-4	-6	Net receipts/payments - sale/purchase of fixed assets	-1	-7
618	-6	Net cash flow from investment activities	-1	237
Cash flow from financing activities				
845		Payment of subordinated loan capital		845
-1,501		Repayment of subordinated loan capital		-1,501
-366	-35	Payments - interest on subordinated loan capital	-35	-366
		Payments received of dividend and group contribution	11	
-1,300	-500	Payment of dividend and group contribution	-500	-1,300
-2,322	-535	Net cash flow from financing activities	-524	-2,322
153	-430	Net cash flow for the period	-2	91
-7,931	2,701	of which net cash flow for the period before financial assets	1,030	-300
153	-430	Net movement in cash and cash equivalent assets	-2	91
35		Cash at start of the period purchased/sold companies		35
2,540	2,717	Cash and cash equivalents at start of the period	1,390	1,265
-10	61	Currency translation differences		
2,717	2,349	Cash and cash equivalent assets at the end of the period	1,389	1,390

Storebrand Livsforsikring AS

Statement of comprehensive income

(NOK million)	01.01 - 31.03		
	2019	2018	Year 2018
TECHNICAL ACCOUNT			
Gross premiums written	5,055	5,078	16,729
Reinsurance premiums ceded	-5	-5	-18
Premium reserves transferred from other companies	611	483	2,131
Premiums for own account	5,660	5,556	18,843
Income from investments in subsidiaries, associated companies and joint ventures companies	1,082	350	323
of which from investment in property companies	263	382	1,028
Interest income and dividends etc. from financial assets	1,372	1,386	5,594
Changes in investment value	1,299	-1,413	-592
Realised gains and losses on investments	-275	115	-555
Total net income from investments in the collective portfolio	3,479	438	4,770
Income from investments in subsidiaries, associated companies and joint ventures companies	1,414	75	-814
of which from investment in property companies	48	76	210
Interest income and dividends etc. from financial assets	-91	-4	503
Changes in investment value	4,341	-1,867	-3,373
Realised gains and losses on investments	579	436	-150
Total net income from investments in the investment selection portfolio	6,242	-1,359	-3,835
Other insurance related income	172	144	693
Gross claims paid	-3,556	-2,805	-11,180
Claims paid - reinsurance	4	8	64
Premium reserves etc. transferred to other companies	-2,066	-999	-2,930
Claims for own account	-5,618	-3,796	-14,046
To/from premium reserve, gross	-711	-811	335
To/from additional statutory reserves	29	20	-60
Change in value adjustment fund	-2,067	1,394	1,462
Change in premium fund, deposit fund and the pension surplus fund			-5
To/from technical reserves for non-life insurance business	-16	8	-5
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	-3	-4	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-2,768	607	1,710
Change in pension capital	-6,491	-407	-4,530
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-6,491	-407	-4,530
Profit on investment result			-162
Risk result allocated to insurance contracts			-194
Other allocation of profit			-58
Unallocated profit	-136	-403	
Funds allocated to insurance contracts	-136	-403	-415

Storebrand Livsforsikring AS

Statement of comprehensive income continue

(NOK million)	01.01 - 31.03		
	2019	2018	Year 2018
Management expenses	-48	-51	-209
Selling expenses	-60	-63	-282
Insurance-related administration expenses (incl. commissions for reinsurance received)	-235	-235	-964
Insurance-related operating expenses	-343	-349	-1,456
Other insurance related expenses after reinsurance share	-65	-47	-157
Technical insurance profit	132	384	1,576
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint ventures companies	-257	-220	908
Interest income and dividends etc. from financial assets	110	87	367
Changes in investment value	75	18	-61
Realised gains and losses on investments	261	254	135
Net income from investments in company portfolio	189	139	1,350
Other income	5	145	105
Management expenses	-5	-4	-18
Other expenses	-97	-118	-419
Total management expenses and other costs linked to the company portfolio	-101	-123	-436
Profit or loss on non-technical account	92	162	1,019
Profit before tax	224	546	2,594
Tax expenses	-58	-94	1,087
Profit before other comprehensive income	166	452	3,682
Change in actuarial assumptions			21
Other comprehensive income not to be classified to profit/loss			22
Profit/loss cash flow hedging	-21	-20	-23
Other comprehensive income that may be classified to profit /loss	-21	-20	-23
Other comprehensive income	-21	-20	-1
TOTAL COMPREHENSIVE INCOME	145	431	3,681

Storebrand Livsforsikring AS

Statement of financial position

(NOK million)	31.03.2019	31.03.2018	31.12.2018
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill			
Other intangible assets	338	365	338
Total intangible assets	338	365	338
Equities and units in subsidiaries, associated companies and joint ventures companies	12,752	12,832	13,136
Loans at amortised cost	1	1	1
Bonds at amortised cost	7,777	3,111	7,655
Deposits at amoritsed cost	452	1,224	486
Equities and fund units at fair value	15	22	16
Bonds and other fixed-income securities at fair value	11,387	14,999	11,026
Derivatives at fair value	1,262	1,274	1,121
Total investments	33,646	33,465	33,441
Receivables in connection with direct business transactions	687	706	520
Receivables in connection with reinsurance transactions	4		
Receivables with group company	195	55	197
Other receivables	1,589	1,277	1,752
Total receivables	2,476	2,038	2,469
Tangible fixed assets	9	6	4
Cash, bank	937	751	904
Tax assets	1,759	661	1,817
Total other assets	2,705	1,418	2,725
Other pre-paid costs and income earned and not received	47	46	38
Total pre-paid costs and income earned and not received	47	46	38
Total assets in company portfolio	39,212	37,331	39,012
Assets in customer portfolios			
Equities and units in subsidiaries, associated companies and joint ventures companies	27,119	19,953	25,919
of which investment in property companies	20,183	19,454	18,751
Loans to and securities issued by subsidiaries, associated companies			529
Bonds held to maturity	14,433	15,166	14,403
Bonds at amortised cost	88,783	84,829	86,374
Loans at amoritsed cost	23,910	21,445	25,270
Deposits at amoritsed cost	3,315	2,044	1,791
Equities and fund units at fair value	7,327	14,083	6,797
Bonds and other fixed-income securities at fair value	23,334	31,562	25,166
Financial derivatives at fair value	952	159	709
Total investments in collective portfolio	189,173	189,241	186,959

Storebrand Livsforsikring AS

Statement of financial position continue

(NOK million)	31.03.2019	31.03.2018	31.12.2018
Reinsurance share of insurance obligations	86	63	48
Equities and units in subsidiaries, associated companies and joint ventures companies	17,390	3,847	15,855
of which investment in property companies	3,493	3,847	4,133
Loans to and securities issued by subsidiaries, associated companies			106
Deposits at amortised cost	587	218	870
Equities and fund units at fair value	46,674	52,666	42,617
Bonds and other fixed-income securities at fair value	34,846	32,679	34,731
Loans at fair value	344		364
Financial derivatives at fair value	93	91	389
Total investments in investment selection portfolio	99,935	89,502	94,933
Total assets in customer portfolios	289,193	278,806	281,939
TOTAL ASSETS	328,405	316,137	320,951
EQUITY AND LIABILITIES			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	84		84
Total paid in equity	13,335	13,251	13,335
Risk equalisation fund	295	34	234
Other earned equity	11,896	11,984	11,812
Total earned equity	12,191	12,019	12,045
Perpetual subordinated loan capital	2,101	2,104	2,101
Dated subordinated loan capital	5,705	5,711	5,847
Hybrid tier 1 capital		1,390	
Total subordinated loan capital and hybrid tier 1 capital	7,807	9,204	7,948
Premium reserves	172,847	172,256	171,927
Additional statutory reserves	8,239	8,114	8,494
Market value adjustment reserve	4,312	2,313	2,245
Premium fund, deposit fund and the pension surplus fund	2,047	2,402	2,157
Unallocated profit to insurance contracts	144	406	
Other technical reserve	675	623	622
Total insurance obligations in life insurance - contractual obligations	188,264	186,115	185,446
Pension capital	99,920	89,340	93,441
Total insurance obligations in life insurance - investment portfolio separately	99,920	89,340	93,441
Pension liabilities etc.	12	42	12
Total provisions for liabilities	12	42	12
Liabilities in connection with direct insurance	921	993	1,050
Liabilities in connection with reinsurance	7	8	
Financial derivatives	425	1,166	3,910
Liabilities to group companies	2,731	824	3,257
Other liabilities	2,645	3,040	367
Total liabilities	6,729	6,031	8,585
Other accrued expenses and received, unearned income	147	135	139
Total accrued expenses and received, unearned income	147	135	139
TOTAL EQUITY AND LIABILITIES	328,405	316,137	320,951

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 31.12.2017	3,540	9,711		13,251	143	11,422	24,815
Profit for the period					-109	560	452
Other comprehensive income						-20	-20
Total comprehensive income for the period					-109	540	431
Equity transactions with owner:							
Other						23	23
Equity at 31.03.2018	3,540	9,711		13,251	34	11,984	25,270
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			84
Dividend/Group contributions						-3,200	-3,200
Other						1	1
Equity at 31.12.2018	3,540	9,711	84	13,335	233	11,812	25,381
Profit for the period					61	105	166
Other comprehensive income						-21	-21
Total comprehensive income for the period					61	84	145
Equity transactions with owner:							
Other							
Equity at 31.03.2019	3,540	9,711	84	13,335	294	11,896	25,526

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 2018 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 2018.

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

- Goodwill
- Other intangible assets
- Other expenses
- Realised gains and losses on investments

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

IFRS 16

IFRS 16 Leases replaces the current IAS 17, and entered into force from 1 January 2019. IFRS 16 stipulates principles for recognition, measurement, presentation and disclosure for leases. The new leasing standard do not entail major changes for lessors, but significantly change accounting for lessees. IFRS 16 requires that lessees must, as a starting point, recognise all leases in the balance sheet according to a simplified model that resembles accounting of financial leases under IAS 17. The present value of total lease payments must be recognised as a lease liability 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 `right of use` asset is amortised 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` asset and the lease liability is the same amount and have no effect on equity. The transition to IFRS 16 and effects in the first quarter of 2019 is shown in the table below.

Storebrand has used alternative loan rate as discount rate for calculating the present value of the lease payments, and this discount rate is adapted to the individual lease agreement duration. 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.

EFFECTS ON TRANSITION TO IFRS 16

STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	Rent		IT equipment		Other equipment		Total	
	1.1.19	31.3.19	1.1.19	31.3.19	1.1.19	31.3.19	1.1.19	31.3.19
Right of use asset	199	197	60	56	1	0	259	254
Lease liability	199	197	60	57	1	0	259	254

INCOME STATEMENT- LEASES

(NOK million)	Rent	IT equipment	Other equipment	Total
	Q1 2019	Q1 2019	Q1 2019	Q1 2019
Depreciation after IFRS 16 ¹⁾	2.9	3.8	0.1	6.8
Interest expenses after IFRS 16 ¹⁾	0.7	0.4	0.0	1.1
Profit after IFRS 16	3.6	4.2	0.1	7.8
Operating expenses (after IAS 17) ¹⁾	3.5	4.0	0.1	7.5
Deviation operating expenses between IAS 17 and IFRS 16	-0.6	-0.2	0.0	-0.8
Deviation profit (before tax) between IAS 17 and IFRS 16	0.1	0.2	0.0	0.3

1) Depreciation of NOK 1.5 million and interest expense of NOK 0.6 million due to lease on property in the Swedish real estate business in costumor assets is classified as net operating income from property in the statutory accounts in "net income from investments in the collective portfolio", not as operating expenses.

STOREBRAND LIVSFORSIKRING AS

BALANCE SHEET - LEASES

(NOK million)	Rent		Total	
	1.1.19	31.3.19	1.1.19	31.3.19
Right of use asset	6	6	6	6
Lease liability	6	6	6	6

INCOME STATEMENT- LEASES

(NOK million)	Rent	Total
	Q1 2019	Q1 2019
Depreciation after IFRS 16	0.4	0.4
Interest expenses after IFRS 16	0.0	0.0
Profit after IFRS 16	0.5	0.5
Operating expenses (after IAS 17)	0.5	0.5
Deviation operating expenses between IAS 17 and IFRS 16	0.0	0.0
Deviation profit (before tax) between IAS 17 and IFRS 16	0.0	0.0

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 2018 annual report in note 2, insurance risk in note 8, valuation of financial instruments at fair value is described in note 13 and in the interim financial statements note 9 Solvency II.

Note 03 | Profit by segments

Storebrand's operation 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 2018 annual report in note 5 Segment reporting.

PROFIT BY SEGMENTS

(NOK million)	1.1 - 31.03 2019	2018	Year 2018
Savings	150	109	491
Insurance	74	155	554
Guaranteed pension	249	401	1,148
Other	124	60	121
Profit before amortisation	596	725	2,315
Amortisation intangible assets	-86	-50	-305
Profit before tax	511	675	2,010

SEGMENT INFORMATION Q1

(NOK million)	Savings		Insurance		Guaranteed pension	
	2019	2018	2019	2018	2019	2018
Fee and administration income	435	398			361	368
Insurance result			170	234		
- Insurance premiums for own account			675	742		
- Claims for own account			-505	-508		
Operational cost	-281	-283	-95	-99	-186	-200
Operating profit	153	116	75	135	174	168
Financial items and risk result life & pension	-3	-6	-1	20	74	233
Profit before amortisation	150	109	74	155	249	401
Amortisation of intangible assets						
Profit before tax	150	109	74	155	249	401

(NOK million)	Other		Storebrand Livsforsikring group	
	2019	2018	2019	2018
Fee and administration income	14	22	809	788
Insurance result			170	234
- Insurance premiums for own account			675	742
- Claims for own account			-505	-508
Operational cost	-14	-17	-577	-599
Operating profit	0	5	402	423
Financial items and risk result life & pension	124	56	194	302
Profit before amortisation	124	60	596	725
Amortisation of intangible assets			-86	-50
Profit before tax	124	60	511	675

SEGMENT INFORMATION AS AT 31.03

(NOK million)	Savings		Insurance		Guaranteed pension	
	2019	2018	2019	2018	2019	2018
Fee and administration income	435	398			361	368
Insurance result			170	234		
- Insurance premiums for own account			675	742		
- Claims for own account			-505	-508		
Operational cost	-281	-283	-95	-99	-186	-200
Operating profit	153	116	75	135	174	168
Financial items and risk result life & pension	-3	-6	-1	20	74	233
Profit before amortisation	150	109	74	155	249	401
Amortisation of intangible assets						
Profit before tax	150	109	74	155	249	401

SEGMENT INFORMATION AS AT 31.03

(NOK million)	Other		Storebrand Livsforsikring group	
	2019	2018	2019	2018
Fee and administration income	14	22	809	788
Insurance result			170	234
- Insurance premiums for own account			675	742
- Claims for own account			-505	-508
Operational cost	-14	-17	-577	-599
Operating profit	0	5	402	423
Financial items and risk result life & pension	124	56	194	302
Profit before amortisation	124	60	596	725
Amortisation of intangible assets			-86	-50
Profit before tax	124	60	511	675

Note 04 | Financial market risk and insurance risk

Risks are described in the annual report for 2018 in note 8 (Insurance risk), note 9 (Financial market risk), note 10 (Liquidity risk), note 11 (Credit risk) and note 12 (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.

During the first quarter, the equity and credit markets were strong, regaining most of the sharp corrections during the fourth quarter of 2018. The global equity market rose 13 % during the quarter. The Norwegian equity market rose 8 %. The market for corporate bonds also recovered and credit spreads fell. Reduced spreads was positive for return during the quarter, but lower credit spreads are negative for expected return going forward.

Long term interest rates fell in the first quarter and the German 10 year bond-yield ended the quarter in negative territory. The Norwegian 10-year interest rate swap fell by 0.1 pp. The Swedish 10-year interest swap rate fell by 0.2 pp. But short term interest rates increased slightly, both in Norway and Sweden. 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 booked returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee. Lower interest rate is a negative factor for the solvency position.

The Norwegian Krona strengthened during the first quarter. The strengthening was 5 % against the Swedish Krona, 1 % against the US dollar and 2 % 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 first quarter, the investment allocation was not materially changed.

Return for guaranteed customer portfolios in Norway on average was higher than the guaranteed rate. Most of the excess return came in the form of increased unrealized gains and overvalues in portfolios held at amortized cost. Return for guaranteed customer portfolios in Sweden was positive and in excess of the increase in value for the liabilities. This lead to an increase in conditional bonuses.

Return for unit linked portfolios was good during the quarter, positively affected by the strong equity markets.

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 quarter.

Note 05 | Liquidity risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2020	1,001
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
Dated subordinated loan capital					
Storebrand Livsforsikring AS	1,000	SEK	Fixed	2022	929
Storebrand Livsforsikring AS	300	EUR	Variable	2023	3,241
Storebrand Livsforsikring AS	750	SEK	Variable	2021	701
Storebrand Livsforsikring AS	900	SEK	Variable	2025	835
Total subordinated loan capital and hybrid tier 1 capital					
31.03.2019					7,807
Total subordinated loan capital and hybrid tier 1 capital					
31.12.2018					7,948

Note 06 | Valuation of financial instruments and properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 13 in the annual report for 2018.

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 31.03.2019	Fair value 31.12.18	Book value 31.03.2019	Book value 31.12.18
Financial assets				
Loans to customers - corporate	6,717	6,981	6,704	6,999
Loans to customers - retail	17,208	18,272	17,208	18,272
Bonds held to maturity	15,733	15,679	14,433	14,403
Bonds classified as loans and receivables	101,134	97,790	96,560	94,029
Financial liabilities				
Subordinated loan capital	7,827	7,940	7,807	7,948

VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	Level 1	Level 2	Level 3	Total	Total
	Quoted prices	Observable assumptions	Non-observable assumptions	31.03.2019	31.12.2018
Assets					
Equities and fund units					
- Equities	25,126	371	600	26,098	23,974
- Fund units	120	134,613	8,561	143,294	133,108
Total equities and fund units 31.03.2019	25,247	134,984	9,161	169,392	
Total equities and fund units 31.12.2018	23,166	125,465	8,451		157,082
Total loans to customers					
- Loans to customers - corporate			5,283	5,283	5,708
Bonds and other fixed income securities					
- Government bonds	14,725	19,400		34,126	32,872
- Corporate bonds		62,227	49	62,277	49,096
- Structured notes		70		70	79
- Collateralised securities		1,301		1,301	19,703
- Bond funds		45,430	4,388	49,818	49,172
Total bonds and other fixed income securities 31.03.2019	14,725	128,429	4,437	147,592	
Total bonds and other fixed income securities 31.12.2018	13,530	134,015	3,377		150,922
Derivatives:					
- Equity derivatives		9		9	
- Interest derivatives		4,374		4,374	3,068
- Currency derivatives		-134		-134	-2,781
- Credit derivatives					
Total derivatives 31.03.2019		4,249		4,249	
- derivatives with a positive market value		5,515		5,515	4,822
- derivatives with a negative market value		-1,266		-1,266	-4,535
Total derivatives 31.12.2018		287			287
Properties:					
- investment properties			27,974	27,974	28,266
- Owner-occupied properties			1,314	1,314	1,420
Total properties 31.03.2019			29,288	29,288	
Total properties 31.12.2018			29,686		29,686

MOVEMENT LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds	Investment properties	Owner-occupied properties
Book value 01.01	602	7,849	5,707	56	3,321	28,266	1,420
Net profit/loss	3	-439	110	1	9		
Supply/disposal	2	1,591	42		1,277	295	2
Sales/overdue/settlement		-317	-314	-7	-83		0
Currency translation differences	-7	-124	-264	-2	-136	-598	-107
Other						11	
Book value 31.03.2019	600	8,561	5,282	49	4,388	27,974	1,314

As of 31.03.19, Storebrand Life Insurance had NOK 4 126 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 13 in the 2018 annual report. There are no significant change in sensitivity in this quarter.

STOREBRAND LIVSFORSIKRING AS

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 31.03.2019	Total 31.12.2018
Assets					
Equities and fund units					
- Equities	1,395	121	457	1,973	1,839
- Fund units		46,105	5,939	52,044	47,591
Total equities and fund units 31.03.2019	1,395	46,226	6,396	54,017	
Total equities and fund units 31.12.2018	1,310	42,329	5,791		49,430
Total loans to customers					
- Loans to customers - corporate			344	344	
Bonds and other fixed income securities					
- Government bonds	4,951			4,951	4,139
- Corporate bonds		28,950	25	28,975	25,857
- Structured notes					
- Collateralised securities		345		345	5,703
- Bond funds		34,716	582	35,298	35,225
Total bonds and other fixed income securities 31.03.2019	4,951	64,010	607	69,568	
Total bonds and other fixed income securities 31.12.2018	4,139	66,193	592		70,924
Derivatives:					
- Equity derivatives		9		9	
- Interest derivatives		1,783		1,783	1,365
- Currency derivatives		91		91	-3,056
Total derivatives 31.03.2019		1,882		1,882	
- derivatives with a positive market value		2,307		2,307	
- derivatives with a negative market value		-425		-425	
Total derivatives 31.12.2018		-1,691			-1,691

MOVEMENT LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds
Book value 01.01	451	5,340		25	567
Net profit/loss	3	481	-19		-9
Supply	2	309			49
Sales/overdue/settlement		-191	-2		-26
Book value 31.03.2019	457	5,939	344	25	582

Note
07

Tax

The tax rate for the Group will vary from quarter to quarter depending on the individual legal entities' contribution to earnings. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway. In addition, the Group includes Norwegian entities that are both subject to and not subject to the financial tax. Therefore, the company tax rate that applies for the individual Norwegian Group companies, i.e. 22% or 25%, is used in the consolidated financial statements.

Note
08

Contingent liabilities

(NOK million)	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	31.03.19	31.12.18	31.03.19	31.12.18
Uncalled residual liabilities re limited partnership	5,518	5,818	4,671	4,912
Total contingent liabilities	5,518	5,818	4,671	4,912

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 44 in the 2018 annual report.

Note
09

Solvency II

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

The calculations below are for Storebrand Livsforsikring AS when Storebrand Livsforsikring Group no longer 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)	31.03.19					31.12.18
	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	17,797	17,797				18,881
Including the effect of the transitional arrangement						
Subordinated loans	7,620		1,098	6,522		7,780
Deferred tax asset	202				202	584
Risk equalisation reserve	295			295		234
Expected dividend/group distributions	-142	-142				
Total solvency capital	39,024	30,907	1,098	6,816	202	37,530
Total solvency capital available to cover the minimum capital requirement	33,332	30,907	1,098	1,327		31,314

SOLVENCY CAPITAL REQUIREMENT AND - MARGIN

(NOK million)	31.03.19	31.12.18
Market	19,254	18,688
Counterparty	474	493
Life	6,213	6,292
Health	518	522
P&C		
Operational	1,027	1,007
Diversification	-4,496	-4,526
Loss-absorbing tax effect	-4,819	-4,701
Total solvency requirement	18,171	17,775
Solvency margin	214.8 %	211.1 %
Minimum capital requirement	6,634	6,465
Minimum margin	502.4 %	484.4 %

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 2018 annual report.

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2019, 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 the first quarter of 2019 totaled NOK 0,7 billion. The total portfolio of loans bought as of 31 March 2019 is NOK 29.4 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense for the first quarter of 2019 is NOK 17,6 million.

Financial calendar 2018



12 July: Results Q2 2019

23 October: Results Q3 2019

February 2020: Results Q4 2019

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