

Interim Report 2016

Storebrand Livsforsikring AS

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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.

Storebrand Livsforsikring Group

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 3rd quarter result please refer to the Storebrand Group's interim report for the 3rd quarter of 2016.

PROFIT STOREBRAND LIVSFORSIKRING GROUP

NOK million	2016			2015			01.01 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2016	2015	2015	
Fee and administration income	775	728	781	815	828	2 284	2 469	3 283	
Insurance result	197	153	147	77	157	497	526	604	
Operational cost	-623	-537	-634	-729	-600	-1 794	-1 884	-2 613	
Operating profit	348	344	294	163	384	987	1 111	1 274	
Financial items and risk result life & pension	166	224	3	-18	-192	392	87	70	
Profit before amortisation and provision longevity	514	568	297	145	193	1 379	1 199	1 344	
Provision longevity				-1 362	-96		-402	-1 764	
Profit before amortisation	514	568	297	-1 217	96	1 379	797	-420	

The result before amortisation was NOK 514m (96m) in Q3 2016 and NOK 1 379m (797m) year to date. The figures in parentheses show the corresponding period last year. Fee and administration income in the 3rd quarter decreased 6.5% compared with the same quarter last year and 7.5% year to date. Adjusted for discontinued business, the income decreased 1.4% in the 3rd quarter and 3.5% year to date. The income reduction is driven by the long-term decline of the guaranteed pensions products. Premium income for non-guaranteed savings was NOK 3.4bn in the 3rd quarter, an increase of 7.4% compared with the 3rd quarter 2015.

The operating costs in the 3rd quarter were NOK 623m (600m). Strengthening of competitiveness through continued efficiency improvement is a priority task. Costs are also positively affected by NOK 23m because of a change in the pension scheme for Storebrand employees. Storebrand has launched an ambitious programme to digitalise and improve the efficiency of operations and NOK 53m was allocated to restructuring during the quarter. The net effects on the cost line will be commented on per segment. 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 PER LINE OF BUSINESS

NOK million	2016			2015			01.01 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2016	2015	2015	
Savings	100	87	111	64	140	298	331	395	
Insurance	140	97	71	-19	101	308	397	379	
Guaranteed pensions	126	237	15	-110	20	378	439	329	
Other	149	147	99	210	-68	395	31	241	
Profit before amortisation and provision longevity	514	568	297	145	193	1 379	1 199	1 344	
Provision longevity				-1 362	-96		-402	-1 764	
Profit before amortisation	514	568	297	-1 217	96	1 379	797	-420	

The Savings segment reported a 3rd quarter result of NOK 100m (140m) and NOK 298m (331m) year to date. 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 result of NOK 140m (101m) in the quarter and NOK 308m (397m) year to date. The combined risk result gives a claims ratio for the quarter of 71% (76%) and a combined ratio of 87% (88%).

The Guaranteed Pension segment reported a profit of NOK 126m (NOK 20m) and NOK 378m (439m) year to date. Fee and administration income has performed consistent with the fact that a large part of the portfolio is mature and in long-term decline.

The Other segment includes the return in company portfolios. The return was due to the increase in value resulting from reduced credit spreads on bonds.

CAPITAL SITUATION AND TAXES

The Solvency II regulations were introduced on 1 January 2016. Storebrand uses the standard model for the calculation of Solvency II. Lower interest rates in Norway and a change in the yield curve have had a negative impact on the Solvency II margin. Changes to the regulations, methods and interpretations may be made occur that could affect the Solvency II margin in the future.

Tax costs in the first six months are estimated based on an expected effective tax rate for 2016. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway (25 %), and it varies from quarter to quarter depending on each legal entity's contribution to the Group result. The tax rate is calculated to be in the range of 18-22 % for the year. Sales of property completed during the first half of the year have resulted in taxable temporary differences connected with these properties being reversed, which reduces the income tax expense as of 30 September. For more information on calculation of the income tax expense for the quarter, see Note 8 to the accounts.

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. At the end of the 3rd quarter, the estimated remaining required reserve strengthening was NOK 0.6bn

MARKET AND SALES PERFORMANCE

Sales of savings products, loans and insurance 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 defined contribution schemes with 34% of the market share of gross premiums written.

SPP is the fifth largest actor in the Other Occupational Pensions segment with a market share of 11% measured by premium income from unit linked insurance.

1) Premium income per first quarter 2016. Source: Finans Norge and Svenska Forsäkring.

Savings

Volume growth in reserves and premiums

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	2016			2015		01.01 - 30.09	Full year	
	3Q	2Q	1Q	4Q	3Q	2016	2015	2015
Fee and administration income	347	323	355	333	372	1 025	1 060	1 393
Operational cost	-248	-244	-242	-270	-228	-734	-726	-996
Operating profit	99	79	113	63	144	291	335	398
Financial items and risk result life & pension		9	-2	1	-4	7	-3	-2
- Risk result life & pensions		8	-2	1	-5	7	-4	-3
- Net profit sharing							1	1
Profit before amortisation	100	87	111	64	140	298	331	395

PROFIT

The Savings segment reported a result of NOK 100m (140m.) in the 3rd quarter and NOK 298m (331m) year to date. Fees and administration income decreased by 6.7% in the quarter compared to the same period last year and 3.3% year to date. Adjusted for the sales of Storebrand Eiendom AS, the growth was 5.5% in the 3rd quarter and 7.0% year to date.

Income growth is driven by the customers' conversion from defined benefit to defined contribution pension schemes in combination with good sales 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.

In the 3rd quarter, costs include a net negative cost effect of NOK 12m linked to provisions for restructuring costs and changes in own pension scheme.

MARKET AND SALES PERFORMANCE

Premium income for non-guaranteed savings was NOK 3.4bn in the 3rd quarter, an increase of 7% on the same period last year. Total reserves within unit linked insurance have increased by 11% over the last year and amounted to NOK 132bn at the end of the quarter. Assets under management in the United Linked business in Norway increased NOK 11.3bn (22%) relative to the 3rd quarter of 2015. 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 defined contribution schemes 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 11% measured by premium income from unit linked insurance. Turbulent equity markets at the start of the year contributed to a slight decline in the growth rate and, from the 3rd quarter of 2015, there was an increase in customer assets of SEK 2bn (2.4%).

SAVINGS- KEY FIGURES

NOK million	2016			2015	
	3Q	2Q	1Q	4Q	3Q
Unit Linked Reserves	131 571	127 876	125 434	128 117	118 695
Unit Linked Premiums	3 444	3 541	3 693	3 185	3 170

Insurance

Satisfactory overall result

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.

NOK million	2016			2015		01.01 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2016	2015	2015
Insurance result	197	153	147	77	157	497	526	604
- Insurance premiums f.o.a.	690	693	687	687	640	2 070	1 993	2 680
- Claims f.o.a.	-493	-540	-540	-610	-483	-1 573	-1 467	-2 076
Operational cost	-107	-90	-107	-111	-89	-304	-284	-395
Operating profit	90	63	40	-34	68	193	242	208
Financial items and risk result life & pension	50	34	31	15	33	115	155	170
- Financial result	50	34	31	15	33	115	155	170
Profit before amortisation	140	97	71	-19	101	308	397	379

PROFIT

Insurance delivered a profit before amortisation of NOK 140m (101m) in 3rd quarter and NOK 308m (397m) year to date. Overall combined ratio for the quarter was 87% (88%). Premium income increased 7.8% in the quarter and 3.9% year to date compared with the same quarter last year.

The combined risk result gives a claims ratio of 71% (76%) in the 3rd quarter. Group disability pension delivered a satisfactory result for the period, but was characterised by low premium incomes. The market for defined contribution pensions is very competitive and the price for disability pension is a key competition parameter. Efforts are still being made to strengthen profitability, including repricing of unprofitable customers. A good disability result caused a good result for insurance in Sweden.

As planned, increased volumes and ambitions of growth have resulted in higher allocated costs for the insurance area, the cost percentage

was 15% (13%) in the 3rd quarter. Costs are affected by a net decrease of NOK 3 million due to restructuring and changes in own pension scheme.

The investment portfolio of Insurance in Norway amounts to NOK 5.4bn, which is primarily invested in fixed income securities with a short or medium duration. The lower credit spreads had a positive impact on financial income.

MARKET AND SALES PERFORMANCE

Premium for own account amounts to NOK 690m (640m) in the 3rd quarter and NOK 2 070m (1 993m) year to date.

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.

INSURANCE - ANNUAL PREMIUMS

NOK million	2016			2015	
	3Q	2Q	1Q	4Q	3Q
Individual life *	629	626	623	617	610
Group life **	908	890	901	943	941
Pension related disability insurance ***	1 268	1 253	1 204	1 159	1 141
Portfolio premium	2 805	2 769	2 728	2 719	2 692

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

KEY FIGURES	2016			2015	
	3Q	2Q	1Q	4Q	3Q
Claims ratio	71 %	78 %	79 %	89 %	76 %
Cost ratio	15 %	13 %	15 %	16 %	13 %
Combined ratio	87 %	91 %	94 %	105 %	88 %

Guaranteed pension

Income reduction in line with strategy and population trends. Weaker risk result 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.

(NOK million)	2016			2015		01.01 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2016	2015	2015
Fee and administration income	403	383	404	460	428	1 190	1 317	1 777
Operational cost	-257	-192	-271	-333	-266	-721	-824	-1 156
Operating profit	146	191	132	128	162	469	493	621
Risk result life & pensions	-18	-10	4	7	20	-24	83	89
Net profit sharing	-2	57	-122	-244	-162	-67	-137	-382
Profit before amortisation and longevity	126	237	15	-110	20	378	439	329
Provision longevity	-	-	-	-1 362	-96	-	-402	-1 764
Profit before amortisation	126	237	15	-1 472	-76	378	37	-1 435

PROFIT

Guaranteed Pension achieved a profit before amortisation and strengthening of longevity reserves of NOK 126m (NOK 20m) in the 3rd quarter and NOK 378m (NOK 439m) year to date.

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 403m (NOK 428m) in the 3rd quarter and NOK 1 190m (NOK 1 317m) year to date. This is equivalent to a reduction for the year to date of 10% compared with the previous year.

The costs in the 3rd quarter include a net negative cost effect of NOK 17m linked to provisions for restructuring costs and changes in own pension scheme.

The financial result and risk result life amounted to minus NOK 20m (minus NOK 142m) in the 3rd quarter and minus NOK 91m (minus NOK 55 million) in the year to date.

The financial result in the Guaranteed Pension segment consists of profit sharing effects. The result is generated in the Swedish business and amounted to minus NOK 2m (minus NOK 162m) in the 3rd quarter and minus NOK 67m (minus NOK 137m) in the year to date. The Norwegian business is prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners.

The risk result was minus NOK 18m (NOK 20m) in the 3rd quarter and minus NOK 24m (NOK 83m) in the year to date. The risk result for the year was primarily generated in the Swedish business and has been weak due to the weaker long life results. 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.

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 3rd quarter, customer reserves for guaranteed pensions amounted to NOK 262bn, which is a decrease of NOK 1.4bn year to date. The total premium income for guaranteed pensions (excluding transfers) was NOK 1.1bn (NOK 1.3bn) in the 3rd quarter, which corresponds to a reduction of 9.9%. This is a decrease of 15.5% year to date. Net transfers out from guaranteed pension were NOK 3.1bn (NOK 7.3bn) year to date.

In the Norwegian business, paid-up policies were the only guaranteed pension portfolio experiencing growth and amounted to NOK 115bn

as of the 3rd quarter, an increase of NOK 11bn year to date, which is equivalent to 10.4 %. 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 choice, which are included in the Savings segment, amounted to NOK 4.9bn as of the 3rd quarter. Reserves for defined-benefit pensions in Norway amounted to NOK 48bn at the end of the 3rd quarter, a decline of NOK 8bn since the start of the year.

Guaranteed portfolios in the Swedish business totalled NOK 84bn as of the 3rd quarter, which corresponds to a decrease of NOK 7bn year to date. The decrease is largely due to the exchange rate.

GUARANTEED PENSION - KEY FIGURES

(NOK million)		2016			2015	
	3Q	2Q	1Q	4Q	3Q	
Guaranteed reserves	261 753	265 504	266 113	266 979	263 198	
Guaranteed reserves in % of total reserves	66.5 %	67.5 %	68.0 %	67.6 %	68.9 %	
Net transfers	239	621	2,200	398	855	
Buffer capital in % of customer reserves Norway	5.6 %	6.3 %	5.9 %	5.8 %	5.4 %	
Buffer capital in % of customer reserves Sweden	6.7 %	6.3 %	6.6 %	7.6 %	11.1 %	

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.

NOK million	2016			2015		01.01 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2016	2015	2015
Fee and administration income	25	22	22	22	28	69	91	113
Operational cost	-12	-10	-14	-15	-18	-35	-50	-66
Operating profit	13	12	8	7	10	33	41	47
Financial items and risk result life & pension	136	135	91	203	-79	362	-10	194
- Risk result life & pensions		-4	22	-31	25	18	25	-6
- Financial result	142	141	70	236	-101	352	-29	207
- Net profit sharing	-6	-2		-2	-2	-9	-5	-7
Profit before amortisation	149	147	99	210	-68	395	31	241

PROFIT

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. Following the end of the quarter, Storebrand Livsforsikring issued a subordinated loan of SEK 750m. With the interest rate levels at the end of the 3rd quarter 2016,

quarterly interest expenses of approximately NOK 100m are expected. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 21.5bn at the end of the 3rd quarter.

The investments are primarily in interest-bearing securities in Norway and Sweden with short maturities. The Norwegian company portfolio reported a return of 1.0 % for the quarter. The Swedish company portfolio gave an overall return of 0.4 % for the quarter. The return was due to the increase in value resulting from reduced credit spreads on bonds.

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 LIFE INSURANCE GROUP

The solidity capital amounted to NOK 61.5bn at the end of the 3rd quarter, an increase of NOK 0.1bn in the 3rd quarter and 0.5bn year to date primarily due to reduced customer buffers in the Swedish business, but offset by positive retained earnings.

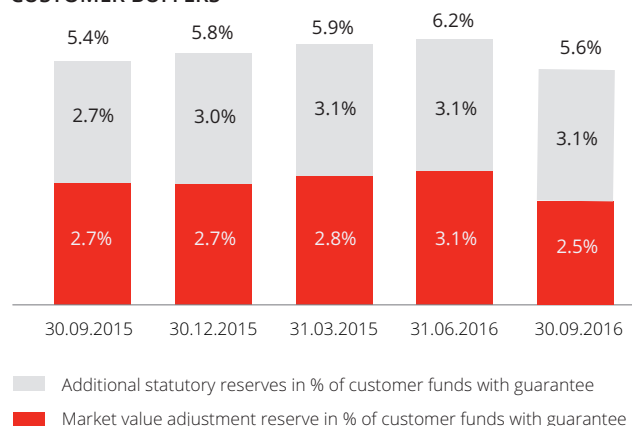
STOREBRAND LIVSFORSIKRING AS

The market value adjustment reserve decreased by NOK 1.0bn during the 3rd quarter and NOK 0.3bn year to date, and amounted to NOK 4.2bn at the end of the 3rd quarter 2016. The additional statutory reserves remained unchanged during the quarter and for the year to date and amounted to NOK 5.2bn at the end of the 3rd quarter 2016. Excess value of held-to-maturity bonds that are assessed at amortised cost are decreased by NOK 0.9bn during the 3rd quarter and increased by NOK 1.0bn year to date, comprising NOK 11.6bn year to date. The increase was due to lower interest rates. The excess value of bonds at amortised cost is not included in the financial statements.

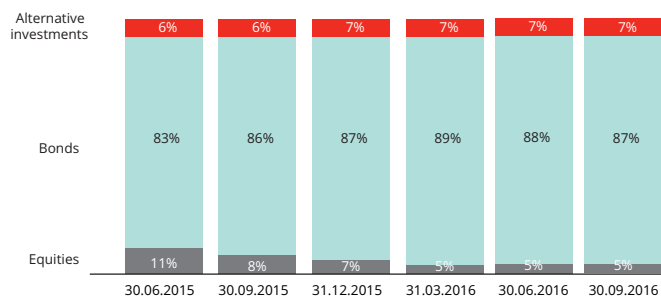
SOLVENCY

The new European solvency regulations, Solvency II, entered into force on 1 January 2016 and will apply to all insurance companies in the EEA. The regulatory minimum level is 100%. As of the 1st half year 2016, Storebrand Livsforsikring AS had a solvency margin after transitional rules of 208% (without transitional rules, the solvency margin is calculated at 163%). The Storebrand Life Insurance Group is no longer required to report the solvency margin and the requirement at consolidated level applies for the Storebrand Group that reports a solvency margin of 165% (without transitional rules, the solvency margin is calculated at 131%). During the quarter, the solvency ratio without transitional rules strengthened due to good returns and changed market conditions resulting in liabilities being discounted with a higher interest rate. The transitional rule is reduced as a result of accumulating reserves for increased life expectancy and that tax is now calculated on the transitional rule.

CUSTOMER BUFFERS



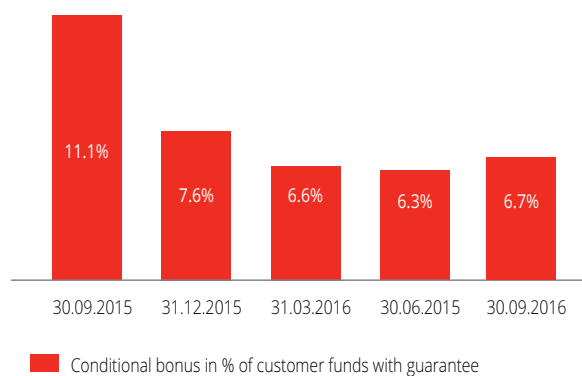
ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Customer assets increased by NOK 4.0bn in the 3rd quarter and NOK 9.7bn for the year to date due to positive returns. Customer assets totalled NOK 239bn at the end of the 3rd quarter 2016. Customer assets within non-guaranteed savings increased NOK 3.2bn during the 3rd quarter and NOK 7.4bn for the year to date. Guaranteed customer assets increased by NOK 0.8bn during the 3rd quarter and NOK 2.2bn for the year to date.

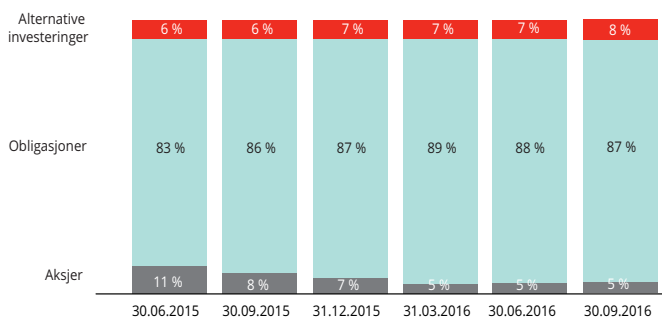
¹⁾ The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

SPP
CUSTOMER BUFFERS



The buffer capital amounted to NOK 6.0bn (NOK 8.4bn) as of the 3rd quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were NOK 172bn. This corresponds to an increase of 12 % compared with the 2nd quarter of 2016. For customer assets in non-guaranteed savings, assets under management totalled NOK 80.7bn as of the 3rd quarter, which corresponds to an increase of 15.7 % compared to the 2nd quarter of 2016.

Outlook

FINANCIAL PERFORMANCE

Storebrand is the market leader among pension providers to Norwegian businesses. Defined-contribution plans are the dominant solution for pension savings in Norway. At the end of 2015, 87% of employees in private sector in Norway had pension plans for defined-contribution pensions. The market for defined-contribution pensions is growing and Storebrand's reserves within Unit Linked pension have increased on average by 22% in the past five years. Storebrand also has a strong challenger role as a pension provider to Swedish businesses. Continued growth is expected in the Savings segment. Asset management is also an important business area in this segment that contributes to growth.

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

The Guaranteed Pensions segment is in a long-term discontinuation process. 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 paid-up portfolio does not contribute to the Group's results with the present interest rates. Guaranteed reserves represent an increasingly smaller share of the Group's total reserves and were 67% 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. Cognizant will also contribute innovation and digital development that will provide better and more efficient customer service.

MARKET TRENDS

There has been a twofold development in the interest rate market during the quarter. It is expected that interest rates in the USA will increase. The Norwegian ten-year interest rate has increased by approximately 0.15 percentage points during the quarter, and is up by approximately 0.28 percentage points from its lowest level in the quarter. Swedish interest rates are influenced by expansive monetary policy and the ten-year interest rate is down by 0.10 percentage points.

The European credit markets are strongly influenced by monetary policy. The European Central Bank is purchasing large numbers of corporate bonds. During the quarter, the Central Bank continued to purchase senior bonds issued by European insurance companies. This has resulted in a collapse in the credit spreads for this type of debt. The finance sector is also characterised by the weak capitalisation of some European banks in combination with weakened credit portfolios. The development at Deutsche Bank has influenced the pricing of bonds in the European finance sector during the quarter. Measures to remedy weak economic growth in Europe and the continued increasing of monetary stimulus will most likely cause continued low interest rates in the future.

Brexit has thus far had a limited effect on the financial markets. In the long-term, the United Kingdom's exit from the EU may result in changes to the internal market when concerning the free flow of services and people, which may weaken financial development in Europe. The American election could create short-term instability in the markets and weaken the international economy if a more protectionist trade policy is implemented.

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 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.

CONSULTATION – ULTIMATE FORWARD RATE IN SOLVENCY II

The European Insurance and Occupational Pensions Authority (EIPOA) is conducting a consultation process regarding the methodology for determining the Ultimate Forward Rate (UFR) which, together with market interest rates, is used to determine the discount rates in Solvency II. The UFR is the combined total of an expected real interest rate (common for all currencies) and expected inflation (currency specific). Changes are proposed that, as a whole, entail that the UFR for NOK is reduced from 4.2% to 3.7%. It is proposed that this reduction is phased in by a maximum of 20 basis points annually such that the level will not be 3.7 until June 2019. If the proposal is approved, this will result in a lower solvency margin for Storebrand. The effect will depend on the interest rates.

EIPOA has proposed the use of "buckets" for expected inflation which, for Norway, will involve rounding the inflation component down from 2.5% to 2%. If a country-specific inflation target was used as a basis, this would increase the UFR for NOK by 0.5% compared with the current proposal. The matter is being assessed by EIPOA. Clarification of this issue is expected in the New Year.

REPORT OF OCCUPATIONAL PENSIONS IN THE PRIVATE SECTOR

In connection with the wage settlement in the private sector, the Government has committed to conducting a report on occupational pensions in cooperation with the parties in business and industry. This work will include:

- If employees should be entitled to establish a personal pension account with a pension provider selected by the employee.
- An employee's right to individual additional savings.
- Issues relating to managing of pensions when changing jobs.
- The age and income from which contributions should start and the duration of the employment required to be able to receive contributions.

A working group has been established with representatives from the Ministry of Finance, Ministry of Labour and Social Affairs and the Financial Supervisory Authority of Norway. This working group shall prepare a report by 1 December 2016. Employee and employer organisations, the financial services industry and the Consumer Council

of Norway are invited to participate in a reference group for the work. Storebrand has noted that an arrangement with individual pension accounts can be introduced based on existing pension accounts in defined-contribution pension schemes.

TAX

In connection with the Storting's tax reform process, the following decisions were handed down relating to the taxation of financial undertakings:

- Finance tax on salaries. This is set at 5% and will follow rules for employer's National Insurance contributions.
- The tax on the ordinary income for financial undertakings will be continued at the 2016 level (25 per cent), while it will otherwise be reduced to 24 per cent.

Combined revenues from the special tax on the financial services industry are estimated at NOK 2.25bn. Finance Norway has advocated that the entire finance tax should be added to the company tax. This can be done by this tax being set at 26.5 per cent.

The government's supporting parties, Venstre (Liberal Party) and KrF (Christian Democratic Party), have been critical of the proposal and have given notice that they will review the content of the finance tax in connection with the budget negotiations. Final clarification of the content of the finance tax is expected when the Standing Committee on Finance and Economic Affairs presents its budget proposal on 18 November 2016.

SOLVENCY

The new European solvency regulations, Solvency II, entered into force on 1 January 2016 and will apply to all insurance companies in the EEA. Storebrand Group reports a solvency margin after new regulation of 165% (without transitional rules, the solvency margin is calculated at 131%).

The regulatory minimum level is 100%. The solvency level shows that the Group is robust in relation to low interest rates for a long period of time. The development of interest rates, credit spreads, property and equity values affects the solvency margin. A gradual improvement is expected in the underlying solvency margin in the coming years. This is primarily due to strengthening of reserves for increased life expectancy and expected result achievement in the Group.

Lysaker, 25 October 2016

Storebrand Livsforsikring Group

Statement of Comprehensive income

NOK million	Q3		01.01 - 30.09		Year
	2016	2015	2016	2015	2015
Technical account:					
Gross premiums written	5 251	5 247	18 343	17 798	22 770
Reinsurance premiums ceded	-20	-32	-107	-92	-107
Premium reserves transferred from other companies	471	484	1 123	1 574	1 835
Premiums for own account	5 702	5 699	19 358	19 280	24 497
Income from investments in subsidiaries, associated companies and joint-controlled companies	35	-56	118		121
Interest income and dividends etc. from financial assets	1 402	2 122	4 891	5 825	7 138
Net operating income from real estate	244	245	695	740	829
Changes in investment value	1 357	-1 601	6 235	-4 249	-4 500
Realised gains and losses on investments	1 329	247	3 106	3 468	4 762
Total net income from investments in the collective portfolio	4 368	957	15 045	5 786	8 349
Income from investments in subsidiaries, associated companies and joint-controlled companies	4	5	13	10	13
Interest income and dividends etc. from financial assets	-195	127	12	-75	216
Net operating income from real estate	22	24	64	66	70
Changes in investment value	5 760	-6 074	4 017	-3 103	732
Realised gains and losses on investments	341	-78	915	3 028	3 462
Total net income from investments in the investment selection portfolio	5 931	-5 995	5 021	-74	4 493
Other insurance related income	534	422	1 441	1 325	1 694
Gross claims paid	-4 393	-4 395	-13 468	-13 112	-17 693
Claims paid - reinsurance	15	7	24	19	29
Gross change in claims reserve	-59	39	-413	-138	-140
Premium reserves etc. transferred to other companies	-964	-843	-4 909	-5 886	-6 698
Claims for own account	-5 401	-5 192	-18 766	-19 117	-24 502
To (from) premium reserve, gross	-410	144	-5 941	5 168	451
To/from additional statutory reserves	-1	25	141	296	-358
Change in value adjustment fund	1 025	578	300	1 462	1 295
Change in premium fund, deposit fund and the pension surplus fund	-1	-1	-5	-4	-9
To/from technical reserves for non-life insurance business	-33	-37	-60	-67	-40
Change in conditional bonus	-362	966	2 471	108	3 050
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	13	-12	4	-55	-57
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	230	1 665	-3 089	6 908	4 332
Change in premium reserve	-8 136	3 388	-12 151	-9 160	-16 011
Change in other provisions		-171			
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-8 136	3 216	-12 151	-9 160	-16 011
Profit on investment result	1				-329
Risk result allocated to insurance contracts					-53
Other allocation of profit	-3	-2	-3	-4	-6
Unallocated profit	-2 065	51	-3 546	-1 949	
Funds allocated to insurance contracts	-2 066	49	-3 549	-1 953	-388
Management expenses	-109	-101	-306	-290	-388
Selling expenses	-174	-184	-532	-550	-808
Change in pre-paid direct selling expenses		-1	1	-3	-1

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Storebrand Livsforsikring Group

Statement of Comprehensive income continue

NOK million	Q3		01.01 - 30.09		Year
	2016	2015	2016	2015	2015
Insurance-related administration expenses (incl. commissions for reinsurance received)	-383	-335	-1 032	-1 103	-1 523
Insurance-related operating expenses	-666	-620	-1 868	-1 946	-2 720
Other insurance related expenses	-123	-119	-419	-350	-416
Technical insurance profit	374	82	1 023	698	-672
Non-technical account					
Income from investments in subsidiaries, associated companies and joint-controlled companies	6	101	17	103	77
Interest income and dividends etc. from financial assets	82	-405	241	-243	261
Net operating income from real estate		9	10	40	225
Changes in investment value	115	371	287	363	-106
Realised gains and losses on investments	44	-24	72	42	99
Net income from investments in company portfolio	247	52	626	306	556
Other income	42	122	133	323	381
Management expenses	-6	-5	-21	-18	-22
Other costs	-243	-251	-686	-796	-1 049
Management expenses and other costs linked to the company portfolio	-249	-257	-707	-814	-1 072
Profit or loss on non-technical account	41	-83	52	-185	-134
Profit before tax	415	-2	1 075	513	-806
Tax costs	-99	9	-103	-130	1 967
Profit before other comprehensive income	316	7	972	382	1 161
Change in actuarial assumptions	-13	-5	-31	-9	-126
Change in value adjustment reserve own buildings	12	10	183	15	180
Profit/loss cash flow hedging	-32	90	-50	23	27
Adjustment of insurance liabilities	-12	-10	-183	-15	-180
Tax on other profit elements not to be classified to profit/loss		-24		-6	32
Total other profit elements not to be classified to profit/loss	-45	61	-81	8	-67
Translation differences	-400	589	-864	466	750
Total other profit elements that may be classified to profit /loss	-400	589	-864	466	750
Total other profit elements	-445	650	-944	474	683
TOTAL COMPREHENSIVE INCOME	-129	658	27	857	1 844
PROFIT IS ATTRIBUTABLE TO:					
Minority share of profit	314	5	954	367	964
Majority share of profit	2	2	18	16	197
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:					
Minority share of profit	-127	650	17	836	1 640
Majority share of profit	-1	8	10	21	204

Storebrand Livsforsikring Group

Statement of financial position

NOK million	30.09.2016	30.09.2015	31.12.2015
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill	746	811	837
Other intangible assets	3 839	4 549	4 602
Total intangible assets	4 585	5 360	5 439
Real estate at fair value	51	693	335
Real estate for own use		75	
Equities and units in subsidiaries, associated companies and joint-controlled companies	266	318	255
Lendings at amortised cost	1	2	2
Bonds at amortised cost	2 766	1 800	2 674
Deposits at amortised cost	415	229	294
Equities and other units at fair value	75	137	87
Bonds and other fixed-income securities at fair value	21 927	21 838	22 604
Derivatives at fair value	1 263	1 042	1 264
Total investments	26 765	26 133	27 513
Receivables in connection with direct business transactions	733	927	2 596
Receivables in connection with reinsurance transactions	2	1	11
Receivables with group company	57	36	64
Other receivables	4 392	3 051	1 822
Total receivables	5 184	4 015	4 494
Tangible fixed assets	444	426	462
Cash, bank	1 574	2 018	2 117
Tax assets	424	132	551
Other assets designated according to type	759	760	789
Total other assets	3 202	3 337	3 919
Pre-paid direct selling expenses	496	538	557
Other pre-paid costs and income earned and not received	124	211	106
Total pre-paid costs and income earned and not received	620	749	663
Total assets in company portfolio	40 356	39 594	42 028
ASSETS IN CUSTOMER PORTFOLIOS			
Real estate at fair value	21 565	20 633	22 035
Real estate for own use	2 682	2 667	2 732
Equities and units in subsidiaries, associated companies and joint-controlled companies	1 587	1 279	1 320
Loans to and securities issued by subsidiaries, associated companies	37	12	41
Bonds held to maturity	15 725	15 730	15 648
Bonds at amortised cost	76 189	69 942	73 434
Lendings at amortised cost	12 864	2 556	6 017
Deposits at amortised cost	6 941	3 467	3 900
Equities and other units at fair value	18 276	23 501	22 737
Bonds and other fixed-income securities at fair value	124 565	142 502	135 733
Financial derivatives at fair value	6 066	3 715	2 978
Lendings at fair value	871		
Total investments in collective portfolio	287 368	286 005	286 575
Reinsurance share of insurance obligations	105	156	112
Real estate at fair value	2 007	1 912	2 045
Real estate for own use	172	158	156

Storebrand Livsforsikring Group

Statement of financial position continue

NOK million	30.09.2016	30.09.2015	31.12.2015
Equities and units in subsidiaries, associated companies and joint-controlled companies	185	140	146
Deposits at amortised cost	356	233	264
Equities and other units at fair value	101 431	92 453	101 739
Bonds and other fixed-income securities at fair value	27 443	25 938	25 920
Financial derivatives at fair value	731	25	9
Other financial assets	3		
Total investments in investment selection portfolio	132 328	120 860	130 279
Total assets in customer portfolio	419 801	407 021	416 966
TOTAL ASSETS	460 156	437 216	458 994
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	512	142
Other earned equity	9 744	8 585	9 724
Minority interests	325	393	576
Total earned equity	10 207	9 490	10 442
Perpetual subordinated loan capital	2 749	2 805	2 829
Dated subordinated loan capital	2 992	3 069	3 158
Hybrid tier 1 capital	1 503	1 502	1 503
Total subordinated loan capital and hybrid tier 1 capital	7 244	7 376	7 489
Premium reserves	258 447	257 393	264 937
Additional statutory reserves	5 190	4 479	5 160
Market value adjustment reserve	4 220	4 352	4 520
Claims allocation	1 571	1 162	1 168
Premium fund, deposit fund and the pension surplus fund	2 410	2 472	2 713
Conditional bonus	6 322	12 101	9 336
Unallocated profit to insurance contracts	3 546	1 949	
Other technical reserve	709	683	655
Total insurance obligations in life insurance - contractual obligations	282 413	284 591	288 488
Premium reserve	132 878	120 391	129 741
Claims allocation	1	1	1
Total insurance obligations in life insurance - investment portfolio separately	132 878	120 391	129 742
Pension liabilities etc.	112	257	217
Deffered tax	173	1 921	200
Other provisions for liabilities		37	76
Total provisions for liabilities	285	2 215	493
Liabilities in connection with direct insurance	1 108	1 062	1 356
Liabilities in connection with reinsurance	29	29	29
Financial derivatives	1 019	2 813	3 020
Liabilities to group companies	19	8	38
Other liabilities	11 147	4 813	4 041
Total liabilities	13 322	8 725	8 484
Other accrued expenses and received, unearned income	555	575	605
Total accrued expenses and received, unearned income	555	575	605
TOTAL EQUITY AND LIABILITIES	460 156	446 615	458 994

Storebrand Livsforsikring Group

Statement of change in equity

NOK million	Majority's share of equity						Total equity
	Share capital ¹⁾	Share premium reserve	Total paid in equity	Risk equalisation fund	Other equity	Minority interests	
Equity at 31.12.2014	3 540	9 711	13 251	829	7 432	421	21 933
Profit for the period				-317	684	16	382
Total other profit elements					469	5	474
Total comprehensive income for the period				-317	1 153	21	857
Equity transactions with owner:							
Group contributions						-25	-25
Purchase of minority interests						-25	-25
Equity at 30.09.2015	3 540	9 711	13 251	512	8 585	393	22 741
Profit for the period				-686	1 651	197	1 161
Total other profit elements					676	7	683
Total comprehensive income for the period				-686	2 326	204	1 844
Equity transactions with owner:							
Group contributions					-19	-25	-44
Derecognition minority						-25	-25
Other					-16		-16
Equity at 31.12.2015	3 540	9 711	13 251	142	9 724	576	23 693
Profit for the period				-3	957	18	972
Total other profit elements					-937	-7	-944
Total comprehensive income for the period				-3	20	10	27
Equity transactions with owner:							
Group contributions						-14	-14
Purchase of and derecognition minority						-248	-248
Equity at 30.09.2016	3 540	9 711	13 251	139	9 744	325	23 458

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

Storebrand Livsforsikring

Statement of cash flow 1. January - 30. September

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2015	2016	NOK million	2015	2016
Cash flow from operational activities				
20 336	20 094	Net received - direct insurance	14 823	15 227
-14 402	-13 636	Net claims/benefits paid - direct insurance	-7 517	-7 742
-4 313	-3 786	Net receipts/payments - policy transfers	-2 701	-3 508
-1 178	-1 593	Net change insurance liabilities	-294	853
1 325	1 441	Receipts - interest, commission and fees from customers	334	281
-350	-419	Payments - interest, commission and fees to customers	-383	-309
-1 847	-1 807	Net receipts/payments operations	-985	-1 059
-1 771	-691	Net receipts/payments - other operational activities	-545	84
-2 200	-398	Net cash flow from operational activities before financial assets	2 731	3 828
2 124	-7 717	Net receipts/payments - lendings to customers	-6 846	2 124
-2 402	9 419	Net receipts/payments - financial assets	6 794	-6 576
543	1 727	Net receipts/payments - real estate activities		
-292	-3 265	Net change bank deposits insurance customers	-2 553	-410
-27	164	Net cash flow from operational activities from financial assets	-2 605	-4 862
-2 227	-234	Net cash flow from operational activities	127	-1 034
Cash flow from investment activities				
106		Net payments - sale/purchase of subsidiaries		
-117	-43	Net receipts/payments - sale/purchase of fixed assets	-4	-39
-11	-43	Net cash flow from investment activities	-4	-39
Cash flow from financing activities				
997		Payment of subordinated loan capital		997
-1 000		Repayment of subordinated loan capital		-1 000
-414	-316	Payments - interest on subordinated loan capital	-316	-414
-16	-14	Payment of dividend		
-433	-330	Net cash flow from financing activities	-316	-417
-2 671	-607	Net cash flow for the period	-193	-1 490
-2 644	-771	of which net cash flow for the period before financial assets	2 411	3 371
-2 671	-607	Net movement in cash and cash equivalent assets	-193	-1 490
4 785	2 411	Cash and cash equivalents at start of the period	1 234	2 336
134	185	Currency translation differences		
2 248	1 989	Cash and cash equivalent assets at the end of the period	1 041	846

Storebrand Livsforsikring AS

Statement of Comprehensive income

NOK million	Q3		01.01 - 30.9		Year
	2016	2015	2016	2015	2015
Technical account:					
Gross premiums written	3 586	3 658	13 060	12 955	16 235
Reinsurance premiums ceded	-1	-17	-29	-23	-26
Premium reserves transferred from other companies	235	260	552	939	1 155
Premiums for own account	3 820	3 901	13 583	13 871	17 364
Income from investments in subsidiaries, associated companies and joint-controlled companies	535	399	1 575	1 529	2 157
of which from investment in real estate companies	560	770	1 601	1 485	2 105
Interest income and dividends etc. from financial assets	477	1 578	2 727	4 155	4 945
Changes in investment value	634	-922	1 707	-1 859	-1 201
Realised gains and losses on investments	881	-230	1 662	1 194	1 768
Total net income from investments in the collective portfolio	2 526	826	7 671	5 019	7 669
Income from investments in subsidiaries, associated companies and joint-controlled companies	72	37	195	152	223
of which from investment in real estate companies	72	79	195	115	223
Interest income and dividends etc. from financial assets	-199	121	5	-85	203
Changes in investment value	1 323	-1 874	560	-3 221	-2 075
Realised gains and losses on investments	345	-86	920	2 952	3 315
Total net income from investments in the investment selection portfolio	1 540	-1 802	1 680	-202	1 666
Other insurance related income	116	99	334	281	388
Gross claims paid	-2 476	-2 334	-7 483	-7 090	-9 432
Claims paid - reinsurance	2	2	8	11	17
Gross change in claims reserve	-60	37	-418	-142	-144
Premium reserves etc. transferred to other companies	-607	-335	-3 253	-4 448	-4 776
Claims for own account	-3 140	-2 629	-11 146	-11 668	-14 335
To (from) premium reserve, gross	186	322	588	3 128	-24
To/from additional statutory reserves	-1	16	141	251	-358
Change in value adjustment fund	1 025	578	300	1 462	1 295
Change in premium fund, deposit fund and the pension surplus fund	-1	-1	-5	-4	-9
To/from technical reserves for non-life insurance business	-33	-37	-60	-67	-40
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	13	-12	4	-55	-57
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-3 237	-697	-7 441	-8 235	-12 056
Change in premium reserve	-3 237	-697	-7 441	-8 235	-12 056
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-3 237	-697	-7 441	-8 235	-12 056
Profit on investment result					-329
Risk result allocated to insurance contracts					-53
Unallocated profit	-2 065	51	-3 546	-1 949	
Funds allocated to insurance contracts	-2 065	51	-3 546	-1 949	-382
Management expenses	-49	-39	-132	-113	-152
Selling expenses	-69	-82	-206	-238	-361
Insurance-related administration expenses (incl. commissions for reinsurance received)	-251	-205	-653	-707	-974

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Storebrand Livsforsikring AS

Statement of Comprehensive income continue

NOK million	Q3		01.01 - 30.9		Year
	2016	2015	2016	2015	2015
Insurance-related operating expenses	-369	-325	-991	-1 059	-1 488
Other insurance related expenses after reinsurance share	-110	-107	-383	-309	-354
Technical insurance profit	269	183	729	464	-723
Non-technical account					
Income from investments in subsidiaries, associated companies and joint-controlled companies	-275	105	-635	795	1 306
of which from investment in real estate companies		40		60	105
Interest income and dividends etc. from financial assets	82	-335	238	-14	522
Changes in investment value	76	391	200	366	-116
Realised gains and losses on investments	341	-18	785	33	-297
Net income from investments in company portfolio	224	143	587	1 179	1 415
Other income	6	8	18	23	32
Management expenses	-4	-3	-11	-10	-13
Other costs	-88	-74	-246	-255	-337
Total management expenses and other costs linked to the company portfolio	-91	-78	-257	-265	-350
Profit or loss on non-technical account	138	73	349	937	1 098
Profit before tax	407	256	1 078	1 402	374
Tax costs	-95	-115	-88	-238	1 814
Profit before other comprehensive income	313	141	990	1 164	2 189
Change in actuarial assumptions					-145
Profit/loss cash flow hedging	-32	90	-50	23	27
Tax on other profit elements not to be classified to profit/loss		-24		-5	34
Total other profit elements not to be classified to profit/loss	-32	66	-50	19	-84
Tax on other profit elements not to be classified to profit/loss				-6	-7
Total other profit elements not to be classified to profit/loss				-6	-7
Total other profit elements	-32	66	-50	13	-91
TOTAL COMPREHENSIVE INCOME	281	206	940	1 177	2 098

Storebrand Livsforsikring AS

Statement of financial position

NOK million	30.09.2016	30.09.2015	31.12.2015
Assets			
Assets in company portfolio			
Other intangible assets	186	192	201
Total intangible assets	186	192	201
Equities and units in subsidiaries, associated companies and joint-controlled companies	13 335	10 244	16 232
of which investment in real estate companies		1 063	
Loans to and securities issued by subsidiaries, associated companies		6 929	
Lendings at amortised cost	1	2	2
Bonds at amortised cost	2 766	1 800	2 674
Deposits at amortised cost	413	194	246
Equities and other units at fair value	74	61	64
Bonds and other fixed-income securities at fair value	12 261	9 761	9 787
Derivatives at fair value	1 263	1 042	1 264
Total investments	30 114	30 033	30 268
Receivables in connection with direct business transactions	687	910	2 469
Receivables in connection with reinsurance transactions	2	1	11
Receivables with group company	57	36	66
Other receivables	2 591	857	129
Total receivables	3 337	1 804	2 677
Tangible fixed assets	12	16	14
Cash, bank	627	652	988
Tax assets	272		360
Total other assets	912	668	1 363
Other pre-paid costs and income earned and not received	32	22	12
Total pre-paid costs and income earned and not received	32	22	12
Total assets in company portfolio	34 581	32 719	34 520
Assets in customer portfolios			
Equities and units in subsidiaries, associated companies and joint-controlled companies	20 626	20 764	22 149
of which investment in real estate companies	19 855	19 975	21 352
Bonds held to maturity	15 725	15 730	15 648
Bonds at amortised cost	76 189	69 942	73 434
Lendings at amortised cost	12 864	2 556	6 017
Deposits at amortised cost	4 416	1 648	2 002
Equities and other units at fair value	9 889	11 938	12 226
Bonds and other fixed-income securities at fair value	46 512	57 253	48 114
Financial derivatives at fair value	940	225	225
Total investments in collective portfolio	187 161	180 056	179 815
Reinsurance share of insurance obligations	105	113	112
Equities and units in subsidiaries, associated companies and joint-controlled companies	2 805	2 246	2 424
of which investment in real estate companies	2 805	2 246	2 424
Deposits at amortised cost	318	157	179
Equities and other units at fair value	35 562	28 860	32 041
Bonds and other fixed-income securities at fair value	21 762	19 188	19 747
Financial derivatives at fair value	731	25	9
Total investments in investment selection portfolio	61 179	50 476	54 400
Total assets in customer portfolios	248 446	230 645	234 326
TOTAL ASSETS	283 026	263 364	268 846

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Storebrand Livsforsikring AS

Statement of financial position continue

NOK million	30.09.2016	30.09.2015	31.12.2015
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	512	142
Other earned equity	10 784	8 554	9 845
Total earned equity	10 923	9 066	9 987
Perpetual subordinated loan capital	2 097	2 096	2 096
Dated subordinated loan capital	2 992	3 069	3 158
Hybrid tier 1 capital	1 503	1 502	1 503
Total subordinated loan capital and hybrid tier 1 capital	6 593	6 667	6 756
Premium reserves	165 359	162 685	165 921
Additional statutory reserves	5 190	4 524	5 160
Market value adjustment reserve	4 220	4 352	4 520
Claims allocation	1 456	1 037	1 038
Premium fund, deposit fund and the pension surplus fund	2 410	2 472	2 713
Unallocated profit to insurance contracts	3 546	1 949	
Other technical reserve	709	683	655
Total insurance obligations in life insurance - contractual obligations	182 889	177 701	180 006
Premium reserves	61 328	50 070	53 894
Claims allocation	1	1	1
Total insurance obligations in life insurance - investment portfolio separately	61 329	50 071	53 894
Pension liabilities etc.	97	174	196
Deferred tax		1 730	
Other provisions for liabilities		36	76
Total provisions for liabilities	97	1 940	271
Liabilities in connection with direct insurance	869	823	935
Liabilities in connection with reinsurance		-2	
Financial derivatives	157	1 609	1 797
Liabilities to group companies	108	1	50
Other liabilities	6 565	2 094	1 647
Total liabilities	7 699	4 523	4 429
Other accrued expenses and received, unearned income	245	146	251
Total accrued expenses and received, unearned income	245	146	251
TOTAL EQUITY AND LIABILITIES	283 026	263 364	268 846

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 31.12.2014	3 540	9 711	13 251	828	7 061	21 140
Profit for the period				-317	1 480	1 164
Total other profit elements					13	13
Total comprehensive income for the period				-317	1 493	1 176
Equity at 30.09.2015	3 540	9 711	13 251	512	8 554	22 317
Profit for the period				-686	2 875	2 189
Total other profit elements					-91	-91
Total comprehensive income for the period				-686	2 785	2 098
Equity transactions with owner:						
Other					-1	-1
Equity at 31.12.2015	3 540	9 711	13 251	142	9 845	23 238
Profit for the period				-3	993	990
Total other profit elements					-50	-50
Total comprehensive income for the period				-3	943	940
Equity transactions with owner:						
Other					-3	-3
Equity at 30.09.2016	3 540	9 711	13 251	139	10 784	24 174

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

Notes to the interim accounts

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 insurance 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 2015 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 2016 that have caused significant effects on Storebrand's interim financial statements.

Storebrand Livsforsikring AS

With the exception of the handling of security reserves, the financial statements have been prepared in accordance with the accounting principles that were used in the annual financial statements for 2015. The new Annual Financial Statement Regulations that entered into force on 1 January 2016 entail that provisions for security reserves shall no longer be made in the company's financial statements. The change is handled as a change in accounting principle and security reserves are now included as equity in the company. Provisions are made for related deferred tax. Comparable figures have been restated.

STATEMENT OF COMPREHENSIVE INCOME

Storebrand Livsforsikring AS - PARENT COMPANY

NOK million	3Q 2015			30.09.2015			Year 2015		
	Reported figures	Security provisions	Revised figures	Reported figures	Security provisions	Revised figures	Reported figures	Security provisions	Revised figures
To/from technical reserves for non-life insurance business				-9	9	0	-4	4	
Profit before tax	256		256	1 392	9	1 402	371	4	374
Tax costs	-115		-115	-235	-2	-238	1 815	-1	1 814
Profit before other comprehensive income	141		141	1 157	7	1 164	2 186	3	2 189

STATEMENT OF FINANCIAL POSITION

Storebrand Livsforsikring AS

NOK million	01.01.2015			30.09.2015			31.12.2015		
	Reported figures	Security provisions	Revised figures	Reported figures	Security provisions	Revised figures	Reported figures	Security provisions	Revised figures
Assets									
Tax assets							400	-39	360
Reinsurance share of insurance obligations	143	-19	124	129	-16	113	129	-18	112
Total assets	257 537	-19	257 518	263 380	-16	263 364	268 903	-57	268 846
Equity and liabilities									
Other earned equity	6 946	115	7 061	8 944	122	9 066	7 541	118	7 659
Total earned equity	7 774	115	7 889	7 275	122	7 397	9 869	118	9 987
Other technical reserve	799	-173	627	2 472	-179	2 293	829	-175	655
Total insurance obligations in life insurance - contractual obligations	181 048	-173	180 875	179 603	-179	179 425	1 094	-175	920
Deferred tax	1 449	38		50 071	41				
Total provisions for liabilities	1 686			174	41				
Total equity and liabilities	257 537	-19	257 518	263 380	-16	263 364	268 903	-57	268 846

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 2015 annual financial statements in note 2, strengthening longevity reserves for Storebrand Life Insurance, in note 3, insurance risk, in note 7 and valuation of financial instruments and real estate at fair value is described in note 13 and in the interim financial statements note 10 Solvency II.

Note 03 | Segments – result by business area

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

CHANGE TO PROFIT AND LOSS STATEMENT

A change has been made to the alternative profit and loss statement in the 3rd quarter of 2016. The purpose of the change was to more clearly differentiate between the result elements from operations and result elements from finance. A new term, "operating profit", has been incorporated that is prior to the financial results from the company portfolios and risk results from the guaranteed life insurance activities.

In the new profit and loss statement, "financial items and risk result life & pension" includes the following lines from the statement that was used up until 30 June 2016:

- Risk result life and pensions
- Financial result
- Net profit sharing

SAVINGS

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

INSURANCE

Insurance is responsible for the group's insurance risk products. The segment 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 segment includes defined contribution pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

OTHER

Under the segment '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 group results before amortization and write-downs of intangible assets. The group 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 group profit and loss account.

RESULT BY BUSINESS AREA

NOK million	3Q		01.01 - 30.09		Year 2015
	2016	2015	2016	2015	
Savings	100	140	298	331	395
Insurance	140	101	308	397	379
Guaranteed pension	126	20	378	439	329
Other	149	-68	395	31	241
Profit before amortisation and provision longevity	514	193	1 379	1 199	1 344
Provision longevity		-96		-402	-1 764
Profit before amortisation	514	96	1 379	797	-420
Amortisation intangible assets	-99	-98	-305	-284	-386
Profit before tax	415	-2	1 075	513	-806

SEGMENT INFORMATION AS AT 3Q

NOK million	Savings		Insurance		Guaranteed pension	
	2016	2015	2016	2015	2016	2015
Fee and administration income	347	372			403	428
Insurance result			197	157		
- Insurance premiums f.o.a.			690	640		
- Claims f.o.a.			-493	-483		
Operational cost	-248	-228	-107	-89	-257	-266
Operating profit	99	144	90	68	146	162
Financial items and risk result life & pension		-4	50	33	-20	-142
- Risk result life & pensions		-5			-18	20
- Financial result			50	33		
- Net profit sharing					-2	-162
Profit before amortisation and provision longevity	100	140	140	101	126	20
Provision longevity						-96
Profit before amortisation	100	140	140	101	126	-76
Amortisation of intangible assets						
Profit before tax	100	140	140	101	126	-76

NOK million	Other		Storebrand Livsforsikring Group	
	2016	2015	2016	2015
Fee and administration income	25	28	775	828
Insurance result			197	157
- Insurance premiums f.o.a.			690	640
- Claims f.o.a.			-493	-483
Operational cost	-12	-18	-623	-600
Operating profit	13	10	348	384
Financial items and risk result life & pension	136	-79	166	-192
- Risk result life & pensions		25	-17	40
- Financial result	142	-101	192	-68
- Net profit sharing	-6	-2	-8	-164
Profit before amortisation and provision longevity	149	-68	514	193
Provision longevity				-96
Profit before amortisation	149	-68	514	96
Amortisation of intangible assets			-99	-98
Profit before tax	149	-68	415	-2

SEGMENT INFORMATION AS AT 30.09

NOK million	Savings		Insurance		Guaranteed pension	
	2016	2015	2016	2015	2016	2015
Fee and administration income	1 025	1 060			1 190	1 317
Insurance result			497	526		
- Insurance premiums f.o.a.			2 070	1 993		
- Claims f.o.a.			-1 573	-1 467		
Operational cost	-734	-726	-304	-284	-721	-824
Operating profit	291	335	193	242	469	493
Financial items and risk result life & pension	7	-3	115	155	-91	-55
- Risk result life & pensions	7	-4			-24	83
- Financial result			115	155		
- Net profit sharing		1			-67	-137
Profit before amortisation and provision longevity	298	331	308	397	378	439
Provision longevity						-402
Profit before amortisation	298	331	308	397	378	37
Amortisation of intangible assets						
Profit before tax	298	331	308	397	378	37

NOK million	Other		Storebrand Livsforsikring Group	
	2016	2015	2016	2015
Fee and administration income	69	91	2 284	2 469
Insurance result			497	526
- Insurance premiums f.o.a.			2 070	1 993
- Claims f.o.a.			-1 573	-1 467
Operational cost	-35	-50	-1 794	-1 884
Operating profit	33	41	987	1 111
Financial items and risk result life & pension	362	-10	392	87
- Risk result life & pensions	18	25	1	103
- Financial result	352	-29	467	126
- Net profit sharing	-9	-5	-76	-142
Profit before amortisation and provision longevity	395	31	1 379	1 199
Provision longevity				-402
Profit before amortisation	395	31	1 379	797
Amortisation of intangible assets			-305	-284
Profit before tax	395	31	1 075	513

Note 04 | Financial market risk and insurance risk

Risks are described in the annual report for 2015 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Lending and counterparty 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.

The stock market was turbulent during the first half year, with significant price falls both early in the year and in June. The stock market was positive during the third quarter. The global index increased 5 per cent during the third quarter, which gives an overall increase of 4 per cent for the year to date. The credit market has experienced an almost identical trend to the stock market and the credit spreads have been slightly reduced in both the third quarter and since the start of the year.

Interest rates showed a mixed development during the third quarter, with a slight increase in Norway and slight decrease in Sweden. The interest rate increase in Norway must be viewed in connection with the central bank of Norway (Norges Bank) having signalled that interest rates may have reached their lowest point. Interest rates have fallen since the start of the year. The 10-year interest swap rate has fallen by approximately 0.3 per cent in Norway and 1 per cent in Sweden to nearly record low levels. Short-term interest rates have also fallen, driven by new interest rate cuts and other stimulus measures by the central banks. Due to the majority of the interest rate investments in the Norwegian customer portfolios being held at amortised cost, the fall in interest rates has 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.

The Norwegian krone has strengthened against most other currencies in both the third quarter and since the start of the year. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have had a modest effect on results and risk.

The interest rate sensitivity (duration) of the investments has increased somewhat during the year in both Norway and Sweden. Other than this, there have been minor changes in investment allocations.

Guaranteed portfolios in both Norway and Sweden have had good returns in the third quarter and so far during the year due to good stock markets, price appreciation for bonds and good returns on property investments. In Norway, the return is more than adequate in relation to what has been used as the basis for the plan for the strengthening of reserves. The interest rate increase in Norway in the third quarter has resulted in a decrease in the excess value of bonds that are assessed at amortised cost, but the excess value is still greater than it was at the start of the year. In Sweden, the increase in value of the insurance liabilities has been somewhat higher than the increase in value of assets due to the fall in interest rates. This has primarily manifested itself in the form of reduced customer buffers (conditional bonuses).

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.

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1 500	NOK	Variable	2018	1 503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1 000	NOK	Variable	2020	999
Storebrand Livsforsikring AS	1 100	NOK	Variable	2024	1 098
SPP Pension & Försäkring AB	700	SEK	Variable	2019	651
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2 992
Total subordinated loan capital and hybrid tier 1 capital 30.09.2016					7 244
Total subordinated loan capital and hybrid tier 1 capital 31.12.2015					7 489

Note 06

Valuation of financial instruments and real estate

The Group categorises financial instruments 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 2015.

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.

FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

NOK million	Fair value 30.09.16	Fair value 31.12.15	Book value 30.09.16	Book value 31.12.15
Financial assets				
Lending to customers	12 861	6 016	12 865	6 019
Bonds held to maturity	18 076	17 578	15 725	15 648
Bonds classified as loans and receivables	88 167	84 758	78 955	76 107
Financial liabilities				
Subordinated loan capital	7 257	7 432	7 244	7 324

VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total 30.09.16	Total 31.12.2015
Assets					
Equities and units					
- Equities	17 678	555	1 104	19 337	20 651
- Fund units	234	92 116	7 899	100 249	103 550
- Real estate fund			195	195	362
Total equities and units	17 912	92 671	9 198	119 781	
Total equities and units 31.12.15	17 890	94 444	12 228		124 563
Total lending			871	871	
Bonds and other fixed income securities					
- Government and government guaranteed bonds	26 599	20 747		47 346	50 120
- Credit bonds	6	19 861	269	20 136	25 783
- Mortgage and asset backed bonds		39 750		39 750	44 415
- Supranational and agency	37	4 525		4 563	5 501
- Bond funds	709	61 432		62 140	58 437
Total bonds and other fixed income securities	27 351	146 315	269	173 935	
Total bonds and other fixed income securities 31.12.15	28 405	155 494	358		184 257
Derivatives:					
- Interest rate derivatives		5 543		5 543	1 775
- Currency derivatives		1 498		1 498	-544
Total derivatives		7 041		7 041	
- derivatives with a positive market value		8 060		8 060	
- derivatives with a negative market value		-1 019		-1 019	
Total derivatives 31.12.15		1 232			1 232
Real estate:					
- real estate at fair value			23 623	23 623	24 415
- real estate for own use			2 853	2 853	2 887
Total real estate			26 477	26 477	
Total real estate 31.12.15			27 302		27 302

There are no significant movement between level 1 and level 2 in this quarter or at 3Q 2016.

MOVEMENT LEVEL 3

NOK million	Equities	Fund units	Real estate fund	Lending	Credit bonds	Real estate	Real estate for own use
Book value 01.01	2 464	9 399	362		361	24 417	2 887
Net profit/loss	-76	-625	-59	21	-14	38	3
Supply/disposal	-191	664		850	-5	415	11
Sales/overdue/settlement	-1 031	-1 121	-108			-2 863	
To quoted prices and observable assumptions		-131			-42		
Translation differences	-61	-287			-31	-450	-150
Other						2 066	102
Book value 30.09.16	1 104	7 899	195	871	269	23 623	2 853

SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 13 in the 2015 annual financial statements. There are no significant change in sensitivity in this quarter or year to date.

STOREBRAND LIVSFORSIKRING AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total 30.09.16	Total 31.12.2015
Assets					
Equities and units					
- Equities	14 796	173	680	15 648	14 114
- Fund units		24 041	5 642	29 683	29 855
- Real estate fund			195	195	362
Total equities and units	14 796	24 214	6 516	45 526	
Total equities and units 31.12.15	12 209	26 236	9 742		44 330
Bonds and other fixed income securities					
- Government and government guaranteed bonds	14 367	199		14 566	13 215
- Credit bonds		6 065	52	6 117	8 908
- Mortgage and asset backed bonds		9 010		9 010	10 623
- Supranational and agency		453		453	511
- Bond funds		50 390		50 390	44 390
Total bonds and other fixed income securities	14 367	66 117	52	80 536	
Total bonds and other fixed income securities 31.12.15	13 215	64 356	77		77 647
Derivatives:					
- Interest rate derivatives		1 194		1 194	178
- Currency derivatives		1 583		1 583	-476
Total derivatives		2 777		2 777	
- derivatives with a positive market value		2 934		2 934	
- derivatives with a negative market value		-157		-157	
Total derivatives 31.12.15		-298			-298

MOVEMENT LEVEL 3

NOK million	Equities	Fund units	Real estate fund	Credit bonds
Book value 01.01	1 780	6 822	362	80
Net profit/loss	-84	-697	-59	-14
Supply/disposal	4	710		
Sales/overdue/settlement	-1 021	-1 193	-108	-14
Book value 30.09.16	680	5 642	195	52

Note 07 | Pension scheme for own employees

In 2014, the defined benefit pension scheme for employees at Storebrand in Norway was changed after the decision was made to transition to a defined contribution pension scheme. These pension liabilities were largely derecognised in 2014. Reference is made to the specific information regarding this in the notes to the financial statements for 2014 and 2015.

In connection with new rules for disability pensions in the Norwegian Occupational Pensions Act, Storebrand has altered the disability

pension scheme for own employees in Norway effective from 1 June 2016. The survivor coverage associated with the pension scheme came to an end from the same date. Allocated liabilities relating to this previous coverage have been recognised as income in the financial statements for the second and third quarter of 2016. For the Storebrand Livsforsikring Group this constitutes a net positive effect on equity of NOK 88 million before tax, of which NOK 23 million in third quarter. In total NOK 99 million is recognised in the income statement as reduced costs.

Note 08

Tax

The income tax expense has been estimated based on an expected effective tax rate per legal entity for 2016. There will be uncertainty associated with these estimates. The tax rate for the group will vary from quarter to quarter depending on the individual legal entities' contribution to earnings. The net income tax expense for the quarter and year reflects effects that each give a higher or lower effective tax rate.

In the first half year, tax-free sales of properties were carried out where previously allocations have been made for deferred tax. Consideration was made of the reversal of deferred tax in its entirety as of 30 June. In addition, previous estimates for the 2015 tax year were updated in accordance with the submitted tax assessment documents and received tax assessment. These effects do not, in themselves, have any impact on the income tax expense for the third quarter, but are reflected in the income tax cost for the year to date.

Note 09

Contingent liabilities

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	30.09.16	31.12.15	30.09.16	31.12.15
Uncalled residual liabilities concerning Limited Partnership	2 985	4 264	2 310	3 487
Total contingent liabilities	2 985	4 264	2 310	3 487

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

Note 10

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 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 modelling of future developments in the financial markets. 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 reserve . It also includes perpetual subordinated loans (perpetual hybrid Tier 1 capital) with up to 20 per cent of Group 1 capital.

Other subordinated loans (time limited) and risk equalisation reserve are categorised as Group 2 capital. Group 2 capital can cover up to 50 per cent of the solvency capital requirement and up to 20 per cent of the minimum capital requirement. Eligible minority interests and deferred tax assets are categorised as Group 3 capital. Group 3 capital can cover up to 15 per cent of the solvency capital requirement. Group 3 capital cannot be used to cover the minimum capital requirement.

Subordinated loans issued prior to 17 January 2015 are covered by a transitional arrangement that will continue until 2026 and during this period these loans will qualify as Group 1 capital despite them not fully satisfying the requirements for viable capital in the Solvency II regulations.

SOLVENCY CAPITAL

NOK million	30.09.16				
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3
Share capital	3 540	3 540			
Share premium	9 711	9 711			
Reconciliation reserve	20 072	20 072			
Of which effect of the transitional arrangement	8 216	8 216			
Subordinated loans	6 652		2 565	4 087	
Deferred tax assets					
Risk equalisation reserve	139			139	
Total solvency capital	40 114	41 539	2 565	4 226	
Total solvency capital available to cover minimum capital requirement	37 275	33 323	2 565	1 387	

The capital requirement in Solvency II appears as the total of changes in solvency capital calculated under different types of stress, less diversification. The largest part of the capital requirement appears from financial market stress and particularly relates to changes in interest rates and falls in the equity markets, as well as increased credit spreads. There is also the insurance risk, for which the most important capital requirement comes from stress relating to the transfer of existing customers within defined contribution pensions. The solvency capital requirement appears in the table below.

SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

NOK million	30.9.16
Market	20 758
Counterparty	362

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.

NOK million	30.9.16
Life	5 297
Health	546
Operational	966
Diversification	-4 022
Loss-absorbing tax effect	-4 588
Total solvency requirement	19 318
Solvencymargin	207,7 %
Minimum capital requirement	6 904
Minimum margin	539,9 %

Note 11 | Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 24 and 46 in the 2015 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 half year, 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 year to date totalled NOK 6.8 billion, of which 3.1 billion in 3rd quarter.

Note 12 | Dividends from subsidiaries

During the 1st quarter, Storebrand Livsforsikring AS received dividends from Storebrand Holding AB of SEK 2,080 million. The equity value of Storebrand Holding is correspondingly written down in the financial statements of Storebrand Livsforsikring AS. These items are presented on a net basis on the line for income from investments in subsidiaries. As of third quarter Storebrand Livsforsikring received 84 million in dividends that are substantially related to BenCo. In the third quarter, impairment losses in Storebrand Livsforsikring on the share in BenCo by 46 million.

Translation from the original Norwegian version

To the Board of Directors of Storebrand Livsforsikring AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand Livsforsikring AS (the Group) as of 30 September 2016, and the related statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU.

Oslo, 25 October 2016
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Translation has been made for information purposes only

Financial calendar 2017



8 February	Results 4Q 2016
27 April	Results 1Q 2017
13 July	Results 2Q 2017
25 October	Results 3Q 2017
February 2018	Results 4Q 2017

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