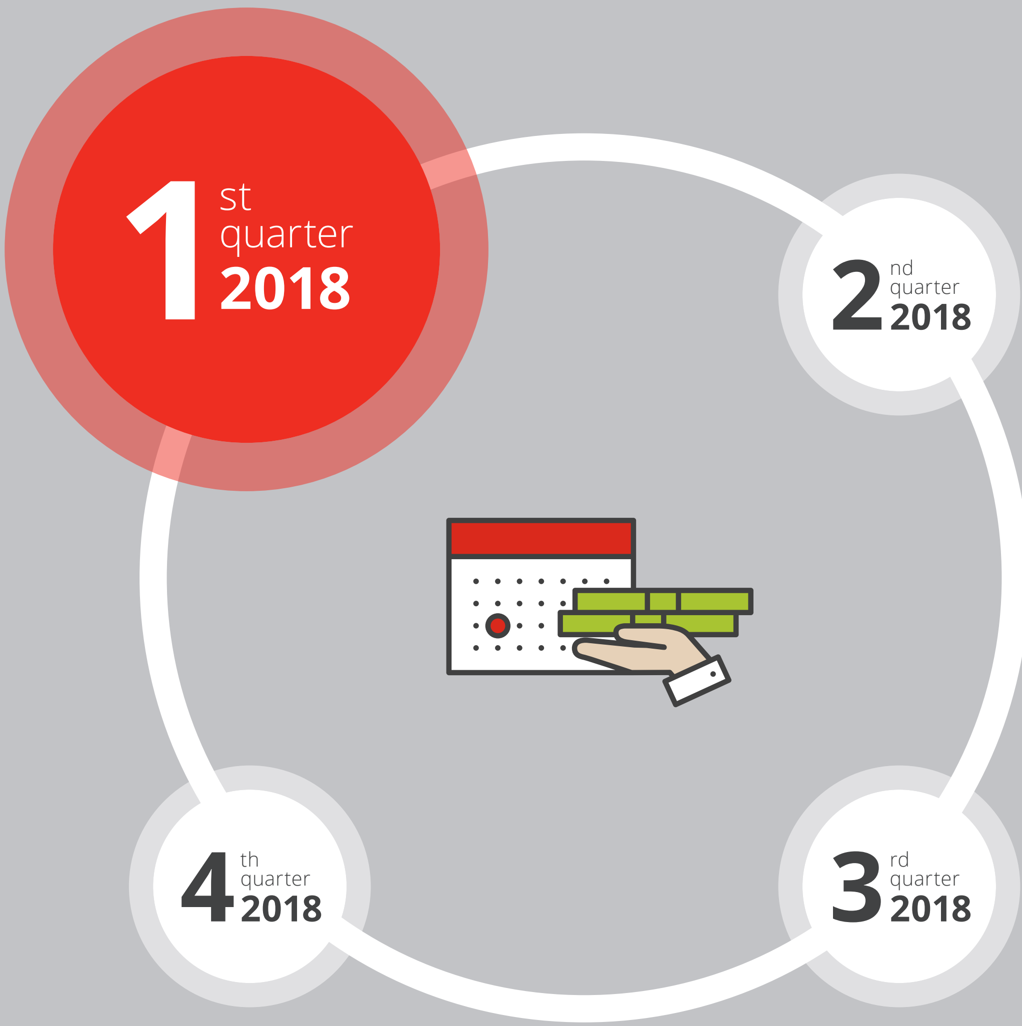
storebrand



Interim Report 2018

Storebrand Group

Contents

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Storebrand Group

- **Group result[1] of NOK 931m for the 1st quarter**
- **Results positively affected by strong insurance and risk results**
- **Solvency II ratio 165%**

Storebrand'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.

GROUP RESULT[2]

	2018	2017				01.01-31.03		Full Year
(NOK million)	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Fee and administration income	1,220	1,534	1,118	1,093	1,034	1,220	1,034	4,779
Insurance result	335	261	320	290	275	335	275	1,146
Operational cost	-919	-992	-842	-819	-845	-919	-845	-3,498
Operating profit	**635**	**803**	**596**	**565**	**463**	**635**	**463**	**2,427**
Financial items and risk result life	296	-185	177	313	208	296	208	513
Result before amortisation	**931**	**618**	**773**	**878**	**671**	**931**	**671**	**2,940**
Amortisation and write-downs of intangible assets	-64	-237	-101	-100	-98	-64	-98	-536
Profit before tax	**866**	**381**	**672**	**778**	**573**	**866**	**573**	**2,404**
Tax	-139	113	27	-29	-109	-139	-109	2
Profit after tax	**728**	**494**	**698**	**749**	**465**	**728**	**465**	**2,405**

The Group result before amortisation was NOK 931m (NOK 671m) in the 1st quarter. The figures in parenthesis are from the corresponding period last year.

Total fee and administration income amounted to NOK 1 220m (NOK 1 034m) for the 1st quarter and has increased by 7% compared with the same period last year, when adjusted for foreign currency and Skagen. Income within the segment Guaranteed Pension was stable, while Savings increased revenues with 26% compared with the same period last year. The Insurance result had a total combined ratio of 82% (89%) in the quarter, this is stronger than the expected range of 90-92%.

The Group's operating costs has decrased by 5% compared to last year, excluding costs from Skagen. The cost level is positively affected by some non recurring items and is expected to be somewhat higher in the next quarters. The underlying cost control is strong and the Group is on track to reach the goal of reduced costs in 2018 compared with 2015, adjusted for the costs from Skagen.

On the whole, the operating profit for the 1st quarter increased by 37% compared to the same period last year, adjusted for Skagen and currency. The financial items and risk result' is stable compared to the same period last year, but is driven by a non recurring reserve release in the guaranteed segment of NOK 149m in the quarter.

Amortisation of NOK -64 is positively affected by non recurring effects from the Silver transaction. Normal amortisation of intangible assets are expected to remain at around NOK 105m pr. quarter in 2018. Tax is described under 'capital situation and tax' below.

The Savings segment reported a profit of NOK 294m for the 1st quarter (NOK 240m). Growth within Storebrand Bank's lending volume contribute positively to the result. Investments in growth in the retail savings market increase costs in the the Norwegian Unit linked business.

The Insurance segment reported a profit of NOK 207m (NOK 171m) in the quarter. The claims ratio decreased from 71% to 67% compared with the same period last year resulting in a combined ratio of 82% (89%) for the quarter, mainly due to reserve releases. This contributes to around 10% better combined ratio. The cost ratio is also reduced due to fewer FTEs allocated to the area.

[1] Earnings before amortisation and tax. www.storebrand.no/ir provides an overview of APMs used in financial reporting.
[2] The income statement is based on reported IFRS results for the individual group companies. The statement differs from the official accounts layout.

GROUP RESULT BY RESULT AREA

	2018	2017				01.01-31.03		Full Year
(NOK million)	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Savings - non-guaranteed	294	639	314	319	240	294	240	1,511
Insurance	207	32	221	184	171	207	171	608
Guaranteed pension	401	31	244	290	201	401	201	766
Other	29	-84	-5	85	59	29	59	55
Result before amortisation	**931**	**618**	**773**	**878**	**671**	**931**	**671**	**2,940**

The Guaranteed Pension segment achieved a profit before amortisation of NOK 401m (NOK 201m) for the 1st quarter. Fee and administration income increased by 2,8% compared with the same period last year. The products within Guaranteed Pension are in long-term runoff and reduced earnings from this segment are expected over time. Reserve releases related to longevity strengthens the risk results with NOK 149m and return from credit and real estate increase the financial results.

The Other segment reported a profit of NOK 29m (NOK 59m) for the 1st quarter. The corporate bank portfolio has only NOK 24m left on the balance sheet and is for all practical purposes closed down.

CAPITAL SITUATION AND TAX

The Solvency II regulations were introduced on 1 January 2016. The Group's target solvency margin in accordance with the new regulations is a minimum of 150%, including use of the transitional rules. The solvency margin for the Storebrand Group was calculated at 165% at the end of the 1st quarter, including transitional rules. Without transitional rules, the solvency margin was 160%. Storebrand uses the standard model for the calculation of Solvency II. The solvency margin without transitional rules were strengthened due to increased interest rates and strong results. Storebrand has reduced its subordinated debt by approximately NOK 600 million in the quarter, which has decreased the Solvency position with 2,5 percentage points. Increased interest rates and volatility adjustment, decreases the value of the technical provisions under Solvency II, and hence reduces the value of the transitional measures. This explains the reduction in the Solvency position including transitional measures.

Income tax expense has been estimated based on an expected effective tax rate for 2018. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway, and it varies from quarter to quarter depending on each legal entity's contribution to the Group result. The tax rate is expected to be in the range of 19-23% for the year. The dividend policy is commented on in the 'Outlook' section.

MARKET AND SALES PERFORMANCE

The growth in Unit linked savings is driven by premium payments for existing contracts, returns and conversion from defined benefit schemes and increased savings levels. Assets under management in the United Linked business in Norway increased by NOK 21bn (32%) relative to the 1st quarter of 2017. 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 2017). SPP has a market share of 14% in the Swedish market for other occupational pensions (”Övrig Tjänstepension”, at the end of 4th quarter).

After the acquisition of Skagen the Storebrand Group has a 14.5% market share within retail mutual funds. Sales of savings products and loans to private individuals are good. The introduction of Individual Pension Savings (IPS) opened in November with satisfactory sales, and Storebrand appears to be the market leader. There have been converted around NOK 150m into paid up policies with investment choice during the first quarter. The lending volume at Storebrand Bank increased by 15% compared with the same period previous year.

The Silver transaction closed in the quarter. Around 24 500 contracts with NOK 10bn of assets have been moved and is fully intergrated into Storebrand.

Financial targets	Target	Actual (Q1)
Return on equity (after tax)[1)]	> 10%	11,3%
Dividend [1)]	> 50%	
Solvency II margin Storebrand Group	> 150%	165%

GROUP - KEY FIGURES

	2018	2017				Full year
(NOK million)	Q1	Q4	Q3	Q2	Q1	2017
Earnings per share adjusted[1)]	1.69	1.56	1.77	1.89	1.25	6.47
Equity	31,140	30,832	29,088	28,559	28,208	30,832
Quarterly adjusted ROE, annualised[1)]	11.3 %	11.3 %	12.4 %	13.4 %	8.8 %	11.0 %
Solvency II	165%	172%	160%	163%	159%	172%

1) After tax, adjusted for write-downs and amortisation of intangible assets.

Savings

- **Increased earnings due to higher volumes**
- **Strong development in retail banking due to growth in lending portfolio and increased net interest income**
- **Increased costs due to investments in growth**

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

SAVINGS - NON GUARENTEED

	2018	2017				01.01 - 31.03		Full year
NOK million	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Fee and administration income	889	1,192	763	747	700	889	700	3,402
Operational cost	-586	-557	-445	-438	-459	-586	-459	-1,899
Operating profit	**303**	**635**	**318**	**309**	**241**	**303**	**241**	**1,503**
Financial items and risk result life	-9	4	-4	10	-2	-9	-2	8
Profit before amortisation	**294**	**639**	**314**	**319**	**240**	**294**	**240**	**1,511**

FINANCIAL PERFORMANCE

The Savings segment reported a profit before amortisation and tax of NOK 294m for the 1st quarter, including Skagen with NOK -3m. Compared to the same periode last year this is an increase of NOK 54m (23%). The Skagen acquisition closed 7 December 2017, and therefore Skagen is not included in the numbers for the 1st quarter 2017.

Fee- and administration income increased by 11% for the quarter (exclusive Skagen with NOK 107m). Income growth is driven by good returns, customer conversion from defined-benefit to defined-contribution pension schemes, new business and higher savings rates. For the Norwegian Unit linked products, increased competition contributes to margin pressure, while there are relatively stable margins in the Swedish business and Asset Management. Increased interest rate margins and lending volume have resulted in growth in net interest income in the banking business. For the quarter, net interest income was 1.28% of average total assets compared to 1.09% for the same period last year.

Operating expenses includes Skagen with NOK 110m in the 1st quarter 2018. Exclusive of Skagen the operating expenses increase compared to 1st quarter 2017 due to underlying growth in the business.

BALANCE SHEET AND MARKET TRENDS

The premiums for non-guaranteed occupational pensions were NOK 4.0bn in the 1st quarter, an increase of 6% from the same period last year. Total reserves within the Unit Linked business have increased by 17% over last year and amounted to NOK 172bn at the end of the quarter. NOK 8.5bn was caused by the acquisition of Silver AS. Assets under management in the United Linked business in Norway increased by NOK 21bn (32%) relative to the 1st quarter of 2017. The growth is driven by premium payments for existing contracts, returns and conversion from defined benefit schemes and increased savings levels. In Norway, Storebrand is the market leader in Unit Linked occupational pension with 31% of the market share of gross premiums written (at the end of the 4th quarter 2017).

SPP has a market share of 14% in the Swedish market for other occupational pensions, at the end of 4th quarter ("Övrig Tjänstepension"). Customer assets increased by SEK 0,3bn (0,4%) in the 1st quarter and SEK 5,3bn (6%) from the 1st quarter previous year.

Due to weakening SEK and turbulent stock markets the assets under management in Storebrand Asset Management decreased by NOK 14bn (2%) to NOK 707bn in the 1st quarter, but increased by NOK 108bn (18%) from the 1st quarter of 2017, including Skagen with NOK 71bn. The growth is driven by good sales to institutional customers and good returns.

The bank lending portfolio in the retail market continues to grow, and was up by NOK 0.9bn (2%) in the 1st quarter and NOK 5.4bn (14%) from the same period the previous year. The portfolio consists of low-risk home mortgages. NOK 15.4bn of the mortgages are booked on Storebrand Life Insurance's balance sheet.

SAVINGS - KEY FIGURES

	2018	2017			
(NOK million)	Q1	Q4	Q3	Q2	Q1
Unit linked Reserves	171,750	167,849	157,984	151,425	147,311
Unit linked Premiums	3,947	3,981	3,670	3,649	3,716
AuM Asset Management	707,102	721,165	625,840	620,584	599,111
Retail Lending	43,035	42,133	40,996	39,464	37,585

Insurance

- **Satisfactory underlying risk development**
- **Run-off gains for P&C and Group Life improves result**
- **Less FTEs explain decrease in cost ratio**

The Insurance segment provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

INSURANCE

	2018		2017			01.01-31.03		Full Year
NOK million	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Insurance premiums f.o.a.	1,010	968	993	971	940	1,010	940	3,872
Claims f.o.a.	-675	-707	-674	-681	-665	-675	-665	-2,726
Operational cost	-156	-193	-175	-171	-172	-156	-172	-711
Operating profit	**179**	**68**	**145**	**119**	**103**	**179**	**103**	**435**
Financial result	28	-36	76	65	68	28	68	173
Contribution from SB Helseforsikring AS	*3*	*5*	*19*	*12*	*4*	*3*	*4*	39
Profit before amortisation	**207**	**32**	**221**	**184**	**171**	**207**	**171**	**608**
Claims ratio	67%	73%	68%	70%	71%	67%	71%	70%
Cost ratio	15%	20%	18%	18%	18%	15%	18%	18%
Combined ratio	82%	93%	85%	88%	89%	82%	89%	89%

FINANCIAL PERFORMANCE

In the first quarter, Insurance delivered a result before amortization of NOK 207m (NOK 171m). The combined ratio for the quarter was 82% (89%).

The first quarter claims ratio was 67% (71%) and the underlying risk development is satisfactory. Reserve releases and runoff gains contribute to around 10% better combined ratio in the quarter. P&C insurance has a satisfactory claims development. The claims ratio further improved due to reserve releases caused by run-off gains. Personal lines has a lower claims ratio than last year. Group Life delivers an underlying low risk result, however the claims ratio decrease due to run-off gains. Health Insurance still experiences good results in Sweden and Norway. The risk result for Group Disability Pension is significantly improved. During the period, there has been low disability, most likely due to recovery of economic conditions in Norway.

The cost ratio is 15% (18%) in the first quarter. Less FTEs allocated to Insurance explains the decrease from previous year.

Insurance's investment portfolio in Norway amounted to NOK 8.5bn as of the first quarter and was primarily invested in fixed income securities with a short to medium duration. The negative return last quarter was explained by realization of losses. Return on investments is satisfactory in the quarter.

BALANCE SHEET AND MARKET TRENDS

Storebrand aims to grow in the retail market, but strong competition and shift in distribution strategy resulted in lower growth than in the previous years. Ongoing work to improve pricing, products, sales and service solutions will strengthen competitiveness. The Akademiker portfolio is an important driver of growth and deliver according to expectations. Health related insurance is growing and Storebrand is succeeding well in the market.

INSURANCE PREMIUMS

	2018	2017				01.01 - 31.03		Full year
NOK million	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
P&C & Individual life	1,707	1,731	1,750	1,732	1,725	1,707	1,725	1,675
Health & Group life[1)]	1,555	1,568	1,541	1,532	1,504	1,555	1,504	1,493
Pension related disability insurance	1,163	1,164	1,183	1,176	1,184	1,163	1,184	1,159
Total written premiums	**4,424**	**4,462**	**4,474**	**4,440**	**4,413**	**4,424**	**4,413**	**4,327**
Investment portfolio[2)]	8,525	8,290	8,336	8,158	7,184	8,525	7,184	6,399

* Individual life and accident, property and casualty insurance.
** Group accident, occupational injury and health insurance.
*** Nordic disability cover related to defined contribution pensions.

[1)] Includes all written premiums in Storebrand Helseforsikring AS (50/50 joint venture with Munich Health)
[2)] NOK 2,9bn 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

- **Long-term runoff portfolio**
- **Risk result affected by release of longevity reserves**

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

	2018	2017				01.01 - 31.03		Full year
NOK million	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Fee and administration income	368	376	380	369	358	368	358	1,483
Operational cost	-200	-240	-212	-216	-221	-200	-221	-889
Operating profit	**168**	**136**	**169**	**153**	**137**	**168**	**137**	**595**
Risk result life & pensions	183	18	9	6	34	183	34	67
Net profit sharing and loan losses	51	-123	66	131	30	51	30	104
Profit before amortisation	**401**	**31**	**244**	**290**	**201**	**401**	**201**	**766**

RESULT

Guaranteed Pension achieved a profit before amortisation of NOK 401m (NOK 201m) in the 1st quarter.

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 368m (NOK 358m) in the 1st quarter. This is equivalent to a growth of 2.8% compared with the previous year.

Operating costs amounted to NOK 200m (NOK 221m) 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 183m (NOK 34) in the 1st quarter. In the 1st quarter the risk result was affected positively by dissolution of NOK 149m of longevity reserves. The risk result in the Norwegian business has over the last few year been restricted as a result of the business volume decreasing, reserve strengthening due to the introduction of new collective disability pension and general disability developments during this period. The risk result generated in the Swedish business shows stable development.

The result from profit sharing and loan losses in the Guaranteed Pension segment consists of profit sharing and financial effects. The result was NOK 51m (NOK 30m) in the 1st quarter. The result was generated in the Swedish business. Equity markets gave a negative contribution, but a good development in property and credit portfolios contributed to positive profits. The Norwegian business continues to build-up buffers and reserves rather than profit sharing between customers and owners.

BALANCE SHEET AND MARKET TRENDS

The majority of products are closed for new business, and the customers' choices of transferring from guaranteed to non-guaranteed products are in line with the Group's strategy. Customer reserves for guaranteed pensions amounted to NOK 259bn at the end of the 1st quarter, which represents a decrease of NOK 4.9bn in the quarter. The total premium income for guaranteed pensions (excluding transfers) was NOK 2.0bn (NOK 2.0bn) in the 1st quarter. Premiums have decreased over the last years.

In the Norwegian business, reserves for defined-benefit pensions in Norway amounted to NOK 34bn at the end of the 1st quarter, representing a reduction of NOK 2.5bn since year end 2017. The paid up policies, which amounted to 132bn at the end of the quarter grows due to the conversion from defined-benefit to defined contribution pension schemes and NOK 1.5bn from the aquistion of Silver AS. As of the 4th quarter of 2014, customers were offered the opportunity to convert from traditional paid-up policies to paid-up policies with investment options. Paid-up policies with investment options are included in the Savings segment.

Guaranteed portfolios in the Swedish business totalled NOK 80bn at the end of the 1st quarter, which corresponds to a decrease of NOK 5.6bn in the quarter primarlily due to weakening of SEK/NOK.

GUARANTEED PENSION - KEY FIGURES

	2018	2017				01.01-31.03		Full Year
NOK million	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Guaranteed reserves	259,426	264,320	261,652	260,459	261,148	259,426	261,148	264,320
Guaranteed reserves in % of total reserves	60.2 %	61.2 %	62.4 %	63.2 %	63.9 %	60.2 %	63.9 %	61.2 %
Net transfers	-118	-117	-103	-199	-541	-118	-541	-117
Buffer capital in % of customer reserves Norway	6.2 %	7.2 %	5.2 %	5.3 %	5.4 %	6.2 %	5.4 %	7.2 %
Buffer capital in % of customer reserves Sweden	9.0 %	9.0 %	9.3 %	8.4 %	7.9 %	9.0 %	7.9 %	9.0 %

Other/Eliminations

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with lending to commercial enterprises by Storebrand Bank and the activities at BenCo are reported in this segment. Group eliminations are reported in a separate table below.

RESULT EXCLUDING ELIMINATIONS[1)]

	2018	2017				01.01-31.03		Full Year
NOK million	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Fee and administration income	21	20	19	23	21	21	21	83
Operational cost	-36	-56	-53	-39	-39	-36	-39	-188
Operating profit	**-15**	**-36**	**-35**	**-16**	**-18**	**-15**	**-18**	**-105**
Financial items and risk result life	80	-48	30	102	77	80	77	161
Profit before amortisation	**64**	**-84**	**-5**	**85**	**59**	**64**	**59**	**55**

1) Excluding group eliminations (detailed in table below). To get full segment profits, please summarize tables

ELIMINATIONS

	2018	2017				01.01-31.03		Full Year
NOK million	Q1	Q4	Q3	Q2	Q1	2018	2017	2017
Fee and administration income	-58	-54	-44	-46	-46	-58	-46	-190
Operational cost	58	54	44	46	46	58	46	190
Financial result	-35					-35		
Profit before amortisation	**-35**					-35		

The Other segment reported a profit of NOK 29 (NOK 59m) for the 1st quarter. Fee and administration income was stable in comparison with the same quarter last year due to increased income in BenCo. The planned reduction of corporate loans at Storebrand Bank reduces income.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance, and the financial result of Storebrand ASA.

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 23bn 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 0.59% for the quarter. The Swedish company portfolio provided a return of -0.05% in the quarter.

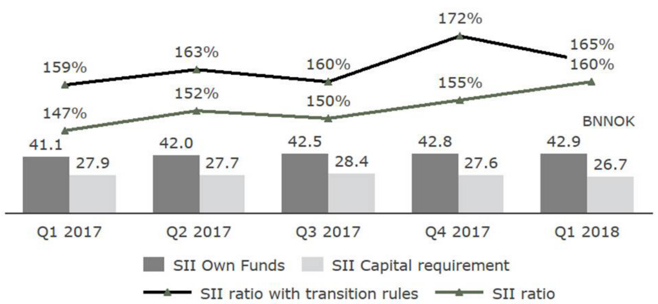
Balance sheet, solidity and capital situation

Continuous monitoring and active risk management is core to Storebrand's business. Risk and capital adequacy are both monitored at Group level and in the legal entities. Regulatory requirements for capital adequacy and risk management follow the legal entities. The section is thus divided by legal entities.

STOREBRAND GROUP

The Solvency II framework is the most material capital regulation for the Storebrand Group.The Solvency II margin in the Storebrand Group was 165% (incl. transitional rules) at the end of the 1st quarter, a decrease of 7 percentage points during the quarter. The underlying solvency ratio is increased by 5 percentage points mainly due to increased interest rates and earnings. Effects from transitional rules have decreased due to increased interest rates.

SOLVENCY II DEVELOPMENT OWN FUNDS, CAPITAL REQUIREMENT AND RATIOS



STOREBRAND ASA

Storebrand ASA (holding company) held liquid assets of NOK 2.5 bn at the end of the quarter. Liquid assets consist primarily of short-term fixed income securities with a good credit rating and bank deposits. Storebrand ASA's total interest-bearing liabilities were NOK 2.3bn at the end of the quarter. This corresponds to a net debt-equity ratio of -1,1%. The next maturity date for bond debt is in October 2018. In addition to the liquidity portfolio, the company has an unused credit facility of EUR 240m that runs until December 2019.

Storebrand ASA owned 0.20% (973 672) of the company's own shares at the end of the quarter.

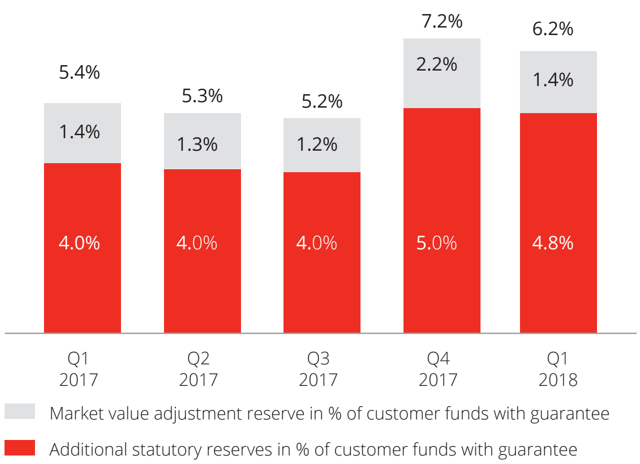
STOREBRAND LIFE INSURANCE GROUP[1)]

The Solidity capital[1)] measures the amount of IFRS capital available to cover customer liabilities. The solidity capital was 23.6% of guaranteed reserves, an increase of 0.7 percentage point from the previous quarter. The solidity capital amounted to NOK 58.8bn at the end of 1st quarter 2018, a decrease of NOK 5.1bn in 1st quarter. The change in the quarter is due to decreased customer buffers in the Swedish business (due to FX) and the Norwegian business and dividend to Storebrand ASA.

STOREBRAND LIVSFORSIKRING AS

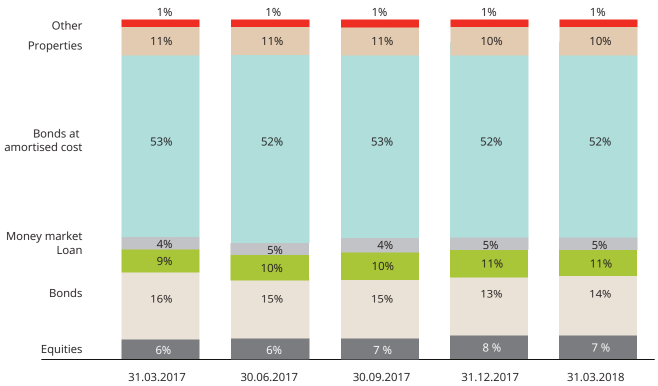
The market value adjustment reserve decreased during the 1st quarter by 1.4bn and amounted to NOK 2.3bn at the end of the 1st quarter of 2018. The additional statutory reserves are almost unchanged in the 1st quarter and amounted to NOK 8.1bn. The excess value of bonds and loans valued at amortised cost has been reduced by 2.2bn in the 1st quarter and amounted to NOK 6.3bn at the end of 1st quarter 2018. The excess value of bonds and loans at amortised cost is not included in the financial statements.

CUSTOMER BUFFERS



[1)] Storebrand Life Insurance, SPP and BenCo.
[2)] The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses.

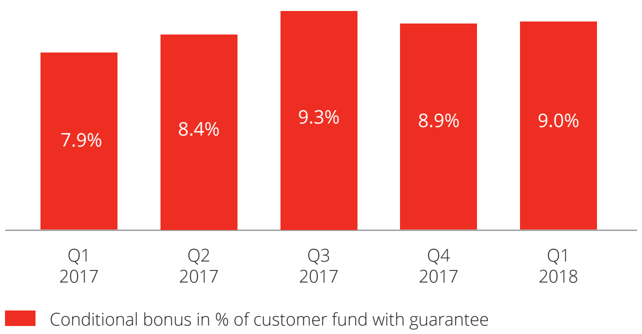
ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Customer assets increased by NOK 9.7bn in the 1st quarter due to positive returns and acquisition of Silver's pension portfolio . Customer assets totalled NOK 269bn at the end of the 1st quarter of 2018. Customer assets within non-guaranteed savings increased NOK 9.0bn during the 1st quarter. Guaranteed customer assets increased NOK 0.7bn during the 1st quarter.

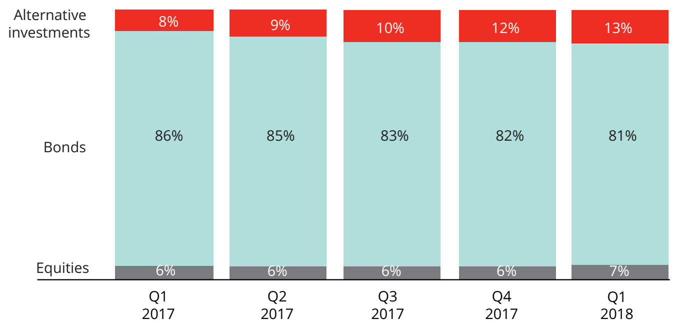
SPP

CUSTOMER BUFFERS - SPP



The buffer capital amounted to SEK 7bn (SEK 6.4bn) at the close of the 1st quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were SEK 170bn for the 1st quarter. This corresponds to an increase of 2.59% compared with the 1st quarter of 2017. For customer assets in non-guaranteed savings, assets under management totalled SEK 87.9bn (SEK 82.6bn) in the 1st quarter, which corresponds to an increase of 6.42%, compared with the 1st quarter of 2017.

STOREBRAND BANK

The lending portfolio in the retail market, including loans managed on behalf of Storebrand Livsforsikring AS amounted to NOK 43.0bn, whereof NOK 15.4bn is managed on Storebrand Livsforsikring AS balance sheet. The corporate market portfolio is now at NOK 24m and for all practical purposes out of the balance sheet.

The Storebrand Bank Group had a net capital base of NOK 2.4bn at the end of the quarter. Which equates to a capital adequacy ratio was 18.8%, and a core equity tier 1 ratio was 14.5%.

Outlook

FINANCIAL PERFORMANCE
Storebrand is the market leader of pension solutions to Norwegian businesses and a challenger in the Swedish market. Defined-contribution pension plans are the dominant solution for pension savings in Norway. The market for defined-contribution pensions is growing, and Storebrand's total reserves within Unit Linked increased by 17% in the last 12 months. Continued good growth for defined-contribution pensions is expected in the future.

The loyalty programme for employees with 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 segment. The competition in the market has resulted in pressure on margins within these segments that in turn sets requirements for cost reductions and efficiency improvements in distribution and product solutions to achieve continued profitable growth. In order to realise the ambitions in the retail market, sales must continue to increase.

Asset management is an important business area within the Savings segment. Asset management has had stable growth in reserves and good earnings development. With the acquisition of Skagen, Storebrand became a top three mutual fund provider in Norway. The asset management platform is competitive and scalable for further growth.

The Guaranteed Pension segment is in long-term runoff and the combined reserves for the Guaranteed Defined Benefit solutions are decreasing. However, there is continued growth in the reserves linked to paid-up policies due to companies choosing to convert existing defined-benefit schemes to defined-contribution schemes. It is expected that the growth in paid-up policies will decline in the the next few years and that there will be flat growth in reserves over several years before the reserves start to fall. The portfolio of paid-up policies makes a limited contribution towards the Group results with the present interest rates. Guaranteed reserves represent an increasingly smaller share of the Group's total pension reserves and were 60.2% at the end of the quarter, a 3.8%-point reduction from the previous year.

Storebrand targets a nominally lower cost base in 2018 compared with the level at the end of 2015. Storebrand will still make selected investments in growth. Automation, digitalization and the partnership with Cognizant is expected to continue to provide lower costs for the Group in the coming years.

RISK
Market risk is the Group's biggest risk. In the Board's self-assessment of risk and solvency (ORSA) process, developments in interest rates, credit spreads, and equity and property values are considered to be the biggest risks that influence the solvency of the Group. Storebrand has adapted to the low interest rates by cautious investments and building up buffer capital. The level of the annual interest rate guarantee is gradually 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 adjusted its assets by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. For insurance risk, increased longevity and the development in disability are the factors that have greatest influence on solvency. Operational risk is closely monitored and may also have an effect on solvency.

INDIVIDUAL PENSION ACCOUNT
The consulation period for the Norwegian Ministry of Finance proposal for legislation regarding pension accounts was concluded 21 February 2018. The ministry is proposing a scheme for separate pension accounts that is based on existing pension accounts in active defined contribution schemes. Defined contribution capital certificates issued by previous employers would be transferred into the active scheme based on a principle of "negative acceptance". This means the customer actively has to make a choice to stay with its current provider. There is broad support for the main principles of the ministry's proposals in the consultation round.

All employees are members of the company's scheme, but it should be possible to opt to transfer retirement pension capital to be managed by other suppliers. An individual right to transfer of this kind that also applies to the active part of the pension account will be administratively demanding, and the Ministry of Finance is asking as part of its consultation whether the individual right to transfer should only apply to previous earnings. A majority of the consultation bodies support that individual retirement rights for the active part of the pension account should be considered later. The Ministry has announced that a bill will probably be presented to the Parliament in the autumn of 2018.

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. Storebrand has begun work to assess business opportunities related to the new product.

REPORT ON PAID-UP POLICIES

The Ministry of Finance has established an interdepartmental working group with participants from the Ministry of Finance, the Ministry of Labour and Social Affairs and the Financial Supervisory Authority of Norway, which is tasked with examinng possible regulatory changes for guaranteed paid-up policies

The Working Group will be assessing the regulations for profit sharing, market value adjustment reserve and additional statutory reserves, as well as the transfer of pension assets. Changes in these parameters leading to more long term investment strategies are expected to have positive effects for customers and shareholders. The Working Groups report is expected summer 2018. Next step in a potential legislative process would be a proposal from the Ministry of Finance with a consultation period preceding a bill to parliament.

SOLVENCY II

The standard model used for calculating capital requirements under Solvency II is under review. In this connection, the European Supervisory Authority, EIOPA, has consulted and delivered advice to the Commission on the basis of this. Among the most important questions for Storebrand are the treatment of the risk module for interest rate risk, loss-absorbing ability for deferred tax and risk margin. The proposal on the interest risk module from EIOPA is to a limited extent calibrated against other currencies than euro, and efforts are being made to illustrate the effects for NOK and SEK towards the Commission. Storebrand is working on analyzing the effects and possible adjustments. Final decisions are expected from the Commission during the year.

POTENTIAL CHANGE IN TAX RULES FOR INSURANCE COMPANIES IN NORWAY

A proposal from the Ministry of Finance for changes in tax rules for insurance companies is being consulted until 7 May. The aim of the proposals is to establish a distinction between customer and corporate funds in terms of taxation. It is proposed that the changes will apply with effect from the tax year 2018. If implemented as proposed, the preliminary analysis is that this will have limited impact for the Storebrand Group.

DIVIDEND POLICY

Storebrand has established a framework for capital management that links dividends to the solvency margin and published a new dividend policy for 2018 and onwards.

The proposed dividend policy intends to reflect the strong growth in fee based earnings, the more volatile financial markets related earnings and the future capital release from the guaranteed book. To reflect this the Board's ambition is to pay a stable and growing base dividend combined with special dividends to reflect financial markets volatility and capital release. The expected capital release will lead to increased pay out ratio over time. Storebrand dividend policy:

Storebrand aims to pay a dividend of more than 50% of Group result after tax. The Board of Directors' ambition is to pay ordinary dividends per share of at least the same nominal amount as the previous year. Ordinary dividends are subject to a sustainable solvency margin of above 150%. If the solvency margin is above 180%, the Board of Directors' intends to propose special dividends or share buy backs.

A dividend of more than 50% of the Group's result after tax and a higher nominal level than the 2017 ordinary dividend is expected for 2018.

Lysaker, 24 April 2018

Storebrand Group
Income statement

(NOK million)	Note	1Q 2018	1Q 2017	Full year 2017
Premium income		8,221	7,559	26,652
Net income from financial assets and real estate for the company:				
- equities and fund units at fair value		-5	5	31
- bonds and other fixed-income securities at fair value		100	178	503
- financial derivatives at fair value		-118	20	99
- loans at fair value		-2	17	57
- bonds at amortised cost		27	53	134
- loans at amortised cost		165	160	665
- profit from investments in associated companies and joint ventures		15	1	119
Net income from financial assets and real estate for the customers:				
- equities and fund units at fair value		-2,416	5,783	16,943
- bonds and other fixed-income securities at fair value		-628	1,330	3,157
- financial derivatives at fair value		977	97	848
- loans at fair value		35	-2	113
- bonds at amortised cost		955	1,263	4,243
- loans at amortised cost		129	122	443
- properties		402	630	2,556
- profit from investments in associated companies and joint ventures		160	68	231
Other income		1,246	789	4,657
Total income		**9,263**	**18,074**	**61,451**
Insurance claims		-6,945	-7,620	-24,985
Change in insurance liabilities		-1,465	-8,234	-23,048
Change in capital buffer		1,450	-120	-3,943
Operating expenses	8	-1,108	-1,047	-4,679
Other expenses		-169	-125	-930
Interest expenses		-96	-256	-925
Total expenses before amortisation		**-8,332**	**-17,403**	**-58,510**
Group profit before amortisation		**931**	**671**	**2,940**
Amortisation of intangible assets		-64	-98	-536
Group pre-tax profit		**866**	**573**	**2,404**
Tax expenses	9	-139	-109	2
Profit/loss for the period		**728**	**465**	**2,405**
Profit/loss for the period attributable to:				
Share of profit for the period - shareholders		724	462	2,375
Share of profit for the period - hybrid capital investors		3	3	11
Share of profit for the period - minority		1		20
Total		**728**	**465**	**2,405**
Earnings per ordinary share (NOK)		1.55	1.03	5.28
Average number of shares as basis for calculation (million)				449.8
There is no dilution of the shares				

Storebrand Group
Statement of comprehensive income

	1Q		Full year
(NOK million)	2018	2017	2017
Profit/loss for the period	**728**	**465**	**2,405**
Change in actuarial assumptions	-2	-3	-117
Adjustment of value of properties for own use	23	-8	130
Gains/losses from cash flow hedging	-20	-5	23
Total comprehensive income elements allocated to customers	-23	8	-130
Tax on other comprehensive income elements not to be classified to profit/loss			2
Total other comprehensive income elements not to be classified to profit/loss	**-23**	**-9**	**-92**
Translation differences foreign exchange	-451	113	387
Unrealised gains on financial instruments available for sale			8
Total other comprehensive incomet elements that may be classified to profit/loss	**-451**	**113**	**395**
Total other comprehensive elements	**-474**	**104**	**303**
Total comprehensive income	**254**	**568**	**2,708**
Total comprehensive income attributable to:			
Share of total comprehensive income - shareholders	254	565	2,675
Share of total comprehensive income - hybrid capital investors	3	3	11
Share of total comprehensive income - minority	-3	1	22
Total	**254**	**568**	**2,708**

Storebrand Group
Statement of financial position

(NOK million)	Note	31.03.18	31.03.17	31.12.17
Assets company portfolio				
Deferred tax assets		917	511	637
Intangible assets and excess value on purchased insurance contracts		6,220	4,832	6,295
Pension assets		3	3	3
Tangible fixed assets		50	56	55
Investments in associated companies and joint ventures		222	414	291
Financial assets at amortised cost:				
- Bonds	7	3,607	3,553	3,403
- Loans to financial institutions	7	368	369	313
- Loans to customers	7,10	27,200	25,214	26,678
Reinsurers' share of technical reserves		34	32	27
Investment properties at fair value	7	50	51	50
Biological assets		64	64	64
Accounts receivable and other short-term receivables		8,115	2,954	4,834
Financial assets at fair value:				
- Equities and fund units	7	304	101	363
- Bonds and other fixed-income securities	7	28,460	29,941	31,719
- Derivatives	7	1,436	1,276	1,341
- Loans to customers	7,10	517	2,096	580
Bank deposits		5,094	3,890	3,466
Minority interests in consolidated mutual funds		29,826	24,804	30,303
Total assets company portfolio		**112,488**	**100,161**	**110,424**
Assets customer portfolio				
Tangible fixed assets		330	440	488
Investments in associated companies and joint ventures		3,208	1,928	3,113
Receivables from associated companies		37	38	39
Financial assets at amortised cost:				
- Bonds	7	84,829	83,183	84,071
- Bonds held-to-maturity	7	15,166	15,688	15,128
- Loans to customers	7,10	21,445	18,380	21,425
Reinsurers' share of technical reserves		63	106	63
Investment properties at fair value	7	27,339	24,725	27,403
Properties for own use	7	1,347	2,882	1,408
Biological assets		779	711	791
Accounts receivable and other short-term receivables		944	2,901	692
Financial assets at fair value:				
- Equities and fund units	7	154,112	136,758	156,071
- Bonds and other fixed-income securities	7	135,449	138,889	135,042
- Derivatives	7	2,573	3,089	2,723
- Loans to customers	7,10	4,885	2,462	5,104
Bank deposits		4,679	4,108	4,958
Total assets customer portfolio		**457,184**	**436,288**	**458,519**
Total assets		**569,672**	**536,449**	**568,943**

Continue next page

Storebrand Group
Statement of financial position (continue)

(NOK million)	Note	31.03.18	31.03.17	31.12.17
Equity and liabilities				
Paid-in capital		12,855	11,726	12,855
Retained earnings		17,924	16,201	17,652
Hybrid capital		262	226	226
Minority interests		98	55	99
Total equity		**31,140**	**28,208**	**30,832**
Subordinated loan capital	6.7	9,480	7,507	8,867
Capital buffer	11	18,945	16,974	21,137
Insurance liabilities		436,171	415,365	435,749
Pension liabilities		332	289	341
Deferred tax		243	267	238
Financial liabilities:				
- Liabilities to financial institutions	6.7	1	5	155
- Deposits from banking customers	7	14,876	14,631	14,628
- Securities issued	6.7	17,243	17,580	16,575
- Derivatives company portfolio		110	325	282
- Derivatives customer portfolio		2,065	1,838	1,733
Other current liabilities		9,239	8,656	8,102
Minority interests in consolidated mutual funds		29,826	24,804	30,303
Total liabilities		**538,532**	**508,241**	**538,110**
Total equity and liabilities		**569,672**	**536,449**	**568,943**

Storebrand Group
Statement of changes in equity

	Majority's share of equity									
(NOK million)	Share capital [1]	Own shares	Share premium	Total paid in equity	Currency translation differences	Other equity [2]	Total retained earnings	Hybrid capital[3]	Minority interests	Total equity
Equity at 31 December 2016	**2,250**	**-8**	**9,485**	**11,726**	**1,042**	**14,590**	**15,631**	**226**	**54**	**27,637**
Profit for the period						2,375	2,375	11	20	2,405
Total other comprehensive income elements					385	-84	300		2	303
Total comprehensive income for the period					**385**	**2,290**	**2,675**	**11**	**22**	**2,708**
Equity transactions with owners:										
Own shares		3		3		44	44			47
Issue of shares	90		1,037	1,126					3	1,129
Hybrid capital classified as equity						3	3			3
Paid out interest hybrid capital								-11		-11
Dividend paid						-695	-695		-2	-697
Purchase of minority interests						2	2			2
Other						-8	-8		21	13
Equity at 31 December 2017	**2,339**	**-5**	**10,521**	**12,855**	**1,426**	**16,226**	**17,652**	**226**	**99**	**30,832**
Profit for the period						724	724	3	1	728
Total other comprehnsive income elements					-447	-23	-470		-4	-474
Total comprehensive income for the period					**-447**	**702**	**254**	**3**	**-3**	**254**
Equity transactions with owners:										
Issue of shares									4	4
Hybrid capital classified as equity						1	1	36		37
Paid out interest hybrid capital								-3		-3
Other						17	17		-1	16
Equity at 31 March 2018	**2,339**	**-5**	**10,521**	**12,855**	**979**	**16,945**	**17,924**	**262**	**98**	**31,140**

[1] 467 813 982 shares with a nominal value of NOK 5.
[2] Includes undistributable funds in the risk equalisation fund amounting to NOK 34 million and security reserves amounting NOK 54 million.
[3] Perpetual hybrid tier 1 capital classified as equity.

Equity at 31 December 2016	**2,250**	**-8**	**9,485**	**11,726**	**1,042**	**14,590**	**15,631**	**226**	**54**	**27,637**
Profit for the period						462	462	3		465
Total other comprehensive income elements					112	-9	103		1	104
Total comprehensive income for the period					**112**	**453**	**565**	**3**	**1**	**568**
Equity transactions with owners:										
Hybrid capital classified as equity						1	1			1
Paid out interest hybrid capital								-3		-3
Other						4	4			5
Equity at 31 March 2017	**2,250**	**-8**	**9,485**	**11,726**	**1,154**	**15,047**	**16,201**	**226**	**55**	**28,208**

Storebrand Group
Statement of cash flow

(NOK million)	1.1 - 31.03 2018	2017
Cash flow from operational activities		
Net receipts premium - insurance	7,214	6,705
Net payments compensation and insurance benefits	-5,482	-4,578
Net receipts/payments - transfers	-601	-2,315
Net change insurance liabilities	-5,630	-343
Receipts - interest, commission and fees from customers	771	647
Payments - interest, commission and fees to customers	-75	-229
Taxes paid	-15	
Payments relating to operations	-1,142	-827
Net receipts/payments - other operational activities	-1,411	-1,299
Net cash flow from operations before financial assets and banking customers	**-6,371**	**-2,240**
Net receipts/payments - loans to customers	-2,693	-1,040
Net receipts/payments - deposits bank customers	211	-628
Net receipts/payments - securities	8,110	3,764
Net receipts/payments - investment properties	54	-293
Net change in bank deposits insurance customers	281	440
Net cash flow from financial assets and banking customers	**5,963**	**2,243**
Net cash flow from operational activities	**-408**	**3**
Cash flow from investment activities		
Net receipts - sale of subsidaries	33	
Net payments - purchase of group companies	-527	-4
Net receits/payments - sale/purchase of fixed assets	156	-23
Net cash flow from investment activities	**-337**	**-27**
Cash flow from financing activities		
Payments - repayments of loans	-614	-1,885
Receipts - new loans	2,499	2,801
Payments - interest on loans	-76	-327
Receipts - subordinated loan capital	847	150
Payments - repayment of subordinated loan capital	-118	
Payments - interest on subordinated loan capital	-48	-3
Net receipts/payments - loans to and claims from other financial institutions	-154	-402
Receipts - hybrid capital	100	
Payments - repayment of hybrid capital	-64	
Payments - interest on hybrid capital	-3	-3
Net cash flow from financing activities	**2,370**	**331**
Net cash flow for the period	**1,625**	**307**
- of which net cash flow in the period before financial assets and banking customers	-4,338	-1,936
Net movement in cash and cash equivalents	1,625	307
Cash and cash equivalents at start of the period for new/sold out companies	35	-13
Cash and cash equivalents at start of the period	3,780	3,980
Currency translation differences	22	-14
Cash and cash equivalents at the end of the period [1)]	**5,461**	**4,260**
[1)] Consist of:		
Loans to financial institutions	368	369
Bank deposits	5,094	3,890
Total	**5,461**	**4,260**

Notes to the interim accounts Storebrand Group

Note 01 Accounting policies

The Group's interim financial statements include Storebrand ASA, subsidiaries, associated companies and joint ventures. The financial statements are prepared 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 2017 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

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

- other income
- change in insurance liabilities
- operating expenses
- other expenses

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

IFRS 9 Financial Instruments will replace the current IAS39. IFRS 9 is applicable from 1 January 2018. For insurance-dominated groups and companies, IFRS 4 allows for either the implementation of IFRS 9 to be deferred (deferral approach) or to enter the differences between IAS39 and IFRS 9 through Other Comprehensive Income (overlay approach) until implementation of IFRS 17 on 1 January 2021. The Storebrand Group qualifies for temporary deferral of IFRS 9 because over 90 per cent of the Group's total liabilities as at 31 December 2015 were linked to the insurance business. For the Storebrand Group, IFRS 9 will be implemented together with IFRS 17, applicable from 1 January 2021.

The new standard IFRS 15 for recognising revenue from contracts with customers entered into force from 1 January 2018, and will replace the current IAS18. Revenue recognition in the Storebrand Group are primarily regulated by IAS39/IFRS9 and IFRS4. Revenue that will be recognised under Other Income is assessed in relation to IFRS 15. The implementation of IFRS15 have no impact on the Group result in Storebrand's consolidation financial statements.

Note 02 Estimates

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

Actual results may differ from these estimates.

A description of the most critical estimates and judgements that can affect recognised amounts is included in the 2017 annual report in note 2, strengthening longevity reserves for Storebrand Life Insurance in note 3, insurance risk in note 7, valuation of financial instruments at fair value is described in note 12 and in the interim financial statements note 13 Solvency II.

Note 03

Acquisition

Silver

On 24 October 2017 Storebrand Livsforsikring AS entered into an agreement to acquire Silver Pensjonsforsikring's (Silver). The transaction was completed in January 2018 after Silver is released from administration. The transaction was completed in two parts, with one part as an acquisition of part of insuranceportfolio, and the other part as an acquisition of Silver Pensjonsforsikring AS with its remaining insuranceportfolio (amounted NOK 0.3 billion) and operations. The remaining insurance portfolio for Silver Pensjonsforsikring consisting of pension capital certificates and individual pension contracts with no guarantee. Before acquisition as a part of the administration solution, Silver's portfolio of paid-up policies has been converted to paid-up policies with investment options (FMI) for retirement pension coverage, amounted NOK 8.3 billion. Risk cover (paid-up policies) is continued based on a reduced base rate of 2.75%, amounted NOK 1.4 billion.
Storebrand Livsforsikring AS paid a purchase price of NOK 520 million. The purchase price has been transferred to Silver's customers as a part of the administration solution, and contributes to maintaining good pensions for the customers.

The amount of NOK 520 million has been transferred to Silver's customers, and in the acquisition analysis the excess value of the acquisition will be allocated to the insurance contracts (VIF –value of business in force) amounted NOK 281 million, which are amortised over 10 years, reserve strength due to transition to Storebrand's tariffs amounted NOK 97 million, deferred tax asset amounted NOK 374 million and negative goodwill amounted NOK 37 million.

As a part of simplifying the corporate structure, Storebrand Livsforsikring AS has completed a merger with the fully owned subsidiary Silver Pensjonsforsikring AS. The merger has been carried out without consideration pursuant to the Norwegian Limited Liability Companies Act §13-23 and §13-1 with accounting effect from 1 Janaury 2018, and assuming tax continuity.

ACQUISITION ANALYSIS SILVER

(NOK million)	Book values in the company	Payment for financing insurance liabilities	Excess value upon acquistion	Book values
Assets				
- VIF			281	281
- Deferred tax assets			374	374
Total intangible assets			654	654
Financial assets	9,525			9,525
Other assets		520		520
Bank deposits	35			35
Total assets	**9,560**	**520**	**655**	**10,735**
Liabilities				
Insurance liabilities	10,026			10,026
Current liabilities	34	20		54
Net identifiable assets and liabilities	**-500**	**500**	**655**	**655**
Reserve strengthning				-97
Goodwill				-37
Fair value at acquisition date				**520**

Skagen

Skagen AS has entered into an agreement with the employees in Skagen AS for repurchase of employees B shares. The transaction is expected to be completed by the end of April 2018, and the shares will be erased immediately after transfer. After completion of the transaction, SAM AS owns 100% of the shares in Skagen AS. The event has no effect on the financial statement for 1st quarter 2018.

Note 04 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, asset management and retail banking products. In addition, certain other subsidiaries in Storebrand Livsforsikring and SPP are included in Savings.

Insurance
The insurance segment provides health insurance in the Norwegian and Swe¬dish corporate and retail markets, P&C insurance and 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 Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with loans to commercial enterprises by Storebrand Bank and the activities at BenCo are reported in this segment. The elimination of intra-group transactions that have been included in the other segments has also been included.

Reconciliation with the official profit and loss accounting
Profit in the segments are reconciled with the corporate profit and loss account before tax. The corporate profit and loss account includes gross income and gross expenses linked to both the insurance customers and owners. The various segments are to a large extent followed up on net profit margins, including risk and administration results. The profit lines that are used in segment reporting will therefore not be identical with the profit lines in the corporate profit and loss account.

A description of the most important differences is included in the 2017 annual report in note 4 Segment reporting.

	Q1		Full year
(NOK million)	2018	2017	2017
Savings	294	240	1,511
Insurance	207	171	608
Guaranteed pension	401	201	766
Other	29	59	55
Group profit before amortisation	**931**	**671**	**2,940**
Amortisation of intangible assets	-64	-98	-536
Group pre-tax profit	**866**	**573**	**2,404**

SEGMENT INFORMATION AS OF 01.01 - 31.03

(NOK million)	Savings 31.03.18	Savings 31.03.17	Insurance 31.03.18	Insurance 31.03.17	Guaranteed pension 31.03.18	Guaranteed pension 31.03.17
Fee and administration income	889	700			368	358
Insurance result			335	275		
- Insurance premiums for own account			*1,010*	*940*		
- Claims for own account			*-675*	*-665*		
Operating expenses	-586	-459	-156	-172	-200	-221
Operating profit	**303**	**241**	**179**	**103**	**168**	**137**
Financial items and risk result life & pension	-9	-2	28	68	233	64
Group profit before amortisation	**294**	**240**	**207**	**171**	**401**	**201**
Amortisation of intangible assets [1]						
Group pre-tax profit						

[1] Amortisation of intangible assets are included in Storebrand Group

(NOK million)	Other 31.03.18	Other 31.03.17	Storebrand Group 31.03.18	Storebrand Group 31.03.17
Fee and administration income	-37	-24	1,220	1,034
Insurance result			335	275
- Insurance premiums for own account			*1,010*	*940*
- Claims for own account			*-675*	*-665*
Operating expenses	22	7	-919	-845
Operating profit	**-15**	**-18**	**635**	**463**
Financial items and risk result life & pension	44	77	296	208
Group profit before amortisation	**29**	**59**	**931**	**671**
Amortisation of intangible assets[1]			-64	-98
Group pre-tax profit			**866**	**573**

[1] Amortisation of intangible assets are included in Storebrand Group.

KEY FIGURES BY BUSINESS AREA

(NOK million)	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Group								
Earnings per ordinary share [1)]	1.55	5.28	4.24	2.69	1.03	4.73	3.22	2.25
Equity	31,140	30,832	29,088	28,559	28,208	27,637	27,189	27,000
Savings								
Premium income Unit Linked [2)]	3,947	3,981	3,670	3,649	3,716	3,466	3,444	3,541
Unit Linked reserves	171,750	167,849	157,984	151,425	147,311	139,822	131,571	127,876
AuM asset management	707,102	721,165	625,840	620,584	599,111	576,704	570,362	568,956
Retail lending	43,035	42,133	40,996	39,464	37,585	35,400	32,543	30,775
Insurance								
Total written premiums	4,424	4,462	4,474	4,440	4,413	4,502	4,519	4,464
Claims ratio [2)]	67%	73%	68%	70%	71%	74%	75%	75%
Cost ratio [2)]	15%	20%	18%	18%	18%	18%	16%	14%
Combined ratio [2)]	82%	93%	85%	88%	89%	91%	91%	90%
Guaranteed pension								
Guaranteed reserves	259,426	264,320	261,652	260,459	261,148	258,723	261,547	265,300
Guaranteed reseves in % of total reserves	60.2%	61.2%	62.4%	63.2%	63.9%	64.9%	66.5%	67.5%
Net transfer out of guaranteed reserves [2)]	118	117	103	199	541	245	239	621
Capital buffer in % of customer reserves Storebrand Life Group [3)]	6.2%	7.2%	5.2%	5.3%	5.4%	5.7%	5.6%	6.3%
Capital buffer in % of customer reserves SPP [4)]	9.0%	9.0%	9.3%	8.4%	7.9%	6.7%	6.7%	6.3%
Solidity								
Solvency II [5)]	165%	172%	160%	163%	159%	157%	165%	172%
Solidity capital (Storebrand Life Group) [6)]	58,849	63,972	59,332	58,875	57,139	56,381	57,618	61,125
Capital adequacy Storebrand Bank	18.8%	18.9%	18.1%	18.2%	17.9%	17.7%	18.1%	17.7%
Core Capital adequacy Stobrand Bank	16.6%	16.6%	16.0%	16.1%	15.8%	15.7%	16.2%	15.8%

1) Accumulated
2) Quarterly figures
3) Additional statutory reserves + market value adjustment reserve
4) Conditional bonuses
5) See note 13 for specification of Solvency II
6) 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.

Note 05

Financial market risk and insurance risk

Risks are described in the annual report for 2017 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk) and note 11 (Concentrations of risk).

Market risk means changes in the value of assets due to unexpected volatility or prices changes in the financial markets. It also refers to the risk that the value of the insurance liability develops differently than the assets from changes in the financial markets.

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 profit differently in the various portfolios. The life insurance companies have three main groups of 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, as does the market risk from the financial assets in Storebrand ASA and other subsidiaries that are not life insurance companies.

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 the value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly on the size of the reserves, 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 consequently 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 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, that are 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 can't be covered by 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 of the bonds in the portfolio, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee.

The equity market started the year on a positive note, but during February and March the uncertainty and volatility have increased. Initially the market was afraid that a stronger labor market and less accommodating central banks could trigger higher interest rates. Towards the end of the quarter the main concern has been trade war and tariffs. The global index fell 2 % during the first quarter. The Norwegian equity market fell 1 %. The market for corporate bonds has also been affected, and there has been an increase in credit spreads.

Interest rates rose at the start of the year across all markets, but then fell back later in the quarter in many markets. For the first quarter the Norwegian 10-year interest rate swap increased by 0.3 presentage point. The Swedish10-year interest swap rate was largely unchanged for the quarter. The majority of the interest rate investments in the Norwegian customer portfolios are classified as bonds at amortised cost. Changes in interest rates have therefore a limited effect on expected returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee. Higher interest rates are a positive factor for the solvency position.

The Norwegian krone has strengthened during the first quarter. The change is 4 % compared to the American dollar and 6 % compared to the Swedish krona. A high degree of currency hedging of the portfolio results in a modest effect on both profit and risk from the fluctuations in the exchange rates.

There are only minor changes in investment allocations during the first quarter.

Guaranteed portfolios in Norway provided returns that were lower than the interest rate guarantee in the first quarter due to weak equity-markets and higher interest rates and credit spreads, but the effect was mainly absorbed by the market adjustment reserve. The investment return has therefore only a minor impact on the profits. Excess values of the bonds in the portfolios classified as bonds at amortised cost also fell. Investments in the guaranteed portfolios in Sweden provided returns that were approximately in line with the increase in value of insurance liabilities.

On average, unit linked insurance customers had negative returns during the first quarter. The main reason was weak 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 actuarial assumptions 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 since higher longevity means that guaranteed benefits must be paid over a longer period and the total liability thus increases. There are also risks related to disability and early death.

The insurance risk had minor changes during the first quarter.

Note 06

Liquidity risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital [1]					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,390
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2020	1,000
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,103
Dated subordinated loan capital					
Storebrand Livsforsikring AS	1,000	SEK	Variable	2022	944
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	3,215
Storebrand Livsforsikring AS	750	SEK	Variable	2021	708
Storebrand Livsforsikring AS	900	SEK	Variable	2025	844
Storebrand Bank ASA	125	NOK	Variable	2019	126
Storebrand Bank ASA	150	NOK	Variable	2022	150
Total subordinated loans and hybrid tier 1 capital 31.03.18					**9,480**
Total subordinated loans and hybrid tier 1 capital 31.03.17					7,507
Total subordinated loans and hybrid tier 1 capital 31.12.17					8,867

[1]) In addition, Storebrand Bank ASA has issued hybrid tier 1 capital bonds/hybrid capital that is classified as equity. See the statement of changes in equity.

SPECIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value		
(NOK million)	31.03.18	31.03.17	31.12.17
Call date			
2017		5	
2018	1		155
Total liabilities to financial institutions	**1**	**5**	**155**

SPECIFICATION OF SECURITIES ISSUED

	Book value		
(NOK million)	31.03.18	31.03.17	31.12.17
Call date			
2017		1,904	
2018	2,266	4,061	2,882
2019	3,152	3,002	3,152
2020	4,317	3,421	4,030
2021	3,506	3,001	3,509
2022	3,002	2,191	3,002
2023	1,000		
Total securities issued	**17,243**	**17,580**	**16,575**

The loan agreements contain standard covenants.

Covered bonds

For issued covered bonds, a regulatory requirement for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent for bonds issued before 21 June 2017 apply.

Credit facilities

Storebrand ASA has an unused credit facility of EUR 240 million.

Facilities for Storebrand Boligkreditt AS

Storebrand Bank has issued two credit facilities to Storebrand Boligkreditt AS. One of these is an ordinary overdraft facility, with a ceiling of NOK 6 billion. This has no expired date, but can be terminated by the bank with 15 months' notice. The other facility may not be terminated by Storebrand Bank until at least 3 months after the maturity date of the covered bond and the associated derivates with the longest period to maturity. Both agreements provide a minimum capacity to cover at least interests and payments on covered bonds and derivatives the following 31 days.

Note 07 Valuation of financial instruments and investment properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 12 in annual report for 2017.

The company has established valuation models and gathers information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

VALUATION OF FINANCIAL INSTRUMENTS TO AMORTISED COST

(NOK million)	Fair value 31.03.18	Fair value 31.12.17	Book value 31.03.18	Book value 31.12.17
Financial assets				
Loans to and due from financial institutions	368	313	368	313
Loans to customers - corporate	5,823	6,501	5,856	6,533
Loans to customers - retail	42,789	41,571	42,789	41,571
Bonds held to maturity	16,680	16,933	15,166	15,128
Bonds classified as loans and receivables	93,273	94,218	88,436	87,474
Total financial assets 31.03.18	**158,933**		**152,615**	
Total financial assets 31.12.17		159,537		151,020
Financial liabilities				
Debt raised by issuance of securities	17,396	16,634	17,243	16,575
Liabilities to financial institutions	1	155	1	155
Deposits from banking customers	14,876	14,628	14,876	14,628
Subordinatd loan capital	9,583	8,990	9,480	8,867
Total financial liabilities 31.03.18	**41,856**		**41,600**	
Total financial liabilities 31.12.17		40,407		40,224

VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total fair value 31.03.18	Total fair value 31.12.17
Assets:					
Equities and fund units					
- Equities	23,104	347	650	24,100	23,360
- Fund units	315	122,452	7,549	130,316	133,074
Total equities and fund units 31.03.18	**23,418**	**122,799**	**8,199**	**154,416**	
Total equities and fund units 31.12.17	22,563	125,425	8,445		156,433
Loans to customers[1)]					
- Loans to customers - corporate			4,885	4,885	5,104
- Loans to customers - retail			517	517	580
Loans to customers 31.03.18 [1)]			**5,403**	**5,403**	
Loans to customers 31.12.17 [1)]			5,684		5,684
Bonds and other fixed-income securities					
- Government bonds	21,207	21,343		42,551	49,022
- Corporate bonds	6	49,106	94	49,205	49,331
- Structured notes		77		77	81
- Collateralised securities		28,269		28,269	28,914
- Bond funds		43,728	81	43,809	39,412
Total bonds and other fixed-income securities 31.03.18	**21,213**	**142,522**	**174**	**163,909**	
Total bonds and other fixed-income securities 31.12.17	24,186	142,467	108		166,761
Derivatives:					
- Interest derivatives		2,391		2,391	2,799
- Currency derivatives		-558		-558	-751
Total derivatives 31.03.18		**1,833**		**1,833**	
- of which derivatives with a positive market value		4,008		4,008	4,067
- of which derivatives with a negative market value		-2,175		-2,175	-2,015
Total derivatives 31.12.17		2,049			2,049
Properties:					
Investment properties			27,389	27,389	27,453
Properties for own use			1,347	1,347	1,408
Total properties 31.03.18			**28,735**	**28,735**	
Total properties 31.12.17			28,861		28,861

[1)] Includes loans to customers/liabilities to financial institutions classified at fair value through profit and loss

There is no significant movement between level 1 and level 2 in this quarter.

FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporrate bonds	Bond funds	Investment properties	Properties for own use
Book value 01.01.18	**767**	**7,679**	**5,684**	**108**		**27,453**	**1,408**
Net gains/losses on financial instruments	-3	-96	110	3	-212	160	19
Additions	5	412	377		293	338	44
Sales	-102	-299	-455	-14			
Currency translation differences	-16	-147	-315	-4		-692	-124
Other						129	
Book value 31.03.18	**650**	**7,549**	**5,402**	**94**	**81**	**27,389**	**1,347**

As at 31.03.18, Storebrand Livsforisikring had NOK 3.165 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "Investment in associated Ccmpanies and joint ventures" in the Consolidated Financial Statements.

SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 12 in the 2017 annual report. There is no significant change in sensitivity in this quarter.

Note 08 Operating expenses

	Q1		Full year
(NOK million)	2018	2017	2017
Personnel expenses	-495	-473	-1,955
Amortisation/write-downs	-28	-41	-167
Other operating expenses	-585	-533	-2,558
Total operating expenses	**-1,108**	**-1,047**	**-4,679**

Note 09 Tax

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 also reflects effects that each give a higher or lower effective tax rate. 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 December 2017, the Norwegian Parliament (Stortinget) agreed to reduce the company tax rate from 24 to 23 per cent with effect from 1 January 2018. It was also agreed to maintain the tax rate at 25 per cent for companies subject to the financial tax. The Storebrand Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalising deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual Group companies is used.

Note 10 Loans

(NOK million)	31.03.18	31.03.17	31.12.17
Corporate market[1)]	10,787	10,503	11,684
Retail market	43,331	37,730	42,184
Gross loans	**54,119**	**48,233**	**53,868**
Write-down of loans losses	-71	-80	-80
Net loans [2)]	**54,049**	**48,152**	**53,787**
[1)] Of which Storebrand Bank	69	1,426	360
[2)] Of which Storebrand Bank	27,717	27,309	27,257
Of which Storebrand Livsforsikring	26,331	20,843	26,530

NON-PERFORMING AND LOSS-EXPOSED LOANS

(NOK million)	31.03.18	31.03.17	31.12.17
Non-performing and loss-exposed loans without identified impairment	59	104	150
Non-performing and loss-exposed loans with identified impairment	98	109	114
Gross non-performing loans	**157**	**214**	**265**
Individual write-downs	-52	-32	-43
Net non-performing loans[1)]	**105**	**182**	**222**

[1)] The figures apply in their entirety Storebrand Bank

Note 11 Capital buffer

(NOK million)	31.03.18	31.03.17	31.12.17
Additional statutory reserves	8,114	6,814	8,254
Market adjustment reserves	2,313	2,321	3,707
Conditional bonuses	8,518	7,840	9,176
Total	**18,945**	**16,974**	**21,137**

Note 12 Contingent liabilities

(NOK million)	31.03.18	31.03.17	31.12.17
Guarantees	17	22	20
Unused credit facilities	3,487	3,537	3,474
Uncalled residual liabilities re limited partnership	5,231	4,199	5,451
Loan commitment retail market	2,292	3,339	2,007
Debt instrument to Silver Pensjonsforsikring in connection with the acquisition[1)]			520
Total contingent liabilities	**11,027**	**11,098**	**11,472**

1) The debt instrument is conditional upon the company being released from administration

Guarantees essentially encompass payment and contract guarantees. Unused credit facilities encompass granted and any unused credit accounts and credit cards, as well as, any unused flexible mortgage facilities.

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for clients complaints and may become a party in legal disputes, see also note 2 and note 44 in the 2017 annual report.

Note 13 Solvency II

The Storebrand Group is an insurance-dominated, cross-sectoral financial group with capital requirements in accordance with Solvency II. Storebrand calculates Solvency II according to the standard method as defined in the Solvency II Regulations.

Consolidation is carried out in accordance with Section 18-2 of the Norwegian Act relating to Financial Undertakings and Financial Groups.
The solvency capital requirement and minimum capital requirement for the group 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.

The models used as a basis for the calculation of capital requirements and solvency capital are based on a number of requirements and assumptions that are partly specified in the regulations and partly interpreted by Storebrand based on the regulations. The most important assumptions and estimates in the calculation relate to the risk-reducing capacity of deferred tax, future margins and reserve developments, as well as the value of the customers guarantees and options. The assumptions and estimates are reviewed on an ongoing basis and re based on historical experience and expexctations of future events and represent the management's best judgement 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[1)]. 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.

The companies in the group governed by CRD IV are included in the group's solvency capital and solvency capital requirements with their respective primary capital and capital requirements.

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

SOLVENCY CAPITAL

NOK million	31.03.18					31.12.17
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	2,339	2,339				2,339
Share premium	10,521	10,521				10,521
Reconciliation reserve	24,198	24,198				25,694
Including the effect of the transitional arrangement	609	609				4,513
Subordinated loans	7,704		1,131	6,573		8,547
Deferred tax assets	65				65	71
Risk equalisation reserve	34			34		143
Minority interests	48				48	49
Unavailable minority interests	-31				-31	-33
Deductions for CRD IV subsidiaries	-2,956	-2,456	-225	-275		-2,929
Unpaid dividend 2017	-1,168	-1,168				-1,168
Expected dividend 2018	-363	-363				
Total basic solvency capital	**40,391**	**33,072**	**906**	**6,332**	**81**	**43,234**
Subordinated capital for subsidiaries regulated in accordance with CRD IV	2,956					2,929
Total solvency capital	**43,348**					**46,164**
Total solvency capital available to cover the minimum capital requirement	**35,860**	**33,072**	**906**	**1,882**		**39,294**

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 REQUIREMENTS AND - MARGIN [1)]

NOK million	31.03.18	31.12.17
Market	22,398	22,936
Counterparty	598	565
Life	10,285	10,453
Health	724	744
P&C	278	283
Operational	1,456	1,496
Diversification	-6,920	-7,023
Loss-absorbing tax effect	-4,979	-5,002
Total solvency capital requirement - insurance company	**23,840**	**24,452**
Capital requirements for subsidiaries regulated in accordance with CRD IV	2,484	2,458
Total solvency capital requirement	26,324	26,910
Solvency margin with transitional rules	**165%**	**172%**
Minimum capital requirement	**9,412**	**9,599**
Minimum margin	**381%**	**409%**

[1)] The subordinated note that will be redeemed on 29th of May 2018 is not included in the Solvency capital. The Solvency margin including the subordinated note would have been 170 per cent.

Note 14 Cross-sectoral financial group

Storebrand Group has a requirement to report capital adequacy in a multi-sectoral financial group (conglomerate directive). The calculation in accordance with the Solvency II regulations and capital adequacy calculation in accordance with the conglomerate directive give the same primary capital and essentially the same capital requirements.

NOK million	31.3.18	31.12.17
Capital requirements for CRD IV companies	2,713	2,687
Solvency captial requirements for insurance	23,840	24,452
Total capital requirements	**26,552**	**27,138**
Net primary capital for companies included in the CRD IV report	2,956	2,929
Net primary capital for insurance	40,391	43,234
Total net primary capital	**43,348**	**46,164**
Overfunding	**16,795**	**19,025**

Under Solvency II, the capital requirement from the CRD IV companies in the Group is included in accordance with their respective capital requirements. In a multi-sectoral financial group, all the capital requirements of the CRD IV companies are calculated based on their respective applicable requirements, including buffer requirement for the largest company in the Group (Storebrand Bank). This increases the total requirement from the CRD IV companies in relation to what is included in the Solvency II calculation. As at 31 March 2018, the difference amounted to NOK 232 million.

Note 15 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 2017 annual report.

Storebrand had not carried out any material transactions other than normal business transactions with related parties at the close of the 1th quarter 2018.

Storebrand ASA
Income statement

	Q1		Full year
(NOK million)	2018	2017	2017
Operating income			
Income from investments in subsidiaries	39	36	2,154
Net income and gains from financial instruments:			
- bonds and other fixed-income securities	4	14	36
- financial derivatives/other financial instruments	-4	-1	-4
Other financial instruments	31		2
Operating income	**71**	**50**	**2,188**
Interest expenses	-14	-20	-69
Other financial expenses	25	-4	-62
Operating expenses			
Personnel expenses	-8	-13	-41
Amortisation			-1
Other operating expenses	-9	-10	-81
Total operating expenses	**-17**	**-23**	**-123**
Total expenses	**-6**	**-47**	**-254**
Pre-tax profit	**65**	**2**	**1,934**
Tax	7	8	-110
Profit for the period	**71**	**11**	**1,824**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Q1		Full year
(NOK million)	2018	2017	2017
Profit for the period	**71**	**11**	**1,824**
Other total comprehensive income elements not to be classified to profit/loss			
Change in estimate deviation pension			-34
Tax on other comprehensive income elements			8
Total other comprehensive income elements			-25
Total comprehensive income	**71**	**11**	**1,798**

Storebrand ASA
Statement of financial position

(NOK million)	31.03.18	31.03.17	31.12.17
Fixed assets			
Deferred tax assets	141	245	135
Tangible fixed assets	28	29	28
Shares in subsidiaries and associated companies	18,718	17,102	18,724
Total fixed assets	**18,887**	**17,376**	**18,886**
Current assets			
Owed within group	1,192		2,207
Other current receivables	10	10	
Investments in trading portfolio:			
- equities and other units	3		3
- bonds and other fixed-income securities	1,373	2,116	1,380
- financial derivatives/other financial instruments	16	23	16
Bank deposits	1,113	960	53
Total current assets	**3,707**	**3,109**	**3,659**
Total assets	**22,594**	**20,484**	**22,545**
Equity and liabilities			
Share capital	2,339	2,250	2,339
Own shares	-5	-8	-5
Share premium reserve	10,521	9,485	10,521
Total paid in equity	**12,855**	**11,726**	**12,855**
Other equity	5,864	5,140	5,793
Total equity	**18,720**	**16,866**	**18,648**
Non-current liabilities			
Pension liabilities	176	159	176
Securities issued	2,271	2,701	2,270
Total non-current liabilities	**2,447**	**2,860**	**2,446**
Current liabilities			
Debt within group	1		3
Provision for dividend	1,168	695	1,168
Other current liabilities	260	64	280
Total current liabilities	**1,428**	**759**	**1,451**
Total equity and liabilities	**22,594**	**20,484**	**22,545**

Storebrand ASA
Statement of changes in equity

(NOK million)	Share capital [1]	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2016	**2,250**	**-8**	**9,485**	**5,129**	**16,855**
Profit for the period				1,824	1,824
Total other comprehensive income elements				-25	-25
Total comprehensive income				**1,798**	**1,798**
Issue of shares	90		1,037		1,126
Provision for dividend				-1,168	-1,168
Own share bought back [2]		3		44	47
Employee share [2]				-11	-11
Equity at 31. December 2017	**2,339**	**-5**	**10,521**	**5,793**	**18,648**
Profit for the period				71	71
Total other result elements					
Total comprehensive income				**71**	**71**
Equity at 31. March 2018	**2,339**	**-5**	**10,521**	**5,864**	**18,720**

[1] 467 813 982 shares with a nominal value of NOK 5.
[2] Holding of own shares 31. March 2018 was 973 672.

Equity at 31. December 2016	**2,250**	**-8**	**9,485**	**5,129**	**16,855**
Profit for the period				11	11
Total other result elements					
Total comprehensive income				**11**	**11**
Equity at 31. March 2017	**2,250**	**-8**	**9,485**	**5,140**	**16,866**

Storebrand ASA
Statement of cash flow

	01.01 - 31.03	
(NOK million)	2018	2017
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	12	13
Net receipts/payments - securities at fair value		9
Payments relating to operations	-17	-31
Net receipts/payments - other operational activities	1,055	924
Net cash flow from operational activities	**1,049**	**915**
Cash flow from investment activities		
Net receipts - sale of subsidiaries	33	
Net payments - sale/capitalisation of subsidiaries	-7	-4
Net cash flow from investment activities	27	**-3**
Cash flow from financing activities		
Payments - interest on loans	-17	-24
Net cash flow from financing activities	**-16**	**-23**
Net cash flow for the period	**1,060**	**888**
Net movement in cash and cash equivalents	1,060	888
Cash and cash equivalents at start of the period	53	72
Cash and cash equivalents at the end of the period	**1,113**	**960**

Notes to the financial statements Storebrand ASA

Note 01 Accounting policies

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2017. The accounting policies are described in the 2017 annual report.
Storebrand ASA does not apply IFRS to the parent company's financial statements.

Note 02 Estimates

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

Note 03 Bond and bank loans

(NOK million)	Interest rate	Currency	Net nominal value	31.03.18	31.03.17	31.12.17
Bond loan 2013/2020 [1]	Fixed	NOK	300	317	324	317
Bond loan 2012/2017	Variable	NOK	624		626	
Bond loan 2013/2018	Variable	NOK	450	453	452	452
Bond loan 2014/2019	Variable	NOK	500	500	500	500
Bond loan 2017/2020	Variable	NOK	500	501		501
Bond loan 2017/2022	Variable	NOK	500	500		500
Bank loan 2015/2018	Variable	NOK	800		799	
Total [2]				**2,271**	**2,701**	**2,270**

1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
2) Loans are booked at amortised cost and include earned not due interest. Signed loan agreements have covenant requirements. Storebrand ASA has an unused drawing facility for EUR 240 million.

To the Board of Directors of Storebrand ASA

Report on Review of interim balance sheet

Introduction

We have reviewed the accompanying consolidated interim balance sheet of Storebrand ASA as of 31 March 2018, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. 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 (ISAs), 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 accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at 31 March 2018, and its financial performance and its cash flows for the three-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 24 April 2018
PricewaterhouseCoopers AS

Magne Sem

Magne Sem
State Authorised Public Accountant

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Financial calendar 2018

8th February	Results 4Q 2017
11th April	Annual General Meeting
12th April	Ex dividend date
25th April	Results 1Q 2018
13th July	Results 2Q 2018
24th October	Results 3Q 2018
February 2019	Results 4Q 2018

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