

Interim report 2019

Storebrand Livsforsikring AS (unaudited)

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Storebrand Livsforsikring group

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 3rd quarter result please refer to the Storebrand Group's interim report for the 3rd quarter of 2019. Storebrand Group's ambition is to be the best provider of pension savings. The Group offers an integrated product range spanning from life insurance, P&C insurance, asset management and banking to private individuals, companies and public sector entities. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

PROFIT STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	2019			2018		01.01 - 30.09		Full Year
	Q3	Q2	Q1	Q4	Q3	2019	2018	2018
Fee and administration income	844	813	809	776	821	2,467	2,409	3,185
Insurance result	189	186	170	199	239	545	748	947
Operational expenses	-604	-637	-577	-653	-593	-1,819	-1,801	-2,454
Operating profit	428	362	402	322	467	1,193	1,356	1,678
Financial items and risk result life & pension	112	120	194	36	148	425	601	637
Profit before amortisation	540	482	596	358	615	1,618	1,957	2,315
Amortisation	-85	-84	-86	-85	-84	-254	-219	-305
Profit before tax	456	398	511	273	531	1,364	1,737	2,010

The profit before amortisation was NOK 540m (NOK 615m) in the 3rd quarter and NOK 1,618m year to date (NOK 1,957m). The figures in brackets are from the corresponding period last year.

Total fee and administration income amounted to NOK 844m (NOK 821m) for the 3rd quarter representing an increase of 5% compared to the same period last year, when adjusted for currency changes and discontinued operations. Income within the segment Guaranteed Pension increased by 4% compared to same period last year, adjusted for currency changes. This is in line with the run off of the Guaranteed Pension schemes, while the Savings segment increased income by 6%, adjusted for currency changes.

The Insurance result had a total combined ratio of 88% (79%) in the quarter. High claims in Group Life decreases the segment result. Last year's lower combined ratio in the 3rd quarter was largely driven by run-off gains.

The operating costs in the 3rd quarter were NOK 604m (NOK 593m). The underlying cost control is strong. Volume growth within the Saving segment has resulted in a larger part of the Group's costs being allocated to this segment.

Overall, the operating profit decreased in the quarter and year to date compared to last year. Strong insurance results in 2018 is the main explanations for the difference.

The 'financial items and risk result' of NOK 112m (NOK 148m) was satisfactory in the quarter. A strong risk result in Paid up policies contributes positively. Lower interest rates lead to lower financial results in the Swedish business SPP and only modest net profit sharing. Year to date, net profit sharing is considerably lower compared to last year because of last year's reserve release of NOK 200m from deferred capital contributions (DCC) in SPP.

The Group reported a tax cost of NOK 90m (NOK 175m) for the quarter. This is in line with the estimated tax rate of 21-23% for 2019. 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. Tax related issues are described in note 7.

PROFIT STOREBRAND LIVSFORSIKRING GROUP – BY SEGMENTS

(NOK million)	2019			2018		01.01 - 30.09		Full Year
	Q3	Q2	Q1	Q4	Q3	2019	2018	2018
Savings	152	117	150	115	133	420	376	491
Insurance	89	96	74	67	153	258	487	554
Guaranteed pensions	237	211	249	217	295	697	932	1,148
Other	62	58	124	-40	35	244	162	121
Profit before amortisation	540	482	596	358	615	1,618	1,957	2,315

The Savings segment reported a profit of NOK 152m (NOK 133m) for the 3rd quarter. Growth in assets under management from premium income and stable yet positive equity markets contribute to the result.

The Insurance segment reported a profit of NOK 89m (NOK 153m) for the 3rd quarter. The risk result gives a claims ratio of 73% (65%) in the quarter. Run-off gains and cost reducing items of non-reoccurring nature contributed positively to the result last year.

The Guaranteed Pension segment reported a profit before amortisation of NOK 237m (NOK 295m) for the 3rd quarter and NOK 697m (NOK 932m) year to date. Good results for disability risk coverages in the Norwegian paid-up policy and defined benefit portfolio contribute to a strong risk result in Norway, but the result is dampened by weak longevity results in Sweden. The products within Guaranteed Pension are in long-term runoff and reduced earnings from this segment are to be expected over time.

The Other segment, which primarily consists of company capital, subordinated loans, and small subsidiaries, reported a profit of NOK 62m (NOK 35m) in the quarter and NOK 244m (NOK 162m) year to date.

CAPITAL SITUATION

Storebrand uses the standard model for the calculation of Solvency II. The Storebrand Group's target solvency margin in accordance with the Solvency II regulations is a minimum of 150%, including use of the transitional rules. The solvency margin was 177% at the end of the 3rd quarter 2019. The Solvency margin without transitional

rules was 172%. Despite the fall in interest rates during the quarter, increased volatility adjustment, an increase of a reinsurance related to mass lapse and an increase in subordinated loans in addition to earnings generation explain the increase in Solvency II ratios. The subordinated loan with call possibility in March 2020 amounts to approximately 3 percentage points of the group solvency ratio as of 3rd quarter 2019.

MARKET AND SALES PERFORMANCE

The growth in Unit linked savings is driven by premiums from existing contracts, investment returns, conversion from Defined Benefit to Defined Contribution schemes and increased savings rates. Assets under management in the Unit Linked business in Norway and Sweden increased by NOK 19.7bn (11%) compared to the same period in 2018. Both the Swedish and the Norwegian Unit Linked business manages over 100bn of pension assets each in local currency. In Norway, Storebrand is the market leader in Unit Linked occupational pension with 29% of the market share of gross premiums written (at the end of the 2nd quarter 2019). SPP has a market share of 14% in the Swedish market for non-unionised occupational pensions ("Övrig Tjänstepension") and is rapidly growing its sales within United Linked pensions. New sales of the product, measured in annual premium equivalent, are 32% higher year to date compared to last year.

Savings

- Growth in premiums and assets under management
- Increase in fee- and administration income

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

PROFIT

(NOK million)	2019			2018		01.01 - 30.09		Full Year
	Q3	Q2	Q1	Q4	Q3	2019	2018	2018
Fee and administration income	450	436	435	427	425	1,321	1,229	1,655
Operational expenses	-291	-313	-281	-301	-286	-884	-838	-1,139
Operating profit	160	123	153	126	139	436	390	516
Financial items and risk result life & pension	-7	-6	-3	-11	-6	-17	-14	-25
Profit before amortisation	152	117	150	115	133	420	376	491

The Savings segment reported a profit before amortisation and tax of NOK 152m (NOK 133m) for the 3rd quarter and NOK 420m year to date (NOK 376m).

Compared to last year, the fee- and administration income in the Savings segment increased by 6% in the quarter and increased by 8% year to date, when adjusted for currency. In the Norwegian and Swedish United Linked businesses, income year to date grew 10% and 7% respectively. Returns, customer conversion from defined-benefit to defined-contribution pension schemes, new business and higher savings rates drive income growth. Increased competition contributes to moderate margin pressure both for the Norwegian and the Swedish Unit Linked products.

Operating expenses was NOK 291m for the quarter (NOK 286m). The operating expenses are impacted by underlying growth in the business.

BALANCE SHEET AND MARKET TRENDS

Turbulent market conditions in the 4th quarter 2018 lead to lower assets under management at the beginning of 2019, but good returns year to date have contributed to growth. The Unit Linked premiums

were NOK 4.2bn at the end of 3rd quarter, growing by 3% compared to the previous year. The total assets under management in Unit Linked have increased by 9bn (4%) during 3rd quarter and 20bn (11%) compared to the previous year, and amounted to NOK 206bn at the end of the quarter. In the Norwegian Unit Linked business the assets under management increased by NOK 3.5bn (3%) in the quarter and NOK 8.8 bn (9%) last year. The underlying growth is driven by premium payments for existing contracts, returns and conversion from defined benefit schemes. In Norway, Storebrand is the market leader in Unit Linked with 29% of the market share of gross premiums written (at the end of the 2nd quarter).

In the Swedish market, SPP is the fourth largest supplier in the Other Occupational Pensions segment (non-unionised pensions) with a market share of 14% measured by premium income (excluding transfers) from Unit Linked. Customer assets increased by SEK 4.7bn (5%) in the quarter and 10.5bn (12%) year to date.

KEY FIGURES

(NOK million)	2019			2018	
	Q3	Q2	Q1	Q4	Q3
Unit Linked Reserves	206,717	198,032	190,971	179,299	187,016
Unit Linked Premiums	4,205	4,175	4,237	4,086	4,096

Insurance

- Weaker result than last year mainly due to larger claims Individual insurance coverages and Group Life
- Cost control keeps the operational costs stable

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

PROFIT

(NOK million)	Q3	2019			2018		01.01 - 30.09		Full Year
		Q2	Q1	Q4	Q3	2019	2018	2018	
Insurance result	189	186	170	199	239	545	748	947	
- Insurance premiums f.o.a.	689	683	675	731	681	2,046	2,049	2,780	
- Claims f.o.a.	-500	-497	-505	-532	-442	-1,501	-1,301	-1,833	
Operational expenses	-105	-102	-95	-112	-99	-302	-299	-411	
Operating profit	84	83	75	87	140	243	449	536	
Financial items and risk result life & pension	5	12	-1	-20	12	16	38	18	
Profit before amortisation	89	96	74	67	153	258	487	554	

Insurance delivered a result before amortisation of NOK 89m (NOK 153m) for the 3rd quarter and NOK 258m year to date (NOK 487m). The combined ratio was 88% (79%) in the quarter.

The 3rd quarter claims ratio was 73% (65%) and the result is weaker than last year due to weaker results in Individual insurance coverages and Group Life.

Individual insurance coverage has a lower result due to higher claims on disability and critical illness, and a claims ratio higher than last year. Group Life continues to deliver a weak risk result due to high claims, yet a better result than in recent quarters after reserve strengthening in the 2nd quarter. The risk result for Group Disability Pension is driven by a generally good disability development in Norway, but competition and price pressure are high in the market. The Swedish disability result is stronger than expected due to good disability development.

The cost ratio was 15% (15%) in the 3rd quarter and cost control continues to be satisfactory.

Insurance's investment portfolio in Norway amounted to NOK 6.4bn as of the 3rd quarter, which is primarily invested in fixed income securities with short to medium duration.

BALANCE SHEET AND MARKET TRENDS

Portfolio premium (annual) amounts to NOK 2 687m (NOK 2 670m) in the 3rd quarter.

For risk cover in connection with defined-contribution pensions in Norway, future growth is expected to be driven by pension related disability insurance and salary growth. Storebrand is aiming to grow in the retail market.

PORTFOLIO PREMIUM (ANNUAL)

(NOK million)	Q3	2019			2018	
		Q2	Q1	Q4	Q3	
Individual life *	662	655	649	645	640	
Group life **	895	857	855	872	877	
Pension related disability insurance ***	1,130	1,134	1,124	1,138	1,153	
Portfolio premium	2,687	2,645	2,628	2,655	2,670	

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

KEY FIGURES

(NOK million)	Q3	2019			2018	
		Q2	Q1	Q4	Q3	
Claims ratio	73 %	73 %	75 %	73 %	65 %	
Cost ratio	15 %	15 %	14 %	15 %	15 %	
Combined ratio	88 %	88 %	89 %	88 %	79 %	

Guaranteed pension

- Income development in line with strategy and product run-off
- Moderate net profit sharing due to lower interest rates and one-offs

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

PROFIT

(NOK million)	2019			2018		01.01 - 30.09		Full Year
	Q3	Q2	Q1	Q4	Q3	2019	2018	2018
Fee and administration income	384	364	361	333	369	1,108	1,107	1,440
Operational expenses	-199	-209	-186	-223	-179	-594	-594	-816
Operating profit	185	155	174	111	190	514	513	624
Financial items and risk result life & pension	52	56	74	106	105	183	419	525
Profit before amortisation	237	211	249	217	295	697	932	1,148

Guaranteed Pension achieved a profit before amortisation of NOK 237m (NOK 295m) in the 3rd quarter and NOK 697m year to date (NOK 932m).

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 384m (NOK 369m) in the 3rd quarter and NOK 1,108m year to date (NOK 1,107m). Accrual effects affected income in the quarter positively.

Operating expenses amounted to NOK 199m (NOK 179m) in the 3rd quarter and NOK 594m year to date (NOK 594m). Over time, operating expenses are being reduced as a result of the products being in long-term runoff.

The risk result amounted to NOK 30m (NOK 91) in the 3rd quarter and NOK 144m year to date (NOK 134m). The risk result in the quarter is strong in the Norwegian paid-up policy and defined benefit portfolio due to good results for disability risk coverages. In the Swedish business the risk result was minus NOK 30m in the quarter due to weak longevity results. Natural variation will occur, but measures are taken to improve results.

The result from profit sharing in the Guaranteed Pension segment was NOK 22m (NOK 13m) in the 3rd quarter and NOK 39m year to date (NOK 285m). Compared to last year, net profit sharing is considerably lower, the main reason being last year's reserve release of NOK 200m from deferred capital contributions (DCC) in SPP. Low interest rates is the main reason for moderate risk profit sharing year to date.

BALANCE SHEET AND MARKET TRENDS

The majority of products are closed for new business, and the customers' choice of transferring from guaranteed to non-guaranteed products is in line with the Group's strategy. As of the 3rd quarter, customer reserves for guaranteed pensions amounted to NOK 264bn, which is an increase of NOK 1.7bn compared to the previous quarter and an increase of NOK 3.1bn year to date. The increase is primarily attributed to growth in buffer capital. The premium income for guaranteed pensions (excluding transfers) was NOK 1.0bn (NOK 0.9bn) for the 3rd quarter and NOK 4.0bn for the year to date (NOK 4.2bn).

In the Norwegian business, paid-up policies is the only guaranteed pension portfolio experiencing some growth over time as active defined benefit contracts will eventually become paid up policies. The portfolio amounted to NOK 137bn as of the 3rd quarter – an increase of NOK 0.4bn in the quarter. Reserves for defined-benefit pensions in Norway amounted to NOK 33bn at the end of the 3rd quarter, in line with the level at the start of the year.

Guaranteed portfolios in the Swedish business totalled NOK 81bn as of the 3rd quarter, a reduction of NOK 0.4bn year to date.

KEY FIGURES

(NOK million)		2019			2018	
	Q3	Q2	Q1	Q4	Q3	
Guaranteed reserves	263,677	261,973	261,560	260,573	257,570	
Guaranteed reserves in % of total reserves	56.1 %	57.0 %	57.7 %	59.2 %	57.9 %	
Transfer out of guaranteed reserves	14	-1	75	10	24	
Buffer capital in % of customer reserves Storebrand	8.3 %	7.9 %	7.4 %	6.4 %	6.6 %	
Buffer capital in % of customer reserves SPP	9.8 %	9.9 %	9.4 %	8.7 %	9.6 %	

Other

Under Other, the company portfolios and smaller daughter companies with Storebrand Life Insurance and SPP are reported. In addition, the result associated with the activities at BenCo is included.

PROFIT

(NOK million)	2019			2018		01.01 - 30.09		Full Year
	Q3	Q2	Q1	Q4	Q3	2019	2018	2018
Fee and administration income	10	14	14	16	27	38	73	89
Operational expenses	-10	-14	-14	-18	-29	-39	-70	-88
Operating profit	0	0	0	-2	-2	0	3	2
Financial items and risk result life & pension	62	58	124	-39	37	244	158	120
Profit before amortisation	62	58	124	-40	35	244	162	121

The Other segment reported a profit of NOK 62 (NOK 35m) in the quarter and NOK 244m (NOK 158m) year to date. Fee and administration income as well as operational cost was reduced in comparison with the same quarter last year due to sale of Nordben.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance as well as the net result for subsidiaries.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Given the interest rate level at the end of the 3rd quarter, interest expenses of approximately NOK 90m per

quarter are expected. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 21.5bn 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 0.63% for the quarter. The Swedish company portfolio provided a return of 0.2% in the quarter.

Balance sheet and capital situation

Continuous monitoring and active risk management is a core area of Storebrand's business. Risk and solidity are both followed up on at the Group level and in the legal entities. Regulatory requirements for financial strength and risk management follow the legal entities to a large extent. The section is thus divided up by legal entities.

STOREBRAND LIVSFORSIKRING GROUP

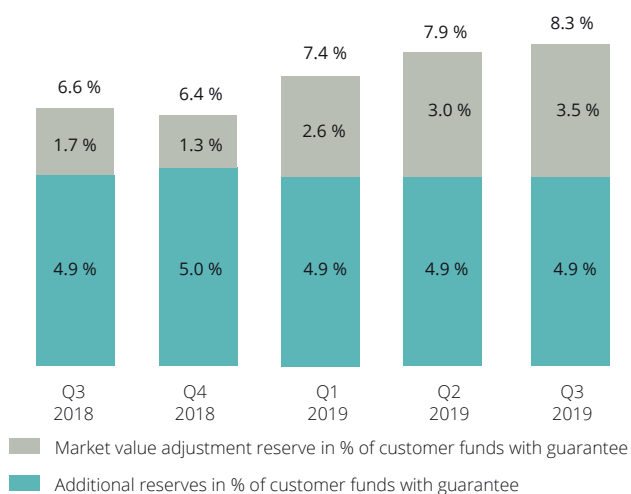
The Solidity capital¹ measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 62.1bn at the end of 3rd quarter 2019, an increase of NOK 2.2bn in 3rd quarter. The change in the quarter is due to increased customer buffers in the Norwegian business and a new subordinated loan of SEK 1000m.

STORBRAND LIVSFORSIKRING AS

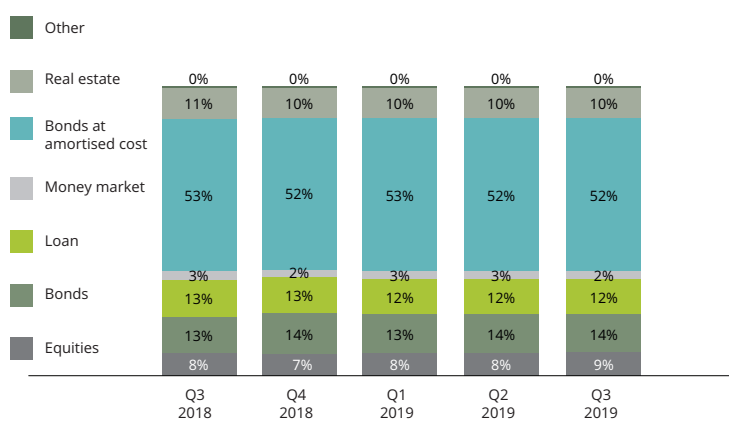
The market value adjustment reserve increased during the 3rd quarter by NOK 0.8bn and year to date by NOK 3.6bn and amounted to NOK 5.9bn at the end of the 3rd quarter 2019. The additional statutory reserves decreased year to date by NOK 0.3bn due to preliminary calculated deduction due to weak booked return in the first quarter and amounted to NOK 8.2bn at the end of the 3rd quarter 2019. The excess value of bonds and loans valued at amortised cost increased by NOK 0.4bn in the 3rd quarter and NOK 1.5bn year to date and amounted to NOK 6.5bn at the end of the 3rd quarter 2019 due to decreases in interest rates.

The excess value of bonds and loans at amortised cost is not included in the financial statements.

CUSTOMER BUFFERS



ALLOCATION OF GUARANTEED CUSTOMER ASSETS

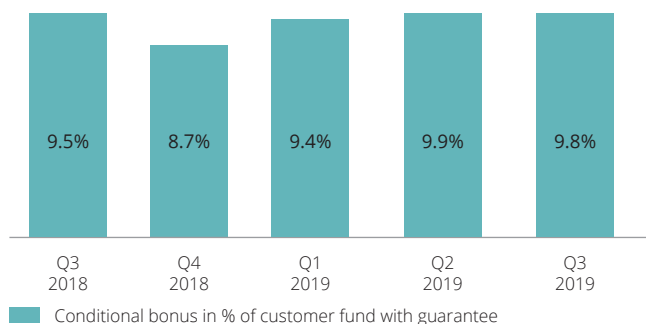


Customer assets increased by NOK 4.3bn in the 3rd quarter and NOK 17.8bn year to date due to positive investment returns. Customer assets totaled NOK 291bn at the end of the 3rd quarter 2019. Customer assets within non-guaranteed savings increased NOK 3.9bn during the 3rd quarter and NOK 14.3bn year to date and amounted to NOK 108bn at the end of 3rd quarter 2019. Guaranteed customer assets increased by NOK 0.5bn in the 3rd quarter and NOK 3.5bn year to date and amounted to NOK 183bn at the end of 3rd quarter 2019.

¹ NOK 2.5bn of the investment portfolio is linked to disability coverages where the investment result goes to the customer reserves and not as a result element in the P&L.

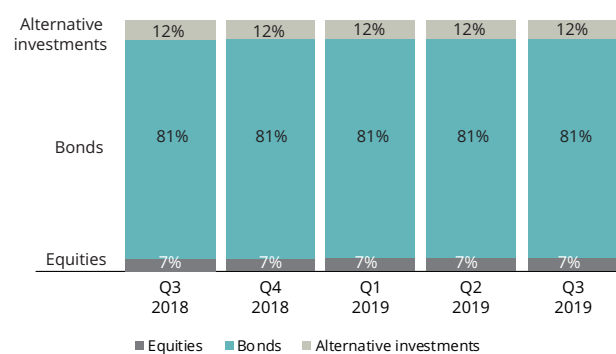
SPP

BUFFER CAPITAL



The buffer capital amounted to SEK 7.8bn (SEK 7.3bn) at the end of the 3rd quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were SEK 191bn (SEK 178bn) at the end of the 3rd quarter. This corresponds to an increase of 7.6% compared to the 3rd quarter last year. For customer assets in non-guaranteed savings, assets under management totaled SEK 107bn (SEK 97bn) at the end of the 3rd quarter, which corresponds to an increase of 11%, compared with the 3rd quarter 2018.

Outlook

STRATEGY

Storebrand follows a twofold strategy. First, Storebrand aims to build a world class Savings Group supported by Insurance. Storebrand is the market leader in pension solutions to Norwegian businesses and a challenger in the Swedish market, and uniquely positioned in the growing retail savings market. Second, through cost control and disciplined use of capital, Storebrand Group aims to increase return to shareholders. Storebrand expects to start capital release as dividends and/or share buy backs when the solvency margin is above 180%. The solvency margin is expected to grow 5 percentage points annually after dividends from today's level. The guaranteed business in long term run off is projected to release NOK 10bn in the next eight years until 2027.

FINANCIAL PERFORMANCE

The market for defined-contribution pensions is growing, and Storebrand's total reserves within Unit Linked increased by 11% in the last 12 months. Continued good growth for defined-contribution pensions is expected in the future. The loyalty program for employees at companies that have a pension scheme at Storebrand remains an important area of focus. Cost reductions and efficiency improvements in distribution and product solutions is necessary to achieve continued profitable growth. In order to realize the ambitions in the retail market, sales must continue to increase.

The Guaranteed Pension segment is in long term runoff and the reserves for the Guaranteed Defined Benefit solutions are decreasing. However, there is continued growth in the reserves linked to paid-up policies due to companies choosing to convert existing defined-benefit schemes to defined-contribution schemes. It is expected that the growth in paid-up policies will decline in the next few years and that there will be flat growth in reserves over several years before the reserves start to fall. The portfolio of paid-up policies makes a limited contribution to the Group results with the present interest rates. Guaranteed reserves represent a declining share of the Group's total pension reserves and were 55.7% at the end of the quarter, a 2%-point reduction from the previous year.

The group has a strong track record of cost control. To ensure profitability and counter margin pressure in the financial industry, the group continues a strict reign on cost and invests in digital solutions to improve scalability and efficiency. Storebrand will still make selected investments in growth. Lower cost through automation, digitalization and the partnerships are expected to cover normal investments in business growth and inflation 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 increasing duration in portfolios and building up buffer capital. The level of the average annual interest rate guarantee is gradually reduced as older policies with higher guarantees are phased out. In the long term, continued low interest rates will represent a risk for products with guaranteed high interest rates. Storebrand has adjusted its asset allocation by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. For insurance risk, increased longevity and the development in disability are the factors that have greatest influence on solvency. Operational risk may have an effect on solvency. The risk is closely monitored. The span of outcomes from regulatory risk has increased. Several processes, both on the domestic and international level, with potential implications for capital, customer returns and commercial opportunities are described below.

INDIVIDUAL PENSION ACCOUNT

Individual Pension Accounts are to be introduced in 2021 (expected). The new scheme is based on existing pension accounts in active defined contribution schemes. Defined contribution capital certificates issued by previous employers ("pensjonskapitalbevis") will be transferred into the active scheme unless the holder makes an active choice to stay with the current provider by opting-out ("negative acceptance"). Individuals will be able to transfer the pension account (both current and former earnings) to other providers.

Storebrand is participating in the Ministry of Finance implementing group on individual pension accounts.

Merging management of the active schemes and capital certificates will increase margin pressure. Storebrand currently has a higher market share for active defined contribution schemes than for certificates from such schemes and therefore expects some new net inflows of certificates from the proposed changes.

GUARANTEED PENSION

The Ministry of Finance is considering a draft consultation document from the Financial Supervisory Authority regarding changes in guaranteed pension regulation. It is expected that the ministry of Finance will send out a consultation document shortly.

NEW PUBLIC SECTOR PENSION

When collective guaranteed pension contracts are transferred to other providers, the provider the customer transfers from can withhold market value adjustment reserves under 2 % of technical provisions. The Ministry of Finance has proposed to abolish this regulation. The public hearing has closed, and we expect implementation of the changes by the end of 2019. This will mainly have an impact in the market for municipal pensions, creating a more level playing field by increase transfer values for municipal customers moving from KLP. Storebrand has decided to enter the public sector pension market and welcomes these changes.

MORTGAGE LOANS HELD BY INSURANCE COMPANIES

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

SOLVENCY II REVIEW

The European Insurance and Occupational Pension Authority has launched a public consultation on technical advice for the 2020 review of Solvency II. The consultation includes a review of the long-term guarantee measures. Changes in the interest rate risk module, volatility adjustment and the methodology for construction of the ultimate forward rate are, based on a preliminary assessment, the most material topics. Stakeholders have until 15 January 2020 to respond to the proposal before EIOPA sends its final opinions to the European Commission by June 2020. The Commission is set to make its recommendations by the end of 2020. Changes in the Solvency II framework could affect Storebrand's solvency calculations.

Lysaker, 22 October 2019

Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring group

Statement of comprehensive income

(NOK million)	Q3		01.01 - 30.09		Full Year
	2019	2018	2019	2018	2018
TECHNICAL ACCOUNT					
Gross premiums written	5,737	5,722	18,764	18,379	24,027
Reinsurance premiums ceded	-1	-3	-9	-23	-25
Premium reserves transferred from other companies	1,305	1,330	4,721	3,562	4,566
Premiums for own account	7,041	7,049	23,476	21,918	28,568
Income from investments in subsidiaries, associated companies and joint ventures companies	80	60	222	246	254
Interest income and dividends etc. from financial assets	2,373	1,750	5,970	5,543	7,350
Net operating income from properties	249	243	775	679	903
Changes in investment value	562	-63	5,677	-1,005	-2,300
Realised gains and losses on investments	1,004	69	2,807	503	1
Total net income from investments in the collective portfolio	4,269	2,059	15,451	5,966	6,207
Income from investments in subsidiaries, associated companies and joint ventures companies	9	12	37	48	49
Interest income and dividends etc. from financial assets	-26	-22	-33	-8	570
Net operating income from properties	35	35	111	97	127
Changes in investment value	5,372	4,443	23,273	8,778	-7,624
Realised gains and losses on investments	-380	398	976	830	480
Total net income from investments in the investment selection portfolio	5,010	4,867	24,363	9,745	-6,398
Other insurance related income	609	628	1,666	1,774	2,238
Gross claims paid	-4,670	-4,660	-14,734	-14,433	-19,223
Claims paid - reinsurance		16	7	23	76
Premium reserves etc. transferred to other companies	-1,182	-1,048	-5,157	-4,139	-5,265
Claims for own account	-5,851	-5,691	-19,884	-18,549	-24,413
To/from premium reserve, gross	-1,062	1,285	-4,886	1,502	2,309
To/from additional statutory reserves	21	19	64	67	-52
Change in value adjustment fund	-753	-121	-3,648	866	1,462
Change in premium fund, deposit fund and the pension surplus fund		-2	-1	-2	-5
To/from technical reserves for non-life insurance business	-22	-30	-27	-9	-5
Change in conditional bonus	310	-685	-356	-759	336
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-4	-4	-7	-12	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-1,510	461	-8,862	1,653	4,028
Change in pension capital	-8,172	-8,155	-32,165	-18,198	-4,922
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-8,172	-8,155	-32,165	-18,198	-4,922
Profit on investment result					-162
Risk result allocated to insurance contracts					-194
Other allocation of profit		-1		-3	-63
Unallocated profit	-210	-44	-474	-722	
Funds allocated to insurance contracts	-210	-45	-474	-725	-419
Management expenses	-48	-53	-144	-156	-209
Selling expenses	-190	-179	-575	-526	-739

Storebrand Livsforsikring group

Statement of comprehensive income continue

(NOK million)	Q3		01.01 - 30.09		Full Year
	2019	2018	2019	2018	2018
Change in pre-paid direct selling expenses	11	9	39	17	27
Insurance-related administration expenses (incl. commissions for reinsurance received)	-378	-351	-1,128	-1,103	-1,503
Insurance-related operating expenses	-606	-574	-1,808	-1,768	-2,425
Other insurance related expenses	-76	-10	-389	-96	-237
Technical insurance profit	504	588	1,375	1,720	2,228
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint ventures companies	-123		-114	10	14
Interest income and dividends etc. from financial assets	103	98	320	270	363
Changes in investment value	10	-18	164	-19	-108
Realised gains and losses on investments	137	33	130	106	133
Net income from investments in company portfolio	127	114	500	367	403
Other income	37	28	122	312	270
Management expenses	-5	-4	-14	-13	-18
Other expenses	-208	-195	-619	-648	-873
Management expenses and other costs linked to the company portfolio	-213	-199	-633	-661	-890
Profit or loss on non-technical account	-49	-57	-11	18	-217
Profit before tax	456	531	1,364	1,737	2,010
Tax expenses	-90	-175	-197	-357	1,088
Profit before other comprehensive income	365	355	1,167	1,380	3,098
Change in actuarial assumptions	-3	-3	-8	-8	-36
Change in value adjustment reserve own properties	1	4	-21	46	48
Adjustment of insurance liabilities	-1	-4	21	-46	-48
Tax on other profit elements not to be classified to profit/loss					4
Other comprehensive income not to be classified to profit/loss	-3	-3	-9	-8	-32
Profit/loss cash flow hedging	4	-16	-17	-53	-23
Currency translation differences	-19	17	-209	-550	-358
Other profit comprehensive income that may be classified to profit /loss	-15	1	-226	-603	-381
Other comprehensive income	-18	-3	-235	-611	-413
TOTAL COMPREHENSIVE INCOME	348	353	932	768	2,684
PROFIT IS ATTRIBUTABLE TO:					
Majority share of profit	362	445	1,162	1,021	3,091
Minority share of profit	4		5	3	7
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:					
Majority share of profit	354	309	939	417	2,719
Minority share of profit	-7	-1	-7	-1	-1

Storebrand Livsforsikring group

Statement of financial position

(NOK million)	30.09.2019	30.09.2018	31.12.2018
ASSETS			
Assets in company portfolio			
Goodwill	739	732	780
Other intangible assets	3,095	3,336	3,457
Total intangible assets	3,834	4,069	4,237
Properties at fair value	50	50	50
Equities and units in subsidiaries, associated companies and joint ventures companies	114	96	100
Loans at amortised cost	2	2	2
Bonds at amortised cost	7,592	3,244	7,655
Deposits at amortised cost	471	263	705
Equities and fund units at fair value	16	27	16
Bonds and other fixed-income securities at fair value	18,985	20,913	17,391
Derivatives at fair value	1,094	908	1,121
Total investments	28,323	25,502	27,040
Receivables in connection with direct business transactions	466	723	575
Receivables in connection with reinsurance transactions	6	22	9
Receivables with group company	78	73	98
Other receivables	1,030	4,774	5,756
Total receivables	1,579	5,592	6,439
Tangible fixed assets	318	12	12
Cash, bank	1,577	2,086	2,012
Tax assets	1,692	492	1,942
Other assets designated according to type	70	70	70
Total other assets	3,657	2,659	4,036
Pre-paid direct selling expenses	562	509	553
Other pre-paid costs and income earned and not received	207	158	132
Total pre-paid costs and income earned and not received	769	667	685
Total assets in company portfolio	38,163	38,488	42,437
Assets in customer portfolios			
Properties at fair value	24,927	23,802	24,913
Properties for own use	1,316	1,331	1,420
Equities and units in subsidiaries, associated companies and joint ventures companies	3,438	3,851	3,679
Loans to and securities issued by subsidiaries, associated companies		31	
Bonds held to maturity	13,455	14,469	14,403
Bonds at amortised cost	90,180	88,544	86,374
Loans at amortised cost	24,416	24,710	25,270
Deposits at amortised cost	5,138	4,635	4,509
Equities and fund units at fair value	24,483	24,950	23,402
Bonds and other fixed-income securities at fair value	86,314	88,250	91,493
Loans at fair value	5,400	4,572	5,172
Financial derivatives at fair value	7,149	2,277	3,311
Total investments in collective portfolio	286,215	281,424	283,946
Reinsurance share of insurance obligations	62	56	48

Storebrand Livsforsikring group

Statement of financial position continue

(NOK million)	30.09.2019	30.09.2018	31.12.2018
Properties at fair value	3,693	3,349	3,303
Equities and units in subsidiaries, associated companies and joint ventures companies	545	776	727
Deposits at amortised cost	480	433	948
Equities and fund units at fair value	157,612	142,925	133,664
Bonds and other fixed-income securities at fair value	44,071	39,517	42,038
Loans at fair value	340	506	535
Financial derivatives at fair value	63	398	389
Total investments in investment selection portfolio	206,804	187,905	181,605
Total assets in customer portfolio	493,081	469,385	465,599
TOTAL ASSETS	531,244	507,873	508,036
EQUITY AND LIABILITIES			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	88		
Total paid in equity	13,339	13,251	13,251
Risk equalisation fund	428	181	234
Security reserves	4		
Other earned equity	11,262	11,799	13,714
Minority's share of equity	111	110	114
Total earned equity	11,804	12,090	14,061
Perpetual subordinated loan capital	1,974	2,101	2,101
Dated subordinated loan capital	6,613	5,472	5,847
Total subordinated loan capital and hybrid tier 1 capital	8,587	7,573	7,948
Premium reserves	255,333	255,165	260,106
Additional statutory reserves	8,194	8,267	8,494
Market value adjustment reserve	5,893	2,841	2,245
Claims allocation			
Premium fund, deposit fund and the pension surplus fund	1,900	2,147	2,157
Conditional bonus	8,040	8,843	8,243
Unallocated profit to insurance contracts	496	742	
Other technical reserve	663	633	622
Total insurance obligations in life insurance - contractual obligations	280,519	278,638	281,868
Pension capital	206,554	188,095	180,283
Total insurance obligations in life insurance - investment portfolio separately	206,554	188,095	180,283
Pension liabilities etc.	135	127	149
Deferred tax	465	83	85
Other provisions for liabilities	117		24
Total provisions for liabilities	717	210	258
Liabilities in connection with direct insurance	812	1,311	1,310
Liabilities in connection with reinsurance	3	32	20
Financial derivatives	2,384	1,419	4,535
Liabilities to group companies	34	23	42
Other liabilities	5,954	4,814	3,999
Total liabilities	9,186	7,599	9,905
Other accrued expenses and received, unearned income	538	418	463
Total accrued expenses and received, unearned income	538	418	463
TOTAL EQUITY AND LIABILITIES	531,244	507,873	508,036

Storebrand Livsforsikring group

Statement of change in equity

(NOK million)	Majority's share of equity							Total equity
	Share capital	Share premium	Other paid in equity	Total paid in equity	Risk equalisation fund	Other equity ¹	Minority interests	
Equity at 31.12.2017	3,540	9,711		13,251	143	12,370	114	25,878
Profit for the period					39	1,335	6	1,380
Other comprehensive income						-607	-4	-611
Total comprehensive income for the period					39	728	1	768
Equity transactions with owner:								
Share issue							4	4
Group contributions						-1,300	-2	-1,302
Other						1	-8	-7
Equity at 30.09.2018	3,540	9,711		13,251	181	11,799	110	25,341
Profit for the period					91	3,000	7	3,098
Other comprehensive income						-413	-1	-414
Total comprehensive income for the period					91	2,587	6	2,684
Equity transactions with owner:								
Share issue							4	4
Group contributions						-1,300	-2	-1,302
Other						57	-8	49
Equity at 31.12.2018	3,540	9,711		13,251	234	13,714	114	27,313
Profit for the period					195	968	5	1,167
Other comprehensive income						-228	-7	-235
Total comprehensive income for the period					195	740	-2	932
Equity transactions with owner:								
Share issue						-95		-95
Group contributions			88			-3,126		-3,038
Other						33	-2	31
Equity at 30.09.2019	3,540	9,711	88	13,339	428	11,266	111	25,143

1) Includes undistributable funds in the security reserves amounting NOK 4 million.

Storebrand Livsforsikring

Statement of cash flow 1. January - 30. September

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2018	2019	(NOK million)	2019	2018
Cash flow from operational activities				
18,228	18,865	Net received - direct insurance	12,864	12,749
-14,535	-15,254	Net claims/benefits paid - direct insurance	-9,723	-8,333
-577	-436	Net receipts/payments - policy transfers	-1,522	-518
-5,868	-6,711	Net change insurance liabilities	-230	709
1,774	1,666	Receipts - interest, commission and fees from customers	583	474
-96	-389	Payments - interest, commission and fees to customers	-352	-36
-1,768	-1,808	Net receipts/payments operations	-1,089	-1,049
-1,402	7,288	Net receipts/payments - other operational activities	1,967	-301
-4,244	3,221	Net cash flow from operational activities before financial assets	2,499	3,695
-3,560	504	Net receipts/payments - loans to customers	879	-3,627
8,773	-1,575	Net receipts/payments - financial assets	-825	1,548
562.5	10.9	Net receipts/payments - property activities		
-150	-290	Net change bank deposits insurance customers	-242	93
5,626	-1,351	Net cash flow from operational activities from financial assets	-189	-1,986
1,382	1,871	Net cash flow from operational activities	2,310	1,710
Cash flow from investment activities				
621		Net payments - sale/purchase of subsidiaries		244
-1	-5	Net receipts/payments - sale/purchase of fixed assets	-6	
620	-5	Net cash flow from investment activities	-6	244
Cash flow from financing activities				
845	927	Payment of subordinated loan capital	927	845
-1,501	-128	Repayment of subordinated loan capital	-128	-1,501
-331	-310	Payments - interest on subordinated loan capital	-310	-331
		Payments received of dividend and group contribution	110	
-1,300	-3,295	Payment of dividend and group contribution	-3,200	-1,300
-2,287	-2,601	Net cash flow from financing activities	-2,601	-2,287
-285	-736	Net cash flow for the period	-297	-333
-5,911	615	of which net cash flow for the period before financial assets	-109	1,653
-285	-736	Net movement in cash and cash equivalent assets	-297	-333
35		Cash at start of the period purchased/sold companies		35
2,540	2,717	Cash and cash equivalents at start of the period	1,390	1,265
59	67	Currency translation differences		
2,349	2,048	Cash and cash equivalent assets at the end of the period	1,093	967

Storebrand Livsforsikring AS

Statement of comprehensive income

(NOK million)	Q3		01.01 - 30.09		Full Year
	2019	2018	2019	2018	2018
TECHNICAL ACCOUNT					
Gross premiums written	3,766	3,966	12,816	12,956	16,729
Reinsurance premiums ceded		-2	-7	-17	-18
Premium reserves transferred from other companies	571	609	2,370	1,824	2,131
Premiums for own account	4,337	4,573	15,179	14,763	18,843
Income from investments in subsidiaries, associated companies and joint ventures companies	820	190	2,599	816	323
of which from investment in property companies	218	240	918	905	1,028
Interest income and dividends etc. from financial assets	1,355	1,378	4,090	4,190	5,594
Changes in investment value	649	131	2,543	-878	-592
Realised gains and losses on investments	-475	75	-826	90	-555
Total net income from investments in the collective portfolio	2,348	1,773	8,407	4,218	4,770
Income from investments in subsidiaries, associated companies and joint ventures companies	1,057	49	2,984	183	-814
of which from investment in property companies	48	50	203	184	210
Interest income and dividends etc. from financial assets	-98	-25	-282	-18	503
Changes in investment value	2,128	2,069	6,798	2,161	-3,373
Realised gains and losses on investments	-1,148	397	225	797	-150
Total net income from investments in the investment selection portfolio	1,939	2,490	9,726	3,123	-3,835
Other insurance related income	233	167	583	474	693
Gross claims paid	-2,876	-2,787	-9,300	-8,308	-11,180
Claims paid - reinsurance		5	7	14	64
Premium reserves etc. transferred to other companies	-798	-726	-3,892	-2,342	-2,930
Claims for own account	-3,673	-3,508	-13,185	-10,636	-14,046
To/from premium reserve, gross	487	274	79	-266	335
To/from additional statutory reserves	21	19	64	58	-60
Change in value adjustment fund	-753	-121	-3,648	866	1,462
Change in premium fund, deposit fund and the pension surplus fund		-2	-1	-2	-5
To/from technical reserves for non-life insurance business	-22	-30	-27	-9	-5
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-4	-4	-7	-12	-16
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-271	135	-3,539	635	1,710
Change in pension capital	-3,929	-4,839	-14,323	-9,563	-4,530
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-3,929	-4,839	-14,323	-9,563	-4,530
Profit on investment result					-162
Risk result allocated to insurance contracts					-194
Other allocation of profit					-58
Unallocated profit	-231	-44	-647	-722	
Funds allocated to insurance contracts	-231	-44	-647	-722	-415

Storebrand Livsforsikring AS

Statement of comprehensive income continue

(NOK million)	Q3		01.01 - 30.09		Full Year
	2019	2018	2019	2018	2018
Management expenses	-48	-53	-144	-156	-209
Selling expenses	-68	-69	-194	-190	-282
Insurance-related administration expenses (incl. commissions for reinsurance received)	-262	-226	-751	-703	-964
Insurance-related operating expenses	-378	-348	-1,089	-1,049	-1,456
Other insurance related expenses after reinsurance share	-68	-3	-352	-36	-157
Technical insurance profit	306	395	761	1,208	1,576
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint ventures companies	11	29	491	569	908
of which from investment in property companies					
Interest income and dividends etc. from financial assets	103	96	317	273	367
Changes in investment value	15	-15	126	-5	-61
Realised gains and losses on investments	-5	6	301	429	135
Net income from investments in company portfolio	124	117	1,236	1,267	1,350
Other income	6	10	17	196	105
Management expenses	-5	-4	-14	-13	-18
Other expenses	-107	-104	-302	-315	-419
Total management expenses and other costs linked to the company portfolio	-111	-108	-316	-328	-436
Profit or loss on non-technical account	19	18	937	1,135	1,019
Profit before tax	325	413	1,697	2,343	2,594
Tax expenses	-82	-171	-137	-355	1,087
Profit before other comprehensive income	243	242	1,560	1,989	3,682
Change in actuarial assumptions					21
Tax on other profit elements not to be classified to profit/loss					
Other comprehensive income not to be classified to profit/loss					22
Profit/loss cash flow hedging	4	-16	-17	-53	-23
Other comprehensive income that may be classified to profit /loss	4	-16	-17	-53	-23
Other comprehensive income	4	-16	-17	-53	-1
TOTAL COMPREHENSIVE INCOME	247	225	1,543	1,936	3,681

Storebrand Livsforsikring AS

Statement of financial position

(NOK million)	30.09.2019	30.09.2018	31.12.2018
ASSETS			
Assets in company portfolio			
Other intangible assets	337	350	338
Total intangible assets	337	350	338
Equities and units in subsidiaries, associated companies and joint ventures companies	12,692	12,658	13,136
of which investment in property companies			
Loans at amortised cost	1	1	1
Bonds at amortised cost	7,592	3,244	7,655
Deposits at amoritised cost	339	261	486
Equities and fund units at fair value	15	20	16
Bonds and other fixed-income securities at fair value	11,174	15,567	11,026
Derivatives at fair value	1,094	908	1,121
Total investments	32,908	32,657	33,441
Receivables in connection with direct business transactions	459	686	520
Receivables in connection with reinsurance transactions	6	11	
Receivables with group company	55	54	197
Other receivables	673	280	1,752
Total receivables	1,194	1,030	2,469
Tangible fixed assets	12	5	4
Cash, bank	754	706	904
Tax assets	1,684	400	1,817
Total other assets	2,450	1,111	2,725
Other pre-paid costs and income earned and not received	71	44	38
Total pre-paid costs and income earned and not received	71	44	38
Total assets in company portfolio	36,959	35,192	39,012
Assets in customer portfolios			
Equities and units in subsidiaries, associated companies and joint ventures companies	27,836	19,708	25,919
of which investment in property companies	19,201	19,708	18,751
Loans to and securities issued by subsidiaries, associated companies			529
Bonds held to maturity	13,455	14,469	14,403
Bonds at amortised cost	90,180	88,544	86,374
Loans at amoritised cost	24,416	24,710	25,270
Deposits at amoritised cost	2,493	2,443	1,791
Equities and fund units at fair value	7,688	14,976	6,797
Bonds and other fixed-income securities at fair value	23,330	24,470	25,166
Financial derivatives at fair value	1,628	364	709
Total investments in collective portfolio	191,026	189,684	186,959

Storebrand Livsforsikring AS

Statement of financial position continue

(NOK million)	30.09.2019	30.09.2018	31.12.2018
Reinsurance share of insurance obligations	62	56	48
Equities and units in subsidiaries, associated companies and joint ventures companies	19,092	4,179	15,855
of which investment in property companies	4,449	4,179	4,133
Loans to and securities issued by subsidiaries, associated companies			106
Deposits at amoritised cost	410	355	870
Equities and fund units at fair value	51,303	59,081	42,617
Bonds and other fixed-income securities at fair value	36,957	33,907	34,731
Loans at fair value	340	342	364
Financial derivatives at fair value	63	398	389
Total investments in investment selection portfolio	108,165	98,261	94,933
Total assets in customer portfolios	299,253	288,001	281,939
TOTAL ASSETS	336,212	323,194	320,951
EQUITY AND LIABILITIES			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	88		84
Total paid in equity	13,339	13,251	13,335
Risk equalisation fund	428	181	234
Security reserves	4		
Other earned equity	13,156	13,319	11,812
Total earned equity	13,588	13,501	12,045
Perpetual subordinated loan capital	1,974	2,101	2,101
Dated subordinated loan capital	6,613	5,472	5,847
Total subordinated loan capital and hybrid tier 1 capital	8,587	7,573	7,948
Premium reserves	172,112	172,131	171,927
Additional statutory reserves	8,194	8,267	8,494
Market value adjustment reserve	5,893	2,841	2,245
Premium fund, deposit fund and the pension surplus fund	1,900	2,147	2,157
Unallocated profit to insurance contracts	669	742	
Other technical reserve	663	633	622
Total insurance obligations in life insurance - contractual obligations	189,432	186,761	185,446
Pension capital	107,734	98,477	93,441
Total insurance obligations in life insurance - investment portfolio separately	107,734	98,477	93,441
Pension liabilities etc.	12	42	12
Total provisions for liabilities	12	42	12
Liabilities in connection with direct insurance	635	1,025	1,050
Liabilities in connection with reinsurance		12	
Financial derivatives	1,267	707	3,910
Liabilities to group companies	36	25	3,257
Other liabilities	1,425	1,684	367
Total liabilities	3,363	3,452	8,585
Other accrued expenses and received, unearned income	158	138	139
Total accrued expenses and received, unearned income	158	138	139
TOTAL EQUITY AND LIABILITIES	336,212	323,194	320,951

Storebrand Livsforsikring AS

Statement of change in equity

(NOK million)	Share capital ¹⁾	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Other equity ²⁾	Total equity
Equity at 31.12.2017	3,540	9,711		13,251	143	11,422	24,815
Profit for the period					39	1,950	1,989
Other comprehensive income						-53	-53
Total comprehensive income for the period					39	1,897	1,936
Equity transactions with owner:							
Other						1	1
Equity at 30.09.2018	3,540	9,711		13,251	181	13,319	26,752
Profit for the period					91	3,591	3,682
Other comprehensive income						-1	-1
Total comprehensive income for the period					91	3,590	3,681
Equity transactions with owner:							
Group contributions			84	84			84
Dividend/Group contributions						-3,200	-3,200
Other						1	1
Equity at 31.12.2018	3,540	9,711	84	13,335	234	11,812	25,381
Profit for the period					195	1,365	1,560
Other comprehensive income						-17	-17
Total comprehensive income for the period					195	1,348	1,543
Equity transactions with owner:							
Group contributions			3	3			3
Equity at 30.09.2019	3,540	9,711	88	13,339	428	13,160	26,927

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

²⁾ Includes undistributable funds in the security reserves amounting NOK 4 million.

Notes

Storebrand Livsforsikring group

Note 01 | Accounting policies

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries, associated and joint-ventures companies. The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of lifeinsurance companies" for the parent company and the consolidated financial statements in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements are provided in the 2018 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

Storebrand Livsforsikring AS - the company's financial statements

The financial statements have been prepared in accordance with the accounting principles that were used in the annual report for 2018.

There are new accounting standards that entered into effect in 2019.

IFRS 16

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

IFRS 16 can be implemented either in accordance with the full retrospective method or modified retrospective method, and Storebrand has selected the modified retrospective method. This means that comparable figures are not restated and the effect is entered in the balance sheet for the implementation year of 2019. Upon implementation, the `right of use` asset and the lease liability is the same amount and have no effect on equity. The transition to IFRS 16 and effects in 2019 is showned in the table below.

Storebrand has used alternative loan rate as discount rate for calculating the present value of the lease payments, and this discount rate is adapted to the individual lease agreement duration. Leases that are shorter than 12 months as of 1 January 2019 and leases that include assets with a value lower than NOK 50,000 will not be recognised in the balance sheet but as an expense over the lease period.

EFFECTS ON TRANSITION TO IFRS 16

STOREBRAND LIVSFORSIKRING GROUP

BALANCE SHEET - LEASES

(NOK million)	Rent		IT equipment		Other equipment		Total	
	1.1.19	30.9.19	1.1.19	30.9.19	1.1.19	30.9.19	1.1.19	30.9.19
Right of use asset	199	256	60	49	1	0	259	305
Lease liability	199	255	60	50	1	0	259	306

INCOME STATEMENT- LEASES

(NOK million)

	Rent	IT equip- ment	Other equip- ment	Total	Rent	IT equip- ment	Other equip- ment	Total
	Q3 2019	Q3 2019	Q3 2019	Q3 2019	1.1 - 2019	1.1 - 2019	1.1 - 2019	1.1 - 2019
Depreciation after IFRS 16 ¹⁾	0.9	3.7	0.1	4.7	3.7	11.2	0.2	15.0
Interest expenses after IFRS 16 ¹⁾	1.9	0.3		2.2	5.7	1.0		6.8
Profit after IFRS 16	2.8	4.0	0.1	6.9	9.4	12.2	0.2	21.8
Operating expenses (after IAS 17) ¹⁾	3.9	4.0	0.1	8.0	10.8	10.5	0.2	21.5
Deviation operating expenses between IAS 17 and IFRS 16	-3.0	-0.3	0	-3.2	-7.1	0.6	0	-6.4
Deviation profit (before tax) between IAS 17 and IFRS 16	-1.1	0	0	-1.1	-1.4	1.7	0	0.3

¹⁾ Depreciation and interest expense totaling NOK 5.5 million due to lease on property in the Swedish real estate business in costumor assets is classified as net operating income from property in the statutory accounts in "net income from investments in the collective portfolio", not as operating expenses.

STOREBRAND LIVSFORSIKRING AS

BALANCE SHEET - LEASES

(NOK million)

	Rent	Total	Rent	Total
	1.1.19	30.9.19	1.1.19	30.9.19
Right of use asset	6.3	4.9	6.3	4.9
Lease liability	6.3	4.9	6.3	4.9

INCOME STATEMENT- LEASES

(NOK million)

	Rent	Total	Rent	Total
	Q3 2019	Q3 2019	Q3 2019	Q3 2019
Depreciation after IFRS 16	0.4	0.4	1.3	1.3
Interest expenses after IFRS 16			0.1	0.1
Profit after IFRS 16	0.5	0.5	1.4	1.4
Operating expenses (after IAS 17)	0.5	0.5	1.4	1.4
Deviation operating expenses between IAS 17 and IFRS 16	0	0	-0.1	-0.1
Deviation profit (before tax) between IAS 17 and IFRS 16	0	0	0	0

Note 02 | Estimates

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

Actual results may differ from these estimates.

A description of the most critical estimates and judgements that can affect recognised amounts is included in the 2018 annual report in note 2, insurance risk in note 8, valuation of financial instruments at fair value is described in note 13 and in the interim financial statements note 9 Solvency II.

Note 03 | Segments - profit by business area

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

SAVINGS

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

INSURANCE

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

GUARANTEED PENSION

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

OTHER

The result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the activities at BenCo are reported in this segment. The elimination of intra-group transactions that have been included in the other segments has also been included.

RECONCILIATION WITH THE OFFICIAL PROFIT AND LOSS ACCOUNTING

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

A description of the most important differences is included in the 2018 annual report in note 5 Segment reporting.

PROFIT BY SEGMENTS

(NOK million)	Q3		01.01 - 30.09		Full Year
	2019	2018	2019	2018	2018
Savings	152	133	420	376	491
Insurance	89	153	258	487	554
Guaranteed pension	237	295	697	932	1,148
Other	62	35	244	162	121
Profit before amortisation	540	615	1,618	1,957	2,315
Amortisation intangible assets	-85	-84	-254	-219	-305
Profit before tax	456	531	1,364	1,737	2,010

SEGMENT INFORMATION Q3

(NOK million)	Savings		Insurance		Guaranteed pension	
	2019	2018	2019	2018	2019	2018
Fee and administration income	450	425			384	369
Insurance result			189	239		
- Insurance premiums for own account			689	681		
- Claims for own account			-500	-442		
Operational cost	-291	-286	-105	-99	-199	-179
Operating profit	160	139	84	140	185	190
Financial items and risk result life & pension	-7	-6	5	12	52	105
Profit before amortisation	152	133	89	153	237	295
Amortisation of intangible assets						
Profit before tax	152	133	89	153	237	295

(NOK million)	Other		Storebrand Livsforsikring group	
	2019	2018	2019	2018
Fee and administration income	10	27	844	821
Insurance result			189	239
- Insurance premiums for own account			689	681
- Claims for own account			-500	-442
Operational cost	-10	-29	-604	-593
Operating profit	0	-2	428	467
Financial items and risk result life & pension	62	37	112	148
Profit before amortisation	62	35	540	615
Amortisation of intangible assets			-85	-84
Profit before tax	62	35	456	531

SEGMENT INFORMATION AS AT 30.09

(NOK million)	Savings		Insurance		Guaranteed pension	
	2019	2018	2019	2018	2019	2018
Fee and administration income	1,321	1,229			1,108	1,107
Insurance result			545	748		
- Insurance premiums for own account			2,046	2,049		
- Claims for own account			-1,501	-1,301		
Operational cost	-884	-838	-302	-299	-594	-594
Operating profit	436	390	243	449	514	513
Financial items and risk result life & pension	-17	-14	16	38	183	419
Profit before amortisation	420	376	258	487	697	932
Amortisation of intangible assets						
Profit before tax	420	376	258	487	697	932

(NOK million)	Other		Storebrand Livsforsikring group	
	2019	2018	2019	2018
Fee and administration income	38	73	2,467	2,409
Insurance result			545	748
- Insurance premiums for own account			2,046	2,049
- Claims for own account			-1,501	-1,301
Operational cost	-39	-70	-1,819	-1,801
Operating profit	0	3	1,193	1,356
Financial items and risk result life & pension	244	158	425	601
Profit before amortisation	244	162	1,618	1,957
Amortisation of intangible assets			-254	-219
Profit before tax	244	162	1,364	1,737

Note 04 | Financial market risk and insurance risk

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

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

The most significant market risks for Storebrand are equity market risk, credit risk, property price risk, interest rate risk and currency exchange rate risk.

For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different portfolios. There are three main types of sub-portfolios: company portfolios, customer portfolios without a guarantee (unit linked) and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on Storebrand's profit.

The market risk in customer portfolios without a guarantee (unit linked) is at the customers' risk, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly on the size of the portfolios, while the costs tend to be fixed. Lower returns from the financial market than expected will therefore have a negative effect on Storebrand's income and profit.

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of risk sharing with customers depends on several factors, the most important being the size and flexibility of the customer buffers, and also the level and duration of the interest rate guarantee. If the investment return is not sufficiently high to meet the guaranteed interest rate, the shortfall will be met by using customer buffers in the form of risk capital built up from previous years' surpluses. Risk capital primarily consists of unrealised gains, additional statutory reserves and conditional bonuses. Storebrand is responsible for meeting any shortfall that cannot be covered by the customer buffers.

For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee.

During the first quarter, the equity market were strong, regaining most of the sharp corrections during the fourth quarter of 2018. In the second and the third quarter the markets have been more volatile, with no clear trend. The global equity market rose 16 % during the first three quarters. The Norwegian equity market rose 11 %. The market for corporate bonds has also been strong and credit spreads fell during the first three quarters, with most of the fall coming in the first quarter. Reduced spreads was positive for return in the first three quarters, but lower credit spreads are negative for expected return going forward.

The trend towards lower long term interest rates continued in the third quarter. Since year-end 2018 the Norwegian 10-year interest rate swap fell by 0.4 pp. The Swedish 10-year interest swap rate fell by 0.9 pp. But short term interest rates has increased, both in Norway and Sweden. Due to the majority of the interest rate investments in the Norwegian customer portfolios being held at amortized cost, changes in interest rates have a limited effect on booked returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee. Lower interest rate is a negative factor for the solvency position.

The Norwegian Krone strengthened during the first two quarters, but weakened in the third quarter. Since year-end 2018 the Norwegian Krone has weakened 5 % against the US dollar, has strengthened 5 % against the Swedish Krona and is near unchanged against the Euro. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have a modest effect on results and risk.

During the first three quarters, the investment allocation was not materially changed.

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

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

Insurance risk is the risk of higher than expected payments and/or an unfavorable change in the value of an insurance liability due to actual developments deviating from what was expected when premiums or provisions were calculated. Most of the insurance risk for the group is related to life insurance. Changes in longevity is the greatest risk because higher longevity means that the guaranteed benefits must be paid over a longer period. There are also risks related to disability and early death.

The insurance risk has only had minor changes during the first three quarters.

Note 05 | Liquidity risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Variable	2020	873
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
Dated subordinated loan capital					
Storebrand Livsforsikring AS	1,000	SEK	Fixed	2022	925
Storebrand Livsforsikring AS	1,000	SEK	Fixed	2024	925
Storebrand Livsforsikring AS	300	EUR	Variable	2023	3,235
Storebrand Livsforsikring AS	750	SEK	Variable	2021	698
Storebrand Livsforsikring AS	900	SEK	Variable	2025	831
Total subordinated loan capital and hybrid tier 1 capital					
30.09.2019					8,587
Total subordinated loan capital and hybrid tier 1 capital					
31.12.2018					7,948

Note 06 | Valuation of financial instruments and properties

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

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

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

(NOK million)	Fair value 30.09.2019	Fair value 31.12.18	Book value 30.09.2019	Book value 31.12.18
Financial assets				
Loans to customers - corporate	6,232	6,981	6,208	6,999
Loans to customers - retail	18,210	18,272	18,210	18,272
Bonds held to maturity	14,714	15,679	13,455	14,403
Bonds classified as loans and receivables	102,995	97,790	97,772	94,029
Financial liabilities				
Subordinated loan capital	8,634	7,940	8,587	7,948

VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

STOREBRAND LIVSFORSIKRING GROUP

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 30.09.2019	Total 31.12.2018
Assets					
Equities and fund units					
- Equities	26,468	172	457	27,097	23,974
- Fund units		145,710	9,303	155,013	133,108
Total equities and fund units 30.09.2019	26,468	145,882	9,760	182,110	
Total equities and fund units 31.12.2018	23,166	125,465	8,451		157,082
Total loans to customers					
- Loans to customers - corporate			5,740	5,740	5,708
Bonds and other fixed income securities					
- Government bonds	12,027	19,085		31,111	32,872
- Corporate bonds		62,054	15	62,069	49,096
- Structured notes		72		72	79
- Collateralised securities		850		850	19,703
- Bond funds		50,088	5,181	55,269	49,172
Total bonds and other fixed income securities 30.09.2019	12,027	132,148	5,196	149,370	
Total bonds and other fixed income securities 31.12.2018	13,530	134,015	3,377		150,922
Derivatives:					
- Equity derivatives		4		4	
- Interest derivatives		7,198		7,198	3,068
- Currency derivatives		-1,279		-1,279	-2,781
Total derivatives 30.09.2019		5,922		5,922	
- derivatives with a positive market value		8,306		8,306	4,822
- derivatives with a negative market value		-2,384		-2,384	-4,535
Total derivatives 31.12.2018		287			287
Properties:					
- investment properties			28,670	28,670	28,266
- Owner-occupied properties			1,316	1,316	1,420
Total properties 30.09.2019			29,986	29,986	
Total properties 31.12.2018			29,686		29,686

There is no significant movement between level 1 and level 2 in 3rd quarter and year to date 2019.

MOVEMENT LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond fund	Investment properties	Owner-occupied properties
Book value 01.01	602	7,849	5,707	56	3,321	28,266	1,420
Net profit/loss	12	1,291	169	2	-6	99	-29
Supply/disposal	2	1,074	1,075		2,284	440	40
Sales/overdue/settlement	-9	-776	-762	-42	-269		-1
Currency translation differences	-8	-135	-288	-2	-148	-640	-113
Other			-162			504	
Book value 30.09.2019	457	9,303	5,739	15	5,181	28,670	1,316

As at 30 September 2019, Storebrand Livsforsikring had NOK 3,982 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "investment in associated companies and joint ventures" in the Consolidated Financial Statements.

SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 13 in the 2018 annual report. There are no significant change in sensitivity in this quarter and year to date.

STOREBRAND LIVSFORSIKRING AS

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 30.09.2019	Total 31.12.2018
Assets					
Equities and fund units					
- Equities	1,560	153	457	2,170	1,839
- Fund units		49,889	6,948	56,836	47,591
Total equities and fund units 30.09.2019	1,560	50,042	7,405	59,007	
Total equities and fund units 31.12.2018	1,310	42,329	5,791		49,430
Total loans to customers					
- Loans to customers - corporate			340	340	
Bonds and other fixed income securities					
- Government bonds	5,068			5,068	4,139
- Corporate bonds		26,711	8	26,719	25,857
- Structured notes					
- Collateralised securities		369		369	5,703
- Bond funds		38,583	723	39,306	35,225
Total bonds and other fixed income securities 30.09.2019	5,068	65,664	730	71,461	
Total bonds and other fixed income securities 31.12.2018	4,139	66,193	592		70,924
Derivatives:					
- Equity derivatives		4		4	
- Interest derivatives		2,626		2,626	1,365
- Currency derivatives		-1,111		-1,111	-3,056
Total derivatives 30.09.2019		1,519		1,519	
- derivatives with a positive market value		2,785		2,785	
- derivatives with a negative market value		-1,267		-1,267	
Total derivatives 31.12.2018		-1,691			-1,691

MOVEMENT LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds
Book value 01.01	451	5,340	364	25	567
Net profit/loss	12	1,292	-20		-9
Supply/disposal	2	900			251
Sales/overdue/settlement	-9	-585	-5	-17	-86
Book value 30.09.2019	457	6,948	340	8	723

Note 07

Tax

The tax rate for the Group will vary from quarter to quarter depending on the individual legal entities' contribution to earnings. The 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 addition, the Group includes Norwegian entities that are subject to tax rates, ranging from 21-23%. The company tax rate that applies for the individual Norwegian Group companies is used in the consolidated financial statements.

The group's Swedish business has used customer assets to invest in real estate. Each individual property is owned by separate companies. In the event of a property sale, all market practice indicates that this will be conducted as a sale of the company that owns the applicable property. In accordance with Swedish tax rules, any profits and losses realised from such a sale will not be included in the basis for calculating income tax. However, in accordance with IAS 12, provisions are still made for deferred tax on differences between the fair value and tax value of the properties that have arisen during the ownership period. No provisions are made for deferred tax linked to temporary differences that existed when the property companies were purchased. The deferred tax that has accrued during the ownership period is linked to the customer assets and not the company's assets and is therefore recognised against customer liabilities.

Uncertain tax positions

The tax legislation and interpretations of the tax rules for the Norwegian life & pension industry have undergone significant changes in the last years, which have entailed complex assessments. Storebrand's uncertain tax positions are described in note 28 in the annual accounts for 2018 and below. In certain instances, Storebrand and The Norwegian Tax Administration (TNTA) have different interpretations of the tax rules. Consequently, this may lead to both a higher or lower tax expense than recognized in the financial reports based on the current uncertain tax positions.

- A. In 4th quarter 2015 Storebrand booked a tax income of NOK 1.7 billion due to the liquidation of the real estate holding company Storebrand Eiendom Holding AS (SEH). On 23 May 2019, Storebrand received a draft letter from TNTA, claiming changes in the tax returns for 2015.

If the preliminary decision drafted by TNTA should be upheld after a final and enforceable judgement by the court, Storebrand assess that it would be a tax cost for Storebrand of NOK 1.3 billion. In addition, there will be a negative effect on customer investment return after tax. Based on TNTA's preliminary decision Storebrand will be in a payable tax position.

The amount will not be booked in the accounts based on the draft notice received, as Storebrand is of the opinion that Storebrand's view on the technical tax issue in question most likely will be confirmed by the court of law. The tax effect in 2015 was calculated using our best judgment and after a thorough review with internal as well as external expertise. In case TNTA's preliminary draft should be upheld, Storebrand would appeal the decision and, if necessary, try the case in the Norwegian court system in order to clarify the tax related questions relevant to the case.

- B. In December 2018, the Norwegian Parliament (Stortinget) adopted amendments to the tax rules for pension and life insurance companies. Subsequently, the Norwegian Directorate of Taxes (NDT) gave a statement of principles of their understanding of the corresponding transitional rule. In line with the statement from NDT, Storebrand booked a tax income of NOK 1.6 billion for 2018 related to the transitional effect.

When submitting the tax return for 2018, Storebrand has assumed the actual wording of the transitional rule, which deviates from NDT's statement, implying a tax income in excess of the NOK 1.6 billion already booked. The difference is not recognised in the financial reporting per year-end 2018 nor per 3rd quarter 2019. If the difference is recognised it will cause an additional tax income of approximately NOK 0.9 billion.

Note
08

Contingent liabilities

(NOK million)	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	30.09.19	31.12.18	30.09.19	31.12.18
Uncalled residual liabilities re limited partnership	7,162	5,818	6,292	4,912
Total contingent liabilities	7,162	5,818	6,292	4,912

Guarantees essentially encompass payment and contract guarantees.

Unused credit facilities encompass granted and any unused credit accounts and credit cards, as well as, any unused flexible mortgage facilities.

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes, see also note 2 and note 44 in the 2018 annual report.

Note
09

Solvency II

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

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

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

SOLVENCY CAPITAL

(NOK million)	30.09.2019					31.12.18
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	19,420	19,420				18,881
Including the effect of the transitional arrangement	1,152	1,152				
Subordinated loans	8,524		926	7,598		7,780
Deferred tax asset	109				109	584
Risk equalisation reserve	428			428		234
Expected dividend/group distributions	-1,560	-1,560				
Total solvency capital	40,172	31,111	926	8,026	109	37,530
Total solvency capital available to cover the minimum capital requirement	33,365	31,111	926	1,328		31,314

SOLVENCY CAPITAL REQUIREMENT AND - MARGIN

(NOK million)	30.09.19	31.12.18
Market	18,413	18,688
Counterparty	476	493
Life	7,149	6,292
Health	532	522
P&C		
Operational	1,047	1,007
Diversification	-4,902	-4,526
Loss-absorbing tax effect	-4,789	-4,701
Total solvency requirement	17,925	17,775
Solvency margin	224.1 %	211.1 %
Minimum capital requirement	6,642	6,465
Minimum margin	502.3 %	484.4 %

Note 10

Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 24 and 45 in the 2018 annual report.

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2019, other than Storebrand Livsforsikring AS having acquired mortgages from the sister company Storebrand Bank ASA. The mortgages were transferred on commercial terms. The portfolio of loans that have been transferred in the 3rd quarter 2019 totaled NOK 1.9 billion and NOK 4.8 billion year to date. The total portfolio of loans bought as of 3rd quarter 2019 is NOK 33.5 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense for the 3rd quarter 2019 is NOK 4.1 million and NOK 12.7 million year to date.

Financial calendar



12 February 2020:	Results Q4 2019
30 March 2020:	Annual Report
30 April 2020:	Results Q1 2020
15 July 2020:	Results Q2 2020
21 October 2020:	Results Q3 2020
10 February 2021:	Results Q4 2020

Investor Relations contacts



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