

Interim report

Storebrand Livsforsikring



3rd Quarter
2013

Storebrand Livsforsikring Group

Interim report – 3rd Quarter 2013

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

Storebrand Livsforsikring Group

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 3th Quarter result please refer to the Storebrand Group's interim report for the 3th Quarter of 2012.

Result Storebrand Livsforsikring Group

NOK million	2013		2012			1.1 - 30.9		Full year
	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Fee and administration income	811	797	791	708	703	2,399	2,132	2,840
Risk result life & pensions	143	42	63	95	74	248	240	335
Insurance premiums f.o.a.	499	446	513	473	453	1,458	1,297	1,770
Claims f.o.a.	-369	-299	-403	-408	-289	-1,071	-844	-1,252
Operational cost	-573	-565	-569	-636	-696	-1,707	-1,838	-2,474
Financial result	95	-13	32	75	88	114	167	243
Result before profit sharing	607	408	426	308	333	1,442	1,154	1,463
Net profit sharing and loan losses	104	53	115	97	136	273	287	383
Result before amortiasation	712	461	541	405	469	1,714	1,441	1,846

Result Storebrand Livsforsikring Group per line of business

NOK million	2013		2012			1.1 - 30.9		Full year
	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Savings (non-guaranteed)	77	68	64	33	21	209	106	139
Insurance	86	106	57	66	86	248	265	331
Guaranteed pensions	474	306	403	287	276	1,183	906	1,193
Other	75	-19	18	18	87	73	164	183
Result before amortiasation	712	461	541	405	469	1,714	1,441	1,846

The result in Savings was strengthened by NOK 56 million in the quarter and by NOK 103 million for the year to date in comparison with the same period in 2012. The underlying reasons for the increase are earnings growth in both Norway and Sweden.

For the Insurance business, the risk performance is good for both mortality and disability risk in the portfolio. The exception is the disability result involving group pensions (risk coverage for defined contribution pensions) where the risk performance continues to be weak.

For Guaranteed Pensions, fee and administration income has increased by 10 per cent for the year to date. During the same period of time costs have been nominally reduced. The risk results improved during the quarter and are affected positively by dissolution of reserves. The result for SPP has been sufficient to create profit sharing and indexing fees. In the Norwegian business, strengthening of reserves has been prioritised over profit sharing. In total, earnings have improved by NOK 278 million for the year to date.

Other results are affected by non-recurring income of roughly NOK 55 million for the sale of SPP Pensionstjänst AB.

Market and sales performance

The shift from products with guaranteed interest rates to unit linked insurance products continues in the life insurance businesses. These products are showing good growth in Storebrand Life Insurance and in SPP. The Group's premium income for guaranteed pension products was reduced by 3 per cent for the year to date, while premium income for non-guaranteed occupational pensions increased by 20 per cent during the quarter and by 16 per cent for the year to date.

Storebrand is maintaining its position as the market leader in non-guaranteed pensions within the Norwegian market for occupational pensions, whereas SPP has a challenger position in the Swedish market. Storebrand has a market share of 30.3 per cent in the Norwegian market for defined contribution pensions. SPP has a 12.6 per cent market share in the market for 'Other' occupational pensions.¹⁾

For many individual customers with guaranteed pensions, transitioning to savings with investment options will provide a higher expected pension. As at the end of the third quarter, corporate customers and individual customers with guaranteed pensions at Storebrand and SPP have transferred reserves of a total of NOK 9 billion from guaranteed pensions, of which NOK 0.7 billion was during the third quarter.

¹⁾ Premium income as the second quarter of 2013. Source: Finance Norway and insurance Sweden.

Capital situation and tax

The Storebrand Life Insurance Group's solvency margin was 178 per cent at the end of the quarter. This is an improvement of 4 percentage points during the quarter. For the year to date, the solvency margin has improved by 16 percentage points. In addition to the proportion of the partial result for the year, the strengthening of the solvency margin is chiefly related to an increase in long-term rates in Sweden. The Storebrand Life Insurance Group's Swedish insurance liabilities are discounted by a market interest rate that is based on the Swedish solvency rules and higher interest rates reduce the liabilities.

Sales of property completed during the first three quarters of the year have reduced taxable temporary differences connected with these properties by around NOK 1.3 billion. This reduces the calculated income tax expenses as at 30 September by around NOK 370 million. The result includes income tax income of NOK 1 million during the third quarter and NOK 49 million for the year to date for the year to date.

Strategic priorities

The European life insurance sector is facing significant changes. Low interest rates and changed regulatory conditions for longterm pension savings have led to a shift away from traditional pension plans with guaranteed annual rates of interest towards fund-based saving plans without guaranteed rates. This means that individual customers are taking on greater responsibility for their own pensions. Storebrand's board of directors has adopted four key strategic priorities to support Storebrand's corporate vision, "Recommended by our customers". Storebrand shall become more customer-oriented through defined customer promises, concepts and products. Operations are being commercialised by the merging of sales and marketing, business development, and customer fronts into a single business area. Comprehensive capital optimising measures are being implemented in order to satisfy new capital adequacy requirements without resorting to raising additional equity. Storebrand is continuously adapting to maintain its competitive strength and earning power. Accordingly the Board approved a programme in the second quarter of 2012 to reduce the Group's annual costs by at least NOK 400 million by the end of 2014. For more information about Group strategy, please see the Storebrand Group's Annual Report for 2012, page 24.

Savings

Good earnings performance driven by earnings growth in defined contribution.

The Savings business area encompasses products that offer savings for retirement with no explicit interest rate guarantees. The business area consists of defined contribution pensions and similar unit-linked products in Norway and Sweden

Savings

NOK million	2013		2012		1.1 - 30.09		Full year	
	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Fee and administration income	266	245	249	223	208	759	625	849
Risk result life & pensions		4		2	1	4	1	3
Operational cost	-189	-181	-185	-193	-188	-555	-522	-715
Financial result								
Result before profit sharing	77	67	64	32	21	208	105	137
Net profit sharing and loan losses		1		1		1	1	2
Result before amortisation	77	68	64	33	21	209	106	139

Result

The result from Savings was strengthened significantly during the third quarter and for the year to date in comparison with the same periods in 2012. The underlying reasons for this are earnings growth in both Norway and Sweden.

Defined contribution pensions are experiencing strong growth in Norway and Sweden by a continually increasing number of companies choosing to transition to defined contribution-based schemes. This makes for an increased number of members in the pension schemes and an increase in the pension funds. The income for the defined contribution pensions has increased by 24 per cent for the year to date in comparison with the same period in 2012.

In relation to the proposed new legislation regarding group pension that was issued 4 October, an possible increase in savings rates for defined contribution was launched. This may involve strengthened growth for defined contribution going forward.

A number of measures have been initiated for rationalisation and savings with respect to the Group's cost programme. The measures have yielded cost reductions, while increased sales are leading to higher distribution costs.

Balance sheet and market trends

Premium income for non-guaranteed life insurance-related saving

Savings

NOK million	2013			2012	
	3Q	2Q	1Q	4Q	3Q
Unit Linked Reserves	79,341	73,542	70,458	63,387	61,007
Unit Linked Premiums	2,296	2,768	2,318	2,480	2,121

was NOK 2.3 billion during the third quarter and NOK 7.4 billion for the year to date. This comprises an increase of 14 per cent for the year to date. Both the Norwegian and Swedish businesses have a positive inflow of transfers for the year to date and the cumulative net inflow of transfers comprises around NOK 0.6 billion. Total reserves in unit linked have grown by 30 per cent since the third quarter of 2012.

In the Norwegian market, Storebrand is the market leader in defined contribution schemes, with around 30 per cent of the market. There is strong competition in the market for defined contribution pensions. Storebrand expects that this will persist, driven by factors that include regulatory changes being proposed by the authorities for occupational pensions.

SPP's market share for new subscriptions to unit linked insurance within the 'Other' occupational pensions segment is nearly 15 per cent. SPP is now the third largest participant in this market, and approaching the market leaders. SPP's sales of unit linked insurance are 42 per cent higher than last year and it is the company's own internal sales channels that experienced the greatest sales increases. SPP was also selected earlier this year to be one of several suppliers to the largest pension platform in Sweden (the ITP Plan) and activities to increase customer contact have been commenced in connection with this.

Insurance

Premium growth of 12 per cent, stable earnings performance, cost control.

The Insurance business area encompasses personal risk products in the Norwegian retail market and employee insurance and pensions-related insurance in the Norwegian corporate market.

Insurance

NOK million	2013		2012			1.1 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Insurance premiums f.o.a.	499	446	513	473	453	1,458	1,297	1,770
Claims f.o.a.	-369	-299	-403	-408	-289	-1,071	-844	-1,252
Operational cost	-72	-68	-77	-71	-98	-216	-238	-309
Financial result	28	26	23	72	20	77	50	122
Result before amortisation	86	106	57	66	86	248	265	331

Result

For the third quarter, Insurance is delivering a result before amortisation of NOK 86 million (86 million), and NOK 248 million (256 million) for the year to date with a total combined ratio of 88 per cent (83 per cent).

The risk performance is good for both mortality and disability risk in the portfolio. The exception is the disability result involving group pensions (risk coverage for defined contribution pensions) where the risk performance continues to be weak.

The activities that have been initiated under the Group's cost programme are on schedule, and Insurance continues to work with further measures to rationalise the business and enhance competitiveness in future. The cost base will be further streamlined

through increased automation and end-to-end processes, sourcing of services and exploitation of economies of scale with increased volume.

Balance sheet and market trends

Premium income for own account have risen by 12 per cent compared to the corresponding period last year. Demand for products that link health and personal insurance plus disability cover continues to grow. This is driven by the companies' desire to reduce absence due to illness, increase job satisfaction and reduce the overall insurance costs. Price pressures in the larger tender competitions are high and maintaining the level of profitability is challenging. Portfolio growth is greatest in the areas of personal life insurance, where efforts aimed at employees through existing corporate relationships have been quite successful.

Written Premiums

NOK million	2013			2012	
	3Q	2Q	1Q	4Q	3Q
Individual life	550	544	539	530	518
Group life	807	796	792	802	802
Pension related disability insurance	644	634	614	596	578
Total written premiums	2,000	1,974	1,945	1,927	1,898

* Individual life disability, insurance

** Group disability, workers compensation insurance

*** DC risk premium Norwegian line of business

NOK million	2013			2012	
	3Q	2Q	1Q	4Q	3Q
Claims ratio	73%	73%	79%	71%	65%
Cost ratio	15%	15%	15%	17%	18%
Combined ratio	88%	88%	93%	88%	83%

Guaranteed pension

Pricing and cost measures are yielding better profitability. An improved risk result and increased profit sharing further strengthens the result.

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

Guaranteed pension

NOK million	2013		2012			01.01 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Fee and administration income	517	522	515	456	463	1,554	1,405	1,861
Risk result life & pensions	147	32	60	88	68	239	229	318
Operational cost	-295	-299	-292	-354	-389	-886	-1,021	-1,375
Financial result	-	-	-	-	-	-	-	-
Result before profit sharing	369	254	283	190	143	907	613	804
Net profit sharing and loan losses	105	52	119	97	133	276	292	389
Result before amortisation	474	306	403	287	276	1,183	906	1,193

Results

For the year to date, the increase in Fee and administration income is over 10 per cent in comparison with the preceding year. During the same time period, the costs have also been reduced. The risk results have been improved and a central element is fewer disability claims in the portfolio of Norwegian paid-up policies. Furthermore, pension inflation adjustments and returns provide a basis for profit sharing in the Swedish market.

The increase on the income side in the Norwegian business is driven by price increases on interest rate guarantees combined with the maintaining of administration income for group defined benefit pensions. A decline in income can be expected in the Norwegian business in future quarters due to expected conversions of defined benefit-based schemes.

SPP's income in the Swedish market is in line with the previous year. Customers have moved funds to non-guaranteed savings and having thereby reduced the balance. On the other hand, price increases have contributed to maintaining the income level from the portfolio.

There is strong cost control in the business and measures to create savings have been initiated as part of the Group's cost programme.

The risk result for the Norwegian business for the third quarter is very good. A good result for the portfolio of paid policies has followed from generally fewer insurance claims and reduced claims queues during the quarter. The risk result for SPP has been affected by a dissolution of reserves involving NOK 15 million during the quarter. Some individual accrual effects have had positive outcomes in both Norway and Sweden during the quarter. In total, the risk result for the quarter is significantly improved in comparison with last year, and for the year

Guaranteed pension - Key figures

NOK million	2013			2012	
	3Q	2Q	1Q	4Q	3Q
Guaranteed reserves	262,126	258,654	261,502	259,858	259,671
Guaranteed reserves in % of total reserves	77.2 %	78.1 %	79.3 %	80.8 %	81.3 %
Transfer out of guaranteed reserves	710	998	7,279	1,360	654
Buffer capital in % of customer reserves SBL	4.0 %	4.1 %	4.0 %	4.6 %	3.9 %
Buffer capital in % of customer reserves SPP	14.5 %	13.5 %	13.1 %	11.9 %	11.7 %

to date the result is somewhat better than for the prior year.

The result from net profit sharing has primarily been generated in the Swedish business and has shown a positive trend. For SPP's defined-benefit product, the level of consolidation is above the threshold for inflation-indexing of the pensions in all sub-portfolios, and the result is thus positively affected by 50 million in indexing fees for the owner. In the Norwegian business, priority is being given to building up reserves for longevity with respect to new mortality tables.

Balance sheet and market trends

Customer reserves for guaranteed pensions comprise as at the third quarter NOK 262 billion, representing growth during the last 12 months of 0.9 per cent. New subscriptions for guaranteed pensions have been closed for most products, however premium payments and the accumulation of returns for existing customers is leading to a moderate increase in reserves. Work is actively being done to inform customers of the consequences of converting to non-guaranteed saving, both in the Norwegian and Swedish businesses.

Transfers from guaranteed pensions have amounted to NOK 0.7 billion in the third quarter and NOK 9 billion for the year to date. Storebrand's discontinuation of defined benefit pensions for the public sector in Norway is behind the greatest part of the transfers. In addition, individual customers have chosen to move to products with higher expected returns.

Premium income for guaranteed pensions was NOK 2.3 billion in the third quarter and NOK 9 billion for the year to date. This constitutes a reduction of 3 per cent for the year to date in comparison with the same period during the preceding year.

Other

Sale of SPP Pensionstänst AB

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

Other

NOK mill.	2013		2012			1.1 - 30.9		Full year
	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Fee and administration income	28	30	27	28	33	86	102	130
Risk result life & pensions	-4	6	2	5	4	5	9	14
Operational cost	-17	-16	-16	-17	-21	-49	-57	-74
Financial result	69	-40	8	3	68	37	117	121
Result before profit sharing	76	-19	22	19	84	78	171	191
Net profit sharing and loan losses	-1	1	-4	-1	3	-5	-7	-8
Result before amortiasation	75	-19	18	18	87	73	164	183

The sale of SPP Liv Pensionstänst AB to KPA affects the result for the quarter positively by 55 million. The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans is around 25 per cent and the interest expenses are in order of a net NOK 120 million for the quarter at current interest rate levels. The company port-

folios comprised NOK 16.6 billion at the end of the third quarter. The investments are primarily in short-term interest-bearing securities in Norway and Sweden.

Balance sheet, solidity and capital adequacy

Solvency margin 178 per cent in the Life Group, solid buffers

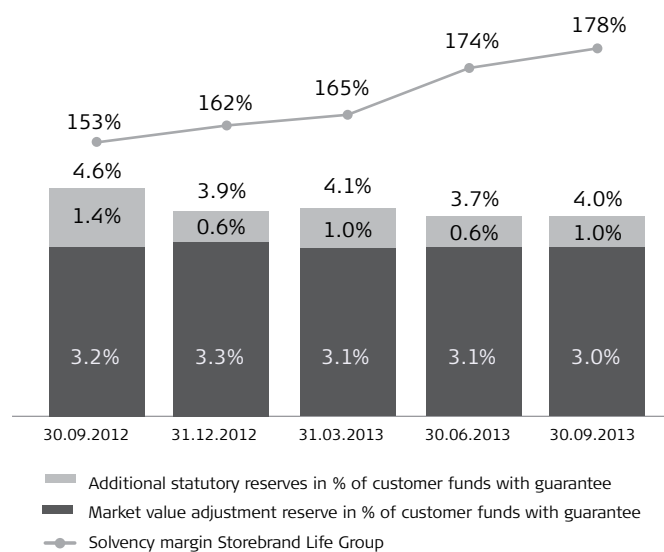
Continuous monitoring and active risk management is a core area of Storebrand's business. Risk and solidity are both followed up on at the Group level and in the legal entities. Regulatory requirements for financial strength and risk management follow, to a large extent, the legal entities. The section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

Storebrand Life Insurance Group

Solvency margin of the Storebrand Life Insurance Group¹⁾ was 178 per cent at the end of the quarter. This is an improvement of 4 percentage points during the quarter. For the year to date, the solvency margin has improved by 16 percentage points. In addition to the proportion of the partial result for the year, the strengthening of the solvency margin is mainly related to an increase in long-term rates in Sweden. The Storebrand Life Insurance Group's Swedish insurance liabilities are discounted by a market interest rate that is based on the Swedish solvency rules and higher interest rates reduce the liabilities.

The solvency capital²⁾ comprised NOK 51.7 billion at the end of the third quarter, an increase of NOK 2.0 billion during the quarter and NOK 4.9 billion for the year to date in consequence of, among other things, increased customer buffers and the result for the year.

Solidity

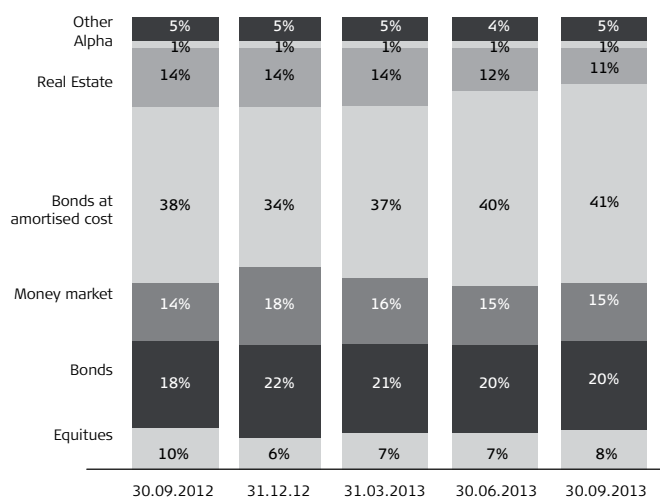


Storebrand Livsforsikring AS

The market value adjustment reserve for the third quarter and for the year to date increased by NOK 0.7 billion and comprises NOK 1.8 billion at the end of the quarter. The additional statutory reserves comprised NOK 5.1 billion at the end of the quarter, a reduction during the quarter of NOK 0.2 billion that was due to drawing on the additional statutory reserves in consequence of low returns having been recognised for paid-up policies. Excess value of bonds held at amortised cost that are assessed at amortised cost was reduced by NOK 0.3 billion during the quarter and 0.5 billion for the year to date, comprising NOK 4.7 billion as at 30 September. The excess value of held-to-maturity bonds is not included in the financial statements. Storebrand has an estimated need to increase reserves by NOK 11.5 billion in consequence of the introduction of new mortality tables beginning in 2014. The Financial Supervisory Authority of Norway is planning a period of five years to build this up starting on 1 January 2014. Total reserves for longevity as per the third quarter of 2013 comprise 4.8 billion (final allocation will occur at the end of the year).

For the customer portfolios with interest guarantees, allocations to bonds held at amortised cost have increased during the course of the quarter. The allocation for property has been reduced.

Asset allocation in customer portfolios with interest rate guarantee



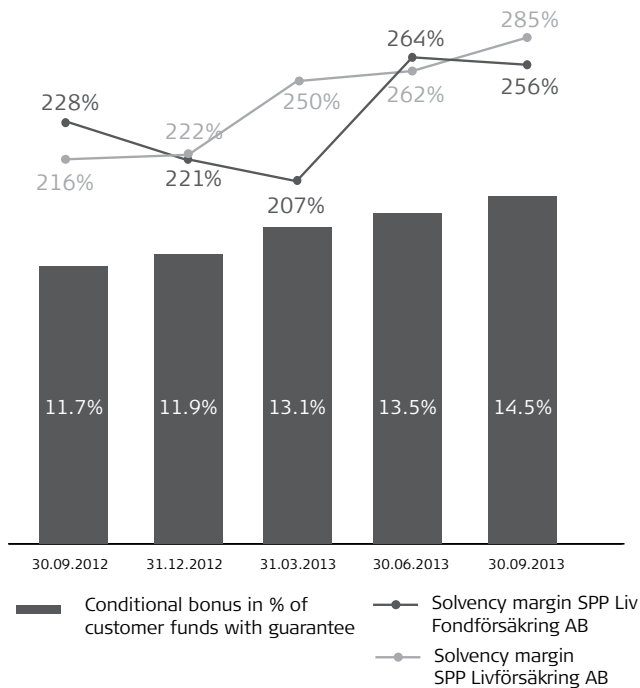
During the quarter, total customer assets increased by NOK 2 billion, of which NOK 1 billion is non-guaranteed, and amounted to NOK 217 billion as of 30 June.

¹⁾ Storebrand Livsforsikring, SPP and BenCo

²⁾ Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, additional statutory reserves, conditional bonus, reserves on value bonds at amortised cost and profit carried forward.

SPP

Solidity

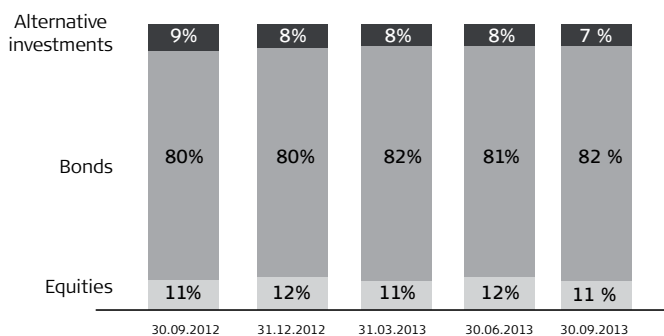


Solvency

The solvency margin of SPP Livförsäkring AB was 285 per cent (262 per cent) and 256 per cent (264 per cent) for SPP Liv Fondförsäkring AB at the end of the quarter. The figures in parentheses show the solvency margin for the preceding quarter. For solvency calculations in Sweden, insurance liabilities are discounted by a market interest rate.

The buffer capital (conditional bonuses) comprises NOK 10.6 billion (NOK 9.6 billion). The increase is primarily due to rising equity markets

Asset allocation in customer portfolios with interest rate guarantee



Total customer funds at SPP comprised NOK 131 billion, an increase of 6 billion from the preceding quarter.

Outlook

Earnings performance

Low interest rates are challenging for insurance companies that have to cover an annual interest rate guarantee. Interest rate levels has risen somewhat in recent months and good investment opportunities continue to exist in the bond market with expected returns that exceed the rate being guaranteed. Storebrand has a strategy of pursuing growth in products where the results are less affected by short-term fluctuations in the financial markets. The result development will also be affected by the changes that occur in Norwegian regulations for occupational pensions in the future. Growth is still expected in Storebrand's core markets, driven by low unemployment and good wage growth.

Storebrand is continuously adapting to enhance its competitiveness and earnings from its business operations. Among other things, through a cost programme that aims to reduce the Storebrand Group's costs by at least NOK 400 million before the end of 2014.

Risk

Storebrand is exposed to several types of risk through its business areas. Trends in interest rates and the property and equity markets are assessed to be the most significant risk factors that can affect the Group's result. Over time, it is important to be able to deliver a return that exceeds the interest rate guarantees of the products. Risk management is therefore a prioritised core area for the group. In addition, the disability and life expectancy trends are key risks.

Regulatory changes in private occupational pensions

Occupational pension legislation in Norway is undergoing a series of changes in order to adapt them to National Insurance reforms. On 4 October of this year, the government submitted a draft law to the Storting containing a new occupational pension product. The draft legislation follows up on NOU 2012:13. The proposed product is defined contribution based with a possibility for premiums up to 7 per cent up to 7.1G and will permit premiums of up to 25.1 per cent of wages between 7.1G and 12G. Schemes in the new product have mortality inheritance. The corporate customer can choose whether the occupational pension is to include wage adjustment, zero guarantee or individual investment choices. It is proposed that the law enter into effect beginning in 2014.

The Ministry will consider increased rates for defined contribution in parallel with the discussion in the Storting such that these may be introduced simultaneously with this law involving a new occupational pension entering into effect.

The proposed law does not address the issue of winding up defined benefit pensions. This issue is expected to be considered in connection with the Banking Law Commission's mandate to evaluate whether it is possible and desirable to develop a new defined benefit pension product. The proposed law does not address the Banking Law Commission's proposal for changes to the regulations for guaranteed benefits as discussed in NOU 2013:3. Hence the challenges involving paid-up policies under Solvency II as described in NOU 2012:3 will not be resolved through the measures that are proposed in the draft legislation.

The Ministry of Finance has, furthermore, asked the Financial Supervisory Authority of Norway to assess the need for more detailed rules concerning disbursement profiles and advising for paid-up policies with investment options, as well as the handling of paid-up policies with inadequate reserves upon conversion. The goal is for this law to enter into effect simultaneously with the new law for occupational pensions.

Solvency II

Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and the EEC area. It is now expected that final adoption in the EU Parliament could occur in early 2014, and that the regulations will be introduced beginning on 1 January 2016. The European supervisory authority (EIOPA) has introduced formal requirements for preparations for Solvency II with effect from 1 January 1.1.2014. This involves the requirements in Solvency II for business management and controls (pillar 1) being phased in, including requirements for self-assessment of risk and solvency (ORSA), and that parts of the reporting requirements to the supervisory authorities (pillar 3) be introduced as at 31/12/2014. The capital requirements (pillar 2) and the reporting requirements for the market will not apply before formal Solvency II implementation. Storebrand is working actively to adapt to the new solvency regulations and aim to adapt to the new regulatory framework without raising additional equity capital.

Future reserves against anticipated higher life expectancy

The Financial Supervisory Authority of Norway has, in a letter of 8 March, decided to introduce a new mortality tariff, K2013, for group pension insurance at life insurance companies and pension funds with effect starting in 2014. The new mortality tariff will significantly increase the need for reserves due to the higher expected life expectancy. An escalation period will be permitted, which should not exceed five years from the start in 2014 in the opinion of the Financial Supervisory Authority of Norway. At present, the transition rules are unclear, however it will be permitted to use customer surplus returns to cover increased reserves combined with a minimum coverage of 20 per cent from the shareholders. The details of the plans to build up the reserves have not been established yet and will have an effect on the contributions by the shareholders. For accounting purposes, the expected cover by the owner in the future will be considered a reduction in the expected future surplus, and no special provisions have been made for this expected cover by the owner as at 30/09/2013. The required build-up of reserves for group pensions is estimated to be NOK 11.5 billion or around 8 per cent of the premium reserves. Storebrand has set aside a total of NOK 4.3 billion during the period from 2011 to 2012 for future reserves for long life expectancy. The Group also has other buffers and reserves that may be utilised to build up reserves depending upon the final regulations."

Lysaker, 29 October 2013

Board of Directors of Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

NOK million	Q3		1.1 - 30.09		Full year 2012
	2013	2012	2013	2012	
TECHNICAL ACCOUNT:					
Gross premiums written	5,193	5,248	18,564	18,178	23,740
Reinsurance premiums ceded		-4	-72	-70	-76
Premium reserves transferred from other companies	531	1,465	4,043	2,791	3,615
Premiums for own account	5,724	6,708	22,535	20,899	27,279
Income from investments in subsidiaries, associated companies and joint-controlled companies	4	28	19	46	48
Interest income and dividends etc. from financial assets	1,703	2,175	5,965	6,259	9,424
Net operating income from real estate	265	307	898	978	1,266
Changes in investment value	1,243	2,245	-2,001	1,480	-210
Realised gains and losses on investments	-193	824	690	2,665	5,344
Total net income from investments in the collective portfolio	3,022	5,577	5,570	11,427	15,871
Income from investments in subsidiaries, associated companies and joint-controlled companies	-1				
Interest income and dividends etc. from financial assets	-21	834	-4	940	1,832
Net operating income from real estate	19	24	64	79	105
Changes in investment value	2,684	1,022	6,726	2,831	2,820
Realised gains and losses on investments	211	144	225	329	621
Total net income from investments in the investment selection portfolio	2,892	2,024	7,010	4,180	5,378
Other insurance related income	364	316	998	861	1,157
Gross claims paid	-4,624	-4,344	-14,047	-12,593	-17,931
Claims paid - reinsurance	12	-3	22	8	13
Gross change in claims reserve	-39	-16	-32	-33	-65
Premium reserves etc. transferred to other companies	-1,070	-607	-9,610	-3,616	-4,366
Claims for own account	-5,721	-4,970	-23,667	-16,234	-22,348
To (from) premium reserve, gross	1,399	-2,836	5,942	-4,545	-7,822
To/from additional statutory reserves	159	-214	442	-29	-387
Change in value adjustment fund	-733	-1,120	-734	-2,379	-1,027
Change in premium fund, deposit fund and the pension surplus fund	-7	-22	-27	-68	-74
To/from technical reserves for non-life insurance business	-36	-22	-80	-109	-92
Change in conditional bonus	-642	-440	-1,427	-1,330	-1,458
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	3	108	34	121	152
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	141	-4,546	4,151	-8,337	-10,709
Change in premium reserve	-5,309	-3,266	-12,480	-8,516	-12,084
Change in other provisions	-11			52	13
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-5,320	-3,266	-12,480	-8,464	-12,071
Profit on investment result					-155
Other allocation of profit					-3
Unallocated profit	154	-707	-636	-1,068	
Funds allocated to insurance contracts	154	-707	-636	-1,068	-158

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	Q3		1.1 - 30.09		Full year 2012
	2013	2012	2013	2012	
Management expenses	-86	-67	-241	-218	-297
Selling expenses	-93	-122	-388	-299	-521
Change in pre-paid direct selling expenses	4	7	15	36	45
Insurance-related administration expenses (incl. commissions for reinsurance received)	-447	-538	-1,172	-1,442	-1,831
Reinsurance commissions and profit participation				6	6
Insurance-related operating expenses	-622	-720	-1,786	-1,917	-2,599
Other insurance related expenses	-20	-53	-109	-139	-210
Technical insurance result	614	364	1,586	1,207	1,590
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint-controlled companies	64	1	75	-2	-3
Interest income and dividends etc. from financial assets	96	125	326	401	551
Net operating income from real estate	11	16	40	50	67
Changes in investment value	14	57	9	94	40
Realised gains and losses on investments	13	1	34	9	70
Net income from investments in company portfolio	197	199	482	551	724
Other income	137	220	432	464	459
Management expenses	-8	-8	-24	-23	-31
Other costs	-322	-397	-1,040	-1,027	-1,253
Management expenses and other costs linked to the company portfolio	-330	-405	-1,064	-1,049	-1,284
Profit or loss on non-technical account	4	15	-150	-34	-101
Profit before tax	617	378	1,436	1,173	1,489
Tax costs	1	-83	49	-240	-372
PROFIT BEFORE OTHER COMPREHENSIVE INCOME	618	296	1,485	932	1,117
Actuarial gains and losses on defined benefit pensions - benefits to employees	-3	-5	7	-31	221
Change in value adjustment reserve own buildings	22	31	60	71	90
Re-statement differences	305	118	765	54	-103
Adjustment of insurance liabilities	-22	-31	-60	-71	-90
Tax on other comprehensive income	1				-84
Other comprehensive income and costs	302	113	771	24	35
COMPREHENSIVE INCOME	920	408	2,256	956	1,151
PROFIT IS DUE TO:					
Minority share of profit	1	6	6	16	14
Majority share of profit	618	289	1,479	917	1,103
COMPREHENSIVE INCOME IS DUE TO:					
Minority share of profit	4	8	15	15	11
Majority share of profit	916	401	2,240	941	1,140

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION STOREBRAND LIVSFORSIKRING GROUP

NOK million	30.09.2013	30.09.2012	31.12.2012
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill	791	739	724
Other intangible assets	4,922	4,946	4,754
Total intangible assets	5,713	5,685	5,478
Real estate at fair value	1,011	1,316	1,208
Real estate for own use	61	63	58
Equities and units in subsidiaries, associated companies and joint-controlled companies	203	121	121
Loans to and securities issued by subsidiaries, associated companies		69	69
Lendings	3	5	4
Bonds held to maturity	245	221	222
Bonds at amortised cost	1,338	1,242	1,156
Equities and other units at fair value	86	208	44
Bonds and other fixed-income securities at fair value	17,439	15,168	15,716
Derivatives at fair value	161	286	255
Other financial assets	216	274	126
Total investments	20,764	18,974	18,980
Reinsurance share of insurance obligations	121	147	144
Receivables in connection with direct business transactions	1,211	33	101
Receivables in connection with reinsurance transactions	13	4	7
Receivables with group company	18	16	23
Other receivables	2,849	6,114	3,653
Total receivables	4,091	6,168	3,783
Tangible fixed assets	409	353	388
Cash, bank	3,232	2,807	2,938
Tax assets	41	20	38
Other assets designated according to type	663	594	599
Total other assets	4,345	3,774	3,964
Pre-paid direct selling expenses	501	444	443
Other pre-paid costs and income earned and not received	225	190	90
Total pre-paid costs and income earned and not received	726	634	533
Total assets in company portfolio	35,758	35,381	32,883
ASSETS IN CUSTOMER PORTFOLIO			
Real estate at fair value	21,451	25,055	25,401
Real estate for own use	2,302	1,972	2,066
Equities and units in subsidiaries, associated companies and joint-controlled companies	18	302	116
Loans to and securities issued by subsidiaries, associated companies	184	496	596
Bonds held to maturity	11,570	10,435	10,496
Bonds at amortised cost	63,153	58,618	54,557
Lendings	3,605	3,487	3,702
Equities and other units at fair value	33,043	33,462	27,152
Bonds and other fixed-income securities at fair value	138,360	128,269	139,040
Financial derivatives at fair value	614	3,440	2,575
Other financial assets	2,654	5,008	3,462
Total investments in collective portfolio	276,953	270,544	269,164

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.09.2013	30.09.2012	31.12.2012
Real estate at fair value	1,632	2,111	2,114
Real estate for own use	97	105	107
Lendings	76	133	140
Equities and other units at fair value	53,721	43,351	45,014
Bonds and other fixed-income securities at fair value	30,007	24,460	25,168
Financial derivatives at fair value	8	158	169
Other financial assets	208	276	397
Total investments in investment selection portfolio	85,750	70,593	73,108
Total assets in customer portfolio	362,703	341,137	342,272
TOTAL ASSETS	398,462	376,518	375,155
EQUITY AND LIABILITIES			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Total paid in equity	13,251	13,251	13,251
Risk equalisation fund	743	581	640
Other earned equity	3,887	2,262	3,223
Earned profit	1,382	821	
Minority's share of equity	156	167	148
Total earned equity	6,168	3,830	4,011
Perpetual subordinated loan capital	2,765	5,090	5,142
Dated subordinated loan capital	2,353		
Hybrid tier 1 capital	1,502	1,501	1,502
Total subordinated loan capital and hybrid tier 1 capital	6,620	6,591	6,643
Premium reserves	250,106	243,924	245,333
Additional statutory reserves	4,879	5,130	5,489
Market value adjustment reserve	1,761	2,379	1,027
Claims allocation	876	806	837
Premium fund, deposit fund and the pension surplus fund	3,133	3,055	3,394
Conditional bonus	13,588	11,355	11,264
Unallocated profit to insurance contracts	542	762	
Other technical reserve	617	581	561
Total insurance obligations in life insurance - contractual obligations	275,503	267,992	267,905
Premium reserve	85,662	69,981	72,751
Claims allocation	1	1	1
Additional statutory reserves	253	249	257
Premium fund, deposit fund and the pension surplus fund	166	459	487
Unallocated profit to insurance contracts	94	306	
Total insurance obligations in life insurance - investment portfolio separately	86,176	70,995	73,495
Pension liabilities etc.	836	1,082	839
Period tax liabilities	1,341	1,083	1,377
Other provisions for liabilities	73	151	115
Total provisions for liabilities	2,250	2,317	2,331

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.09.2013	30.09.2012	31.12.2012
Liabilities in connection with direct insurance	1,330	2,294	1,317
Liabilities in connection with reinsurance	6	5	4
Financial derivatives	2,150	997	755
Liabilities to group companies	20	12	14
Other liabilities	4,541	7,710	4,950
Total liabilities	8,047	11,018	7,041
Other accrued expenses and received, unearned income	448	524	478
Total accrued expenses and received, unearned income	448	524	478
TOTAL EQUITY AND LIABILITIES	398,462	376,518	375,155

Storebrand Livsforsikring Group

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

NOK million	Majority's share of equity				Risk equalisation fund ¹⁾	Other equity ¹⁾	Minority interests	Total equity
	Share capital	Share premium	Total paid in equity					
Equity at 31.12.2011	3,430	9,271	12,701	469	2,474	177	15,821	
Profit				112	805	16	932	
Comprehensive income:								
Re-statement differences					-31		-31	
Pension experience adjustments					55	-1	54	
Total revenue and costs for the period				112	829	15	956	
Equity transactions with owner:								
Share issue	110	440	550				550	
Group contributions					-200	-8	-208	
Acquisition of minority						-11	-11	
Other					-20	-6	-26	
Equity at 30.09.2012	3,430	9,271	12,701	581	3,083	167	17,081	
Profit				171	931	14	1,117	
Comprehensive income:								
Re-statement differences					-100	-3	-103	
Pension experience adjustments					137		137	
Total revenue and costs for the period				171	969	11	1,151	
Equity transactions with owner:								
Share issue	110	440	550				550	
Group contributions					-200	-26	-226	
Acquisition of minority						-14	-14	
Other					-19	-1	-20	
Equity at 31.12.2012	3,540	9,711	13,251	640	3,223	148	17,262	
Profit				103	1,376	6	1,485	
Comprehensive income:								
Re-statement differences					755	10	765	
Pension experience adjustments					7		7	
Total revenue and costs for the period				103	2,138	15	2,256	
Equity transactions with owner:								
Group contributions					-85	-9	-94	
Other					-7	1	-6	
Equity at 30.09.2013	3,540	9,711	13,251	743	5,269	155	19,419	

¹⁾Includes undistributable funds in the risk equalisation fund amounting to NOK 743 million and security reserves amounting NOK 154 million. The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. The risk equalisation reserve and contingency reserves are not considered. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences.

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

NOK million	Q3		1.1 - 30.09		Full year 2012
	2013	2012	2013	2012	
TECHNICAL ACCOUNT:					
Gross premiums written	3,408	3,729	12,970	12,716	16,762
Reinsurance premiums ceded	-2		-22	-30	-35
Premium reserves transferred from other companies	236	1,395	2,585	2,604	3,138
Premiums for own account	3,642	5,124	15,532	15,290	19,865
Income from investments in subsidiaries, associated companies and joint-controlled companies	203	255	791	430	610
of which from investment in real estate companies	188	264	733	450	620
Interest income and dividends etc. from financial assets	1,027	1,447	3,632	3,989	6,382
Changes in investment value	734	965	736	2,497	1,345
Realised gains and losses on investments	111	551	250	564	1,854
Total net income from investments in the collective portfolio	2,075	3,219	5,409	7,480	10,191
Income from investments in subsidiaries, associated companies and joint-controlled companies	15	23	57	39	54
of which from investment in real estate companies	15	24	56	40	54
Interest income and dividends etc. from financial assets	-27	-3	-18	59	933
Changes in investment value	1,042	907	2,535	1,648	875
Realised gains and losses on investments	192	221	231	366	634
Total net income from investments in the investment selection portfolio	1,222	1,148	2,805	2,111	2,496
Other insurance related income	60	44	161	131	177
Gross claims paid	-2,854	-2,897	-9,030	-8,132	-11,938
Claims paid - reinsurance	6	1	15	8	13
Gross change in claims reserve	-40	-17	-33	-36	-70
Premium reserves etc. transferred to other companies	-366	-206	-7,096	-2,506	-2,765
Claims for own account	-3,254	-3,120	-16,143	-10,665	-14,760
To (from) premium reserve, gross	240	-1,759	444	-4,348	-7,192
To/from additional statutory reserves	-21	-95	106	-33	-387
Change in value adjustment fund	-733	-1,120	-734	-2,379	-1,027
Change in premium fund, deposit fund and the pension surplus fund	-7	-22	-27	-68	-74
To/from technical reserves for non-life insurance business	-42	-34	-90	-128	-115
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	3	108	34	121	152
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-561	-2,921	-267	-6,835	-8,643
Change in premium reserve	-2,798	-2,006	-5,130	-4,503	-6,541
Change in other provisions	-11			52	13
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-2,809	-2,006	-5,131	-4,450	-6,528
Profit on investment result					-155
Other allocation of profit					-3
Unallocated profit	154	-707	-636	-1,068	
Funds allocated to insurance contracts	154	-707	-636	-1,068	-158

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	Q3		1.1 - 30.09		Full year 2012
	2013	2012	2013	2012	
Management expenses	-34	-33	-100	-101	-133
Selling expenses	-38	-80	-223	-170	-306
Insurance-related administration expenses (incl. commissions for reinsurance received)	-262	-353	-664	-910	-1,153
Insurance-related operating expenses	-334	-467	-986	-1,181	-1,591
Other insurance related expenses after reinsurance share	-12	-38	-73	-117	-129
Technical insurance result	182	276	671	695	920
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint-controlled companies	-109	13	-14	93	289
of which from investment in real estate companies	9	14	34	24	33
Interest income and dividends etc. from financial assets	140	159	471	496	703
Changes in investment value	18	53	-7	102	62
Realised gains and losses on investments	10	7	31	25	51
Net income from investments in company portfolio	60	232	481	716	1,104
Other income	5	5	21	16	21
Management expenses	-3	-2	-8	-7	-9
Other costs	-115	-118	-383	-374	-491
Total management expenses and other costs linked to the company portfolio	-118	-120	-391	-382	-501
Profit or loss on non-technical account	-53	117	111	351	624
Profit before tax	129	393	782	1,046	1,545
Tax costs	65	-85	150	-240	-377
PROFIT BEFORE OTHER COMPREHENSIVE INCOME	194	308	932	806	1,168
Actuarial gains and losses on defined benefit pensions - benefits to employees					264
Re-statement differences			-2		
Tax on other comprehensive income					-74
Other comprehensive income and costs			-1		190
COMPREHENSIVE INCOME	194	308	931	806	1,357

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION STOREBRAND LIVSFORSIKRING AS

NOK million	30.09.2013	30.09.2012	31.12.2012
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Other intangible assets	129	114	108
Total intangible assets	129	114	108
Equities and units in subsidiaries, associated companies and joint-controlled companies	10,527	10,986	10,707
of which investment in real estate companies	1,060	1,509	1,268
Loans to and securities issued by subsidiaries, associated companies	7,143	6,784	6,748
Loans	3	4	4
Bonds held to maturity	245	221	222
Bonds at amortised cost	1,338	1,242	1,156
Equities and other units at fair value	49	136	17
Bonds and other fixed-income securities at fair value	7,096	4,803	5,691
Derivatives at fair value	161	286	255
Other financial assets	152	83	109
Total investments	26,714	24,545	24,910
Reinsurance share of insurance obligations	144	176	171
Receivables in connection with direct business transactions	1,199	2,242	1,527
Receivables in connection with reinsurance transactions	13	4	7
Receivables with group company	17	19	53
Other receivables	1,250	1,125	892
Total receivables	2,478	3,390	2,478
Tangible fixed assets	41	59	58
Cash, bank	1,006	1,390	1,408
Total other assets	1,047	1,449	1,466
Other pre-paid costs and income earned and not received	34	43	31
Total pre-paid costs and income earned and not received	34	43	31
Total assets in company portfolio	30,546	29,715	29,164
ASSETS IN CUSTOMER PORTFOLIOS			
Equities and units in subsidiaries, associated companies and joint-controlled companies	23,013	29,497	29,666
of which investment in real estate companies	22,420	29,026	28,948
Bonds held to maturity	11,570	10,435	10,496
Bonds at amortised cost	63,153	58,618	54,557
Loans	3,605	3,487	3,702
Equities and other units at fair value	18,828	17,655	12,218
Bonds and other fixed-income securities at fair value	59,090	52,904	63,648
Financial derivatives at fair value	94	1,119	556
Other financial assets	1,036	1,469	1,454
Total investments in collective portfolio	180,389	175,184	176,297

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.09.2013	30.09.2012	31.12.2012
Equities and units in subsidiaries, associated companies and joint-controlled companies	1,810	2,456	2,462
of which investment in real estate companies	1,797	2,438	2,443
Loans	76	133	140
Equities and other units at fair value	17,742	14,603	14,697
Bonds and other fixed-income securities at fair value	16,713	15,853	17,309
Financial derivatives at fair value	8	157	169
Other financial assets	184	186	357
Total investments in investment selection portfolio	36,534	33,388	35,134
Total assets in customer portfolios	216,923	208,572	211,431
TOTAL ASSETS	247,469	238,288	240,595
EQUITY AND LIABILITIES			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Total paid in equity	13,251	13,251	13,251
Risk equalisation fund	743	581	640
Other earned equity	4,300	3,115	4,301
Earned profit	829	694	
Total earned equity	5,872	4,389	4,941
Perpetual subordinated loan capital	2,765	5,090	5,142
Dated subordinated loan capital	2,353		
Hybrid tier 1 capital	1,502	1,501	1,502
Total subordinated loan capital and hybrid tier 1 capital	6,620	6,591	6,643
Premium reserves	165,428	159,390	162,268
Additional statutory reserves	5,215	5,134	5,489
Market value adjustment reserve	1,761	2,379	1,027
Claims allocation	792	726	760
Premium fund, deposit fund and the pension surplus fund	3,133	3,055	3,394
Other technical reserve	542	762	
Total insurance obligations in life insurance - contractual obligations	794	748	731
Total insurance obligations in life insurance - contractual obligations	177,667	172,194	173,669
Premium reserves	36,407	32,710	34,703
Claims allocation	1	1	1
Additional statutory reserves	253	249	257
Premium fund, deposit fund and the pension surplus fund	166	459	487
Unallocated profit to insurance contracts	94	306	
Total insurance obligations in life insurance - investment portfolio separately	36,921	33,724	35,447

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.09.2013	30.09.2012	31.12.2012
Pension liabilities etc.	571	820	571
Period tax liabilities	995	935	1,146
Other provisions for liabilities	35	31	66
Total provisions for liabilities	1,601	1,786	1,783
Liabilities in connection with direct insurance	978	2,043	1,003
Liabilities in connection with reinsurance	4	2	2
Financial derivatives	756	525	206
Liabilities to group companies	2,514	12	2,490
Other liabilities	1,030	3,448	866
Total liabilities	5,282	6,031	4,567
Other accrued expenses and received, unearned income	255	321	294
Total accrued expenses and received, unearned income	255	321	294
TOTAL EQUITY AND LIABILITIES	247,469	238,288	240,595

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital ¹⁾	Share premium	Total paid in equity	Risk equalisation fund ²⁾	Other equity	Total equity
Equity at 31.12.2011	3,430	9,271	12,701	469	3,115	16,285
Profit				112	694	806
Equity transactions with owner:						
Share issue	110	440	550			550
Equity at 30.09.12	3,540	9,711	13,251	581	3,809	17,640
Profit				171	996	1,168
Comprehensive income:						
Pension experience adjustments					190	190
Total revenue and costs for the period				171	1,186	1,358
Equity transactions with owner:						
Share issue	110	440	550			550
Other						
Equity at 31.12.2012	3,540	9,711	13,251	640	4,301	18,192
Profit				103	829	932
Comprehensive income:						
Re-statement differences					-1	-1
Total revenue and costs for the period				103	827	930
Equity at 30.09.2013	3,540	9,711	13,251	743	5,128	19,123

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

²⁾ Restricted equity 743 million. The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. The risk equalisation reserve and contingency reserves are not considered liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences.

Storebrand Livsforsikring

CASH FLOW ANALYSIS 1. JANUARY - 30. SEPTEMBER

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2012	2013	NOK million	2013	2012
Cash flow from operational activities				
14,265	16,468	Net received - direct insurance	12,134	9,018
-12,031	-14,128	Net claims/benefits paid - direct insurance	-9,117	-7,271
-825	-5,567	Net receipts/payments - policy transfers	-4,512	98
-1,917	-1,786	Net receipts/payments - other operational activities	-986	-1,181
-410	-133	Net receipts/payments operations	-303	-1,333
-918	-5,147	Net cash flow from operational activities before financial assets	-2,785	-669
-610	161	Net receipts/payments - lendings to customers	161	-610
3,497	-672	Net receipts/payments - financial assets	2,188	639
730	5,402	Net receipts/payments - real estate activities		0.0
-1,327	997	Net change bank deposits insurance customers	591	222
2,290	5,888	Net cash flow from operational activities from financial assets	2,941	252
1,372	741	Net cash flow from operational activities	156	-417
Cash flow from investment activities				
-260	428	Net payments - purchase/capitalisation of subsidiaries and associated companies	92	523
-67	-110	Net receipts/payments - sale/purchase of fixed assets	-25	-37
-327	319	Net cash flow from investment activities	67	486
Cash flow from financing activities				
-930	2,222	Payment of subordinated loan capital	2,222	
550		Payments - share issue		550
	-2,366	Repayment of subordinated loan capital	-2,366	
-464	-437	Payments - interest on subordinated loan capital	-437	-464
-208	-94	Payments - group contribution dividends		-200
-1,052	-675	Net cash flow from financing activities	-582	-114
-7	385	Net cash flow for the period	-358	-44
-2,297	-5,503	of which net cash flow for the period before financial assets	-3,299	-296
-7	385	Net movement in cash and cash equivalent assets	-358	-44
3,088	3,064	Cash and cash equivalent assets at start of the period	1,517	1,517
3,081	3,449	Cash and cash equivalent assets at the end of the period	1,158	1,472

Notes to the interim accounts

NOTE 1: ACCOUNTING POLICIES

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries, and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting.

No significant changes have been made to the accounting policies applied in 2013, except for a change in IAS 19 – Employee Benefits for Storebrand Livsforsikring AS. The Group has not made any significant changes to the accounting policies applied in 2013, except for a change in IAS 19 – Employee Benefits following the consolidated accounts for 2012 adopted by the Board on 8 March 2013. See note 6 for further details. The corporate organisation was changed in Q2 2013, which has resulted in changes to segment reporting. See description of the new segments in note 7. Storebrand has changed the group organisation and segment reporting. See descriptions of the segments in note 7.

As of 1 January 2014, IFRS 10 Consolidated Financial Statements will come into effect. This standard will replace parts of IAS 27 concerning financial statements. The content of the control concept has changed in the new standard and will entail an increased degree of assessment of units that are controlled by the company. There may be changes in the consolidation of certain commitments and funds as a result of the definition change for the control concept. This could produce changes that affect the presentation of the profit and loss account and balance sheet for the group.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2012 annual report.

NOTE 2: ESTIMATES

Critical accounting estimates and judgements are described in the annual accounts for 2012 in note 2 and the valuation of financial instruments at fair value is described in note 11.

In preparing the Group's financial statements the management are required to make judgements, estimates 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.

In a letter of 8 March, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. The new mortality basis will significantly increase the need for reserves due to the higher expected life expectancy. An escalation period will be permitted, which should not exceed five years from the start in 2014 in the opinion of the Financial Supervisory Authority of Norway. The details of the transitional rules are still unclear at present. However, it looks like the use of customer surpluses to cover the increased provisions combined with minimum cover of about 20 per cent from the pension funds will be permitted. The details of the plans to build up the reserves have not been established yet and may have a significant effect on the contributions from the pension funds.

For accounting purposes, the expected cover by the owner will be considered as a reduction in the expected future surplus, and no special provisions have been made for this expected cover by the owner as at 30/09/2013. The required build-up of reserves for group pensions is estimated to be NOK 11.5 billion or around 8 per cent of the premium reserves. Storebrand has set aside a total of NOK 4.3 billion during the period from 2011 to 2012 for future reserves for long life expectancy. The Group also has other buffers and provisions that may be utilized to build up reserves depending upon the final regulations.

In its letter of 11 October, the Ministry of Finance has decided which reserves will follow the transition. The Ministry of Finance has given as a basis for this "that it is the insurance cash value of the contract least in accordance with the five-year escalation plan level at which the ceding company is at the time of transition, that shall be used as a basis for the calculation of transition value". If there are reserves in addition to this, the actual reserve follows with transition. It remains to clarify final conditions around the building up of reserves and the conditions for transition to the new occupational pension.

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An immaterial asset (value of business in-force – VIF) linked to the insurance contracts in the Swedish activities is also included. There are several elements that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to trends in life expectancy and invalidity, and legal aspects such as amendments to legislation and judgements handed down in court cases etc. In addition, the insurance liabilities in the Swedish activities are affected by changes in the market rate. In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, can have an impact on the amount recorded that is linked to the insurance contracts. Please also refer to note 6 Insurance risk in the 2012 annual report.

Notes to the interim accounts

NOTE 3: TAX

Tax costs per September 30th are estimated based on an expected effective tax rate for 2013. There will be uncertainty associated with these estimates.

In the first three quarters, tax-free sale of properties have been carried out (cf. note 10) where previously allocations have been made for deferred tax. The reversal of this deferred tax, amounting to about NOK 370 million, is included in its entirety as at 30 September.

NOTE 4: INFORMATION ABOUT CLOSE PARTIES

Storebrand conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and close parties are stipulated in notes 19 and 42 in the 2012 annual report.

In Q1 2013, Storebrand Livsforsikring AS converted subordinated loans in Formuesforvaltning AS into shares, and acquired all shares which Storebrand Finansiell Rådgivning owned in Formuesforvaltning through an intergroup transaction. There has not otherwise been any material transactions other than normal business transactions with close associates as at the end of the Q3 2013.

NOTE 5: FINANCIAL MARKET RISK

Financial risk is described in the 2012 annual report in notes 2 (Critical accounting estimates and judgements), 3 (Risk management and internal control), 7 (Financial market risk), 8 (Liquidity risk) and 9 (Credit risk).

During the first part of the year, financial markets were characterised by conflicting signals. Key figures for economic growth were mainly weaker than expected, especially in the USA and China. On the other hand, fear of sovereign debt crisis in Europe decreased. During the 3rd Quarter the growth outlook improved, especially in Japan and Europe, but from a low level in Europe. Even employment figures in Europe are beginning to stabilise, and in September the consensus for 2013 GDP growth in the Eurozone was revised upwards for the first time in two years. The financial markets have also been supported by the central banks which have continued their aggressive low-interest-rate policies. The budget crisis related to the US debt ceiling has created uncertainty in the market during the quarter.

The stock market has been positive so far in 2013. At the end of the 3rd Quarter, the MSCI World Index soared 19 per cent, the Norwegian stock market (OSE) has risen 13 per cent and the Swedish (OMXS30) has risen 16 per cent. Market trends were positive until May, but part of the increase was reversed in June. In the 3rd Quarter, the stock market continued to rise.

Long-term rates have risen so far in 2013. 10-year swap rates have risen from 3.0 per cent to 3.4 per cent in Norway and from 2.0 per cent to 2.9 per cent in Sweden. Interest rates have also risen in the US and Europe. The main reason is the fear that the US's Federal Reserve will reduce its support purchases of bonds.

The Norwegian krone has weakened during the year. Viewed in isolation, this results in increased value, for both portfolio investment in foreign currency in customer and company portfolios and subsidiaries outside Norway. Storebrand has a hedging strategy that aims to reduce and control the effects of exchange rate fluctuations.

The greatest risk in the Norwegian activities is the company's return on the guaranteed customer portfolios. At the end of the 3rd Quarter, returns (market based) on the various guaranteed portfolios are better than or about on par with accrued guarantee, helped by strong equity markets and that bonds at amortised cost provide a return that is unaffected by the rate increase.

The Swedish activities have had their solvency strengthened as a result of the large increase in Swedish interest rates. In Norway, higher interest rates are also positive for risk in the long term because these make it easier to reach the guaranteed return.

In Sweden there have been small changes in investment allocations thus far this year. In Norway the equity share increased somewhat in the 2nd Quarter for the paid-up policy portfolio, but the share exposure is still at a low level. In the 3rd Quarter, there were small changes in investment allocations in Norway.

Notes to the interim accounts

The financial statements may be particularly affected by developments in market and interest rate risk. With respect to results, the Norwegian life insurance company is considered to be the most sensitive to changes in the interest rates (rising interest rates), the development of the stock market and real estate market when the book returns in guaranteed customer portfolios are under a guaranteed rate of return.

The Swedish life insurance company (SPP) is considered to be particularly sensitive to developments in the stock market and credit spreads.

NOTE 6: PENSION SCHEMES FOR OWN EMPLOYEES

Storebrand has a closed defined-benefit scheme and a defined-contribution scheme for its employees. Parts of the defined-benefit scheme are secured, and parts are unsecured. The schemes are recorded following the IAS 19 accounting standard. Long-term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the Basic Amount are particularly subject to a high degree of uncertainty.

The K2005 mortality table provides the basis for calculating the pension liabilities for the Norwegian companies. In a letter of 8 March 2013, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance effective from 2014. The new mortality basis K2013 must be implemented when calculating pension liabilities and will entail an increase in the pension liabilities in accordance with IAS19. There are several unresolved issues related to the adaptation of K2013 and it is expected that these will be resolved during the 4th Quarter. The new table has therefore not been used as a basis in determining the pension liabilities as at 30/09/2013.

The changes in other key assumptions for calculating pension liabilities under IAS 19 are relatively limited and new calculations of the liabilities have not been carried out as at 30/09/2013.

NOTE: 7 SEGMENTS - RESULT PER LINE OF BUSINESS

In second quarter of 2013, Storebrand changed its corporate organization to include the business areas Savings, Insurance, Guaranteed Pension and Other. These business areas will be main lines for financial reporting by segment . The figures for previous periods have been restated.

Savings

Consists of products that include long-term saving for retirement with no explicit interest rate guarantees. The area includes defined contribution pensions in Norway and Sweden, asset management and bank products to private individuals.

Insurance

Insurance is responsible for the group's risk products. The unit provides treatment insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee- and pension-related insurances in the Norwegian corporate market.

Guaranteed pension

Guaranteed pension consists of products that include long-term saving for retirement, where customers have a guaranteed return or performance of savings funds. The area includes defined contribution pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

Other

Under the category 'Other', the performance of the company's portfolios in Storebrand Livsforsikring and SPP are reported. Results related to operations such as BenCo and small subsidiaries during startup are also included.

Reconciliation with the official profit and loss accounting

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

Notes to the interim accounts

NOK million	Q3		1.1 - 30.9		Full year
	2013	2012	2013	2012	2012
Savings	77	21	209	106	139
Insurance	86	86	248	265	331
Guaranteed pension	474	276	1,183	906	1,193
Other	75	87	73	164	183
Result before amortisation and write-downs	712	469	1,714	1,441	1,846
Amortisation and write-downs of intangible assets	-95	-91	-279	-269	-357
Pre-tax profit	617	378	1,436	1,172	1,489

Result per line of business as of Q3

NOK million	Savings		Insurance		Guaranteed pension	
	2013	2012	2013	2012	2013	2012
Fee and administration income	266	208			517	463
Risk result life & pensions		1			147	68
Insurance premiums f.o.a.			499	453		
Claims f.o.a.			-369	-289		
Operational cost	-189	-188	-72	-98	-295	-389
Financial result			28	20		
Result before profit sharing and loan losses	77	21	86	86	369	143
Net profit sharing and loan losses					105	133
Group result before amortisation	77	21	86	86	474	276
Amortisation and write-downs of intangible assets						
Pre-tax profit	77	21	86	86	474	276

NOK million	Other		Storebrand Livsforsikring Group	
	2013	2012	2013	2012
Fee and administration income	28	33	811	703
Risk result life & pensions	-4	4	143	74
Insurance premiums f.o.a.			499	453
Claims f.o.a.			-369	-289
Operational cost	-17	-21	-573	-696
Financial result	69	68	95	88
Result before profit sharing and loan losses	76	84	607	333
Net profit sharing and loan losses	-1	3	104	136
Group result before amortisation	75	87	712	469
Amortisation and write-downs of intangible assets			-95	-91
Pre-tax profit	75	87	617	378

Notes to the interim accounts

Result per line of business 30.09

NOK million	Savings		Insurance		Guaranteed pension	
	2013	2012	2013	2012	2013	2012
Fee and administration income	759	625			1,554	1,405
Risk result life & pensions	4	1			239	229
Insurance premiums f.o.a.			1,458	1,297		
Claims f.o.a.			-1,071	-844		
Operational cost	-555	-522	-216	-238	-886	-1,021
Financial result			77	50		
Result before profit sharing and loan losses	208	105	248	265	907	613
Net profit sharing and loan losses	1	1			276	292
Group result before amortisation	209	106	248	265	1,183	906
Amortisation and write-downs of intangible assets						
Pre-tax profit	209	106	248	265	1,183	906
Assets	80,995	62,128	3,992	3,171	274,364	273,385
Liabilities	79,676	62,852	3,992	3,171	41,020	265,754

NOK million	Other		Storebrand Livsforsikring Group	
	2013	2012	2013	2012
Fee and administration income	86	102	2,399	2,132
Risk result life & pensions	5	9	248	240
Insurance premiums f.o.a.			1,458	1,297
Claims f.o.a.			-1,071	-844
Operational cost	-49	-57	-1,707	-1,838
Financial result	37	117	114	167
Result before profit sharing and loan losses	78	171	1,442	1,154
Net profit sharing and loan losses	-5	-7	273	287
Group result before amortisation	73	164	1,714	1,441
Amortisation and write-downs of intangible assets			-279	-269
Pre-tax profit	73	164	1,436	1,172
Assets	39,111	37,834	398,462	376,518
Liabilities	29,132	27,660	153,821	359,437

Notes to the interim accounts

NOTE: 8 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

NOK million	30.09.13		31.12.12	
	Booked value	Fair value	Booked value	Fair value
Financial assets				
Lending to customers	3,685	3,657	3,846	3,804
Bonds held to maturity	11,815	12,619	10,718	11,688
Bonds at amortised cost	64,491	68,373	55,713	59,968
Financial liabilities				
Subordinated loan capital	6,620	7,096	6,643	6,667

Fair value classified as level

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observ- able assump- tions (level 3)	Total fair value
				30.09.13
Financial assets				
Lending to customers		3,657		3,657
Bonds held to maturity		12,619		12,619
Bonds at amortised cost	1,125	67,247		68,373
Total fair value 31.12.12	1,155	74,305		
Financial liabilities				
Subordinated loan capital		7,096		7,096
Total fair value 31.12.12		3,131	3,537	

NOTE 9: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The Group conducts a comprehensive process to ensure that financial instruments and properties are valued as closely as possible to their market value. The company categorises financial instruments and properties that are valued at fair value into three different levels, which are described in more detail in the annual report for 2012. The levels express the differing degrees of liquidity and different measurement methods used. The Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

Financial instruments

Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Fund units are generally valued at the updated official NAV prices when such prices exist. Bonds are generally valued based on prices collected from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters and Bloomberg.

Properties

Properties are valued at fair value. Fair value is the expected amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The investment properties primarily consist of office buildings and shopping centres. No changes have been made to the policies for calculating fair value from the description provided in note 25 in the 2012 IFRS annual report.

External appraisals

A methodical approach is taken to a selection of properties that are to be appraised each quarter so that all properties are appraised at least every three years. In SPP appraisals are obtained for all of the property investments.

Notes to the interim accounts

Storebrand Livsforsikring Group

NOK million	Quoted prices (level 1)	Observable as- sumptions (level 2)	Non-observable assumptions (level 3)	30.09.13	31.12.12
Assets					
Equities and units					
- Equities	13,046	385	3,276	16,708	12,765
- Fund units	156	61,160	1,320	62,637	51,918
- Private Equity fund investments		244	6,051	6,294	6,090
- Hedge fund		6	27	33	50
- Real estate fund			1,178	1,178	1,387
Total equities and units	13,202	61,795	11,852	86,849	
Total equities and units 2012	9,305	51,652	11,253		72,211
Bonds and other fixed income securities					
- Government and government guaranteed bonds	13,673	33,166		46,839	50,731
- Credit bonds		22,522	1,626	24,148	25,046
- Mortgage and asset backed bonds		44,023		44,023	41,020
- Supranational and agency	47	6,269		6,316	3,647
- Bond funds		64,481		64,481	59,479
Total bonds and other fixed income securities	13,720	170,461	1,626	185,807	
Total bonds and other fixed income securities 2012	24,614	154,077	1,233		179,924
Derivatives:					
- Interest rate derivatives		-875		-875	1,650
- Currency derivatives		-492		-492	594
Total derivatives		-1,367		-1,367	
- derivatives with a positive market value		784		784	
- derivatives with a negative market value		-2,150		-2,150	
Total derivatives 2012		2,245			2,245
Real estate:					
- Real estate at fair value			24,094	24,094	
- Real estate for own use			2,460	2,460	
Total real estate			26,554	26,554	
Total real estate 2012			30,954		30,954

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	70	130

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period.

On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Notes to the interim accounts

Specification of papers pursuant to valuation techniques (non-observable assumptions)

NOK million	Equities	Fund units	Private Equity fund investments	Hedge fund	Real estate fund	Credit bonds	Real estate	Real estate for own use
Book value 01.01	3,116	1,670	5,406	25	1,372	1,233	28,723	2,231
Net profit/loss	22	327	687	10	-2,529	420	-122	77
Supply/disposal	584	1,512	545		2,590	264	222	72
Sales/overdue/settlement	-585	-1,918	-656	-8	-269	-412	-4,832	
To quoted prices and observable assumptions	8	-362	11		14	79		
Re-statement differences	131	90	58			42	103	80
Book value 30.09.13	3,276	1,320	6,051	27	1,178	1,626	24,094	2,460

Storebrand Livsforsikring AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	30.09.13	31.12.12
Assets					
Equities and units					
- Equities	4,345	157	1,707	6,209	2,828
- Fund units		23,026	759	23,786	18,646
- Private Equity fund investments		3	27	30	5,419
- Hedge fund		244	5,173	5,417	39
- Real estate fund			1,178	1,178	
Total equities and units	4,345	23,431	8,844	36,619	
Total equities and units 2012	1,255	18,704	6,973		26,932
Bonds and other fixed income securities					
- Government and government guaranteed bonds		5,937		5,937	8,552
- Credit bonds		11,193	1,043	12,236	14,284
- Mortgage and asset backed bonds		11,908		11,908	12,617
- Supranational and agency		1,425	52	1,477	722
- Bond funds		51,342		51,342	50,474
Total bonds and other fixed income securities		81,804	1,094	82,899	
Total bonds and other fixed income securities 2012	8,550	77,314	784		86,649
Derivatives:					
- Interest rate derivatives		126		126	388
- Currency derivatives		-621		-621	386
Total derivatives					
- derivatives with a positive market value		263		263	
- derivatives with a negative market value		-756		-756	
Total derivatives 2012		774			774

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	20	117

Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period.

On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Notes to the interim accounts

Specification of papers pursuant to valuation techniques (non-observable assumptions)

NOK million	Private Equity fund invest-ments					
	Equities	Fund units		Hedge fund	Real estate fund	Credit bonds
Book value 01.01	1,499	715	4,734	25		785
Net profit/loss	86	479	631	10	-2,529	57
Supply/disposal	252	750	391		3,962	168
Sales/overdue/settlement	-129	-1,185	-594	-8	-269	-6
To quoted prices and observable assumptions			11		14	39
Book value 30.09.13	1,707	759	5,173	27	1,178	1,043

NOTE 10: REAL ESTATE

Type of real estate	30.09.13						Leased amount in % 1)
	NOK million	30.09.13	30.09.12	31.12.12	Required rate of return % 2)	Duration of lease (years)	
Office buildings (including parking and storage):							
Oslo-Vika/Filipstad Brygge	6,135	6,214	6,205	7,5-8,2	4	140,900	89%
Rest of Greater Oslo	7,221	8,168	8,168	8,2-10,0	7	506,164	94%
Rest of Norway	2,491	2,663	2,459	8,1-9,5	8	122,168	97%
Office buildings in Sweden	777	359	729	7,0-9,0	13	36,523	99%
Shopping centres (including parking and storage)							
Rest of Greater Oslo	1,139	1,105	1,151	8,8-9,2	18	66,519	100%
Rest of Norway	5,224	8,885	8,952	7,6-9,6	7	83,120	90%
Other real estate:							
Multi-storey car parks in Oslo	668	667	650	8,0	3	27,393	100%
Cultural/conference centres in Sweden	388	372	359	7,0-9,0	15	18,690	100%
Other real estate	51	50	50				
Total investment real estate	24,093	28,482	28,723			1,001,477	
Real estate for own use	2,460	2,140	2,231	7,0-9,0	6-9	70,640	95-99%
Total real estate	26,553	30,621	30,954			1,072,117	

¹⁾ The leased amount is calculated in relation to floor space.

²⁾ The real estate are valued on the basis of the following effective required rate of return (including 2.5 per cent inflation):

The real estate are valued individually on the basis of the estimated income and costs associated with the completion/sale of the projects.

Purchases: There has not been agreed further purchases in Storebrand/SPP in addition to the figure that has been finalised and included in the financial statements as at 30 September 2013.

Sales: It is agreed further NOK 343 million in property sales in Storebrand in 3 quarter of 2013

Notes to the interim accounts

NOTE 11: SPECIFICATION OF SUBORDINATED LOAN CAPITAL

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Booked value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,701
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,064
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,353
Total subordinated loan capital and hybrid tier 1 capital 30.09.2013					6,620
Total subordinated loan capital and hybrid tier 1 capital 30.09.2012					6,591
Total subordinated loan capital and hybrid tier 1 capital 31.12.2012					6,643

NOTE 12: CONTINGENT LIABILITIES

NOK million	Storebrand Livsforsikring AS			Storebrand Livsforsikring Group		
	30.09.13	30.09.12	30.09.12	30.09.13	30.09.12	31.12.12
Undrawn amounts of committed lending facilities	1,319	1,380	1,068	1,319	1,380	1,068
Uncalled residual liabilities concerning Limited Partnership	3,223	3,195	3,715	4,280	4,714	5,317
Total contingent liabilities	4,542	4,574	4,783	5,599	6,093	6,385

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

Svenskt Näringsliv

SPP Livförsäkring AB (SPP), a wholly owned subsidiary of Storebrand Holding AB, which in turn is 100 % owned by Storebrand Livsforsikring AS, is being sued under a writ of summons dated 16 June 2010, by Svenskt Näringsliv (Confederation of Swedish Enterprise) et al. with a demand for compensation in the amount of approximately SEK 3.7 million plus interest and costs. The allegation is that SPP is obliged to pay supplementary pensions (värde-säkringsbelopp) pursuant to the provisions in the so-called "ITP Plan", and "associated agreements", as well as the Alecta Pension Insurance Board resolution on such index regulation. The plaintiffs also allege that SPP is obliged to index-regulate paid-up policies (fribrevsuppräknarna) for the period 2003 – 2006 in accordance with what Alecta has done (but which SPP has not done).

The Stockholm District Court ruled in the case on 9 March 2012. SPP was acquitted and awarded costs of SEK 10.4 million plus interest from the date of judgement until payment is made. The Confederation of Swedish Enterprise et al. appealed the judgement on 29 March 2012 to the Svea Court of Appeals. The Svea Court of Appeals handed down its judgement on 27 June 2013. The appeal was disallowed and SPP was awarded costs for processing in the Court of Appeals of SEK 3.2 million plus interest from the date of judgement until payment is made. Both verdicts were unanimous. Svenskt Näringsliv appealed the Court of Appeal's judgement to the supreme Court on 24 July 2013. The supreme Court as yet has not decided whether to allow the case in for a juridical re-examination of the issue of the case.

Notes to the interim accounts

The case focuses on questions of principle that are important beyond the case in question, and it is assumed that a final negative outcome for SSP could have a significant economic effect on the portfolio. Based on an overall assessment of the case, including the judgement handed down so far and based on external legal reviews, it is regarded as very unlikely that the judgement will be in favour of the appellants. Therefore, no provisions have been made relating to this lawsuit.

NOTE 13: CAPITAL ADEQUACY

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	30.09.13	31.12.12	30.09.13	31.12.12
Share capital	3,540	3,540	3,540	3,540
Other equity	15,582	14,652	15,878	13,722
Equity	19,123	18,192	19,419	17,262
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Goodwill and other intangible assets	-129	-108	-5,882	-5,589
Risk equalisation fund	-743	-640	-743	-640
Capital adequacy reserve			-98	-141
Deduction for investments in other financial institutions	-2	-18	-2	-2
Interest adjustment insuracereserves SPP			-316	-1,454
Security reserve			-154	-143
Other	-132	-30	-478	-31
Core (tier 1) capital	19,617	18,896	13,246	10,760
Perpetual subordinated loan capital	2,700	4,901	2,700	4,901
Dated subordinated loan capital	2,238		2,238	
Capital adequacy reserve			-98	-141
Deductions for investments in other financial institutions	-2	-18	-2	-2
Tier 2 capital	4,936	4,883	4,838	4,757
Net primary capital	24,553	23,779	18,084	15,517
Risk weighted calculation base	103,950	106,393	130,008	127,245
Capital adequacy ratio	23.6 %	22.4 %	13.9 %	12.2 %
Core (tier 1) capital ratio	18.9 %	17.8 %	10.2 %	8.5 %

NOTE 14: SOLVENCY MARGIN

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	30.09.13	31.12.12	30.09.13	31.12.12
Solvency margin requirements	7,702	7,538	11,898	11,595
Solvency margin capital	26,540	25,905	21,158	18,775
Solvency margin	344.6 %	343.6 %	177.8 %	161.9 %

Specification of solvency margin capital

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	30.09.13	31.12.12	30.09.13	31.12.12
Net primary capital	24,553	23,779	18,084	15,517
50% of additional statutory reserves	2,633	2,873	2,633	2,873
50% of risk equalisation fund	372	320	372	320
Counting security reserve	69	65	69	65
Conditional bonus	-1,087	-1,132		
Solvency capital	26,540	25,905	21,158	18,775

Translation from the original Norwegian version

To the Board of Directors of Storebrand Livsforsikring AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the statement of financial position of Storebrand Livsforsikring AS (the Group) as of 30 September 2013, and the related statement of income, the statement of changes in equity, the statement of cash flow for the nine-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Oslo, 29 October 2013
Deloitte AS

Ingebret G. Hisdal (signed)
State Authorized Public Accountant (Norway)