

Interim report

Storebrand Livsforsikring



3rd Quarter
2014

Storebrand Livsforsikring Group

3rd quarter 2014

Contents

FINANCIAL PERFORMANCE BUSINESS AREAS

Storebrand Livsforsikring Group	3
Savings	5
Insurance	6
Guaranteed pension	7
Other	8
Balance, Solidity and Capital situation	9
Outlook	11

FINANCIAL STATEMENTS/NOTES

Profit and Loss Account Storebrand Livsforsikring Group.....	12
Statement of financial position Storebrand Livsforsikring Group	14
Reconciliation of Storebrand Livsforsikring Group's Equity	17
Cash Flow Statement	18
Profit and Loss Account Storebrand Livsforsikring AS	19
Statement of financial position Storebrand Livsforsikring AS	21
Reconciliation of Storebrand Livsforsikring AS' Equity.....	22
Notes	23
Auditor's review	35

Important notice:

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

Storebrand Livsforsikring Group

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 3rd Quarter result please refer to the Storebrand Group's interim report for the 3rd Quarter of 2014.

Result Storebrand Livsforsikring Group

NOK million	2014			2013		1.1 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2014	2013	2013
Fee and administration income	838	768	790	846	787	2,395	2,323	3,169
Risk result life & pensions	37	45	75	17	-35	157		17
Insurance premiums f.o.a.	581	585	590	620	597	1,756	1,739	2,360
Claims f.o.a.	-431	-435	-347	-433	-262	-1,212	-1,027	-1,460
Operational cost	-580	-611	-588	-471	-574	-1,778	-1,707	-2,178
Financial result	91	167	135	38	98	393	123	161
Result before profit sharing	535	519	656	618	611	1,709	1,451	2,068
Net profit sharing and loan losses	99	196	118	96	105	412	273	368
Provision longevity	-90	-90	-90			-270		
Result before amortisation	543	625	684	713	716	1,852	1,723	2,437

Result before amortisation was NOK 543m¹⁾ (NOK 716m) in the third quarter 2014 and NOK 1852m (NOK 1723m) year to date. The figures in parentheses are from the corresponding period last year.

The build-up of reserves for increased longevity is charged directly to the results with NOK 90m each quarter and NOK 270m year to date, and indirectly by means of lost profit sharing amounting to NOK 74m per quarter and NOK 251m to year to date, based on an estimated total need over a seven-year period with an expected rate of return of 4.4% with today's portfolio allocation.

Result Storebrand Livsforsikring Group per line of business

NOK million	2014			2013		1.1 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2014	2013	2013
Savings	141	80	90	89	78	312	209	298
Insurance	90	117	210	154	268	417	504	658
Guaranteed pensions	233	313	302	448	293	847	928	1,376
Other	79	116	81	22	77	276	82	105
Result before amortisation	543	625	684	713	716	1,852	1,723	2,437

Comparative figures have been restated following the change in the segments, see note 7.

The result from Savings was strengthened significantly during the third quarter and year to date in comparison with the same periods last year. The stronger results are attributed to the strong increase in reserves and assets under management throughout the year. Costs have also declined, both for the quarter and year to date.

The result in Insurance is driven by an increased number of disability cases and reserve strengthening. The combined ratio is 90% (60%) for the quarter and 85% (75%) year to date.

Fee and administration income for Guaranteed Pension year to date has performed in accordance with the fact that a large part of the portfolio is mature and in long-term run off. Income was NOK 471m (NOK 491m) for the 3rd quarter and NOK 1,384m (NOK 1,487m) year to date. Year-to-date income has fallen by 6% compared with last year. The result from net profit sharing is generated by the Swedish business and is included in the Guaranteed Pension.

In the Other segment, the financial result accounts for the majority of the result. The financial result includes the return on the company portfolios in SPP and Storebrand Life Insurance.

1) The abbreviations NOK for Norwegian kroner, m for million and bn for billion are used throughout the report.

Changed segment reporting

Beginning with the first quarter of 2014, sickness insurance, one-year life assurance and survivor insurance at SPP have been transferred from the Guaranteed Pension segment to the Insurance segment. The historical figures have been reworked and reflect the changes above.

Market and sales performance

The shift from products with guaranteed interest rates to unit linked insurance products continues in the life insurance businesses. Storebrand started to allow the conversion of paid-up policies into paid-up policies with investment options on 15 October. There has been a good level of interest among paid-up policy customers so far.

The strong growth in unit linked insurance in both the Norwegian and Swedish businesses continues, and the reserves have increased by 19% compared with last year. Premium income increased 12% and 8% for the Norwegian and Swedish businesses, respectively, during the quarter.

In Norway, Storebrand¹⁾ is the market leader in defined contribution schemes with 31% of the market share of gross premiums written. There is strong competition in the market for defined contribution pensions. Storebrand expects that this will continue.

SPP¹⁾ is the second largest actor in the Swedish unit linked insurance market in the segment Other Occupational Pensions with a market share of just over 12% of new contracts.

Capital situation and taxes

The Storebrand Life Insurance Group's solvency margin was 182% at the end of the quarter. This is an increase of 4 percentage points during the quarter. The increase is primarily due to the result for the quarter. Lower long-term interest rates in Sweden have contributed negatively. A reduction in the level of interest rates increases the insurance obligations in the solvency calculation for the Swedish part of the business.

Tax costs in the third quarter are estimated based on an expected effective tax rate for 2014. The tax rate is calculated to be in the range of 20-25% for the year.

Regulatory developments

Storebrand needs to build up reserves of NOK 12.4bn. In total, NOK 4.1bn was allocated to the future build-up of reserves at the end of 2013²⁾. The booked return as of the 3rd quarter of 2014 was good and gives a result in excess of the interest rate guarantee of NOK 3.6bn, including the risk result. It is estimated that approximately NOK 2.4bn will be used for longevity reserves when the final allocation of the profit for 2014 is carried out. Storebrand also possesses other buffers that would be able to be used in order to strengthen allocations to long life reserves. The total contribution from the owner will depend on the risk results and booked return on invested customer assets during the seven-year period. For further information on longevity reserves, see Note 2.

Paid-up policies with investment choice

Regulations regarding paid-up policies with investment options entered into force on 1 September. The Ministry of Finance has determined comprehensive regulatory provisions dealing with the requirements for building up reserves, payment profiles, information and advice.

¹⁾ Premium income as at the 2nd quarter of 2014. Source: Finance Norway and Insurance Sweden.

²⁾ Earlier reserves of NOK 4.1bn will be reduced by approximately NOK 0.5bn as a result of the final rules for building up reserves that do not permit the joint use of customer returns.

Savings

Good earnings performance driven by earnings growth and good cost control.

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	2014			2013		1.1 - 30.09		Full year 2013
	3Q	2Q	1Q	4Q	3Q	2014	2013	
Fee and administration income	329	299	285	281	268	914	759	1,040
Risk result life & pensions	7	-7	-2	3		-1	4	7
Operational cost	-195	-213	-194	-196	-190	-602	-555	-752
Result before profit sharing	142	80	90	88	78	311	208	296
Net profit sharing and loan losses			1	1	1	1	1	2
Result before amortisation	141	80	90	89	78	312	209	298

Result

The result from Savings was strengthened further in comparison with the same periods last year and was NOK 142m (NOK 78m) in the third quarter 2014 and NOK 311m (NOK 208m) year to date. Increased customer assets that provide income growth are the main driver of the financial performance.

Defined contribution pensions are growing in Norway and Sweden since more and more companies are converting to defined contribution plans. In addition, a good return contributes to growth in AUM. Total fee and administration income has increased by more than 20% compared to the same period last year.

Efficiency improvement and savings according to the Group's cost programme results in stable operating costs.

Balance sheet and market trends

Premium income for non-guaranteed life insurance-related savings was NOK 2.5bn in the 3rd quarter and NOK 7.3bn year to date. The volume for the year to date is marginally lower than the same period last year as a result of lower conversion from guaranteed pension in the Swedish business segment and negative

transfer balance within private unit linked savings in Norway. New sales increased by 4% compared with the same period last year. Total reserves within unit linked insurance have increased 10% year to date.

In Norway, Storebrand is the market leader in defined contribution schemes with 31% of the market share of gross premiums written. There is strong competition in the market for defined contribution pensions. Storebrand expects that this will continue as a consequence of the significant dynamic in the market

SPP is the second largest actor in the Swedish unit linked insurance market in the segment Other Occupational Pensions with a market share of 10% of new contracts. In 2013, SPP was chosen to be one of several suppliers in the largest pension platform in Sweden (ITP scheme), and this has had a significant positive effect on new sales for the year to date.

Savings

NOK million	2014			2013	
	3Q	2Q	1Q	4Q	3Q
Unit Linked Reserves	93,976	92,899	87,105	85,452	79,341
Unit Linked Premiums	2,483	2,347	2,463	2,273	2,296

Insurance

Weak financial performance in third Quarter was driven by a higher number of disability cases and reserve strengthening.

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

Insurance

NOK million	2014			2013			1.1 - 30.09		Full year 2013
	3Q	2Q	1Q	4Q	3Q	2014	2013		
Insurance premiums f.o.a.	581	585	590	620	597	1,756	1,739	2,360	
Claims f.o.a.	-431	-435	-347	-433	-262	-1,212	-1,027	-1,460	
Operational cost	-91	-100	-95	-58	-94	-286	-285	-343	
Financial result	31	66	63	25	28	159	77	102	
Result before amortisation	90	117	210	154	268	417	504	658	

Comparative figures have been restated following the change in the segment, see note 7

Result

In Q3 Insurance delivered a result before amortization of NOK 90 million (268 million) and NOK 417 million (504 mill) year to date. The combined ratio was 90% (60%) in Q3, and 85% (75%) year to date. The results in the 3rd quarter last year were marked by a substantial positive non-recurring effect (dissolution of reserves) of approximately NOK 140m.

In group life in Norway, a number of new disability cases which was higher than normal, has entailed a need to strengthen the reserves. As a result of this, the reserves have been strengthened overall by NOK 50m during the quarter.

For disability cover linked to defined-contribution pensions, the IBNS reserves have been strengthened by NOK 13m during the quarter, which lowers the result correspondingly. The underlying defined-contribution pension performance has been good throughout all of 2014.

In the Swedish business, the risk result was weaker during the quarter as a result of the negative settlement result and higher number of disability cases.

The cost percentage was 16 percent (16 percent) for 3 quarter, and 16 percent (16 percent) year to date. Increasing the efficiency of the cost base is important in order to strengthen our competitiveness, and greater cost effectiveness is still a prioritised activity. Important measures include increased automation, digitisation and sourcing of services and utilisation of economies of scale provided by increased volume.

Insurance - Key figures

NOK million	2014			2013	
	3Q	2Q	1Q	4Q	3Q
Individual life *	581	571	564	561	550
Group life **	741	731	754	804	807
Pension related disability insurance ***	1,084	1,081	1,027	1,045	1,012
Portfolio premium	2,406	2,383	2,344	2,410	2,368

* Individual life disability, insurance

** Group disability, workers compensation insurance

*** DC disability risk premium Norway and disability risk Sweden

Percent	2014			2013	
	3Q	2Q	1Q	4Q	3Q
Claims ratio	74%	74%	59%	70%	44%
Cost ratio	16%	17%	16%	9%	16%
Combined ratio	90%	91%	75%	79%	60%

Guaranteed pension

Planned reduction of the business volume and satisfactory margins. Good profit sharing result and owner's cost for longevity reserves is according to plan.

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

Guaranteed pension

NOK million	2014			2013		1.1 - 30.09		Full year
	3Q	2Q	1Q	4Q	3Q	2014	2013	2013
Fee and administration income	471	439	474	535	491	1,384	1,478	2,013
Risk result life & pensions	26	48	78	16	-31	152	-9	7
Operational cost	-275	-281	-281	-199	-272	-837	-818	-1,016
Financial result	-	-	-	-	-	-	-	-
Result before profit sharing	222	206	272	352	188	699	651	1,003
Net profit sharing and loan losses	101	197	120	96	105	418	276	373
Provision longevity	-90	-90	-90			-270		
Result before amortisation	233	313	302	448	293	847	928	1,376

Comparative figures have been restated following the change in the segment, see note 7

Results

Fee and administration income to date in 2014 has performed consistent with the fact that a large part of the portfolio is mature and in long-term run off. Income was NOK 471m (NOK 491m) for the 3rd quarter and NOK 1,384m (NOK 1,487m) year to date. Year-to-date income has fallen by 6% compared with last year. The reduction in income is attributed, among other factors, that public sector insured solutions are being discontinued in Norway. NOK 5bn was transferred out in the 3rd quarter and NOK 10.5bn year to date. Approximately NOK 8bn in customer reserves remain in public sector occupational pension schemes.

The risk result was NOK 26m (NOK -31m) for the 3rd quarter and NOK 152m (NOK -9m) year to date. In the Norwegian business, the disability reserves were strengthened during the quarter, which has essentially been counterbalanced by the dissolution of disability reserves in the Swedish business. Within the public sector, IBNS¹⁾ reserves were strengthened by NOK 50m year to date as a result of Storebrand maintaining insurance liability for a limited period after migration of the contracts.

Operating costs were NOK 275m for the quarter (NOK 272m) and NOK 837m (NOK 818m) year to date. Underlying cost control is good and the increase from last year is due to the effects of currency exchange

The result from net profit sharing is generated by the Swedish business and amounted to NOK 101m in the 3rd quarter and NOK 418m year to date. This strong contribution is attributed to profit

sharing on the investment result and indexing fees recognised as income. Rising equity and credit markets, and declining interest rates have contributed to good yields. This has provided a contribution through profit sharing of NOK 368m year to date. In addition, indexing fees have been recognised as income and amounted to NOK 118m as of the 3rd quarter.

The Norwegian business is prioritising the build-up of buffers and reserves instead of profit sharing between customers and owners. Year to date, NOK 2.4bn of the profit for the year from the financial and risk results has been provisionally allocated to longevity reserves. The profit for the owner has been charged with NOK 90m in the 3rd quarter and NOK 270m year to date for longevity reserves.

Balance sheet and market trends

The majority of products are closed for new business, and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy. As of the 3rd quarter, customer reserves for guaranteed pensions totalled NOK 257bn (NOK 262bn), which represents a decline of NOK 6bn for the quarter and NOK 7bn year to date. Transfers from guaranteed pensions totalled NOK 12.8bn (NOK 8.9bn) to date this year, and they took place primarily in the 1st and 3rd quarters in connection with transfer out of public sector contracts in Norway. The premium income for the 3rd quarter was NOK 1.6bn (NOK 2.3bn) and NOK 8.1bn (NOK 9.1bn) year to date. This corresponds to a decline of 11% year to date.

Guaranteed pension - Key figures

NOK million	2014			2013	
	3Q	2Q	1Q	4Q	3Q
Guaranteed reserves	257,425	263,370	259,799	264,125	262,468
Guaranteed reserves in % of total reserves	73.3 %	73.9 %	74.9 %	75.6 %	76.8 %
Transfer out of guaranteed reserves	5,506	104	7,192	967	710
Buffer capital in % of customer reserves SBL	4.8 %	4.6 %	4.2 %	4.8 %	4.0 %
Buffer capital in % of customer reserves SPP	15.0 %	15.1 %	14.6 %	15.1 %	14.5 %

¹⁾ Incurred, but not settled

Other

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

Other

NOK million	2014			2013		1.1 - 30.09		Full year 2013
	3Q	2Q	1Q	4Q	3Q	2014	2013	
Fee and administration income	37	30	30	30	28	97	86	116
Risk result life & pensions	4	3	-1	-2	-4	6	5	3
Operational cost	-19	-17	-17	-17	-17	-53	-49	-66
Financial result	60	101	73	13	71	233	46	59
Result before profit sharing	82	117	84	24	78	283	87	111
Net profit sharing and loan losses	-2	-1	-3	-2	-1	-6	-5	-7
Provision longevity								
Result before amortisation	79	116	81	22	77	276	82	105

Fee and management income as well as operating costs are related to BenCo's business which has had stable margins year to date.

The financial result is the major element in Other Segment. In total, the financial result includes the net return from the company portfolios of SPP and Storebrand Livsforsikning as well as the net result for subsidiaries currently being wound up and started up at SPP.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans of approximately 24% and interest charges comprise a net amount of approximately NOK 110m for the quarter at the current interest rate level. The company portfolios comprised NOK 18.7 billion. The investments are primarily in short-term interest-bearing securities in Norway and Sweden

Balance sheet, solidity and capital adequacy

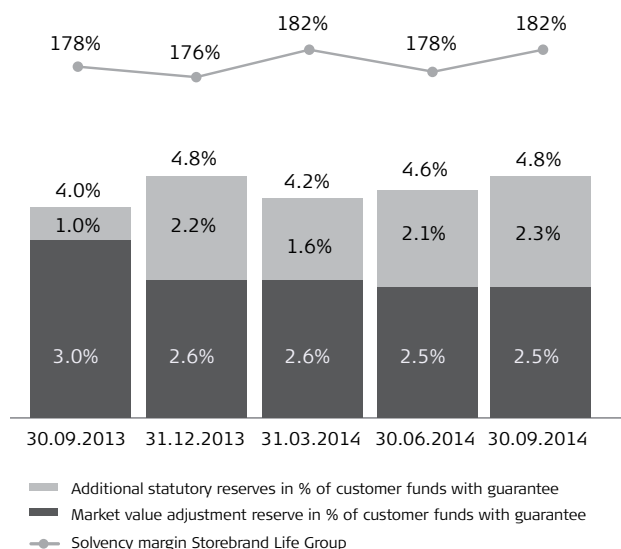
Continuous monitoring and active risk management is a core area of Storebrand's business. Risk and solidity are both followed up on at the Group level and in the legal entities. Regulatory requirements for financial strength and risk management follow to a large extent the legal entities. The section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

Storebrand Life Insurance Group

The Storebrand Life Insurance Group's solvency margin was 182 percent at the end of the quarter. This is an increase of 4 percentage points for the quarter. The increase is primarily due to the result for the quarter. Lower long-term interest rates in Sweden have contributed negatively. A reduction in the level of interest rates increases the insurance obligations in the solvency calculation for the Swedish part of the business.

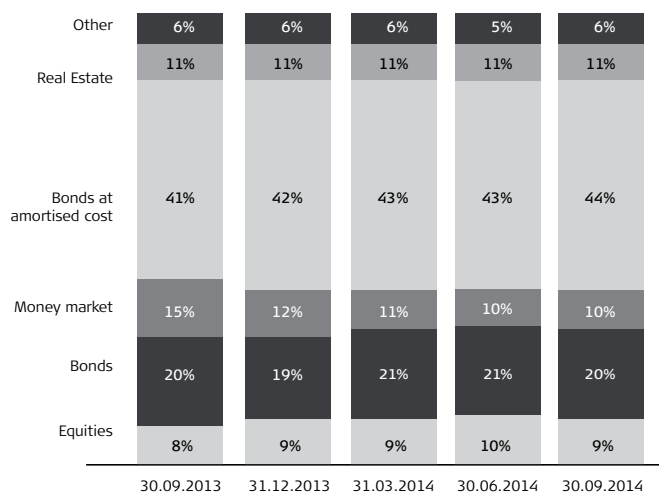
The solidity capital¹⁾ comprised NOK 61.9bn at the end of the 3rd quarter of 2014, an increase of NOK 4.5bn during the 3rd quarter and NOK 7.8bn year to date as a result, among other things, of increased customer buffers and the profit for the year.

Solidity



Storebrand Livsforsikring AS

The market value adjustment reserve increased by NOK 0.1bn during the 3rd quarter, remained unchanged year to date and amounted to NOK 3.8bn at the end of the 3rd quarter of 2014. The market value adjustment reserve remained unchanged during the quarter, declined by NOK 0.2bn year to date and amounted to NOK 4.3bn at the end of the 3rd quarter of 2014. Excess value of held-to-maturity bonds that are assessed at amortised cost have increased by NOK 1.2bn during the quarter and NOK 5.0bn year to date, comprising NOK 10.1bn as of the 3rd quarter. The excess value of bonds at amortised cost is not included in the financial statements.

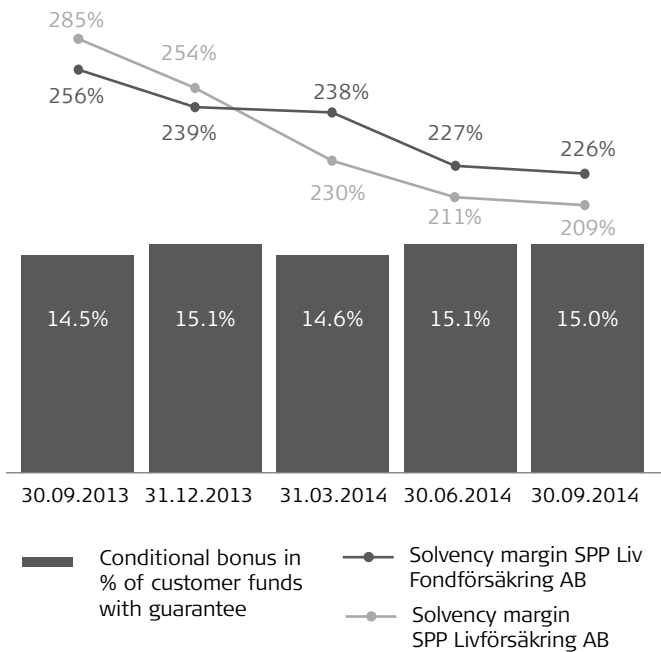


Customer assets declined by NOK 4bn during the 3rd quarter, increased by NOK 1bn year to date and amounted to NOK 215bn at the end of the 3rd quarter of 2014. Customer assets within non-guaranteed savings increased by NOK 1bn during the 3rd quarter and NOK 4bn year to date.

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

SPP

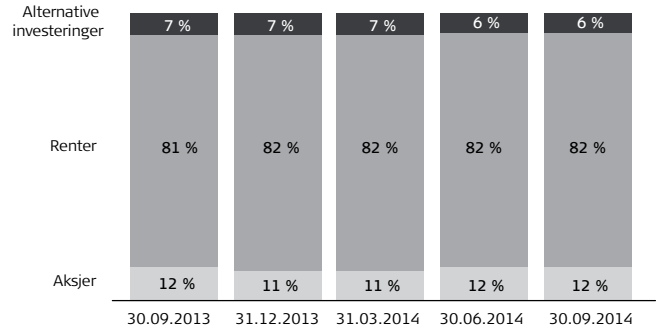
Solidity



The solvency margin of SPP Livförsäkring AB was 209% (285%) and 226% (256%) in SPP Liv Fondförsäkring AB at the end of the 3rd quarter. The solvency margin for SPP Livförsäkring AB weakened year to date due to the lower interest rates and changes in the capital base. For the calculation of solvency in Sweden, market interest rates are used to discount the insurance liabilities. The solvency margin is declining because the assets have a shorter duration than the insurance liabilities.

The buffer capital (conditional bonus) increased by 5% to SEK 11.9bn (SEK 11,3bn) during the quarter.

Allocation guaranteed customer assets Sweden



Total customer assets at SPP comprised SEK 149.7bn, an increase of 1.98% during the quarter. Non-guaranteed customer assets increased by 3.6% during the quarter to SEK 62.2bn.

Outlook

Earnings performance

Interest rates have fallen throughout 2014 and the 10-year swap rate is at historically low levels in both Norway and Sweden. Low interest rates are challenging for insurance companies that have to cover an annual interest rate guarantee. The credit spread for bonds with a good credit rating has also narrowed throughout the year, but to a lesser extent in the 3rd quarter. There continue to be investment opportunities in the bond market with expected returns that exceed the average interest rate guarantee. Storebrand has a strategy of pursuing growth in products where the results are less affected by short-term fluctuations in the financial markets. Financial performance will also be impacted by the changes that have taken place in the regulations for Norwegian occupational pensions in the future, and how the customers choose to adapt to these changes.

Termination of activities related to defined benefit pensions for the public sector and conversions from defined benefit to defined contribution pensions with the issuance of paid-up policies reduces the Group's earnings. In addition to the on-going build-up of reserves for higher projected life expectancy, this is expected to negatively affect performance in a transition period.

Storebrand is continuously adapting to enhance its competitiveness in its business operations. Storebrand has implemented a cost-reduction program to reduce the Group's cost of at least NOK 400 mill. By the end of 2014. The program will be completed this year with the targeted effect. Cost efficiency will remain a priority for the Group.

Storebrand's results will during the period from 2014 to 2020 be burdened by a minimum of 20% of the costs associated with the build-up of reserves for higher projected life expectancy. The final amount will, among other things, depend on risk results and returns to the customer portfolios. The building up of reserves for higher projected life expectancy is described in further detail in the introduction and in Note 2.

Risk

Storebrand is exposed to several types of risk through its business areas. Trends in interest rates and the property and equity markets are deemed 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 highly prioritised in the Group. In addition, the disability and life expectancy trends are key risks.

Regulatory changes

Solvency II

Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and EEA. The Directive, also called Omnibus II, was adopted by the European Parliament on 11 March 2014 and will be implemented in Norwegian law. The regulations will enter into effect beginning in 1 January 2016.

The European supervisory authority EIOPA has made recommendations for ensuring continued progress in preparations for Solvency II. FSA determined that the recommendations shall be followed from 1 January 2014. This means that the requirements in Solvency II for business control and risk management (pillar 2) will be 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) will be introduced for annual reporting. The capital requirements (pillar 1) and the reporting requirements for the market will not apply until the formal Solvency II implementation on 1 January 2016.

In a letter of 8 September, the Financial Supervisory Authority of Norway has recommended that Norwegian companies should be given an opportunity to use a yield curve spread to discount insurance liabilities, a so-called volatility adjustment. In addition, it is proposed that Norwegian companies can apply a transitional rule entailing that an increase in the insurance liabilities as a result of Solvency II can be phased in linearly over a period of maximum 16 years.

This transitional rule should ease the transition to Solvency II for companies with long-term guaranteed returns, and it will have a major impact on paid-up policies.

Paid-up policies with investment options

The regulations relating to paid-up policies with investment options entered into force on 1 September 2014. A requirement has been introduced that the reserves for paid-up policies must be fully built up based on the new life expectancy tariff before they can be converted to policies with investment options.

Rules have also been introduced regarding information and advice to customers, as well as the use of a technical, non-guaranteed interest rate of up to 3% for calculation of the annual pension payments.

The industry has agreed on an industry standard for advisory services and has adjusted the calculation method for the return forecasts based on the low interest rate level.

Disability pension

It is expected that the new regulations for disability cover in occupational pension schemes will be introduced by the end of 2015. The Banking Law Commission's report NOU 2013:12 "Disability Pensions in Private Occupational Pension Schemes" has been circulated for comments. The Ministry of Finance is expected to draft a bill that will be presented to the Norwegian Parliament before Christmas. New disability benefits will be introduced to the National Insurance Scheme on 1 January 2015.

The proposal from the Banking Law Commission involves the current disability product being replaced by a one-year risk-based product that gives full benefits regardless of the period of service, and where the benefits are calculated independently of the old age pension benefits.

Lysaker, 28 October 2014
Board of Directors of Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

NOK million	Q3		01.01 - 30.09		Year 2013 ¹⁾
	2014	2013	2014	2013 ¹⁾	
TECHNICAL ACCOUNT:					
Gross premiums written	4,716	5,193	17,329	18,564	23,106
Reinsurance premiums ceded	-10		-66	-72	-86
Premium reserves transferred from other companies	440	531	1,845	4,043	4,962
Premiums for own account	5,146	5,724	19,109	22,535	27,982
Income from investments in subsidiaries, associated companies and joint-controlled companies	6	4	15	19	29
Interest income and dividends etc. from financial assets	1,630	1,703	6,633	5,965	7,612
Net operating income from real estate	246	265	804	898	1,139
Changes in investment value	1,716	1,243	5,419	-2,001	739
Realised gains and losses on investments	1,334	-193	3,733	690	27
Total net income from investments in the collective portfolio	4,932	3,022	16,603	5,570	9,546
Income from investments in subsidiaries, associated companies and joint-controlled companies		-1			
Interest income and dividends etc. from financial assets	-37	-21	-84	-4	305
Net operating income from real estate	13	19	38	64	81
Changes in investment value	1,443	2,684	6,470	6,726	9,996
Realised gains and losses on investments	-230	211	1,129	225	785
Total net income from investments in the investment selection portfolio	1,190	2,892	7,554	7,010	11,167
Other insurance related income	437	364	1,279	998	1,394
Gross claims paid	-4,220	-4,624	-13,626	-14,047	-18,533
Claims paid - reinsurance	2	12	6	22	42
Gross change in claims reserve	-17	-39	-12	-32	9
Premium reserves etc. transferred to other companies	-6,371	-1,070	-15,188	-9,610	-10,889
Claims for own account	-10,605	-5,721	-28,819	-23,667	-29,372
To (from) premium reserve, gross	2,959	1,399	2,351	5,945	5,926
To/from additional statutory reserves	9	159	141	442	1,047
Change in value adjustment fund	-111	-733	11	-734	-2,796
Change in premium fund, deposit fund and the pension surplus fund	0	-7	-1	-27	-23
To/from technical reserves for non-life insurance business	-17	-36	-66	-80	-57
Change in conditional bonus	827	-642	744	-1,427	-1,924
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	1	3	4	34	106
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	3,668	141	3,185	4,154	2,278
Change in premium reserve	-2,719	-5,309	-11,715	-12,480	-18,079
Change in other provisions		-11			-133
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-2,719	-5,320	-11,715	-12,480	-18,212
Other allocation of profit	-1		-3	-3	-3
Unallocated profit	-864	154	-3,552	-636	
Funds allocated to insurance contracts	-865	154	-3,555	-640	-3

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	Q3		01.01 - 30.09		Year 2013 ¹⁾
	2014	2013	2014	2013 ¹⁾	
Management expenses	-116	-86	-293	-241	-360
Selling expenses	-210	-93	-626	-388	-589
Change in pre-paid direct selling expenses	-1	4	2	15	19
Insurance-related administration expenses (incl. commissions for reinsurance received)	-317	-447	-985	-1,172	-1,375
Insurance-related operating expenses	-644	-622	-1,902	-1,786	-2,305
Other insurance related expenses	-103	-20	-220	-109	-262
Technical insurance result	435	614	1,518	1,586	2,213
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint-controlled companies	9	64	10	75	74
Interest income and dividends etc. from financial assets	109	96	345	326	442
Net operating income from real estate	12	14	37	49	65
Changes in investment value	-5	14	64	9	26
Realised gains and losses on investments	71	13	159	34	-17
Net income from investments in company portfolio	197	200	615	491	590
Other income	120	137	337	432	426
Management expenses	-8	-8	-27	-24	-35
Other costs	-293	-322	-875	-1,040	-1,134
Management expenses and other costs linked to the company portfolio	-301	-330	-902	-1,064	-1,169
Profit or loss on non-technical account	15	7	49	-141	-152
Profit before tax	450	621	1,567	1,445	2,061
Tax costs	-130	1	-347	49	-70
Profit before other comprehensive income	320	622	1,220	1,494	1,992
Change in pension experience adjustments	-2	-3	-13	7	10
Change in value adjustment reserve own buildings	24	22	52	60	154
Adjustment of insurance liabilities	-24	-22	-52	-60	-154
Tax on other result elements not to be classified to profit/loss					12
Total other result elements not to be classified to profit/loss	-2	-3	-13	7	22
Translation differences	-259	305	-510	765	840
Total other result elements that may be classified to profit /loss	-259	305	-510	765	840
Total other result elements	-261	302	-524	771	862
TOTAL COMPREHENSIVE INCOME	59	924	696	2,265	2,854
PROFIT IS DUE TO:					
Minority share of profit	1	4	15	15	19
Majority share of profit	319	618	1,206	1,479	1,973
COMPREHENSIVE INCOME IS DUE TO:					
Minority share of profit	-2	4	10	24	30
Majority share of profit	61	920	686	2,241	2,824

¹⁾As a result of the change in accounting principles, the comparative figures are restated. See details in Note 1 Accounting Principles.

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION

NOK million	30.09.2014	30.09.2013	31.12.2013 ¹⁾	01.01.2013 ¹⁾
ASSETS				
ASSETS IN COMPANY PORTFOLIO				
Goodwill	753	791	798	724
Other intangible assets	4,360	4,922	4,882	4,754
Total intangible assets	5,113	5,713	5,679	5,478
Real estate at fair value	4,225	3,473	3,581	3,470
Real estate for own use	68	61	66	58
Equities and units in subsidiaries, associated companies and joint-controlled companies	237	203	205	121
Loans to and securities issued by subsidiaries, associated companies				69
Lendings	2	3	3	4
Bonds held to maturity		245	347	222
Bonds at amortised cost	1,879	1,338	1,510	1,156
Equities and other units at fair value	91	86	74	44
Bonds and other fixed-income securities at fair value	18,700	17,439	17,439	15,716
Derivatives at fair value	522	161	364	255
Other financial assets	234	216	305	126
Total investments	25,958	23,226	23,895	21,242
Reinsurance share of insurance obligations	130	121	142	144
Receivables in connection with direct business transactions	982	1,211	2,722	101
Receivables in connection with reinsurance transactions	5	13	28	7
Receivables with group company	33	18	28	23
Other receivables	1,614	2,849	1,472	3,653
Total receivables	2,634	4,091	4,249	3,783
Tangible fixed assets	342	409	419	388
Cash, bank	2,718	3,232	3,517	2,938
Tax assets		41		38
Minority interest in consolidated securities funds	4,121	628	690	1,044
Other assets designated according to type	630	663	690	599
Total other assets	7,811	4,973	5,317	5,008
Pre-paid direct selling expenses	474	501	510	443
Other pre-paid costs and income earned and not received	247	225	101	90
Total pre-paid costs and income earned and not received	721	726	611	533
Total assets in company portfolio	42,368	38,849	39,893	36,188
ASSETS IN CUSTOMER PORTFOLIO				
Real estate at fair value	20,408	19,399	19,409	23,541
Real estate for own use	2,340	2,302	2,322	2,066
Equities and units in subsidiaries, associated companies and joint-controlled companies	43	18	34	115
Loans to and securities issued by subsidiaries, associated companies	175	184	186	597
Bonds held to maturity	15,140	11,570	14,773	10,496
Bonds at amortised cost	64,251	63,153	63,919	54,557
Lendings	5,729	3,605	3,436	3,702
Equities and other units at fair value	34,156	33,043	34,629	27,152
Bonds and other fixed-income securities at fair value	127,230	138,360	133,203	139,040
Financial derivatives at fair value	3,442	614	1,048	2,575
Other financial assets	4,335	2,654	3,357	3,462
Total investments in collective portfolio	277,247	274,902	276,316	267,304

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.09.2014	30.09.2013	31.12.2013 ¹⁾	1.1.2013 ¹⁾
Real estate at fair value	949	1,468	1,447	1,952
Real estate for own use	71	97	103	107
Lendings		76	73	140
Equities and other units at fair value	64,817	53,721	57,987	45,014
Bonds and other fixed-income securities at fair value	29,409	30,007	31,869	25,168
Financial derivatives at fair value	85	8	81	169
Other financial assets	155	208	262	397
Total investments in investment selection portfolio	95,485	85,586	91,821	72,946
Total assets in customer portfolio	372,732	360,487	368,136	340,250
TOTAL ASSETS	415,100	399,336	408,029	376,439
EQUITY AND LIABILITIES				
Share capital	3,540	3,540	3,540	3,540
Share premium	9,711	9,711	9,711	9,711
Total paid in equity	13,251	13,251	13,251	13,251
Risk equalisation fund	887	743	776	640
Other earned equity	5,314	3,812	5,844	3,223
Earned profit	1,109	1,457		
Minority's share of equity	403	401	402	388
Total earned equity	7,713	6,414	7,022	4,251
Perpetual subordinated loan capital	2,759	5,119	2,787	5,142
Dated subordinated loan capital	2,591		2,540	
Hybrid tier 1 capital	1,503	1,502	1,502	1,502
Total subordinated loan capital and hybrid tier 1 capital	6,852	6,620	6,829	6,643
Premium reserves	246,889	250,106	250,567	245,333
Additional statutory reserves	4,298	4,879	4,279	5,489
Market value adjustment reserve	3,812	1,761	3,823	1,027
Claims allocation	899	876	891	837
Premium fund, deposit fund and the pension surplus fund	3,182	3,133	3,184	3,394
Conditional bonus	12,588	13,588	14,167	11,264
Unallocated profit to insurance contracts	3,552	542		
Other technical reserve	669	617	616	561
Total insurance obligations in life insurance - contractual obligations	275,888	275,503	277,526	267,905
Premium reserve	95,672	85,662	91,887	72,751
Claims allocation	1	1	1	1
Additional statutory reserves		253	179	257
Premium fund, deposit fund and the pension surplus fund		166	330	487
Unallocated profit to insurance contracts		94		
Total insurance obligations in life insurance - investment portfolio separately	95,673	86,176	92,396	73,495
Pension liabilities etc.	556	836	575	839
Period tax liabilities	1,690	1,341	1,441	1,377
Other provisions for liabilities	37	73	108	115
Total provisions for liabilities	2,282	2,250	2,123	2,331

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.09.2014	30.09.2013	31.12.2013 ¹⁾	1.1.2013 ¹⁾
Liabilities in connection with direct insurance	998	1,330	1,353	1,317
Liabilities in connection with reinsurance	35	6	36	4
Financial derivatives	1,442	2,150	2,122	755
Liabilities to group companies	17	20	13	14
Minority interest in consolidated securities funds	4,121	628	690	1,044
Other liabilities	6,446	4,541	4,233	4,950
Total liabilities	13,060	8,675	8,447	8,085
Other accrued expenses and received, unearned income	380	448	435	478
Total accrued expenses and received, unearned income	380	448	435	478
TOTAL EQUITY AND LIABILITIES	415,100	399,336	408,029	376,439

¹⁾ As a result of the change in accounting principles, the comparative figures are restated. See details in Note 1 Accounting Principles.

RECONCILIATION OF CHANGE IN EQUITY

NOK million	Majority's share of equity						
	Share capital	Share premium	Total paid in equity	Risk equalisation fund	Other equity ¹⁾	Minority interests	Total equity ²⁾
Equity at 31.12.2012	3,540	9,711	13,251	640	3,223	388	17,502
Profit for the period				37	1,442	15	1,494
Total other profit elements					762	10	771
Total comprehensive income for the period				37	2,204	24	2,265
Equity transactions with owner:							
Group contributions					-85	-9	-94
Other					-7	-2	-9
Equity at 30.09.2013	3,540	9,711	13,251	677	5,335	401.3	19,665
Profit for the period				136	1,837	19	1,992
Total other profit elements					852	11	862
Total comprehensive income for the period				136	2,689	30	2,854
Equity transactions with owner:							
Group contributions					-85	-27	-112
Other					17	13	30
Equity at 31.12.2013	3,540	9,711	13,251	776	5,844	402	20,273
Profit for the period				111	1,095	15	1,220
Total other profit elements					-520	-4	-524
Total comprehensive income for the period				111	575	10	696
Equity transactions with owner:							
Group contributions						-2	-2
Other					5	-8	-3
Equity at 30.09.2014	3,540	9,711	13,251	887	6,424	403	20,964

¹⁾ Includes undistributable funds in security reserves amounting to NOK 154 million.

²⁾ As a result of the change in accounting principles, the comparative figures are restated. See details in Note 1 Accounting Principles.

Storebrand Livsforsikring

CASH FLOW ANALYSIS 1. JANUARY - 30. SEPTEMBER

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2013	2014	NOK million	2014	2013
		Cash flow from operational activities		
		Cash flow from operational activities		
16,468	18,506	Net received - direct insurance	13,645	12,134
-14,128	-14,194	Net claims/benefits paid - direct insurance	-8,337	-9,117
-5,567	-13,342	Net receipts/payments - policy transfers	-10,578	-4,512
-1,786	-1,902	Net receipts/payments operations	-1,035	-986
-133	2,352	Net receipts/payments - other operational activities	1,213	-303
-5,146	-8,580	Net cash flow from operational activities before financial assets	-5,093	-2,784
161	-2,220	Net receipts/payments - lendings to customers	-2,292	161
-672	12,966	Net receipts/payments - financial assets	7,877	2,188
5,402	-253	Net receipts/payments - real estate activities		
997	-871	Net change bank deposits insurance customers	-266	591
5,888	9,623	Net cash flow from operational activities from financial assets	5,319	2,940
742	1,043	Net cash flow from operational activities	226	156
		Cash flow from investment activities		
	-1,475	Net payments - sale/purchase of insurance portfolios		
428	-29	Net payments - purchase/capitalisation associated companies		92
-110	-8	Net receipts/payments - sale/purchase of fixed assets	-26	-25
318	-1,512	Net cash flow from investment activities	-26	67
		Cash flow from financing activities		
2,222	1,718	Payment of subordinated loan capital	1,094	2,222
-2,366	-1,700	Repayment of subordinated loan capital	-1,700	-2,366
-437	-418	Payments - interest on subordinated loan capital	-418	-437
-94	-2	Payment of group contributions		
-675	-402	Net cash flow from financing activities	-1,024	-581
385		Net cash flow for the period		-358
-5,503	-10,494	of which net cash flow for the period before financial assets	-6,143	-3,299
385	-871	Net movement in cash and cash equivalent assets	-824	-358
3,064	3,823	Cash and cash equivalent assets at start of the period	1,540	1,517
3,449	2,952	Cash and cash equivalent assets at the end of the period	716	1,159

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

NOK million	Q3		01.01 - 30.09		Year 2013
	2014	2013	2014	2013	
TECHNICAL ACCOUNT:					
Gross premiums written	3,063	3,408	12,279	12,970	15,918
Reinsurance premiums ceded	-1	-2	-22	-22	-22
Premium reserves transferred from other companies	180	236	759	2,585	3,010
Premiums for own account	3,243	3,642	13,017	15,532	18,906
Income from investments in subsidiaries, associated companies and joint-controlled companies	297	203	817	791	952
of which from investment in real estate companies	309	188	822	733	881
Interest income and dividends etc. from financial assets	1,050	1,027	4,729	3,632	4,452
Changes in investment value	109	734	-71	736	2,764
Realised gains and losses on investments	1,041	111	2,695	250	-206
Total net income from investments in the collective portfolio	2,498	2,075	8,170	5,409	7,962
Income from investments in subsidiaries, associated companies and joint-controlled companies	16	15	42	57	68
of which from investment in real estate companies	16	15	42	56	68
Interest income and dividends etc. from financial assets	-41	-27	-91	-18	287
Changes in investment value	186	1,042	1,155	2,535	3,319
Realised gains and losses on investments	-234	192	1,083	231	771
Total net income from investments in the investment selection portfolio	-72	1,222	2,189	2,805	4,445
Other insurance related income	73	60	191	161	217
Gross claims paid	-2,536	-2,854	-8,001	-9,030	-11,809
Claims paid - reinsurance	2	6	7	15	30
Gross change in claims reserve	-18	-40	-20	-33	-3
Premium reserves etc. transferred to other companies	-5,539	-366	-11,338	-7,096	-7,585
Claims for own account	-8,090	-3,254	-19,352	-16,143	-19,367
To (from) premium reserve, gross	4,756	240	5,727	444	120
To/from additional statutory reserves	10	-21	143	106	1,047
Change in value adjustment fund	-111	-733	11	-734	-2,796
Change in premium fund, deposit fund and the pension surplus fund		-7	-1	-27	-23
To/from technical reserves for non-life insurance business	-23	-42	-78	-90	-63
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	1	3	4	34	106
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	4,632	-561	5,807	-267	-1,610
Change in premium reserve	-774	-2,798	-4,476	-5,130	-7,459
Change in other provisions		-11			-133
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-774	-2,809	-4,476	-5,131	-7,593
Other allocation of profit					-85
Surplus funds not allocated	-864	154	-3,552	-636	
Funds allocated to insurance contracts	-864	154	-3,552	-636	-85

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	Q3		01.01 - 30.09		Year 2013
	2014	2013	2014	2013	
Management expenses	-33	-34	-97	-100	-134
Selling expenses	-151	-38	-448	-223	-351
Insurance-related administration expenses (incl. commissions for reinsurance received)	-151	-262	-490	-664	-688
Insurance-related operating expenses	-335	-334	-1,035	-986	-1,173
Other insurance related expenses after reinsurance share	-90	-12	-202	-73	-204
Technical insurance result	220	182	757	671	1,498
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint-controlled companies	16	-109	-229	-14	251
of which from investment in real estate companies	15	9	41	34	60
Interest income and dividends etc. from financial assets	163	140	516	471	659
Changes in investment value	-9	18	44	-7	11
Realised gains and losses on investments	36	10	101	31	35
Net income from investments in company portfolio	205	60	432	481	956
Other income	6	5	19	21	26
Management expenses	-3	-3	-10	-8	-11
Other costs	-80	-115	-302	-383	-468
Total management expenses and other costs linked to the company portfolio	-83	-118	-312	-391	-479
Profit or loss on non-technical account	129	-53	139	111	503
Profit before tax	349	129	896	782	2,001
Tax costs	-134	65	-335	150	-57
Profit before other comprehensive income	215	194	561	932	1,944
Change in pension experience adjustments					-51
Translation differences	-3		-6		-2
Tax on other result elements	1		2		13
Other comprehensive income and costs	-2		-4		-40
Comprehensive income	213	194	556	932	1,904

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION

NOK million	30.09.2014	30.09.2013	31.12.2013
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Other intangible assets	168	129	144
Total intangible assets	168	129	144
Equities and units in subsidiaries, associated companies and joint-controlled companies	10,175	10,527	10,482
of which investment in real estate companies	995	1,060	1,268
Loans to and securities issued by subsidiaries, associated companies	6,174	7,143	7,351
Lendings	2	3	3
Bonds held to maturity		245	347
Bonds at amortised cost	1,879	1,338	1,510
Equities and other units at fair value	61	49	50
Bonds and other fixed-income securities at fair value	8,792	7,096	6,888
Derivatives at fair value	520	161	362
Other financial assets	196	152	259
Total investments	27,801	26,714	27,253
Reinsurance share of insurance obligations	149	144	163
Receivables in connection with direct business transactions	934	1,199	2,682
Receivables in connection with reinsurance transactions	5	13	28
Receivables with group company	34	17	97
Other receivables	395	1,250	629
Total receivables	1,367	2,478	3,436
Tangible fixed assets	25	41	35
Cash, bank	520	1,006	1,280
Total other assets	545	1,047	1,316
Other pre-paid costs and income earned and not received	42	34	31
Total pre-paid costs and income earned and not received	42	34	31
Total assets in company portfolio	30,072	30,546	32,343
ASSETS IN CUSTOMER PORTFOLIOS			
Equities and units in subsidiaries, associated companies and joint-controlled companies	20,391	23,013	20,285
of which investment in real estate companies	19,760	22,420	28,948
Bonds held to maturity	15,140	11,570	14,773
Bonds at amortised cost	64,251	63,153	63,919
Lendings	5,729	3,605	3,436
Equities and other units at fair value	20,643	18,828	19,716
Bonds and other fixed-income securities at fair value	53,368	59,090	54,195
Financial derivatives at fair value	337	94	161
Other financial assets	2,143	1,036	1,769
Total investments in collective portfolio	182,002	180,389	178,253

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.09.2014	30.09.2013	31.12.2013
Equities and units in subsidiaries, associated companies and joint-controlled companies	1,049	1,810	1,600
of which investment in real estate companies	1,049	1,846	2,443
Lendings		76	73
Equities and other units at fair value	21,357	17,742	18,803
Bonds and other fixed-income securities at fair value	15,761	16,713	17,846
Financial derivatives at fair value	85	8	81
Other financial assets	119	184	227
Total investments in investment selection portfolio	38,371	36,534	38,630
Total assets in customer portfolios	220,373	216,923	216,883
TOTAL ASSETS	250,445	247,469	249,227
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	887	743	776
Other earned equity	6,065	4,567	6,069
Earned profit	450	561	
Total earned equity	7,401	5,872	6,845
Perpetual subordinated loan capital	2,138	5,119	2,787
Dated subordinated loan capital	2,591		2,540
Hybrid tier 1 capital	1,503	1,502	1,502
Total subordinated loan capital and hybrid tier 1 capital	6,231	6,620	6,829
Premium reserves	164,501	165,428	165,873
Additional statutory reserves	4,298	5,215	4,279
Market value adjustment reserve	3,812	1,761	3,823
Claims allocation	783	792	763
Premium fund, deposit fund and the pension surplus fund	3,182	3,133	3,184
Unallocated profit to insurance contracts	3,552	542	
Other technical reserve	850	794	786
Total insurance obligations in life insurance - contractual obligations	180,977	177,667	178,708
Premium reserves	38,575	36,407	38,700
Claims allocation	1	1	1
Additional statutory reserves		253	179
Premium fund, deposit fund and the pension surplus fund		166	330
Unallocated profit to insurance contracts		94	
Total insurance obligations in life insurance - investment portfolio separately	38,575	36,921	39,209

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.9.2014	30.9.2013	31.12.2013
Pension liabilities etc.	432	571	432
Period tax liabilities	1,523	995	1,190
Other provisions for liabilities	36	35	63
Total provisions for liabilities	1,991	1,601	1,685
Liabilities in connection with direct insurance	711	978	846
Liabilities in connection with reinsurance	2	4	2
Financial derivatives	560	756	438
Liabilities to group companies	8	2,514	6
Other liabilities	564	1,030	1,160
Total liabilities	1,845	5,282	2,453
Other accrued expenses and received, unearned income	173	255	248
Total accrued expenses and received, unearned income	173	255	248
TOTAL EQUITY AND LIABILITIES	250,445	247,469	249,227

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital ¹⁾	Share premium	Total paid in equity	Risk equalisation fund	Other equity	Total equity
Equity at 31.12.2012	3,540	9,711	13,251	640	4,301	18,192
Profit for the period				103	829	932
Total other profit elements					-1	-1
Total comprehensive income for the period				103	827	930
Equity at 30.09.2013	3,540	9,711	13,251	743	5,128	19,122
Profit for the period				136	1,809	1,945
Total other profit elements					-40	-40
Total comprehensive income for the period				136	1,768	1,904
Equity at 31.12.2013	3,540	9,711	13,251	776	6,069	20,096
Profit for the period				111	450	561
Total other profit elements					-4	-4
Total comprehensive income for the period				111	445	556
Equity at 30.09.2014	3,540	9,711	13,251	887	6,514	20,652

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

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 the "Regulation on the annual accounts etc. of insurance companies" for the parent company and the consolidated financial statements in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2013 annual report, and the interim financial statements are prepared with respect to these accounting policies with the exceptions discussed in more detail below.

There are new and amended accounting standards that entered into effect from 1 January 2014, and Storebrand has implemented IFRS 10 with effect from the same date. Their effect for the Group is discussed in more detail below.

IFRS 10 – Consolidated financial statements

IFRS 10 replaces the parts of IAS 27 that address consolidated financial statements and include in addition companies for special purposes that were previously addressed in SIC-12.

IFRS 10 establishes a model for evaluating control that will apply to all companies, and the content of the control concept has changed in IFRS 10 in relation to IAS 27 and will entail an increased degree of assessment of units that are controlled by the company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Group's financial statements, securities funds in which Storebrand has an ownership percentage of around 40 per cent or more, and which are also managed by management companies within the Storebrand Group, are consolidated 100 per cent on the balance sheet. Minority interests in consolidated securities funds are presented on a single line for assets and correspondingly on a single line for liabilities. As a consequence of the other investors being able to redeem their ownership interests in the respective funds, the minority interests are classified as liabilities in Storebrand's consolidated financial statements.

One of the Investments in the Group, which was previously treated as a joint venture, is now assessed to be a subsidiary in accordance with IFRS 10. Pursuant to IFRS 10, this company is consolidated 100 per cent.

Changes to other accounting standards

There are also other amendments to the IFRS regulations with effect from, or that can voluntary be applied from 1 January 2014. These changes have not had any material impact on Storebrand's interim financial statements.

The tables below shows the impact of IFRS 10 on the accounting lines that are affected by the changes.

Profit and loss account

NOK million	Q3 2013			30.09.2013			Year 2013		
	Reported	Effect IFRS 10	Revised figures	Reported	Effect IFRS 10	Revised figures	Reported	Effect IFRS 10	Revised figures
Net operating income from real estate	11	3	14	40	9	49	54	11	65
Profit or loss on non-technical account	4	3	7	-150	9	-141	-163	11	-152
Profit before tax	617	3	620	1,436	9	1,445	2,050	11	2,061

Notes to the interim accounts

Statement of financial position

NOK million	01.01.13			30.09.2013			31.12.13		
	Reported	Effect IFRS 10	Revised figures	Reported	Effect IFRS 10	Revised figures	Reported	Effect IFRS 10	Revised figures
Real estate at fair value - company portfolio	1,208	2,262	3,470	1,011	2,462	3,473	1,084	2,497	3,581
Real estate at fair value - collective portfolio	25,401	-1,860	23,541	21,451	-2,052	19,399	21,478	-2,068	19,409
Real estate at fair value - investment selection portfolio	2,114	-162	1,952	1,632	-164	1,468	1,614	-167	1,447
Minority interest in consolidated securities funds		1,044	1,044		628	628		690	690
Total assets	375,155	1,284	376,439	388,514	874	389,387	407,078	952	408,029
Equity and liabilities									
Minority interests	148	240	388	160	246	406	141	262	403
Total equity	17,262	240	17,502	18,598	246	18,844	20,011	262	20,273
Minority interest in consolidated securities funds		1,044	1,044		628	628		690	690
Total equity and liabilities	375,155	1,284	376,439	388,514	874	389,388	407,078	952	408,029

NOTE 2: ESTIMATES

Critical accounting estimates and judgements made for the 2013 annual financial statements are described in note 2, step-up plan for longevity reserve strengthening for Storebrand Life Insurance in note 3, insurance risk in note 7 and valuation of financial instruments at fair value is described in note 13.

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.

Strengthening longevity reserves for Storebrand Life Insurance

In a letter dated 8 March 2013, the Financial Supervisory Authority of Norway (Finanstilsynet) determined that a new mortality basis, K2013, would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. This requires increased premiums and higher insurance technical reserves to cover future liabilities. See the description in note 3 in the annual financial statements for 2013.

The Financial Supervisory Authority of Norway published 2nd April 2014 final guidelines for the step-up plans for longevity reserve strengthening. These are in relations to the guidelines provided by the Ministry of Finance in a letter from 27th March 2014. The period for strengthening longevity reserves may have duration of up to 7 years (up to and including 2020). Applications for step-up periods for reserves must be approved by the Financial Supervisory Authority of Norway. The strengthening of the reserves may be funded with excess return in customer portfolios. Surplus return in one contract cannot be used to strengthen reserves on other contracts. The insurance companies should contribute at least 20 percent of the increased reserves. Allocations shall be made to every contract. The reserve strengthening must as a minimum be linear over the course of the step-up plan. Storebrand has applied to the Financial Supervisory Authority of Norway in April 2014 to take 7 years for strengthening the longevity reserves.

Requirements that the entire booked returns be added on a contract basis will, all other things being equal, require a higher return given that the owner's contribution should be unchanged. The possibility to be able to apply for a step-up period of up to 7 years will pull in the opposite direction. On the overall, the owner's expected contribution for strengthening reserves for a given level of returns, have increased in relation to earlier estimates.

Notes to the interim accounts

Guidelines for longevity reserve strengthening

- Step-up plans can have a maximum duration of seven years (up until 2020). Applications to be approved by the Supervisory Authorities of Norway.
- The reserves may be funded with excess return in customer portfolios. Surplus return in one contract cannot be used to strengthen reserves on other contracts (no "solidarity")
- The Insurance companies should contribute at least 20 percent of the increased reserves. Allocations shall be made to every contract.
- The reserve strengthening must as a minimum be linear over the course of the step up plan.

Consequences for Storebrand

- Total reserve strengthening of appr. NOK 12.4 billion.
- In the period 2011 to 2013, Storebrand has allocated a total of NOK 4.1 billion for the future reserve strengthening, and has also allocated NOK 2.4 billion in customer surpluses to date in 2014. Given that customer surpluses cannot be used jointly, efforts to assign longevity reserves at individual contract levels is an ongoing process and it is expected that this will reduce the total allocated reserve with approximately NOK 500 million. Total allocation for reserve strengthening, with deduction for mentioned NOK 500 million, is at the end of the third quarter NOK 6.3 billion included owner's contribution of NOK 270 million.
- Storebrand also has other buffers that may be used to increase the booked return in the period.
- The total contribution from the owner will depend upon the annual booked returns on investment returns on customer funds in the step-up period, the volatility in the booked return, trend in the insurance portfolio, risk results during the period, etc.
- The table below shows the estimated effects on net profit for owners for different average booked returns expectations during the period. If booked annual returns are to be lower than 4 per cent, then the owner's contribution might increase significantly. The effect on net profit is estimated based on an option pricing model which uses, for instance, a volatility in the booked return of 1 per cent and an annual expected risk outcome for customers that can be used for strengthening the reserves. The expected total and annual effect on earnings does not include loss of anticipated profit sharing related to paid-up policies. The estimates are encumbered with uncertainty.

Annual booked return	Expected total result effect before tax ¹⁾	Annual result effect before tax ¹⁾
4.0%	~ 3 500	~ 500
4.5%	~ 2 100	~ 300
5.0%	~ 1 100	~ 160

- In the accounts as at 30 September 2014, a long-term average yield of 4.4 per cent, an expected risk outcome for customers and an expected step-up period of 7 years have been used as a basis

¹⁾Amounts in NOK mill.

NOTE 3: TAX

The tax expenses during the third quarter have been estimated based upon an expected effective tax rate per legal entity for the year of 2014, adjusted for a smaller tax-reducing one-off effect. There will be uncertainty associated with these estimates.

The tax rate for the group will vary from quarter to quarter depending on the individual legal entities' contribution to earnings.

NOTE 4: 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 senior employees and related parties are stipulated in notes 22 and 44 in the 2013 annual report.

Storebrand Bank has decided to end its lending against commercial property. Partly as a part of this wound up, and to adapt to new capital adequacy rules, Storebrand Bank sold some commercial property portfolio to Storebrand Livsforsikring. Storebrand Livsforsikring wishes as part of the investment management of pension funds to invest more in corporate loans with good collateral that provides stable and good returns compared to investment with equivalent risk.

On 13. March 2014 Storebrand Livsforsikring entered into an agreement with Storebrand Bank for the transfer of loans of 1,7 billion with the acquisition on 25. March 2014. On 22. August 2014 a new agreement was entered into for the transfer of loans of 1.9 billion with the acquisition in September 2014. The portfolio were sold at fair value, corresponding to amortised cost.

Notes to the interim accounts

NOTE 5: FINANCIAL MARKET RISK AND INSURANCE RISK

Risks are described in the annual report for 2013 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk), and note 11 (Concentration risk). Conditions that affect the risks are also described in note 2 (Significant accounting estimates and approximate valuations). As regards strengthening longevity reserves for Storebrand Life Insurance, this is described in note 2 (Estimates).

The stock market has been strong during the three first quarters of the year, with new highs on the stock exchanges. The credit market has also been positive with falling credit spreads. Interest rates have been falling, both in Norway and Sweden. After the end of the quarter, the financial markets have been more volatile, and the equity markets have experienced a downward correction.

The most significant risk in the Norwegian operations is the company's return on the guaranteed customer portfolios. At the end of the third quarter, the return on the guaranteed portfolios is higher than the accumulated guarantee and higher than planned to cover this year's contributions to the strengthening of reserves. The return has been positively affected by strong equity and credit markets and the effect of a fall in interest rates. This reduces the return risk for 2014. In the longer term, lower interest rates increase the risk associated with guaranteed returns and the strengthening of longevity reserves including, for instance, as a result of re-investment risk. Lower interest rates are also negative for solvency when Solvency II is introduced from 1 January 2016. The market turmoil after the end of the quarter has had a limited negative impact on the earnings outlook and key solvency figures.

The Norwegian Financial Supervisory Authority has decided that the calculation interest rate is to be reduced to 2.0 per cent for new accumulation as of 2015.

For the Swedish operations, lower interest rates are, all being equal, negative for solvency-margin and in the long term also for the financial results. A good return in customer portfolios throughout the three first quarters of the year have given a good profit sharing result. The final result will be influenced by actual return in the fourth quarter.

The percentage of equities in the paid-up policy portfolio has declined somewhat in the third quarter, while it has increased to date for the year. The investment allocation is otherwise largely unchanged throughout the year.

Insurance risk remains largely unchanged throughout the year.

NOTE 6: CHANGES IN THE PENSION SCHEME

Storebrand's own pension scheme in Norway is under evaluation. A potential closure of the defined pension scheme and a transition to defined contribution scheme at year end is expected to give a moderate positive effect on the equity. The issue is considered by the Board of Directors of Storebrand ASA on 28 October 2014. The CEO of Storebrand Livsforsikring AS is authorized to implement the required changes if the restructuring is approved by the Board of Directors of Storebrand ASA.

NOTE 7: SEGMENTS – RESULT BY BUSINESS AREA

Changes in accounting policies and segment reporting

Beginning 1 January 2014, certain follow-ups including sickness insurance, one-year life assurance and survivor insurance at SPP have been transferred from the Guaranteed Pension segment to Insurance.

Savings

Consists of products that include long-term saving for retirement with no explicit long-term interest rate guarantees. The area includes fundbased insurance (Unit Linked and defined contribution pensions) to individuals and companies in Norway and Sweden and to Storebrand Eiendom AS, SPP Fonder AB and Storebrand Realinvesteringer AS.

Insurance

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

Guaranteed pension

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

Notes to the interim accounts

Other

Under the category 'Other', the performance of the company's portfolios in Storebrand Livsforsikring and SPP are reported. It also includes results related to operations in subsidiaries including BenCo, which through Nordben and Euroben offer pension products to multi-national companies. Minority in mutual funds and real estate funds are also included in the segment Other.

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.

NOK million	Q3		01.01 - 30.09		Year 2013
	2014	2013	2014	2013	
Savings	141	78	312	209	298
Insurance	90	268	417	504	658
Guaranteed pension	233	293	847	928	1,376
Other	79	77	276	82	105
Group result before amortisation	543	716	1,852	1,723	2,437
Amortisation intangible assets	-93	-95	-284	-279	-375
Pre-tax profit	450	621	1,567	1,445	2,061

Segment information as of Q3

NOK million	Savings		Insurance		Guaranteed pension	
	2014	2013	2014	2013	2014	2013
Fee and administration income	329	268			471	491
Risk result life & pensions	7				26	-31
Insurance premiums f.o.a.			581	597		
Claims f.o.a.			-431	-262		
Operational cost	-195	-190	-91	-94	-275	-272
Financial result	0	0	31	28		
Result before profit sharing and loan losses	142	78	90	268	222	188
Net profit sharing and loan losses		1			101	105
Provision longevity					-90	
Result before amortisation	141	78	90	268	233	293
Amortisation and write-downs of intangible assets						
Pre-tax profit	141	78	90	268	233	293

NOK million	Other		Storebrand Livsforsikring Group	
	2014	2013	2014	2013
Fee and administration income	37	28	838	787
Risk result life & pensions	4	-4	37	-35
Insurance premiums f.o.a.			581	597
Claims f.o.a.			-431	-262
Operational cost	-19	-17	-580	-574
Financial result	60	71	91	98
Result before profit sharing and loan losses	82	78	535	611
Net profit sharing and loan losses	-2	-1	99	105
Provision longevity			-90	
Result before amortisation	79	77	543	716
Amortisation and write-downs of intangible assets	-93	-95	-93	-95
Pre-tax profit	-14	-18	450	621

Notes to the interim accounts

Segment information as at 30.09

NOK million	Savings		Insurance		Guaranteed pension	
	2014	2013	2014	2013	2014	2013
Fee and administration income	914	759			1,384	1,478
Risk result life & pensions	-1	4			152	-9
Insurance premiums f.o.a.			1,756	1,739		
Claims f.o.a.			-1,212	-1,027		
Operational cost	-602	-555	-286	-285	-837	-818
Financial result			159	77		
Result before profit sharing and loan losses	311	208	417	504	699	651
Net profit sharing and loan losses	1	1			418	276
Provision longevity					-270	
Result before amortisation	312	209	417	504	847	928
Amortisation and write-downs of intangible assets						
Pre-tax profit	312	209	417	504	847	928
Assets	95,738	80,995	4,893	3,992	268,160	274,364
Liabilities	94,372	79,676	4,893	3,992	259,840	266,242

NOK million	Other		Storebrand Livsforsikring Group	
	2014	2013	2014	2013
Fee and administration income	97	86	2,395	2,323
Risk result life & pensions	6	5	157	
Insurance premiums f.o.a.			1,756	1,739
Claims f.o.a.			-1,212	-1,027
Operational cost	-53	-49	-1,778	-1,707
Financial result	233	46	393	123
Result before profit sharing and loan losses	283	87	1,709	1,451
Net profit sharing and loan losses	-6	-5	412	273
Provision longevity			-270	
Result before amortisation	276	82	1,852	1,723
Amortisation and write-downs of intangible assets	-284	-279	-284	-279
Pre-tax profit	-8	-196	1,567	1,445
Assets	46,309	39,985	415,100	399,336
Liabilities	35,031	29,760	394,136	379,671

Notes to the interim accounts

Restatement of comparative figures

Profit and loss account

NOK million	Q3 2013				30.09.2013				Year 2013			
	Re-ported figures	Changes in IFRS	Change in segment	Revised figures	Re-ported figures	Changes in IFRS	Change in segment	Revised figures	Re-ported figures	Changes in IFRS	Change in segment	Revised figures
Savings	78			78	209			209	298			298
Insurance	86		182	268	248		256	504	369		289	658
Guaranteed pension	475		-182	293	1,183		-256	928	1,665		-289	1,376
Other	74	3		77	73	9		82	94	11		105
Group result before amortisation	712	3		716	1,714	9		1,723	2,426	11		2,437
Amortisation intangible assets	-95			-95	-279			-279	-375			-375
Pre-tax profit	617	3		621	1,436	9		1,445	2,050	11		2,062

Statement of financial position

NOK million	01.01.2013			30.09.2013			31.12.2013		
	Reported figures	Changes in IFRS	Revised figures	Reported figures	Changes in IFRS	Revised figures	Reported figures	Changes in IFRS	Revised figures
Savings	64,583		64,583	80,995		80,995	85,261		85,261
Insurance	3,074		3,074	3,992		3,992	3,992		3,992
Guaranteed pension	271,202		271,202	274,364		274,364	274,406		274,406
Other	36,296	1,284	37,580	39,111	874	39,985	43,418	952	44,370
Total assets	375,155	1,284	376,439	398,462	874	399,336	407,077	952	408,029
Savings	55,358		55,358	79,676		79,676	83,984		83,984
Insurance	3,074		3,074	3,992		3,992	3,992		3,992
Guaranteed pension	263,869		263,869	266,242		266,242	266,303		266,303
Other	35,592	1,044	36,636	29,132	628	29,760	32,788	690	33,478
Total liabilities	357,893	1,044	358,937	379,043	628	379,671	387,067	690	387,757

NOTE 8: SPECIFICATION OF SUBORDINATED LOAN CAPITAL

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS 08/18 FRN	1,500	NOK	Variable	2018	1,503
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,042
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,096
SPP Livförsäkring AB	700	SEK	Variable	2019	621
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,591
Total subordinated loan capital and hybrid tier 1 capital 30.09.2014					6,852
Total subordinated loan capital and hybrid tier 1 capital 31.12.2013					6,829

Notes to the interim accounts

NOTE: 9 VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE

The Group categorises financial instruments on three different levels, which are described in more detail in note 13 in the annual financial statements for 2013. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

Fair value of financial assets and liabilities at amortised cost

NOK million	Fair value 30.09.14	Fair value 31.12.13	Book value 30.09.14	Book value 31.12.13
Financial assets				
Lending to customers	5,753	3,489	5,731	3,512
Bonds held to maturity	17,112	15,942	15,140	15,120
Bonds classified as loans and receivables	74,276	69,767	66,130	65,429
Financial liabilities				
Subordinated loan capital	7,967	7,368	6,852	6,829

Valuation of financial instruments and real estate at fair value Storebrand Livsforsikring Group

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total 30.09.2014	Total 31.12.2013
Assets					
Equities and units					
- Equities	18,190	649	2,365	21,205	16,706
- Fund units	117	68,808	8,030	76,955	74,766
- Real estate fund			903	903	1,217
Total equities and units	18,307	69,458	11,299	99,064	
Total equities and units 31.12.13	13,135	67,609	11,945		92,689
Bonds and other fixed income securities					
- Government and government guaranteed bonds	32,028	18,851		50,879	61,602
- Credit bonds		24,238	314	24,552	24,238
- Mortgage and asset backed bonds		39,193		39,193	42,296
- Supranational and agency	49	7,012		7,061	7,167
- Bond funds		53,654		53,654	47,208
Total bonds and other fixed income securities	32,077	142,948	314	175,339	
Total bonds and other fixed income securities 31.12.13	27,170	153,672	1,669		182,510
Derivatives:					
- Interest rate derivatives		529		529	-664
- Currency derivatives		2,213		2,213	35
- Credit derivatives		-136		-136	
Total derivatives		2,606		2,606	
- derivatives with a positive market value		4,049		4,049	
- derivatives with a negative market value		-1,442		-1,442	
Total derivatives 31.12.13		-629			-629
Real estate:					
- real estate at fair value			25,581	25,581	24,175
- real estate for own use			2,479	2,479	2,491
Total real estate			28,060	28,060	
Total real estate 31.12.13			26,928		26,928

Notes to the interim accounts

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	25	39
Bonds and other fixed income securities		738

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.

Movement level 3

NOK million	Equities	Fund units	Real estate fund	Credit bonds	Real estate	Real estate for own use
Book value 01.01	3,273	7,541	1,217	1,669	24,176	2,491
Net profit/loss	307	1,047	29	19	5	12
Supply/disposal	80	728	15	55	1,355	8
Sales/overdue/settlement	-1,220	-1,199	-358	-1,394	-224	-8
To quoted prices and observable assumptions	8					
Translation differences	-82	-87		-35	191	-59
					79	35
Book value 30.09.14	2,365	8,030	903	314	25,581	2,479

SENSITIVITY ASSESSMENTS

Storebrand Livsforsikring Group

Equities

Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption with regard to the required rate of return used, a change in the discount rate of 0.25 per cent would result in an estimated change of around 3.75 per cent in value, depending on the maturity of the forest and other factors.

NOK million	Change in value at change in discount rate	
	Increase + 25 bp	Decrease - 25 bp
Change in fair value per 30.09.14	-62	67

Fund units

Large portions of the portfolio are priced using comparable listed companies, while smaller portions of the portfolio are listed. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. Storebrand's private equity portfolio has an estimated Beta relative to the MSCI World (Net - currency hedged to NOK) of around 0.5.

NOK million	Change MSCI World	
	Increase + 10 %	Decrease - 10 %
Change in fair value as at 30.09.14	268	-268

Credit bonds

Credit bonds on level 3 consists of microfinance fund, private equity debt fund and convertible bonds. The pricing of these bonds do not follow the normal pricing of bonds by using the discount rate, but are included in the sensitivity test used on private equity investments.

NOK million	Change MSCI World	
	Increase + 10 %	Decrease - 10 %
Change in fair value as at 30.09.14	15	-15

Notes to the interim accounts

Real estate fund

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. The indirect property investments are leveraged structures. The portfolio is leveraged 65 per cent on average.

NOK million	Change in value underlying real estates	
	Increase + 10 %	Decrease - 10 %
Change in fair value as at 30.09.14	209	-209

Properties

The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 4.5 per cent. About 25 per cent of the property's cash flow is linked to lease contracts that have been entered into. This entails that the changes in the uncertain parts of the cash flow of 1 per cent will mean a change in value of 0.75 per cent.

NOK million	Change in required rate of return	
	0.25%	-0.25%
Change in fair value as at 30.09.14	-1,117	1,225

Storebrand Livsforsikring AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Change in required rate of return	
				Total 30.09.2014	Total 31.12.2013
Assets					
Equities and units					
- Equities	8,787	342	1,767	10,896	6,086
- Fund units		24,036	6,227	30,263	31,266
- Real estate fund			903	903	1,217
Total equities and units	8,787	24,377	8,897	42,062	
Total equities and units 31.12.13	4,246	25,425	8,898		38,569
Bonds and other fixed income securities					
- Government and government guaranteed bonds	17,841			17,841	22,906
- Credit bonds		11,895	67	11,962	11,446
- Mortgage and asset backed bonds		9,545		9,545	10,080
- Supranational and agency		1,119		1,119	1,511
- Bond funds		37,455		37,455	32,987
Total bonds and other fixed income securities	17,841	60,014	67	77,922	
Total bonds and other fixed income securities 31.12.13	14,818	63,053	1,058	0	78,930
Derivatives:					
- Interest rate derivatives		462		462	324
- Currency derivatives		-81		-81	-158
Total derivatives		-381		-381	
- derivatives with a positive market value		942		942	
- derivatives with a negative market value		-560		-560	
Total derivatives 31.12.13		166			166

Notes to the interim accounts

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	10	2
Bonds and other fixed income securities		738

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.

Movement level 3

NOK million	Equities	Fund units	Real estate fund	Credit bonds
Book value 01.01	1,705	5,976	1,217	1,058
Net profit/loss	91	791	29	14
Supply/disposal	5	504	15	1
Sales/overdue/settlement	-34	-1,045	-358	-1,006
Book value 30.09.14	1,767	6,227	903	67

NOTE 10: EQUITIES IN SUBSIDIARIES

In the second quarter equity investment in the subsidiary Benco, which are recognized in the accounts of Storebrand Livsforsikring, was written down by NOK 286 million to a value equal Benco's value in the consolidated financial statements. Corporate value is considered to provide an indication of the value in use. The impairment does not affect the consolidated financial statements of Storebrand Livsforsikring. There was no changes during the third quarter 2014.

NOTE 11: CONTINGENT LIABILITIES

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	30.09.14	31.12.13	30.09.14	31.12.13
Uncalled residual liabilities concerning Limited Partnership	4,188	4,038	3,187	3,022
Total contingent liabilities	4,188	4,038	3,187	3,022

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

Notes to the interim accounts

NOTE 12: CAPITAL ADEQUACY

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	30.09.14	31.12.13	30.09.14	31.12.13
Share capital	3,540	3,540	3,540	3,540
Other equity	17,424	16,471	17,112	16,556
Equity	20,964	20,011	20,652	20,096
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Goodwill and other intangible assets	-5,241	-5,807	-168	-144
Risk equalisation fund	-887	-776	-887	-776
Capital adequacy reserve		-96		
Deduction for investments in other financial institutions	-1	-1	-1	-1
Interest adjustment insurance reserves SPP	-1,461	-1,081		
Security reserve	-162	-150		
Other	-398	-71	-205	-68
Core (tier 1) capital	14,315	13,530	20,891	20,607
Perpetual subordinated loan capital	2,646	2,700	2,100	2,700
Dated subordinated loan capital	2,238	2,238	2,238	2,238
Capital adequacy reserve		-96		
Deductions for investments in other financial institutions	-1	-1	-1	-1
Tier 2 capital	4,883	4,841	4,337	4,937
Net primary capital	19,198	18,370	25,228	25,544
Risk weighted calculation base	135,734	134,630	105,861	104,481
Capital adequacy ratio	14.1 %	13.6 %	23.8 %	24.4 %
Core (tier 1) capital ratio	10.5 %	10.0 %	19.7 %	19.7 %

NOTE 13: SOLVENCY MARGIN

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	30.09.14	31.12.13	30.09.14	31.12.13
Solvency margin requirements	12,064	11,974	7,757	7,634
Solvency margin capital	21,941	21,054	27,434	27,107
Solvency margin	181.9 %	175.8 %	353.7 %	355.1 %

Specification of solvency margin capital

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	30.09.14	31.12.13	30.09.14	31.12.13
Net primary capital	19,198	18,370	25,228	25,544
50% of additional statutory reserves	2,149	2,229	2,149	2,229
50% of risk equalisation fund	443	388	443	388
Counting security reserve	73	67	73	67
Reduction in Tier 2 capital eligible for inclusion in solvency capital	78	-	-460	-1,121
Solvency capital	21,941	21,054	27,434	27,107

Translation from the original Norwegian version

To the Board of Directors of Storebrand Livsforsikring AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand Livsforsikring AS (the Group) as of September 30, 2014, 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, October 28, 2014
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

Financial calendar 2014

12 February	Results 4Q 2013 Embedded Value 2013	7 May	Results 1Q 2014
9 April	Annual General Meeting	16 July	Results 2Q 2014
10 April	Ex dividend date	29 October	Results 3Q 2014
		February 2015	Results 4Q 2014

Investor Relations contacts

TROND FINN ERIKSEN	Head of IR	✉ trond.finn.eriksen@storebrand.no	☎ +47 9916 4135
SIGBJØRN BIRKELAND	Finance Director	sigbjorn.birkeland@storebrand.no	+47 9348 0893
LARS LØDDESØL	CFO	lars.loddesol@storebrand.no	+47 2231 5624
KJETIL RAMBERG KRØKJE	IR Officer	kjetil.r.krokje@storebrand.no	+47 9341 2155



Storebrand ASA

Professor Kohtsvei 9, P.O. Box 500, N-1327 Lysaker, Norway
Telephone: +47 22 31 50 50, www.storebrand.com/ir