Interim report

Storebrand Group

storebrand

Interim report - 3Q 2013:

Storebrand Group

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Important notice:

Storebrand Group

- **Group result of NOK 810 million in the third quarter and NOK 1,880 million for the year to date**
- **Growth in fee and administration income of 10 per cent year to date**
- **Year to date reduction in costs of 2 per cent**

Storebrand's ambition is to be the best provider of pension savings. The group offers a broad range of products within life insurance, property and casualty insurance, asset management and banking, to companies, public sector entities and private individuals. The group is divided into the segments Savings, Insurance and Guaranteed pension and Other.

Group result[1)]

	2013			2012		01.01 - 30.09		Full year
NOK million	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Fee and administration income	1,093	1,077	1,045	974	970	3,215	2,932	3,907
Risk result life & pensions	143	42	63	95	74	248	240	335
Insurance premiums f.o.a.	731	665	717	671	640	2,113	1,839	2,510
Claims f.o.a.	-517	-448	-556	-544	-425	-1,521	-1,229	-1,774
Operational cost	-809	-843	-828	-939	-1,016	-2,480	-2,708	-3,647
Financial result	83	-30	16	53	84	69	124	177
Result before profit sharing and loan losses	**724**	**463**	**457**	**309**	**328**	**1,644**	**1,199**	**1,508**
Net profit sharing and loan losses	86	55	95	180	131	236	272	451
Result before amortisation and write-downs	**810**	**518**	**552**	**489**	**458**	**1,880**	**1,471**	**1,960**
Amortisation and write-downs of intangible assets	-113	-106	-105	-101	-108	-324	-300	-401
Result before tax	698	412	447	388	350	1,557	1,171	1,559
Tax	-13	124	-89	-320	-72	23	-230	-550
Sold/liquidated business	0	-2	-1	1	3	-2	1	3
Profit after tax	**685**	**535**	**357**	**69**	**282**	**1,578**	**943**	**1,012**

The Group result before amortisation was NOK 810 million (NOK 458 million) in the third quarter. The figures in brackets show the corresponding period last year. The result before profit sharing and loan losses is developing in line with expectations, and growth has been achieved in the result from Savings, Insurance and Guaranteed Pensions. The Group's cost programme has reduced costs compared to the same period last year. The programme will have increased impact during the remainder of 2013 and will achieve full effect by the end of 2014.

The result in Savings was strengthened by NOK 144 million in the quarter and by NOK 231 million for the year to date compared to the same period in 2012. The underlying reasons for the increase are earnings growth in all parts of the enterprise, improved margins in banking and cost-reducing measures.

Insurance is reporting a combined ratio of 87 per cent for the quarter. The cost ratio totalled 16 per cent in the quarter while the premium income increased simultaneously by 15 per cent.

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.

Group result by result area[1)]

	2013			2012		01.01 - 30.09		Full year
NOK million	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Savings (non-guaranteed)	146	138	90	145	2	373	142	288
Insurance	136	132	74	88	106	342	329	417
Guaranteed pension	474	306	403	287	276	1,183	906	1,193
Other	53	-58	-14	-32	74	-19	94	62
Result before amortisation and write-downs	**810**	**518**	**552**	**489**	**458**	**1,880**	**1,471**	**1,960**

[1)] The income statement is based on reported IFRS results for the individual companies in the Group. The statement differs from the official financial statements.

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 in Sweden.[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.

Capital situation and taxes

The Storebrand Life Insurance Group's[2)] 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.

Capital adequacy and core capital adequacy at the end of the third quarter were 13.4 per cent and 10.1 per cent respectively, increasing 0.3 and 0.4 percentage points during the quarter.

After the end of the quarter (9 October), senior unsecured bonds were issued by Storebrand ASA for a total of NOK 750 million in two tranches of 5 and 7 years respectively. The plans are to use the funds for refinancing debt and general financing of the company. In connection with the issuance, Storebrand ASA bought back senior unsecured bonds totalling NOK 264 million.

Sales of properties 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 expenses of NOK 13 million during the third quarter and taxable income of NOK 23 million for the year to date.

Strategic priorities

The European life insurance sector is facing significant changes. Low interest rates and changed regulatory conditions for long term pension savings have led to a shift away from traditional pension plans with guaranteed annual interest rates towards fund-based saving plans without guarantees. 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.

Group - Key figures

	2013			2012		01.01 - 30.09		Full year
NOK million	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Earnings per share adjusted (NOK) [3)]	1.78	1.43	1.03	0.38	0.87	4.24	2.77	3.15
ROE, annualised [3)]	17.0 %	11.9 %	9.6 %	3.7 %	8.6 %	12.9 %	8.9 %	7.5 %
Equity	22,274	21,301	20,696	19,936	19,706	22,274	19,706	19,936
Solvency margin (Storebrand Life Group)	178%	174%	165%	162%	153%	178%	153%	162%
Result before amortisation and write-downs	810	518	552	489	458	1,880	1,471	1,960

1) Storebrand Life Insurance, SPP and BenCo
2) Premium income as at the second quarter of 2013. Source: Finance Norway and Insurance Sweden
3) After tax, adjusted for amortisation and write-downs of intangible assets

Savings

Good earnings performance driven by earnings growth and increased interest margin. Excess returns in the investment portfolios and stronger competitiveness in the Swedish market.

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

Savings

	2013			2012		01.01 - 30.09		Full year
NOK million	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Fee and administration income	490	461	448	424	407	1,399	1,214	1,638
Risk result life & pensions	0	4	0	2	1	4	1	3
Operational cost	-328	-322	-335	-361	-400	-985	-1,056	-1,417
Financial result	-	-	-	-	-	-	-	-
Result before profit sharing and loan losses	162	143	113	65	8	418	159	224
Net profit sharing and loan losses	-16	-5	-24	80	-5	-44	-16	63
Result before amortisation	146	138	90	145	2	373	142	288

Results

The result from Savings was strengthened significantly during the third quarter and for the year to date. The underlying reasons for this are earnings growth in all parts of the business area, improved margins in banking and cost-reducing measures.

Defined contribution pensions are experiencing strong growth in Norway and Sweden. An increasing number of companies choose to transition to defined contribution-based schemes. This increases the number of members in the pension schemes and the pension funds. Income for the defined contribution has increased by 24 per cent for the year to date. Retail banking is developing strongly. Satisfactory growth in lending and deposits, combined with an interest margin of 1.19 per cent for the year to date, (0.99 per cent), is providing a significant increase in income. The lending portfolio of NOK 24.1 billion consists primarily of low-risk home mortgages. As at the third quarter, the lending losses stood at NOK 7.8 million.

Overall, fee and administration income has grown 20 per cent during the third quarter and 15 per cent for the year to date.
A number of measures has 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.

In the investment portfolios for the Asset Management business, there are returns above benchmarks of NOK 0.7 billion for the quarter, and NOK 2.3 billion for the year to date. Interim return-based fees, not yet recognised as income, are calculated to be around NOK 60 million as at the third quarter. During the quarter, NOK 15 million was reserved for return-based fees for asset managers under net profit sharing and lending losses.

Balance sheet and market trends

Premium income for non-guaranteed life insurance was NOK 2.3 billion during the third quarter and NOK 7.4 billion for the year to date, 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 totalling 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 market share. There is strong competition in the market. Storebrand expects that this will persist, driven by factors that include regulatory changes being proposed by the authorities. 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 provider 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.

For the asset management business as a whole, AuM increased by NOK 15 billion during the third quarter and NOK 29 billion for the year to date, totalling NOK 471 billion. A total of NOK 17 billion of the increase year to date has been due to the strengthening of the SEK, whereas the residual growth has been driven by good financial markets, returns above benchmarks and new sales. Within the banking retail market, growth in the portfolio comprises NOK 376 million for the year to date and NOK 75 million during the third quarter.

Savings - Key figures

	2013			2012	
NOK million	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
AuM Asset Management	471,278	455,701	453,828	442,162	438,878
Retail Lending	24,110	24,036	23,922	23,734	23,256

Insurance

Premium growth of 15 per cent, stable earnings performance and cost control.

The Insurance business area includes the Group's risk products[1]. This business area offers health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee insurance and pensions-related insurance in the Norwegian corporate market.

Insurance

	2013			2012		01.01 - 30.09		Full year
NOK million	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Insurance premiums f.o.a.	731	665	717	671	640	2,113	1,839	2,510
Claims f.o.a.	-517	-448	-556	-544	-425	-1,521	-1,229	-1,774
Operational cost	-114	-120	-118	-116	-139	-353	-353	-470
Financial result	37	34	31	78	29	102	72	150
Result before profit sharing and loan losses	**136**	**132**	**74**	**88**	**106**	**342**	**329**	**417**
Net profit sharing and loan losses	-	-	-	-	-	-	-	-
Result before amortisation	**136**	**132**	**74**	**88**	**106**	**342**	**329**	**417**
Claims ratio	71%	67%	78%	81%	66%	72%	67%	71%
Cost ratio	16%	18%	17%	18%	22%	17%	19%	19%
Combined ratio	**87%**	**86%**	**94%**	**99%**	**88%**	**89%**	**86%**	**90%**

Results

For the third quarter, Insurance delivers a result before amortisation of NOK 136 million (106 million), and NOK 342 million (329 million) for the year to date with a total combined ratio of 89 per cent (86 per cent).

The risk result is stable with a claims ratio for the quarter of 71 per cent (66 per cent) and 72 per cent (67 per cent) for the year to date, with frequency and average claims as expected. The risk performance is good for both mortality and disability risk in the portfolio. The exception is the disability result for group pensions (risk coverage for defined contribution pensions) where the risk performance continues to be weak. The P&C insurance portfolio is showing good results due to strong underlying risk performance.

The cost ratio was 16 per cent (22 per cent) for the third quarter, and 17 per cent (19 per cent) for the year to date. 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 the 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.

The investment portfolio of Storebrand Insurance totals NOK 5.4 billion and is primarily invested in fixed income securities with a short to medium term duration. For the year to date, the portfolio has yielded satisfactory returns.

Balance sheet and market trends

Premium income for own account has risen by 15 per cent compared to the corresponding period last year. Demand for products that link health and personal insurance plus disability coverage 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 pressure in the larger tender competitions is high and maintaining the level of profitability is challenging. Portfolio growth is greatest in the areas of personal accident and life insurance, where efforts aimed at employees through existing corporate relationships have been quite successful. There are however signs of increasing competition in the P&C insurance segment, which is the retail market segment subject to the most competition.

Insurance - Key figures

	2013			2012	
NOK mill.	3Q	2Q	1Q	4Q	3Q
Written premiums P&C & Individual life *	1,275	1,250	1,197	1,155	1,107
Written premiums Health & Group life **	1,221	1,197	1,184	1,182	1,166
Written premiums pension related disability insurance ***	644	634	614	596	578
Total written premiums	**3,140**	**3,080**	**2,995**	**2,933**	**2,851**
Reserves	5,079	5,148	4,458	3,894	3,959

** Individual life disability, property and casualty insurance*
*** Group disability, workers comp. and health insurance*
**** DC risk premium Norwegian line of business*

[1] *Health insurance is owned 50 per cent each by Storebrand ASA and Munich Health.*

Guaranteed pension

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

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

	2013			2012		01.01 - 30.09		Full year
NOK million	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 and loan losses	**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 and 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.

Increased income in the Norwegian business is driven by price increases on interest rate guarantees combined with maintained administration income for defined benefit pensions. A decline in income can be expected in the Norwegian business due to expected conversions to non-guaranteed. SPP's income in the Swedish market is in line with the previous year. Customers have moved funds to non-guaranteed savings and 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 further 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 paid-up policies caused by fewer insurance claims and reduced claims queues in the quarter. The risk result for SPP has been affected by a dissolution of reserves of 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 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 subportfolios, and the result is thus positively affected by 50 million in indexing fees to the owner. In the Norwegian business, priority is being given to building up reserves for longevity in response to new mortality tables.

Balance sheet and market trends

Customer reserves for guaranteed pensions is NOK 262 billion, a 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 are leading to a moderate increase in reserves. Customers is actively informed 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, a reduction of 3 per cent for the year to date in comparison with the same period during the preceding year.

Guaranteed pension - Key figures

	2013			2012	
NOK million	3Q	2Q	1Q	4Q	3Q
Guaranteed reserves	262,126	258,654	261,502	259,858	259,671
Guaranteed reseves in % of total reserves	76,8%	77,9%	78,8%	80,4%	81,0%
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%

Other

Sale of SPP Liv Pensionstänst AB, restructuring of the corporate market lending business at Storebrand Bank.

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

Other result

	2013			2012		01.01 - 30.09		Full year
NOK million	3Q	2Q	1Q	4Q	3Q	2013	2012	2012
Fee and administration income	86	94	82	94	100	262	314	408
Risk result life & pensions	-4	6	2	5	4	5	9	14
Operational cost	-72	-102	-82	-107	-89	-256	-278	-385
Financial result	46	-64	-16	-26	55	-33	52	27
Result before profit sharing and loan losses	57	-66	-13	-34	71	-22	98	63
Net profit sharing and loan losses	-3	8	-1	3	3	4	-4	-1
Result before amortisation and write-downs	53	-58	-14	-32	74	-19	94	62

Fee and administration income was weakened by reduced activity associated with lending to corporate customers. The income was reduced due to lower lending volume, however it was first and foremost due to lower fees associated with the arranging and issuance of corporate market loans.

The operating costs were reduced in consequence of a staffing reduction within the corporate market lending business at Storebrand Bank.

In total, the financial result for the Other segment includes the company portfolios of SPP and Storebrand Life, the financial result of Storebrand ASA as well as the net result for subsidiaries currently being wound up and started up at SPP. 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 portfolios comprised NOK 17.9 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 monitored 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 ASA

Storebrand ASA held liquid assets of approximately NOK 1.36 billion at the end of the quarter. Liquid assets consist primarily of short-term fixed income securities.

Storebrand ASA's total interest-bearing liabilities were NOK 3.0 billion at the end of the quarter. The next maturity date for bond debt is in July 2014. After the end of the quarter (9 October), senior unsecured bonds were issued by Storebrand ASA for a total of NOK 750 million in two tranches of 5 and 7 years respectively. Its planned to use the funds for refinancing debt and general financing of the company. In connection with their issuance, Storebrand ASA bought back senior unsecured bonds totalling NOK 264 million. After the transaction the liquidity has increased to 1.85 billion. Total bond debt in Storebrand ASA after the transaction is NOK 3.5 billion.

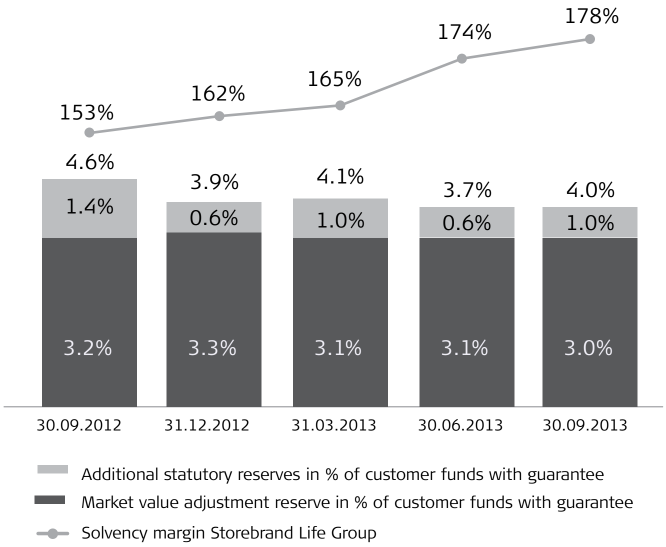
Storebrand ASA owned 0.60 per cent (2,716,273) of the company's own shares at the end of the quarter.

Storebrand Life Insurance Group

Solvency margin of the Storebrand Life Insurance Group[1) 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 capital 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



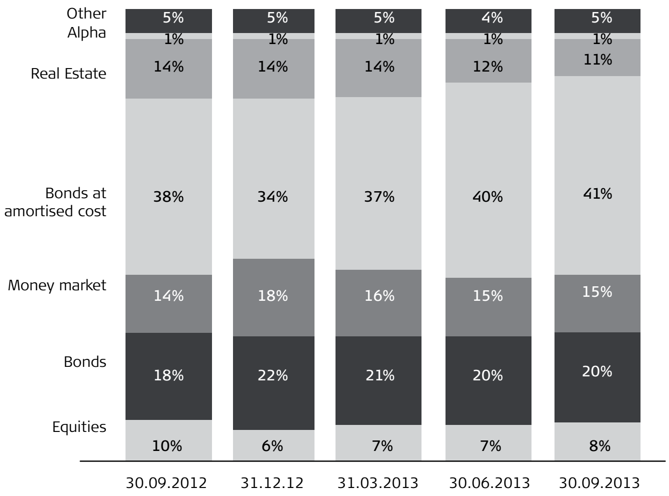
Storebrand Livsforsikring AS

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 recognised for paid-up policies. Excess value of bonds held 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 and 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.

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

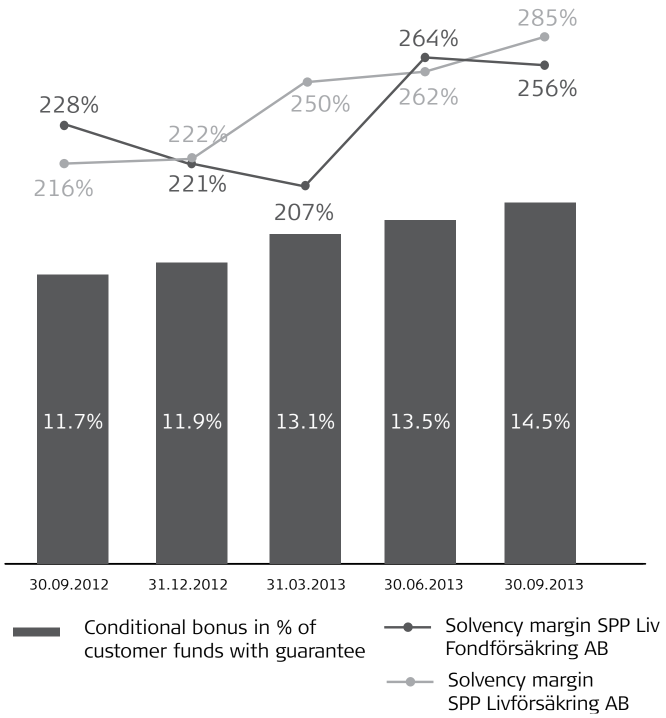
Asset allocation in customer portfolios with interest rate guarantee



Assets under management increased by NOK 3 billion during the third quarter, of which NOK 2 billion was within non-guaranteed saving, comprising NOK 220 billion at the end of the third quarter.

SPP

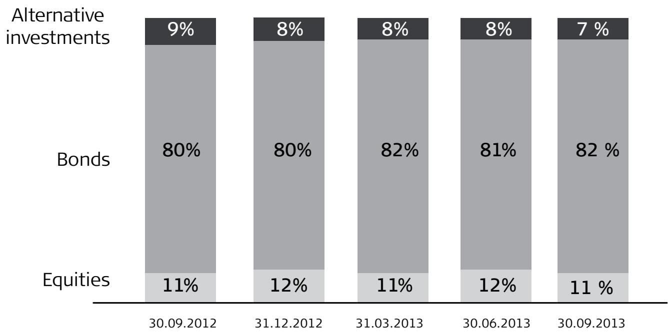
Solidity



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.

Storebrand Bank

Gross lending to customers totalled NOK 34.8 billion at the end of the third quarter, a reduction of NOK 0.1 billion during the third quarter. Retail market lending comprises 69 per cent (69 per cent) of the portfolio. Few of the customers are in default and the portfolio has a low level of losses. The volume of defaults has increased during the quarter and comprises 1.6 percent (0.6 percent) of the gross lending.

The banking group’s capital adequacy was 13.1 per cent and the core (tier 1) capital ratio was 12.4 per cent at the end of the quarter.

Outlook

Earnings performance

Low interest rates are challenging for insurance companies that have to cover an annual interest rate guarantee. Interest rate levels have risen somewhat in recent months and good investment opportunities continue to exist in the bond market with expected returns that exceed the guaranteed rate. Storebrand´s strategy is to pursue 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, a cost programme has been implemented that aims to reduce the 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 it 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 at the beginning of 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. The challenges involving paid-up policies under Solvency II as described in NOU 2012:3 will therefor 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 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 December 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 for a higher expected 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 September 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

Storebrand Group

PROFIT AND LOSS ACCOUNT

		3Q		1.1 - 30.09		Full year
Million NOK	Note	2013	2012	2013	2012	2012
Net premium income		5,887	6,844	22,982	21,285	27,822
Net interest income - banking activities	10	140	122	408	357	490
Net income from financial assets and real estate for the company:						
- equities and other units at fair value	11	2		6		
- bonds and other fixed-income securities at fair value	11	112	201	321	524	658
- financial derivatives at fair value	11	9	-1	7	14	9
- net income from bonds at amortised cost	11	17	18	53	69	101
- net income from real estate		9	15	29	24	33
- result from investments in associated companies		64	1	75	-2	-3
Net income from financial assets and real estate for the customers:						
- equities and other units at fair value	11	3,889	1,986	10,906	5,375	6,487
- bonds and other fixed-income securities at fair value	11	182	2,684	1,592	6,812	9,351
- financial derivatives at fair value	11	724	1,763	-3,373	465	772
- net income from bonds at amortised cost	11	838	777	2,566	2,202	3,712
- net interest income lending		32	30	99	85	111
- net income from real estate		233	302	675	555	679
- result from investments in associated companies		3	28	18	46	48
Other income		613	655	1,834	1,685	2,207
Total income		**12,754**	**15,424**	**38,196**	**39,497**	**52,479**
Insurance claims for own account		-5,869	-5,106	-24,117	-16,619	-22,870
Change in insurance liabilities		-3,731	-6,801	-7,073	-14,097	-20,066
To/from buffer capital		-1,225	-1,666	-1,684	-3,617	-2,675
Losses from lending/reversal of previous losses		-10	1		1	8
Operating costs	12	-936	-1,178	-2,821	-3,041	-4,003
Other costs incl. currency bank		-26	-55	-138	-150	-233
Interest expenses		-147	-160	-483	-504	-680
Total costs before amortisation and write-downs		**-11,944**	**-14,966**	**-36,315**	**-38,027**	**-50,519**
Profit before amortisation and write-downs		**810**	**458**	**1,880**	**1,471**	**1,960**
Amortisation and write-downs of intangible assets		-113	-108	-324	-300	-401
Group pre-tax profit		**698**	**350**	**1,557**	**1,171**	**1,559**
Tax cost	3	-13	-72	23	-230	-550
Result after tax sold/wound up business			3	-2	1	3
Profit/loss for the year		**685**	**282**	**1,578**	**943**	**1,012**
Profit/loss for the year due to:						
Majority's share of profit		685	280	1,574	938	1,006
Minority's share of profit		1	2	4	5	6
Total		**685**	**282**	**1,578**	**943**	**1,012**
Earnings per ordinary share (NOK)		1.53	0.63	3.52	2.10	2.25
Average number of shares as basis for calculation (million)				447.1	446.7	446.7
There is no dilution of the shares						

Storebrand Group

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	3Q		1.1 - 30.09		Full year
Million NOK	2013	2012	2013	2012	2012
Profit/loss for the year	**685**	**282**	**1,578**	**943**	**1,012**
Change in pension experience adjustments	-3	-5	7	-31	443
Adjustment of value of properties for own use	22	31	60	71	89
Gains/losses available-for-sale bonds		-2			
Total comprehensive income elements allocated to customers	-22	-29	-60	-71	-89
Tax on other result elements not to be classified to profit/loss					-142
Total other result elements not to be classified to profit/loss	-3	-5	7	-31	301
Translation differences	304	117	765	54	-103
Total other result elements that may be classified to profit/loss	304	117	765	54	-103
Total other result elements	**302**	**112**	**772**	**23**	**198**
Total comprehensive income	**987**	**394**	**2,349**	**966**	**1,210**
Total comprehensive income due to:					
Majority's share of total comprehensive income	983	391	2,336	962	1,207
Minority's share of total comprehensive income	4	3	13	4	3
Total	**987**	**394**	**2,349**	**966**	**1,210**

Storebrand Group

STATEMENT OF FINANCIAL POSITION

NOK mill.	Note	30.9.13	30.9.12	31.12.12
Assets company portfolio				
Deferred tax assets		41	20	38
Intangible assets		6,324	6,310	6,102
Pension assets		152	46	152
Tangible fixed assets		123	157	144
Investments in associated companies		203	122	121
Receivables from associated companies			69	69
Financial assets at amortised cost:				
- Bonds		2,850	2,183	2,146
- Bonds held to maturity		245	221	222
- Lending to financial institutions		429	268	255
- Lending to customers	17	34,681	34,545	35,306
Reinsurers' share of technical reserves		132	160	155
Real estate at fair value	15	1,011	1,316	1,208
Real estate for own use	15	61	63	58
Biological assets		64	105	64
Accounts receivable and other short-term receivables		1,991	2,458	2,172
Financial assets at fair value:				
- Equities and other units	14	97	222	53
- Bonds and other fixed-income securities	14	21,988	21,492	21,496
- Derivatives	14	951	1,389	1,313
Bank deposits		3,790	3,765	3,297
Assets sold/liquidated business			17	
Total assets company		**75,133**	**74,927**	**74,372**
Assets customer portfolio				
Tangible fixed assets		339	257	303
Investments in associated companies		18	123	115
Receivables from associated companies		184	675	596
Financial assets at amortised cost:				
- Bonds		63,153	58,618	54,557
- Bonds held to maturity		11,570	10,435	10,496
- Lending to customers	17	3,681	3,621	3,842
Real estate at fair value	15	23,083	27,166	27,515
Real estate for own use	15	2,399	2,077	2,173
Biological assets		599	489	535
Accounts receivable and other short-term receivables		3,408	5,003	2,699
Financial assets at fair value:				
- Equities and other units	14	86,764	76,813	72,166
- Bonds and other fixed-income securities	14	168,367	152,729	164,208
- Derivatives	14	623	3,598	2,745
Bank deposits		2,862	5,283	3,859
Total assets customers		**367,050**	**346,886**	**345,810**
Total assets		**442,183**	**421,813**	**420,182**

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Storebrand Group

STATEMENT OF FINANCIAL POSITION CONTINUE

Million NOK	Note	30.9.13	30.9.12	31.12.12
Equity and liabilities				
Paid in capital		11,720	11,718	11,718
Retained earnings		10,450	7,871	8,119
Minority interests		103	117	98
Total equity		**22,274**	**19,706**	**19,936**
Subordinated loan capital	16	7,206	7,179	7,075
Buffer capital	20	20,481	19,112	18,037
Insurance liabilities		341,997	320,568	324,089
Pension liabilities		1,236	1,634	1,239
Deferred tax		695	203	721
Financial liabilities:				
- Liabilities to financial institutions	16	995	3,047	2,499
- Deposits from banking customers	18	20,647	19,654	19,860
- Securities issued	16	16,868	17,746	18,033
- Derivatives company portfolio		681	1,110	632
- Derivatives customer portfolio		1,899	510	725
Other current liabilities		7,195	11,337	7,327
Liabilities sold/liquidated business		8	5	10
Total liabilities		**419,909**	**402,107**	**400,247**
Total equity and liabilities		**442,183**	**421,813**	**420,182**

RECONCILIATION OF GROUP'S EQUITY

	Majority's share of equity									
	Paid in capital				Retained earnings					
Million NOK	Share capital[1]	Own shares	Share premium	Total paid in equity	Pension experience adjustments	Re-statement differences	Other equity[2]	Total retained earnings	Minority interests	Total equity
Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-748**	**216**	**7,460**	**6,929**	**132**	**18,777**
Profit for the period							1,006	1,006	6	1,012
Change in pension experience adjustments					301			301		301
Translation differences						-100		-100	-3	-103
Total other result elements					**301**	**-100**		**200**	**-3**	**197**
Total comprehensive income for the period					**301**	**-100**	**1,006**	**1,206**	**3**	**1,210**
Equity transactions with owners:										
Own shares		2		2			22	22		24
Share issue								0	-26	-26
Purchase of minority interests							-6	-6	-11	-17
Other							-32	-32	-1	-32
Equity at 31 December 2012	**2,250**	**-16**	**9,485**	**11,718**	**-447**	**116**	**8,451**	**8,119**	**98**	**19,936**
Profit for the period							1,574	1,574	4	1,578
Change in pension experience adjustments					7			7		7
Translation differences						755		755	10	765
Total other result elements					**7**	**755**		**762**	**10**	**772**
Total comprehensive income for the period					**7**	**755**	**1,574**	**2,336**	**13**	**2,349**
Equity transactions with owners:										
Own shares		2		2			24	24		26
Provision for dividend									-9	-9
Purchase of minority interests							-5	-5		-5
Other							-25	-25	1	-24
Equity at 30 September 2013	**2,250**	**-14**	**9,485**	**11,720**	**-440**	**871**	**10,020**	**10,450**	**103**	**22,274**

[1] 449,909,891 shares with a nominal value of NOK 5.
[2] Includes undistributable funds in the risk equalisation fund amounting to NOK 743 million and security reserves amounting NOK 268 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

Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-748**	**216**	**7,460**	**6,929**	**132**	**18,777**
Profit for the period							938	938	5	943
Change in pension experience adjustments					-31			-31		-31
Translation differences						55		55	-1	54
Total other result elements					**-31**	**55**		**24**	**-1**	**24**
Total comprehensive income for the period					**-31**	**55**	**938**	**962**	**4**	**966**
Equity transactions with owners:										
Own shares		2		2			22	22		24
Provision for dividend									-8	-8
Purchase of minority interests							-4	-4	-11	-15
Other							-39	-39	-1	-39
Equity at 30 September 2012	**2,250**	**-16**	**9,485**	**11,718**	**-778**	**271**	**8,378**	**7,871**	**117**	**19,706**

Equity changes with the result for the individual period, equity transactions with the owners and items recognised in the total result Share capital, the share premium and other equity is evaluated and managed together. The share premium and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

The own shares column shows the nominal values of the holding of own shares. The amount paid in excess of the equity's nominal value is booked as a reduction in other equity, such that the entire cost price for own shares is deducted from the Group's equity. A positive amount on the "own shares" line is due to own shares being used in the shares scheme for employees.

Storebrand pays particular attention to the active management of equity in the Group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the Group's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new equity, this is procured by the holding company Storebrand ASA, which is listed on the stock exchange and the Group's parent company.

Storebrand is a financial group subject to statutory requirements regarding primary capital under both the capital adequacy regulations and the solvency margin regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand, these legal requirements carry the greatest significance in its capital management.

The Group's goals are to achieve a core (tier 1) capital ratio in the bank of more than 10 per cent and a solvency margin in life and pensions of more than 150 per cent over time. In general, the equity of the Group can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity. Capital can be transferred foreign legal entities with the consent of local supervisory authorities.

For further information on the Group's fulfilment of the capital requirements, see note 21.

Storebrand Group

CASH FLOW ANALYSIS

	1.1 - 30.09	
Million NOK	2013	2012
Cash flow from operational activities		
Net receipts - insurance	17,131	14,812
Net payments compensation and insurance benefits	-14,550	-12,369
Net receipts/payments - transfers	-5,567	-825
Receipts - interest, commission and fees from customers	1,273	1,239
Payments - interest, commission and fees to customers	-153	-402
Payment of income tax	-5	-5
Payments relating to operations	-2,323	-2,487
Net receipts/payments - other operational activities	-77	-243
Net cash flow from operations before financial assets and banking customers	**-4,271**	**-279**
Net receipts/payments - lending to customers	769	-1,788
Net receipts/payments - deposits bank customers	827	1,176
Net receipts/payments - mutual funds	109	2,001
Net receipts/payments - real estate investments	5,402	747
Net change in bank deposits insurance customers	997	-1,327
Net cash flow from financial assets and banking customers	**8,104**	**809**
Net cash flow from operational activities	**3,833**	**530**
Cash flow from investment activities		
Net payments - sale/capitalisation of group companies		9
Net receipts/payments - sale/purchase of property and fixed assets	-6	-7
Net receits/payments - sale/purchase of fixed assets	-141	-129
Net receits/payments - sale/purchase of associated companies and joint ventures	428	-260
Net cash flow from investment activities	**281**	**-389**
Cash flow from financing activities		
Payments - repayments of loans	-1,575	-2,982
Receipts - new loans	500	6,770
Payments - interest on loans	-422	-529
Receipts - subordinated loan capital	2,372	149
Payments - repayment of subordinated loan capital	-2,366	-250
Payments - interest on subordinated loan capital	-456	-487
Net receipts/payments - lending to and claims from other financial institutions	-1,502	-2,975
Receipts - issuing of share capital	9	11
Payments - dividends	-8	-8
Net cash flow from financing activities	**-3,448**	**-300**
Net cash flow for the period	**665**	**-159**
- of which net cash flow in the period before financial assets and banking customers	-7,439	-968
Net movement in cash and cash equivalents	666	-159
Cash and cash equivalents at start of the period for new companies		-37
Cash and cash equivalents at start of the period	3,552	4,230
Currency translation differences		-1
Cash and cash equivalents at the end of the period [1)]	**4,218**	**4,033**
1) Consist of:		
Lending to financial institutions	429	268
Bank deposits	3,790	3,765
Total	**4,218**	**4,033**

The cash flow analysis shows the Group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities

A substantial part of the activities in a financial group will be classified as operational. All receipts and payments from insurance activities are included from the life insurance companies, and these cash flows are invested in financial assets that are also defined as operational activities. One subtotal is generated in the statement that shows the net cash flow from operations before financial assets and banking customers, and one subtotal that shows the cash flows from financial assets and banking customers. This shows that the composition of net cash flows from operational activities for a financial group includes cash flows from both operations and investments in financial assets. The life insurance companies' balance sheets include substantial items linked to the insurance customers that are included on the individual lines in the cash flow analysis. Since the cash flow analysis is intended to show the change in cash flow for the company, the change in bank deposits for insurance customers is included on its own line in operating activities to neutralise the cash flows associated with the customer portfolio in life insurance.

Investment activities

Includes cash flows for holdings in group companies and tangible fixed assets.

Financing activities

Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the Group's activities. Payments of interest on borrowing and payments of share dividends to shareholders are financial activities.

Cash/cash equivalents

Cash/cash equivalents are defined as claims on central banks and claims on financial institutions without notice periods for the company portfolio. The amount does not include claims on financial institutions linked to the insurance customers portfolio, since these are liquid assets that not available for use by the Group.

Notes to the interim accounts Storebrand Group

NOTE 1: ACCOUNTING POLICIES

The Group's interim financial statements include Storebrand ASA, subsidiaries, and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

The Group has not made any significant changes to the accounting policies applied in 2013, except for a change in IAS 19 – Employee Benefits. See note 7 for further details. From the second quarter of 2013, Storebrand has changed the group organization and this has resulted in changes in the segment reporting. See description of the segments in note 8.

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 will have an 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.

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.

Notes to the interim accounts Storebrand Group

In the first three quarters, tax-free sale of properties have been carried out (cf. note 15) where previously allocations have been made for deferred tax. The reversal of this deferred tax, amounting to about NOK 369 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 24 and 55 in the 2012 annual report.

Storebrand had not carried out any material transactions other than normal business transactions with close associates at the close of 3Q.

NOTE 5: SHARES TO EMPLOYEES

In March, Storebrand's employees received an offer to purchase Storebrand ASA shares at a discount. The purchase price was based on the weighted market price in the period 18 – 21 March. The discount granted to the employees was 20 per cent of this price. Senior employees, when bonuses were paid in March, purchased shares in Storebrand ASA in accordance with the declaration on senior employees' remuneration that is reported in note 24 of the 2012 annual accounts for the Group. In 2013, 408,209 shares were sold from the company's holding of own shares (treasury shares).

The share purchase scheme for own employees shall be accounted for using fair values. The sale of shares to employees increased the share capital by NOK 9 million.

NOTE 6: 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 Storebrand Group

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 7: 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 8: SEGMENTS - RESULT BY BUSINESS AREA

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 other category, the result from Storebrand ASA and the result from the company’s portfolios in Storebrand Livsforsikring and SPP are reported. In addition, the results linked to lending to business activities in Storebrand Bank and the operation in BenCo are 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 Storebrand Group

	3Q		1.1 - 30.09		Year
NOK million	2013	2012	2013	2012	2012
Savings	146	2	373	142	288
Insurance	136	106	342	329	417
Guaranteed pension	474	276	1,183	906	1,193
Other	53	74	-19	94	62
Group result	**810**	**458**	**1,880**	**1,471**	**1,960**
Write-downs and amortization of intangible assets	-113	-108	-324	-300	-401
Group pre-tax profit	**698**	**350**	**1,557**	**1,171**	**1,558**

Segment information as of 3Q

	Savings 3Q		Insurance 3Q		Guaranteed pension 3Q	
NOK million	2013	2012	2013	2012	2013	2012
Fee and administation income	490	407			517	463
Risk result life & pensions		1			147	68
Insurance premiums f.o.a			731	640		
Claims f.o.a			-517	-425		
Operational cost	-328	-400	-114	-139	-295	-389
Financial result			37	29		
Result before profit sharing and loan losses	**162**	**8**	**136**	**106**	**369**	**143**
Net profit sharing and loan losses	-16	-5			105	133
Group result before amortization	**146**	**2**	**136**	**106**	**474**	**276**
Write-downs and amortization of intangible assets [1]						
Group pre-tax profit						

	Other 3Q		Storebrand Group 3Q	
NOK million	2013	2012	2013	2012
Fee and administation income	86	100	1,093	970
Risk result life & pensions	-4	4	143	74
Insurance premiums f.o.a			731	640
Claims f.o.a			-517	-425
Operational cost	-72	-89	-809	-1,016
Financial result	46	55	83	84
Result before profit sharing and loan losses	**57**	**71**	**724**	**328**
Net profit sharing and loan losses	-3	3	86	131
Group result before amortization	**53**	**74**	**810**	**458**
Write-downs and amortization of intangible assets [1]			-113	-108
Group pre-tax profit			**698**	**350**

[1] *Write-downs and amortization of intangible assets are included in Storebrand Group*

Notes to the interim accounts Storebrand Group

Segment information as of 01.01 - 30.09

	Savings 01.01 - 30.09		Insurance 01.01 - 30.09		Guaranteed pension 01.01 - 30.09	
NOK million	2013	2012	2013	2012	2013	2012
Fee and administation income	1,399	1,214			1,554	1,405
Risk result life & pensions	4	1			239	229
Insurance premiums f.o.a			2,113	1,839		
Claims f.o.a			-1,521	-1,229		
Operational cost	-985	-1,056	-353	-353	-886	-1,021
Financial result			102	72		
Result before profit sharing and loan losses	**418**	**159**	**342**	**329**	**907**	**613**
Net profit sharing and loan losses	-44	-16			276	292
Group result before amortization	**373**	**142**	**342**	**329**	**1,183**	**906**
Write-downs and amortization of intangible assets [1)]						
Group pre-tax profit						
Assets	105,885	86,053	5,480	4,508	274,364	273,385
Liabilities	92,402	75,160	4,893	3,974	266,242	265,754

	Other 01.01 - 30.09		Storebrand Group 01.01 - 30.09	
NOK million	2013	2012	2013	2012
Fee and administation income	262	314	3,215	2,932
Risk result life & pensions	5	9	248	240
Insurance premiums f.o.a			2,113	1,839
Claims f.o.a			-1,521	-1,229
Operational cost	-256	-278	-2,480	-2,708
Financial result	-33	52	69	124
Result before profit sharing and loan losses	**-22**	**98**	**1,644**	**1,199**
Net profit sharing and loan losses	4	-4	236	272
Group result before amortization	**-19**	**94**	**1,880**	**1,471**
Write-downs and amortization of intangible assets [1)]			-324	-300
Group pre-tax profit			**1,557**	**1,171**
Assets	56,454	57,866	442,183	421,813
Liabilities	56,371	57,219	419,909	402,107

[1)] Write-downs and amortization of intangible assets are included in Storebrand Group

Notes to the interim accounts Storebrand Group

NOTE 9: KEY FIGURES BY BUSINESS AREA

NOK million	3Q 2013	2Q 2013	1Q 2013	4Q 2012	3Q 2012	2Q 2012	1Q 2012	4Q 2011
Group								
Earnings per ordinary share [1]	3.52	1.99	0.80	2.25	2.10	1.47	1.17	1.51
Equity	22,274	21,301	20,696	19,936	19,706	19,335	19,202	18,777
Savings								
Premium income Unit Linked [5]	2,296	2,768	2,318	2,480	2,121	2,439	1,919	1,770
Unit Linked reserves	79,341	73,542	70,458	63,387	61,007	57,897	56,954	53,262
AuM asset management	471,278	455,701	453,828	442,162	438,878	423,872	425,816	413,950
Retail lending	24,110	24,036	23,922	23,734	23,256	22,910	22,444	22,289
Insurance								
Total written premiums	3,140	3,080	2,995	2,933	2,851	2,732	2,698	2,593
Claims ratio [5]	71%	67%	78%	81%	66%	68%	66%	71%
Cost ratio [5]	16%	18%	17%	18%	22%	18%	18%	18%
Combined ratio [5]	87%	86%	94%	99%	88%	86%	84%	89%
Guaranteed pension								
Guaranteed reserves	262,126	258,654	261,502	259,858	259,671	254,063	252,862	250,945
Guaranteed reseves in % of total reserves	76.8%	77.9%	78.8%	80.4%	81.0%	81.4%	81.6%	82.5%
Transfer out of guaranteed reserves [5]	710	998	7,279	1,360	654	420	1,640	897
Buffer capital in % of customer reserves SBL [2]	4.0%	4.1%	4.0%	4.6%	3.9%	3.9%	4.4%	3.3%
Buffer capital in % of customer reserves SPP [3]	14.5%	13.5%	13.1%	11.9%	11.7%	11.1%	11.8%	10.0%
Solidity								
Capital adequacy Storebrand Group	13.4%	13.1%	12.8%	11.7%	11.5%	11.9%	14.3%	13.9%
Solidity capital (Storebrand Life Group) [4]	51,717	49,718	49,513	46,860	48,938	43,210	43,687	40,109
Capital adequacy (Storebrand Life Group)	13.9%	13.7%	13.5%	12.2%	11.9%	11.7%	14.2%	13.8%
Solvency margin (Storebrand Life Group)	178%	174%	165%	162%	153%	152%	163%	161%
Solvency margin (SPP Life Insurance AB)	285%	262%	250%	222%	216%	225%	226%	169%
Capital adequacy Storebrand Bank	13.1%	12.9%	11.9%	11.8%	12.0%	12.7%	13.9%	13.3%
Core Capital adequacy Stobrand Bank	12.4%	12.2%	11.2%	11.2%	10.7%	11.3%	11.6%	11.4%

1) Accumulated
2) ASR + MVAR
3) Conditional bonuses
4) 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.
5) Quarterly figures

NOTE 10: NET INTEREST INCOME - BANKING

NOK million	3Q 2013	3Q 2012	1.1 - 30.09 2013	1.1 - 30.09 2012	Year 2012
Total interest income	392	382	1,163	1,167	1,553
Total interest costs	-252	-260	-755	-810	-1,063
Net interest income	**140**	**122**	**408**	**357**	**490**

NOTE 11: NET INCOME ANALYSED BY CLASS OF FINANCIAL INSTRUMENTS

NOK million	Dividend/ interest income	Net gain/ losses on disposals	Net un-realised gains/ losses	3Q 2013	3Q 2012	1.1 - 30.09 2013	1.1 - 30.09 2012	Year 2012
Net income from equities and units	60	520	3,312	3,892	1,986	10,912	5,375	6,488
Net income from bonds, bond funds and other fixed-income securities	730	-556	120	294	2,885	1,912	7,337	10,009
Net income from financial derivatives, FVO	100	107	527	734	1,762	-3,367	479	781
Net income and gains from financial instruments at fair value	**890**	**70**	**3,959**	**4,919**	**6,633**	**9,457**	**13,191**	**17,278**
Net income from bonds at amortised cost	**867**	**-12**		**855**	**794**	**2,619**	**2,272**	**3,814**

NOTE 12: OPERATING COSTS

NOK million	3Q 2013	3Q 2012	1.1 - 30.09 2013	1.1 - 30.09 2012	Year 2012
Personnel costs	-493	-737	-1,665	-1,813	-2,385
Amortisation	-31	-25	-96	-88	-118
Other operating costs	-412	-417	-1,060	-1,140	-1,500
Total operating costs	**-936**	**-1,178**	**-2,821**	**-3,041**	**-4,003**

NOTE 13: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

Lending to customers/liabilities to financial institutions/debt raised by issuance of securities for Storebrand Bank:
The fair values of lending, liabilities to financial institutions and debt raised by issuance of securities are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external sources.

Bonds at amortised cost:
As a general rule, the fair value of bonds is based on prices obtained from Reuters and Bloomberg. Bonds that are not quoted regularly will normally be valued on the basis of recognised theoretical models. The latter is particularly true for bonds denominated in NOK. These sorts of valuations are based on discount rates consisting of swap interest rates plus a credit premium. The credit premium will often be issuer specific and normally based on a consensus of credit spreads quoted by a selected brokerage house.

Debt issued by issuance of securities:
The bonds are recognised on the basis of our theoretical models using the issuer-specific credit spead over swapp. Bonds are valued on the basis of registered sales of the bonds and quoted prices from brokers.

Subordinated loan capital:
The fair value of subordinated loan capital is determined on the basis of registered sales of the bonds and quoted prices from brokers.

Notes to the interim accounts Storebrand Group

	30.9.13		31.12.12	
NOK million	Book value	Fair value	Book value	Fair value
Financial assets				
Loans to and due from financial institutions	429	429	255	255
Lending to customers	37,175	37,076	38,051	37,798
Bonds held to maturity	11,815	12,619	10,718	11,688
Bonds classified as loans and receivables	66,003	69,888	56,703	60,962
Financial liabilities				
Debt raised by issuance of securities	16,868	17,047	18,033	18,249
Liabilities to financial institutions	4	4	513	513
Deposits from banking customers	20,647	20,647	19,860	19,860
Subordinatd loan capital	7,206	7,701	7,075	7,111

Fair value classified per level

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non- observable assumptions	Total fair value 30.9.13
Financial assets				
Loans to and due from financial institutions		429		429
Lending to customers		37,076		37,076
Bonds held to maturity		12,619		12,619
Bonds classified as loans and receivables	1,125	68,762		69,888
Total fair value 31.12.12	1,155	109,548		
Financial liabilities				
Debt raised by issuance of securities		17,047		17,047
Liabilities to financial institutions		4		4
Deposits from banking customers		20,647		20,647
Subordinatd loan capital		7,701		7,701
Total fair value 31.12.12		42,196	3,537	

NOTE 14: VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE

he 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 39 in the 2012 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 property investments.

Notes to the interim accounts Storebrand Group

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	30.9.13	31.12.12
Assets:					
Equities and units					
- Equities	13,046	390	3,276	16,712	12,771
- Fund units	156	61,167	1,320	62,644	51,922
- 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**	**61,807**	**11,852**	**86,861**	
Total equities and units 2012	9,305	51,661	11,253		72,220
Lending to customers [1)]			**1,309**	**1,309**	
Lending to customers 2012 [1)]		1,241			1,241
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	13,673	33,699		47,372	51,879
- Credit bonds		23,638	1,626	25,263	26,721
- Mortage and asset backed securities		46,689		46,689	43,780
- Supranational organisations	47	6,360		6,407	3,757
- Bond funds		64,623		64,623	59,568
Total bonds and other fixed-income securities	**13,720**	**175,009**	**1,626**	**190,355**	
Total bonds and other fixed-income securities 2012	25,388	159,083	1,233		185,704
Derivatives:					
- Interest derivatives		-515		-515	2,106
- Currency derivatives		-493		-493	594
Total derivatives		**-1,007**		**-1,007**	
- of which derivatives with a positive market value		1,571		1,571	4,057
- of which derivatives with a negative market value		-2,581		-2,581	-1,356
Total derivatives 2012		2,701			2,701
Real Estate:					
Investment properties			24,094	24,094	28,723
Owner-occupied properties			2,460	2,460	2,231
Total real estate			**26,554**	**26,554**	
Total real estate 2012			30,954		30,954
Liabilities:					
Liabilities to financial institutions [1)]		991		991	1,986
Liabilities 2012 [1)]		1,986			1,986

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

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
Bonds and other fixed-income securities	3,155	

Level 1 encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approx. MNOK 20 or more. 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.

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

NOK million	Equities	Fund units	Private equity fund	Hedge fund	Indirect real es-tate fund	Lending to cus-tomers	Credit bonds	Invest-ment properties	Owner-occupied properties
Book value 01.01.13	**3,116**	**1,670**	**5,406**	**25**	**1,372**		**1,233**	**28,723**	**2,231**
Net gains/losses on financial instru-ments	22	327	687	10	-2,529	-11	420	-122	77
Supply	584	1,512	545		2,590	37	264	222	72
Sales	-585	-1,918	-656	-8	-269	-95	-412	-4,832	
Transferred to/from non-observable assumptions to/from observable assumptions	8	-362	11		14	1,377	79		
Translation differences	131	90	58				42	103	80
Book value 30.09.13	**3,276**	**1,320**	**6,051**	**27**	**1,178**	**1,309**	**1,626**	**24,094**	**2,460**

Fixed-rate loans to customers, which are valued at fair value (FVO) for accounting purposes, have been moved from level 2 to level 3 in 1st quarter as uncertainty related to the stipulation of the market's margin requirements for such loans is considered to have increased .

The value of fixed-rate loans is determined by agreed cash flows discounted over the remaining fixed-rate period at a discount rate that is adjusted for an estimate of the market's margin requirements. No negative development in the borrower's ability to repay, or negative development in underlying collateral securities has been observed.

Notes to the interim accounts Storebrand Group

NOTE 15: REAL ESTATE

Type of real estate

					30.9.13		
NOK million	30.9.13	30.9.12	31.12.12	Required rate of return % 2)	Duration of lease (years)	m2	Leased amount in % 1)
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	8,167	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	183,120	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	**24,094**	**28,482**	**28,723**			**1,101,477**	
Real estate for own use	2,460	2,140	2,231	7,0-9,0	6 -9	70,640	95-99 %
Total real estate	**26,554**	**30,621**	**30,954**			**1,172,117**	

1) The leased amount is calculated in relation to floor space.
2) The real estate are valued on the bsis 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.

Transactions:

Purchases: There has not been agreed further purchases in Storebrand 3rd quarter in addition to the figure that has been finalised and included in the financial statements as at 30 September 2013
Sales: An additional of NOK 343 million in real estate purchases in Storebrand has been agreed on in 3rd quarter 2013

Notes to the interim accounts Storebrand Group

NOTE 16: LIQUIDITY RISK

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	115
Storebrand Bank ASA	168	NOK	Variable	2014	169
Storebrand Bank ASA	150	NOK	Variable	2018	150
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,700	NOK	Variable	2,014	1,701
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2,015	1,064
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,353
Storebrand Bank ASA	150	NOK	Variable	2017	151
Total subordinated loans and hybrid tier 1 capital 30.9.13					**7,206**
Total subordinated loans and hybrid tier 1 capital 30.9.12					7,179
Total subordinated loans and hybrid tier 1 capital 31.12.12					7,075

Specification of liabilities to financial institutions

NOK million	Book value 30.9.13	30.9.12	31.12.12
Maturity			
2012		318	
2013	4	1,741	512
2014	991	987	990
2015			997
Total liabilities to financial institutions	**995**	**3,047**	**2,499**

Specification of securities issued

NOK million	Book value 30.9.13	30.9.12	31.12.12
Call date			
2013	264	1,366	1,287
2014	2,767	3,387	3,375
2015	3,213	3,253	3,263
2016	3,873	3,369	3,374
2017	4,516	4,122	4,523
2018	500	500	500
2019	1,735	1,750	1,710
Total securities issued	**16,868**	**17,746**	**18,033**

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevants covenants in 2013. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement was 109.5 per cent fulfilled. As per 30 September 2013, Storebrand Bank ASA had only one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010. The credit facility agreement for NOK 750 million contains certain special covenants. The agreement has due date in October 2013. As per 30 September 2013, Storebrand Bank ASA fulfilled all the terms and conditions of the agreement.

NOTE 17: LENDING

NOK million	30.9.13	30.9.12	31.12.12
Corporate market	14,370	15,052	15,517
Retail market	24,114	23,261	23,775
Gross lending	**38,484**	**38,313**	**39,292**
Write-down of lending losses	-121	-148	-144
Net lending	**38,363**	**38,165**	**39,148**

Non-performing and loss-exposed loans

NOK million	30.9.13	30.9.12	31.12.12
Non-performing and loss-exposed loans without identified impairment	121	181	185
Non-performing and loss-exposed loans with identified impairment	441	159	115
Gross non-performing loans	**562**	**339**	**300**
Individual write-downs	-86	-102	-105
Net non-performing loans	**476**	**237**	**195**

Loans in default with a decline in value have increased during the quarter as a result of a company commitment where the risk has increased and individual write downs have been made.

NOTE 18: DEPOSITS FROM BANKING CUSTOMERS

NOK million	30.9.13	30.9.12	31.12.12
Corporate market	8,347	7,825	7,549
Retail market	12,300	11,829	12,311
Total	**20,647**	**19,654**	**19,860**

Notes to the interim accounts Storebrand Group

NOTE 19: CONTINGENT LIABILITIES

NOK million	30.9.13	30.9.12	31.12.12
Guarantees	284	325	226
Unused credit limit lending	5,437	5,606	5,250
Uncalled residual liabilities re limited partnership	4,280	4,714	5,317
Other liabilities/lending commitments	399	1,892	796
Total contingent liabilities	**10,400**	**12,536**	**11,589**

Guarantees principally concern payment guarantees and contract guarantees. Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

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 (fribrevsuppräkna) 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 judicial re-examination of the issues of the case.

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.

Kaupting Bank

Storebrand Luxembourg SA (Storebrand) is being sued by the bankruptcy estate of Kaupthing Bank HF with a demand for payment of USD 11,812,109 plus interest and costs. Storebrand received the writ of summons on 25 June 2012. The claim is primarily against Guy Butler Ltd., secondarily against RBC Europe Limited, and thereafter against Storebrand. The case pertains to a sale of bonds with a nominal value of USD 11,000,000 issued by Kaupthing Bank HF (US48632FAC59), which was performed by Storebrand Active Credit Fund in September 2008. The complainant submits that Kaupthing Bank HF was the real or final buyer of the bonds and that this is therefore a case of forced repayment of a debt that can be reversed. It is assumed that the case will be subject to a legal substantive discussion at the earliest in 1st quarter 2014. No provisions have been made relating to this lawsuit.

Equity index bonds

An external legal assessment has been obtained with respect to Supreme Court judgements relating to structured products, and possibly the extent of the judgement, to determine the significance for Storebrand Bank's complaints now under consideration by the Norwegian Financial Services Complaints Board and complaints directly from customers
No concrete errors or defective performances of such significance have been discovered that they are believed to have had a decisive influence on the investors' investment decisions.

NOTE 20: BUFFER CAPITAL

NOK million	30.9.13	30.9.12	31.12.12
Additional statutory reserves	5,133	5,379	5,746
Market adjusment reserves	1,761	2,379	1,027
Conditional bonuses	13,588	11,355	11,264
Total	**20,481**	**19,112**	**18,037**

The excess value of held-to-maturity bonds valued at amortised cost totalled NOK 4 686 million at the end of the 3rd quarter 2013 - an increase of NOK 539 million since the turn of the year. The excess value of bonds at amortised cost is not included in the financial statements.

NOTE 21: CAPITAL REQUIREMENTS AND SOLVENCY REQUIREMENTS

The Storebrand Group is a cross-sectoral financial group with capital requirements pursuant to Basel I/II (capital cover) and capital adequacy rules on a consolidated basis. According to the rules on solvency, margin requirements are calculated for the insurance companies in the Group, while for the other companies a capital requirement in relation to the capital adequacy rules is calculated. The calculations in the tables below are in accordance with the §7 of the Regulations concerning capital ratios on a consolidated basis etc.

Primary capital may consist of core capital and supplementary capital. According to the Regulations for calculating primary capital, core capital is significantly different from shareholders' equity in the accounts. The table below shows a reconciliation of core capital relative to equity. Issued hybrid tier 1 capital may account for 15 per cent of the core (tier 1) capital, while any amount exceeding 15 per cent may be included in the tier 2 capital. The core capital will be adjusted for the valuations that are used as the basis for credit calculations at a national level for foreign companies. (§4, 7th paragraph of the Regulations concerning capital adequacy.) For Storebrand Holding AB this will entail an adjustment of SPP AB's estimated insurance liabilities for which a different yield curve is used for credit assessment than is used in the financial accounts. Supplementary capital that consists of subordinated debt may not exceed 100 per cent of core capital, while time limited subordinated debt may not exceed 50 per cent of core capital.

The standard method is used for credit risk and market risk, and the basic method for operational risk. New capital requirements for banks came into force on 1 July 2013. The overall requirements for core tier 1 capital and equity and subordinated loan capital are 9 and 12.5 per cent respectively as of 1 July 2013, and 10 and 13.5 per cent respectively as of 1 July 2014. Additionally, it has been indicated that a counter-cyclical capital buffer of up to 2.5 percent core tier 1 capital will be introduced from the second half of 2014.
Insurance companies in the Group are included in the capital adequacy of a capital requirement under the Basel I regulations.

In a cross-sectoral financial group, the sum of primary capital and other solvency margin capital, covers the sum of the solvency margin requirement for insurance operations and primary capital requirements for credit institutions and securities business.

In the solvency margin requirement used for the insurance companies, this requirement is calculated as 4 per cent of gross insurance fund. This applies to both Norwegian and Swedish operations. In Sweden, the requirement also includes 1 per cent of the conditional bonus and 0.1-0.3 per cent of mortality risk in the insurance funds. The solvency margin capital for insurance differs slightly from the primary capital that is used in the capital cover. The solvency capital includes a proportion of additional provisions and the risk equalization fund.

Notes to the interim accounts Storebrand Group

Primary capital in capital adequacy

NOK million	30.9.13	31.12.12
Share capital	2,250	2,250
Other equity	20,025	17,686
Equity	**22,274**	**19,936**
Hybrid tier 1 capital	1,927	1,779
Interest rate adjustment of insurance obligations	-316	-1,454
Goodwill and other intangible assets	-6,453	-6,213
Deferred tax assets	-44	-38
Risk equalisation fund	-743	-640
Deductions for investments in other financial institutions	-2	-3
Security reserves	-297	-267
Minimum requirement reassurance allocation	-4	-5
Capital adequacy reserve	-98	-141
Other	-718	-109
Core (tier 1) capital	**15,527**	**12,844**
Perpetual subordinated capital	2,700	4,901
Ordinary primary capital	2,388	149
Deductions for investments in other financial institutions	-2	-3
Capital adequacy reserve	-98	-141
Tier 2 capital	**4,988**	**4,907**
Net primary capital	**20,515**	**17,751**

Minimum requirements primary capital in capital adequacy

NOK million	30.9.13	31.12.12
Credit risk		
Of which by business area:		
Capital requirements insurance	10,444	10,218
Capital requirements banking	1,685	1,845
Capital requirements securities undertakings	7	10
Capital requirements other	49	-27
Total minimum requirements credit risk	**12,185**	**12,046**
Operational risk/settlement risk	117	117
Deductions	-19	-26
Minimum requirements primary capital	**12,283**	**12,137**
Capital adequacy ratio	**13.4 %**	**11.7 %**
Core (tier 1) capital ratio	**10.1 %**	**8.5 %**

Solvency requirements for cross-sectoral financial groups

NOK million	30.9.13	31.12.12
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	12,283	12,137
- capital requirements insurance companies	-10,444	-10,218
Capital requirements pursuant to capital adequacy regulations	1,839	1,919
Requirements re solvency margin capital insurance	12,058	11,737
Total requirements re primary capital and solvency capital	**13,898**	**13,656**
Primary capital and solvency capital		
Net primary capital	20,515	17,751
Change in solvency capital for insurance in relation to primary capital		
Other solvency capital	3,140	3,315
Total primary capital and solvency capital	**23,655**	**21,066**
Surplus solvency capital	**9,757**	**7,410**

Storebrand ASA

PROFIT AND LOSS ACCOUNT

	3Q		01.01. - 30.09		Full year
NOK mill.	2013	2012	2013	2012	2012
Operating income					
Income from investments in subsidiaries	100		114		220
Net income and gains from financial instruments:					
- bonds and other fixed-income securities	15	27	43	48	67
- financial derivatives/other financial instruments	-6	-3	-12	21	13
Other financial instruments			1	1	1
Operating income	**109**	**24**	**146**	**69**	**300**
Interest expenses	-32	-42	-100	-129	-170
Other financial expenses	-4	-3	-15	-12	-17
Operating costs					
Personnel costs	-10	-8	-33	-21	-26
Amortisation			-1	-1	-1
Other operating costs	-15	-28	-56	-105	-152
Total operating costs	**-26**	**-36**	**-90**	**-127**	**-180**
Total costs	**-62**	**-81**	**-205**	**-268**	**-366**
Pre-tax profit	**47**	**-57**	**-58**	**-199**	**-66**
Tax	19	16	48	56	-135
Profit for the period	**66**	**-41**	**-10**	**-144**	**-200**

Storebrand ASA

STATEMENTS OF FINANCIAL POSITION

NOK million	30.09.13	30.09.12	31.12.12
Fixed assets			
Deferred tax assets	520	687	472
Pension assets	152	46	152
Tangible fixed assets	30	31	31
Shares in subsidiaries	17,346	17,228	17,351
Total fixed assets	**18,049**	**17,993**	**18,007**
Current assets			
Owed within group	5		220
Lending to group companies	18	18	17
Other current receivables	85	46	51
Investments in trading portfolio:			
- bonds and other fixed-income securities	1,291	1,817	1,754
- financial derivatives/other financial instruments	46	66	52
Bank deposits	75	39	48
Total current assets	**1,519**	**1,987**	**2,143**
Total assets	**19,568**	**19,980**	**20,150**
Equity and liabilities			
Share capital	2,250	2,250	2,250
Own shares	-14	-16	-16
Share premium	9,485	9,485	9,485
Total paid in equity	**11,720**	**11,718**	**11,718**
Other equity	4,588	4,583	4,591
Total equity	**16,309**	**16,302**	**16,310**
Non-current liabilities			
Pension liabilities	155	195	155
Securities issued	3,008	3,465	3,492
Total non-current liabilities	**3,163**	**3,660**	**3,648**
Current liabilities			
Debt within group		1	127
Other current liabilities	96	18	65
Total current liabilities	**96**	**19**	**192**
Total equity and liabilities	**19,568**	**19,980**	**20,150**

Storebrand ASA

CASH FLOW STATEMENT

	01.01 - 30.09	
NOK million	2013	2012
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	35	58
Net receipts/payments - securities at fair value	446	-534
Payments relating to operations	-92	-185
Net receipts/payments - other operational activities	334	474
Net cash flow from operational activities	**724**	**-187**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	-119	315
Net cash flow from investment activities	**-119**	**314**
Cash flow from financing activities		
Payments - repayments of loans	-478	-852
Receipts - new loans		749
Payments - interest on loans	-108	-121
Receipts - issuing of share capital	9	11
Net cash flow from financing activities	**-577**	**-214**
Net cash flow for the period	**27**	**-87**
Net movement in cash and cash equivalents	27	-87
Cash and cash equivalents at start of the period	48	126
Cash and cash equivalents at the end of the period	**75**	**39**

Notes to the financial statements Storebrand ASA

NOTE 1: ACCOUNTING POLICIES

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2012. The accounting policies are described in the 2012 annual report.
Storebrand ASA does not apply IFRS to the parent company's financial statements.

NOTE 2: ESTIMATES

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

NOTE 3: EQUITY

NOK million	Share capital [1]	Own shares	Share premium	Other equity	Equity 30.09.13	Equity 30.09.12	Equity 31.12.12
Equity as per 1 January	**2,250**	**-16**	**9,485**	**4,591**	**16,310**	**16,434**	**16,434**
Profit for the year				-10	-10	-144	-200
Experience pension							65
Own share bought back [2]		2		24	26	24	24
Employee share is [2]				-17	-17	-13	-13
Total equity	**2,250**	**-14**	**9,485**	**4,588**	**16,309**	**16,302**	**16,310**

1) 449,909,891 shares with a nominal value of NOK 5
2) In 2013, 408 209 of our own shares were sold to our own employees.
Holding of own shares as per 30 September 2013 was 2 716 273.

NOTE 4: BONDS ISSUED

NOK million	Interest rate	Currency	Net nominal value	30.09.13	30.09.12	31.12.12
Bond loan 2009/2014 [1]	Fixed	NOK	550	591	598	581
Bond loan 2009/2014 [1]	Fixed	NOK	550	566	574	573
Bond loan 2010/2013 [1]	Fixed	NOK	200		208	209
Bond loan 2010/2013	Variable	NOK	400		336	279
Bond loan 2011/2016	Variable	NOK	1000	1,002	998	998
Bond loan 2012/2017	Variable	NOK	850	849	751	853
Total [2]				**3,008**	**3,465**	**3,492**

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

Deloitte.

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Translation from the original Norwegian version

To the Board of Directors of Storebrand ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the Group is not prepared, in all material aspects, 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)

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Financial calender 2014

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

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storebrand

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