

Interim report

Storebrand Livsforsikring



1st Quarter
2014

Storebrand Livsforsikring Group

Interim report – 1st Quarter 2014

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

Storebrand Livsforsikring Group

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 1st Quarter result please refer to the Storebrand Group's interim report for the 1st Quarter of 2014.

Result Storebrand Livsforsikring Group

NOK million	2014		2013			1.1 - 31.03		Full year
	1Q	4Q	3Q	2Q	1Q	2014	2013	2013
Fee og administrasjonsinntekter	790	846	785	771	767	790	767	3,169
Risikoresultat liv og pensjon	75	17	-35	-8	43	75	43	17
Forsikringspremie f.e.r	590	620	597	540	603	590	603	2,360
Erstatninger f.e.r	-347	-433	-262	-316	-448	-347	-448	-1,460
Administrasjonskostnader	-588	-471	-573	-565	-569	-588	-569	-2,178
Finansresultat	135	38	99	-10	35	135	35	161
Resultat før overskuddsdeling	656	618	611	411	429	656	429	2,068
Netto overskuddsdeling	118	96	104	53	115	118	115	368
Provision longevity	-90					-90		
Resultat before amortisation	684	713	716	464	544	684	544	2,437

The Group result before amortisation was NOK 684 million (NOK 544 million) for the first quarter of 2014. Figures in parentheses show the trend in the corresponding period last year. The improvement is primarily driven by stronger risk results due to reserve release and good performance in death and disability risk in the portfolio.

Building reserves for longevity in the quarter has affected the result directly by negative NOK 90 million and NOK 149 million indirectly through foregone profit sharing. This is based on an estimate of the total need over a seven-year period, given the current asset allocation and an expected return of 4.4 per cent.

Result Storebrand Livsforsikring Group per line of business

NOK million	2014		2013			1.1 - 31.03		Full year
	1Q	4Q	3Q	2Q	1Q	2014	2013	2013
Savings	90	89	77	68	64	90	64	298
Insurance	210	154	268	157	79	210	79	658
Guaranteed pensions	302	448	293	255	380	302	380	1,376
Other	81	22	78	-16	21	81	21	105
Result before amortisation	684	713	716	464	544	684	544	2,437

Comparative figures have been restated following the change in the segments, see note 6.

The result in Savings was strengthened by more than 40 per cent in comparison with the same period in 2013. The increase is due to a growth in income and cost-reduction measures.

The result in Insurance is run by reserves release and good underlying risk trends in the portfolio.

For Guaranteed pensions, the fee and administrative revenues will be reduced in line with the balance sheet being reduced. During the quarter, customer assets of approximately NOK 7 billion have been moved from Storebrand. The risk results have been strengthened with the introduction of a new mortality tariff. Positive development the equity and credit markets as well as a reduction in the long-term market interest rates contributed to profit sharing in the Swedish business.

In the Norwegian business, all group profiles had a market return and booked return exceeding the average interest rate guarantee. No estimated use has thus been made of either additional statutory reserves or equity in order to cover the ordinary guarantee in the portfolio. Owner's direct costs for building up reserves for

increased life expectancy are NOK 90 million.

The Other segment improved returns strengthen the financial results in the company portfolios.

Changed segment reporting

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

Market and sales performance

The shift from products with guaranteed interest rates to unit linked insurance products continues in the life insurance businesses. These products are showing good growth in Storebrand Life Insurance and in SPP. The Group's premium income for guaranteed pension products has declined by 8 per cent so far during the year, while the premium income for non-guaranteed occupational pensions increased by 16 per cent during the quarter.

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 per cent in the Norwegian market for defined contribution pensions. SPP's market share for new subscriptions to unit linked insurance within the Other occupational pensions segment is nearly 15 per cent. This means that SPP is the second largest actor in this market, as measured by new sales¹⁾.

Capital situation and tax

The Storebrand Life Insurance Group's solvency margin was 182 per cent at the end of the quarter. This is an improvement of 6 percentage points during the quarter. The increase is primarily due to the quarter's result. Lower long-term interest rates in Sweden have contributed negatively to the solvency margin during the quarter. A reduction in the level of interest rates increases the insurance obligations in the solvency calculation for the Swedish part of the business.

During the course of the quarter, SPP and Storebrand Livsforsikring AS have issued perpetual subordinated loan capital of SEK 700 million and NOK 1,100 million respectively. The Swedish loan has an early repurchase right (call) after 5 years, whereas the Norwegian loan has a call after 10 years. These loans have been issued as compensation for subordinated loan of NOK 1,700 million having calls in June 2014. This loan has been pulled out of the solvency capital in the solvency calculation.

The tax expenses during the first quarter have been estimated based upon an expected effective tax rate for the year of 2014 adjusted for a smaller tax-reducing one-off effect.

Build-up of reserves for increased life expectancy

The Financial Supervisory Authority of Norway determined in March 2013 that a new mortality tariff would be introduced for group pension insurance in life insurance companies and pension funds effective from 1 January 2014. This requires increased premiums and higher insurance technical reserves to have sufficient funds to cover future liabilities. On April 2, 2014, the Financial Supervisory Authority of Norway published its final guidelines for reservation. These are based upon a letter from the Ministry of Finance of 27 March 2014. See note 2 for details on the most important preconditions in the reservation plan. Storebrand has applied to the Financial Supervisory Authority of Norway in April 2014 for a 7 year build up period of reserves for increased life expectancy.

Storebrand needs to build reserves of NOK 12.4 billion. In total, NOK 4.1 billion was allocated in 2013 for building future reserves

at the end of 2013. Booked return in the first quarter of 2014 was good, and together with a good risk result this comprises a total of NOK 1.8 billion, where the majority will be available as longevity reserves upon the final allocations of the result for 2014. Storebrand has other buffers that can be used to strengthen the reserves. An ongoing effort to allocate longevity reserves to each contract could reduce the total allocated amount by approximately NOK 500 million. The total contribution from owners will depend upon risk results and the booked return on invested customer assets during the seven-year period. Depending upon the booked return, the expected effect on results will be:

Annual booked return	Expected total effect on result ²⁾	Annual effect on result ²⁾
4%	~3 500	~500
4.5%	~2 100	~300
5%	~1 100	~160

Strategic priorities

The European life insurance industry is currently facing substantial changes. Low interest rates and altered conditions for long-term savings for pensions have led to a shift away from traditional pension schemes with interest rate guarantees into unit linked savings without interest rate guarantees. This requires each individual customer having to take a greater responsibility for their own pension. The Board has approved four strategic primary priorities in order to support our vision 'recommended by our customers. Storebrand intends to become more customer-oriented through defined customer promises, concepts and products. The business will be commercialized by gathering sales, concept development and customer contact into one organisation. In order to meet new capital requirements without procuring new equity capital, comprehensive capital rationalization measures are being carried out. Storebrand is continuously adapting to be competitive and maintain earnings from its business operations. The Board thus decided during the second quarter of 2012 to implement a new programme to reduce the Group's costs by at least NOK 400 million before the end of 2014.

¹⁾ Premium income as at the 4th quarter of 2013. Source: Finance Norway and Insurance Sweden.

²⁾ All numbers NOK million. Excluding loss of profit sharing.

Savings

Good earnings performance driven by earnings growth and cost control. Solid additional returns in the investment portfolios and stronger competitiveness in the Swedish market.

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

Savings

NOK million	2014		2013			1.1 - 31.13		Full year 2013
	1Q	4Q	3Q	2Q	1Q	2014	2013	
Fee and administration income	285	281	266	245	249	285	249	1,040
Risk result life & pensions	-2	3		4		-2		7
Operational cost	-194	-196	-189	-181	-185	-194	-185	-752
Result before profit sharing	90	88	77	67	64	90	64	296
Net profit sharing and loan losses	1	1		1		1		2
Result before amortisation	90	89	77	68	64	90	64	298

Result

The result in Savings is significantly strengthened during the first quarter of 2014, compared to the first quarter last year, due to earnings growth in all parts of the segment and cost-reduction measures.

Defined contribution pensions are growing in Norway and Sweden due to a continued increase in number of companies choosing defined contribution-based schemes. This makes for an increased number of members in the pension schemes and increased pension funds. The revenues for defined-contribution pension and other unit linked-based savings have increased by 23 per cent so far this year in comparison with the same period in 2013.

In total, fee and administrative revenues increased by nearly 14 per cent in comparison with the first quarter of 2013. Measures initiated for rationalisation with respect to the Group's cost programme are providing cost reductions, however increased sales are causing higher distribution costs.

Balance sheet and market trends

Premium income for non-guaranteed life insurance-related saving amounts to NOK 2.5 billion during the first quarter, which is 6 per cent higher than the same period last year. Total reserves within unit linked have grown by 2 per cent since the end of 2013.

In the Norwegian market, Storebrand is the market leader in defined contribution schemes, with around 30 per cent of the market. There is strong competition in the market for defined contribution pensions. Storebrand expects that this will persist in consequence of the significant dynamic in the market. Beginning 1 January 2014, maximum limits for savings for employees is allocated in defined contribution pensions.

SPP's market share for new subscriptions to unit linked insurance within the segment of Other occupational pensions is 15 per cent. This makes SPP the second-largest participant in this market. SPP's new sales of unit linked insurance is 7 per cent lower than in the first quarter of 2013, and this is due to lower conversions from defined-benefit schemes. If such conversions are ignored, with the associated premium payments, new sales are 19 per cent higher than in the first quarter of 2013. SPP was selected in 2013 to be one of several suppliers in the largest pension platform in Sweden (the ITP Plan), and activities commenced to increase customer contacts have yielded a positive effect on new sales so far this year.

Savings

NOK million	2014		2013		
	1Q	4Q	3Q	2Q	1Q
Unit Linked Reserves	87,105	85,452	79,341	73,542	70,458
Unit Linked Premiums	2,463	2,273	2,296	2,768	2,318

Insurance

Good result driven by reserves release and good risk development.

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

Insurance

NOK million	2014		2013			01.01 - 31.03		Full year 2013
	1Q	4Q	3Q	2Q	1Q	2014	2013	
Fee and administration income	30	30	28	30	27	30	27	116
Risk result life & pensions	-1	-2	-4	6	2	-1	2	3
Operational cost	-17	-17	-17	-16	-16	-17	-16	-66
Financial result	73	13	72	-37	11	73	11	59
Result before profit sharing	84	24	79	-17	25	84	25	111
Net profit sharing and loan losses	-3	-2	-1	1	-4	-3	-4	-7
Result before amortisation	81	22	78	-16	21	81	21	105

komparative figures have been restated following the change in the segment, see note 6

Result

Insurance has delivered a result before amortisation in the first quarter of NOK 210 million (79 million), with a total combined ratio of 75 per cent (91 per cent).

In Sweden, reserves releases primarily explain the low claims ratio. In Norway, the underlying risk trend for both mortality and disability risk in the portfolio is good. For group pensions (the risk coverage associated with defined-contribution pensions) the risk result has improved after building up reserves in 2013 and a positive trend in the result is expected in future.

Operating costs are at same level as last year, providing an cost ratio of 16 per cent.

Balance sheet and market trends

Premiums for own account amounts to NOK 590 million (NOK 603 million). The decrease compared to last year resulting from reduced premiums related to defined contribution. Going forward, it is expected that consumer demand for product solutions that cover personal insurance and disability coverage is expected to increase. This is driven by companies' desire to reduced absenteeism, increased work satisfaction and reduction in overall insurance costs.

For risk coverage in connection with defined contribution pension high growth is expected in future driven by conversions from defined benefit to defined contribution based pensions. In Sweden, the disability trend has been downward for a long period of time, which has led to reduced premiums in general. As a response to this, the health insurance premium at SPP has been reduced by 30 % during the first quarter in order to strengthen its competitiveness.

Written Premiums

NOK million	2014		2013		
	1Q	4Q	3Q	2Q	1Q
Individual life	564	561	550	544	539
Group life	754	804	807	796	792
Pension related disability insurance	1,027	1,045	1,012	1,001	985
Total written premiums	2,344	2,410	2,368	2,341	2,316

* Individual life disability, insurance

** Group disability, workers compensation insurance

*** DC risk premium Norwegian line of business

NOK million	2014		2013		
	1Q	4Q	3Q	2Q	1Q
Claims ratio	59%	70%	44%	59%	74%
Cost ratio	16%	9%	16%	17%	16%
Combined ratio	75%	79%	60%	76%	91%

Guaranteed pension

Solid margins in administration, risk cover and profit sharing. Longevity reserve strengthening reduces 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

NOK million	2014		2013			Full year
	1Q	4Q	3Q	2Q	1Q	2013
Fee and administration income	474	535	491	496	491	2,013
Risk result life & pensions	78	16	-31	-18	40	7
Operational cost	-281	-199	-272	-275	-271	-1,016
Financial result	-	-	-	-	-	-
Result before profit sharing and loan losses	272	352	188	203	260	1,003
Net profit sharing and loan losses	120	96	105	52	119	373
Provision longevity	-90	-	-	-	-	-
Result before amortisation	302	448	293	255	380	1,376

Results

New subscriptions for guaranteed pensions have been closed for most products and work is actively being done to inform the customers of the possibilities of converting to non-guaranteed savings.

While fee and administration revenues showed growth throughout the 2013 due to increased fees and low level of conversions to non-guaranteed products, the trend during the first quarter of 2014 is in as expected with a large part of the portfolios being mature and in long-term decline. Total revenues fell 3.5 per cent in comparison with the corresponding quarter in 2013. The revenues have been reduced in both the Norwegian and Swedish businesses. This is due to a falling business volume because of customers transitioning to non-guaranteed solutions. In addition, insured pension schemes for the public sector are being discontinued in Norway, and during the first quarter 42 customers with a total of NOK 5 billion in reserves were moved out.

The operating costs for the area were NOK 281 million for the quarter, which is an increase of 3.7% from the preceding year, due primarily to the effects of exchange rates. Underlying cost control is good.

The risk result is strong for the first quarter, driven by a new mortality tariff in Norway (K2013), good disability results and reserve changes. As regards the reserve changes, a dissolution was carried out of insurance reserves at SPP and the reserves for public sector pensions were strengthened with a positive net effect of NOK 15 million.

Guaranteed pension - Key figures

NOK million	2014		2013		
	1Q	4Q	3Q	2Q	1Q
Guaranteed reserves	259,353	263,776	262,126	258,654	261,502
Guaranteed reserves in % of total reserves	74.9 %	75.5 %	76.8 %	77.9 %	78.8 %
Transfer out of guaranteed reserves	7,192	967	710	998	7,279
Buffer capital in % of customer reserves SBL	4.2 %	4.8 %	4.0 %	3.7 %	4.1 %
Buffer capital in % of customer reserves SPP	14.6 %	15.1 %	14.5 %	13.5 %	13.1 %

The result from net profit sharing has been generated in the Swedish business. The development in the equity and credit markets as well as the fall in interest rates has caused the open portfolio (IF P250) and IF P300 to contribute 122 million to profit sharing in the quarter. In addition, the consolidation exceeds 107 per cent of all the sub-portfolios within defined benefit pensions. This means that the pensions can be indexed and that the indexing fees will accrue to SPP. The result includes accrual accounting of this fee of NOK 39 million. The change in deferred capital contribution (DCC) gave a negative contribution in the quarter.

The Norwegian business is prioritising the build-up of buffers and reserves for longevity instead of profit sharing between clients and owners. The result for the quarter incurred a charge of NOK 90 million, NOK 50 million in paid-up policies and NOK 40 million in group defined benefit private sector and public sector, in direct longevity result effect in the quarter.

Balance sheet and market trends

Customer reserves for guaranteed pensions comprise NOK 259 billion as at the first quarter, a reduction the last 12 months of 1 per cent. During the quarter, customer assets fell by NOK 4.4 billion caused by transfers from guaranteed pensions of NOK 7.2 billion. Storebrand's discontinuation of defined benefit pensions for the public sector in Norway is behind the greatest part of the transfers. The premium revenues for guaranteed pensions were NOK 4.2 billion during the first quarter, which is a decline of 8 per cent in comparison with the preceding year. The majority of products are closed for new business and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy.

Other

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

Other

NOK million	2014		2013			1.1 - 31.3		Full year
	1Q	4Q	3Q	2Q	1Q	2014	2013	2013
Fee and administration income	30	30	28	30	27	30	27	116
Risk result life & pensions	-1	-2	-4	6	2	-1	2	3
Operational cost	-17	-17	-17	-16	-16	-17	-16	-66
Financial result	73	13	72	-37	11	73	11	59
Result before profit sharing	84	24	79	-17	25	84	25	111
Net profit sharing and loan losses	-3	-2	-1	1	-4	-3	-4	-7
Result before amortisation	81	22	78	-16	21	81	21	105

Fee and management income was stable at around NOK 30 million. Similarly, operating expenses remained flat.

In total, the financial result in the segment Other includes the company portfolios for SPP and Storebrand Life and the net results for subsidiaries being wound up and started up at SPP. The net gain associated with concluding the sale of municipal pension plans to KPA increases the result for the company portfolio at SPP by SEK 20 million.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans of approximately 24 per cent and interest charges comprise a net amount of approximately NOK 125 million per quarter at the current interest rate level. The company portfolios comprised NOK 21.0 billion, including subordinated loans of NOK 1.7 billion with calls in June 2014, at the end of the quarter. The investments are primarily in short-term interest-bearing securities in Norway and Sweden.

Balance sheet, solidity and capital adequacy

Statement of financial position, financial strength and capital situation

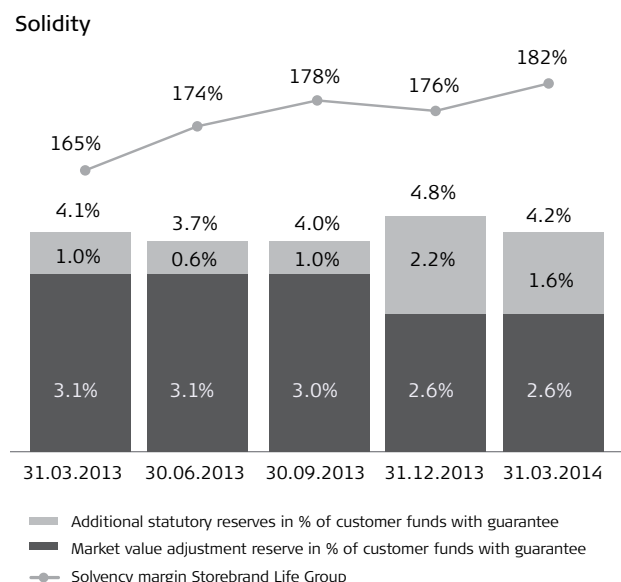
Continuous monitoring and active risk management is a core area of Storebrand's business. Risk and solidity are both followed up on at the Group level and in the legal entities. Regulatory requirements for financial strength and risk management follow to a large extent the legal entities. The section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

Storebrand Life Insurance Group¹⁾

The Storebrand Life Insurance Group's solvency margin was 182 per cent at the end of the quarter. This is an improvement of 6 percentage points during the quarter. The increase is due primarily to the quarterly result, an increase in risk equalisation fund as well as consolidation of a minority interest. Lower long-term interest rates in Sweden have contributed negatively to the solvency margin during the quarter. A reduction in the level of interest rates increases the insurance obligations in the solvency calculation for the Swedish part of the business.

During the course of the quarter, SPP and Storebrand Livsforsikring AS have issued perpetual subordinated loan capital of SEK 700 million and NOK 1,100 million respectively. The Swedish loan has an early repurchase right (call) after 5 years, whereas the Norwegian loan has a call after 10 years. These loans have been issued as compensation for subordinated loan of NOK 1,700 million having calls in June 2014. This loan has been pulled out of the solvency capital in the solvency calculation.

The solidity capital²⁾ comprised NOK 55.5 billion at the end of the first quarter of 2014, an increase of NOK 1.4 billion during the first quarter due among other things to the addition of the year's result.

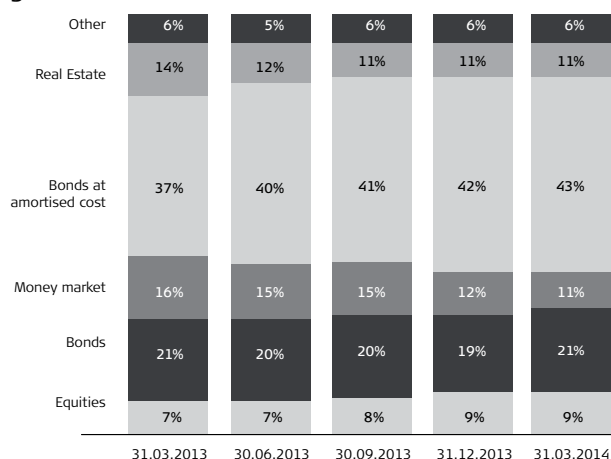


Storebrand Livsforsikring AS

The market value adjustment reserve was reduced during the first quarter by NOK 1.0 billion and comprised NOK 2.8 billion at the end of the first quarter of 2014. The additional statutory reserves were unchanged during the quarter and comprise NOK 4.4 billion at the end of the first quarter of 2014. The excess value of held-to-maturity bonds valued at amortised cost increased by NOK 1.5 billion during the quarter and comprised NOK 6.7 as at the first quarter. The excess value of held-to-maturity bonds is not included in the financial statements

For the customer portfolios with guarantees, the allocation to bonds and held-to-maturity bonds have increased during the course of the first quarter of 2014. Allocations to money markets have been reduced somewhat.

Asset allocation in customer portfolios with interest rate guarantee



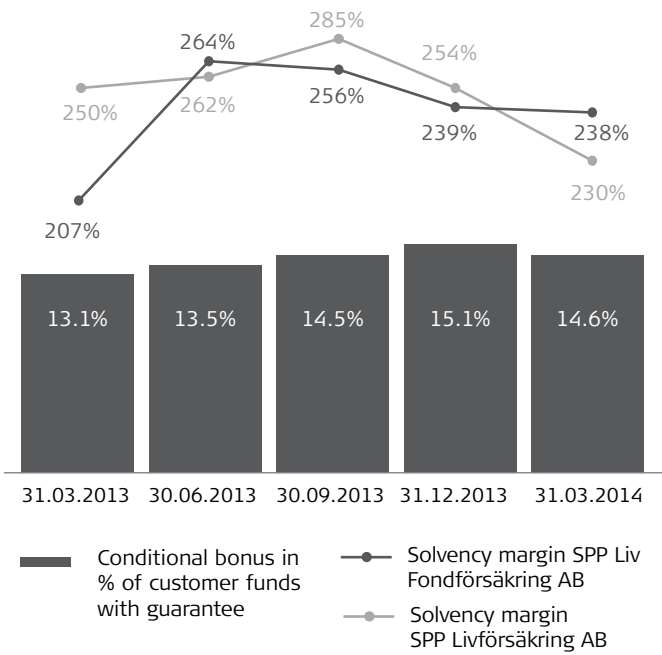
The total customer funds were unchanged during the first quarter and comprised NOK 206 billion at the end of the first quarter of 2014. Customer funds in non-guaranteed Savings increased by NOK 1 billion during the first quarter.

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.

SPP

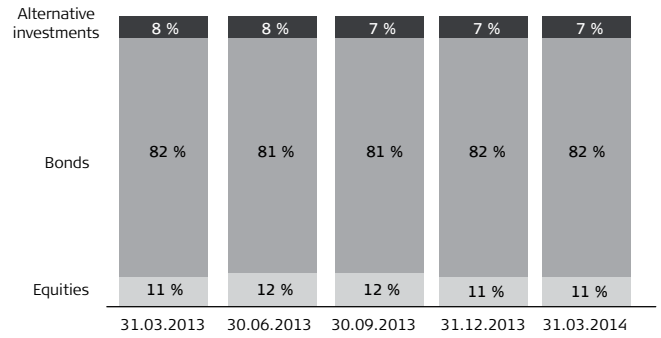
Solidity



The solvency margin in SPP Livförsäkring AB was 230 per cent (254 per cent), and 238 per cent (239 per cent) in SPP Liv Fondförsäkring AB at the end of the year. 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) was reduced by 0.5 percentage points from the preceding quarter.

Allocation guaranteed customer assets Sweden



Total customer funds at SPP comprised NOK 133 billion, an increase of 1 billion from the preceding quarter. Unit linked insurance comprises 40 per cent of customer assets and increased capital under management by 3 % in comparison with the preceding quarter.

Outlook

Earnings performance

Low interest rates are challenging for insurance companies that have to cover an annual interest rate guarantee. There continue to be investment opportunities in the bond market with expected returns that exceed the interest rate guarantee. Storebrand has a strategy of pursuing growth in products where the results are less affected by short-term fluctuations in the financial markets. Financial performance will also be impacted by the changes that are occurring in the regulations for Norwegian occupational pensions in coming years, and how the customers choose to adapt to these changes. Growth is still expected in Storebrand's core markets, driven by low unemployment and good wage growth.

Storebrand is continuously adapting to enhance its competitiveness and earnings from its business operations. Among other things, through a cost programme that will reduce the Group's costs by at least NOK 400 million before the end of 2014. Storebrand's results will during the period from 2014 to 2020 be reduced by a minimum of 20 per cent of the costs associated with the build-up of reserves for expected increased longevity. The final amount will, among other things, depend upon risk results and returns to the customer portfolios. The building up of reserves for expected increased longevity are described in further detail in the introduction and in note 3.

Risk

Storebrand is exposed to several types of risk through its business areas. Trends in interest rates and the property and share 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 statutes in Norway are undergoing a series of changes in order to adapt them to National Insurance reforms.

The Banking Law Commission's proposal in NOU 2013:12 Disability pension in private occupational pension schemes was submitted for consultation. The matter is now sitting in the Ministry of Finance, and a draft law with a new code of regulations is expected to apply beginning in 2015, at the same time as the new disability benefits are being introduced in the National Insurance scheme. The proposal involves the current disability product being replaced by a one-year risk-based product that gives full benefits regardless of the period of service, and other benefits.

On 25 November the Ministry of Finance sent a memorandum from the Financial Supervisory Authority of Norway on paid-up policies with investment options for consultation until 17 January 2014. It proposed that the reserves for paid-up policies must be in line with the new mortality tariff, K2013, before the paid-up policies can be converted to products with investment choice. Furthermore, the Financial Supervisory Authority of Norway proposes a regulatory provision requiring the pension scheme to give the paid-up policyholder written examples showing how large the annual return of a given investment portfolio must be,

as a minimum, to attain certain pension benefits. A proposal for regulations concerning disbursement rules has been submitted for consultation until 21 May. The amendments to legislation which allow for paid-up policies with investment options, and associated provisions in regulations, are expected to enter into force during 2014.

Occupational pensions have been a theme in the negotiations between the Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO) for the year's wage bargaining. The Norwegian Confederation of Trade Unions has demanded standardisation of the occupational pensions in the private sector, and establishment of so-called broad schemes that are governed by the parties jointly. The Confederation of Norwegian Enterprise has rejected standardisation of occupational pensions. The Norwegian United Federation of Trade Unions and the Federation of Norwegian Industries have, regardless, agreed to assess occupational pensions up to the next primary bargaining in 2016. The assessment will be based upon the Norwegian Defined Contribution Pensions Act, and that the pension schemes will not be entered on the balance sheets or give increased costs for the companies. The Enterprise Federation of Norway, an employer organisation, and "Handel og Kontor", associated with the Norwegian Confederation of Trade Unions, have also agreed on a corresponding assessment.

Solvency II

Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and EEA. The Directive, also called Omnibus II, was adopted by the European Parliament on 11 March 2014 and will be implemented in Norwegian law. The regulations will enter into effect beginning in 1 January 2016. The European supervisory authority EIOPA has made recommendations for ensuring continued progress in preparations for Solvency II. The Financial Supervisory Authority of Norway has determined that the recommendations must be followed beginning 1 January 2014. This involves the requirements in Solvency II for risk management and controls (pillar 2) being phased in, including requirements for self-assessment of risks and solidity (ORSA), and that parts of the requirements for reporting to the supervisory authorities (pillar 3) be introduced for the annual reporting as at 31.12.2014. The capital requirements (pillar 1) and the reporting requirements for the market will not apply before formal Solvency II implementation as at 1.1.2016.

The regulations contains transition rules, including provisions that take into account the difference between the value of the insurance obligation after Solvency II and Solvency I at the point in time of the transition, which could increase the available solvency capital. It also allows for an adjustment to the interest rate curve in order to reduce the effect of short-term market fluctuations on the solvency position (Volatility Adjustment). As the proposed regulations are currently worded they are somewhat better suited to companies that have long-term guaranteed returns than earlier proposals, particularly if the Norwegian authorities choose to utilise the leeway permitted in the transitional rules.

Lysaker, 6 May 2014

Board of Directors of Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

NOK million	01.01 - 31.03		
	2014	2013 ¹⁾	Year 2013 ¹⁾
TECHNICAL ACCOUNT:			
Gross premiums written	7,552	7,888	23,106
Reinsurance premiums ceded	-27	-8	-86
Premium reserves transferred from other companies	782	3,220	4,962
Premiums for own account	8,308	11,101	27,982
Income from investments in subsidiaries, associated companies and jointcontrolled companies	16	6	29
Interest income and dividends etc. from financial assets	2,206	2,089	7,612
Net operating income from real estate	276	301	1,139
Changes in investment value	852	-50	739
Realised gains and losses on investments	1,746	171	27
Total net income from investments in the collective portfolio	5,096	2,518	9,546
Interest income and dividends etc. from financial assets	-23	-15	305
Net operating income from real estate	13	22	81
Changes in investment value	304	3,288	9,996
Realised gains and losses on investments	1,338	68	785
Total net income from investments in the investment selection portfolio	1,632	3,363	11,167
Other insurance related income	353	318	1,394
Gross claims paid	-4,877	-4,763	-18,533
Claims paid - reinsurance	2	4	42
Gross change in claims reserve	7	24	9
Premium reserves etc. transferred to other companies	-8,148	-7,280	-10,889
Claims for own account	-13,016	-12,015	-29,372
To (from) premium reserve, gross	2,035	1,717	5,926
To/from additional statutory reserves	16	300	1,047
Change in value adjustment fund	1,030	-720	-2,796
Change in premium fund, deposit fund and the pension surplus fund	-1	-19	-23
To/from technical reserves for non-life insurance business	-32	-42	-57
Change in conditional bonus	614	-668	-1,924
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	2	11	106
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	3,664	578	2,278
Change in premium reserve	-2,975	-4,532	-18,079
Change in other provisions		11	-133
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-2,975	-4,521	-18,212
Profit on investment result	-1	-3	-3
Other allocation of profit	-1,837	-187	
Funds allocated to insurance contracts	-1,838	-191	-3

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	01.01 - 31.03		
	2014	2013 ¹⁾	Year 2013 ¹⁾
Management expenses	-95	-74	-360
Selling expenses	-209	-143	-589
Change in pre-paid direct selling expenses	4	7	19
Insurance-related administration expenses (incl. commissions for reinsurance received)	-312	-389	-1,375
Insurance-related operating expenses	-612	-599	-2,305
Other insurance related expences	-28	-64	-262
Technical insurance result	583	488	2,213
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	3	7	74
Interest income and dividends etc. from financial assets	125	105	442
Net operating income from real estate	12	17	65
Changes in investment value	18	-6	26
Realised gains and losses on investments	53	20	-17
Net income from investments in company portfolio	211	143	590
Other income	105	154	426
Management expenses	-9	-8	-35
Other costs	-304	-324	-1,134
Management expenses and other costs linked to the company portfolio	-313	-332	-1,169
Profit or loss on non-technical account	3	-35	-152
Profit before tax	586	453	2,061
Tax costs	-100	-92	-70
PROFIT BEFORE OTHER COMPREHENSIVE INCOME	486	362	1,992
Change in pension experience adjustments	-3	8	10
Change in value adjustment reserve own buildings	24	29	154
Adjustment of insurance liabilities	-24	-29	-154
Tax on other comprehensive income			12
Other comprehensive income and costs	-3	8	22
Tranaslation differences	-201	388	840
Total other result elements that may be classified to profit /loss	-201	388	840
Total other result elements	-204	396	862
Comprehensive income	282	758	2,854
PROFIT IS DUE TO:			
Minority share of profit	4	3	14
Majority share of profit	482	356	1,973
COMPREHENSIVE INCOME IS DUE TO:			
Minority share of profit	2	10	30
Majority share of profit	280	748	2,824

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

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION

NOK million	31.03.2014	31.03.2013	31.12.2013 ¹⁾	1.1.2013 ¹⁾
ASSETS				
ASSETS IN COMPANY PORTFOLIO				
Goodwill	780	758	798	724
Other intangible assets	4,678	4,877	4,882	4,754
Total intangible assets	5,458	5,636	5,679	5,478
Real estate at fair value	3,602	3,523	3,581	3,470
Real estate for own use	67	59	66	58
Equities and units in subsidiaries, associated companies and joint-controlled companies	208	194	205	121
Loans to and securities issued by subsidiaries, associated companies				69
Lendings	3	4	3	4
Bonds held to maturity	348	223	347	222
Bonds at amortised cost	1,526	1,210	1,510	1,156
Equities and other units at fair value	79	184	74	44
Bonds and other fixed-income securities at fair value	20,348	16,952	17,439	15,716
Derivatives at fair value	731	314	364	255
Other financial assets	173	247	305	126
Total investments	27,085	22,911	23,895	21,242
Reinsurance share of insurance obligations	140	142	142	144
Receivables in connection with direct business transactions	1,383	155	2,722	101
Receivables in connection with reinsurance transactions	25		28	7
Receivables with group company	11	40	28	23
Other receivables	1,902	3,952	1,472	3,653
Total receivables	3,321	4,147	4,249	3,783
Tangible fixed assets	411	397	419	388
Cash, bank	3,861	3,859	3,517	2,938
Tax assets		42		38
Assets minority in securities fund	649	1,398	690	1,044
Other assets designated according to type	682	614	690	599
Total other assets	5,603	6,310	5,317	5,008
Pre-paid direct selling expenses	493	472	510	443
Other pre-paid costs and income earned and not received	158	166	101	90
Total pre-paid costs and income earned and not received	652	638	611	533
Total assets in company portfolio	42,259	39,784	39,893	36,188
ASSETS IN CUSTOMER PORTFOLIO				
Real estate at fair value	19,796	23,734	19,409	23,541
Real estate for own use	2,347	2,148	2,322	2,066
Equities and units in subsidiaries, associated companies and joint-controlled companies	36	106	34	115
Loans to and securities issued by subsidiaries, associated companies	182	674	186	596.5
Bonds held to maturity	14,836	10,533	14,773	10,496
Bonds at amortised cost	64,720	57,116	63,919	54,557
Lendings	4,941	3,610	3,436	3,702
Equities and other units at fair value	33,964	29,886	34,629	27,152
Bonds and other fixed-income securities at fair value	131,805	139,569	133,203	139,040
Financial derivatives at fair value	1,730	1,373	1,048	2,575
Other financial assets	3,995	5,173	3,357	3,462
Total investments in collective portfolio	278,351	273,920	276,316	267,304

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.03.2014	31.03.2013	31.12.2013 ¹⁾	1.1.2013 ¹⁾
Real estate at fair value	931	1,598	1,447	1,952
Real estate for own use	67	89	103	107
Lendings		78	73	140
Equities and other units at fair value	60,391	49,086	57,987	45,014
Bonds and other fixed-income securities at fair value	26,819	25,766	31,869	25,168
Financial derivatives at fair value	123	3	81	169
Other financial assets	148	169	262	397
Total investments in investment selection portfolio	88,480	76,790	91,821	72,946
Total assets in customer portfolio	366,831	350,710	368,136	340,250
TOTAL ASSETS	409,090	390,493	408,029	376,439
EQUITY AND LIABILITIES				
Share capital	3,540	3,540	3,540	3,540
Share premium	9,711	9,711	9,711	9,711
Total paid in equity	13,251	13,251	13,251	13,251
Risk equalisation fund	839	676	776	640
Other earned equity	5,639	3,610	5,844	3,223
Earned profit	423	326		
Minority's share of equity	407	398	402	388
Total earned equity	7,308	5,010	7,022	4,251
Perpetual subordinated loan capital	4,550	5,253	2,787	5,142
Dated subordinated loan capital	2,440		2,540	
Hybrid tier 1 capital	1,502	1,501	1,502	1,502
Total subordinated loan capital and hybrid tier 1 capital	8,492	6,754	6,829	6,643
Premium reserves	250,614	250,216	250,567	245,333
Additional statutory reserves	4,443	5,185	4,279	5,489
Market value adjustment reserve	2,793	1,746	3,823	1,027
Claims allocation	885	817	891	837
Premium fund, deposit fund and the pension surplus fund	3,447	3,098	3,184	3,394
Conditional bonus	13,157	12,357	14,167	11,264
Unallocated profit to insurance contracts	1,837	119		
Other technical reserve	647	601	616	561
Total insurance obligations in life insurance - contractual obligations	277,822	274,139	277,526	267,905
Premium reserve	88,876	76,356	91,887	72,751
Claims allocation	1	1	1	1
Additional statutory reserves		245	179	257
Premium fund, deposit fund and the pension surplus fund		390	330	487
Unallocated profit to insurance contracts		69		
Total insurance obligations in life insurance - investment portfolio separately	88,876	77,059	92,396	73,495
Pension liabilities etc.	602	846	575	839
Period tax liabilities	1,533	1,483	1,441	1,377
Other provisions for liabilities	61	99	108	115
Total provisions for liabilities	2,196	2,427	2,123	2,331

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.03.2014	31.03.2013	31.12.2013 ¹⁾	1.1.2013 ¹⁾
Liabilities in connection with direct insurance	1,796	1,822	1,353	1,317
Liabilities in connection with reinsurance	65	2	36	4
Financial derivatives	1,221	1,951	2,122	755
Liabilities to group companies	33	9	13	14
Liabilities minority in securities fund	649	1,398	690	1,044
Other liabilities	7,001	6,204	4,233	4,950
Total liabilities	10,766	11,387	8,447	1,044
Other accrued expenses and received, unearned income	379	466	435	478
Total accrued expenses and received, unearned income	379	466	435	478
TOTAL EQUITY AND LIABILITIES	409,090	390,493	408,029	376,438

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

Storebrand Livsforsikring Group

RECONCILIATION OF CHANGE IN EQUITY

NOK million	Majority's share of equity			Risk equalisation fund ¹⁾	Other equity	Minority interests ²⁾	Total equity
	Share capital	Share premium	Total paid in equity				
Equity at 31.12.2012	3,540	9,711	13,251	640	3,223	388	17,502
Profit for the period				35	320	6	362
Other result elements:							
Translation differences					384	4	388
Change in pension experience adjustments					8		8
Total comprehensive income for the period				35	713	10	758
Other result elements:							
Translation differences					829	11	840
Change in pension experience adjustments					23	-1	22
Total comprehensive income for the period				136	2,689	30	2,854
Equity transactions with owner:							
Group contributions					-85	-27	-112
Other					17	13	30
Equity at 31.12.2013	3,540	9,711	13,251	776	5,844	402	20,273
Profit for the period				64	419	4	486
Other result elements:							
Translation differences					-199	-2	-201
Change in pension experience adjustments					-3		-3
Total comprehensive income for the period				64	217	2	282
Equity transactions with owner:							
Other					1	2	3
Equity at 31.03.2014	3,540	9,711	13,251	839	6,061	407	20,559

¹⁾ Includes undistributable funds in the risk equalisation fund amounting to NOK 839 million and security reserves amounting NOK 153 million. The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. The risk equalisation reserve and contingency reserves are not considered. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences.

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

Storebrand Livsforsikring

CASH FLOW ANALYSIS 1. JANUARY - 31. MARCH

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2013	2014	NOK million	2014	2013
		Cash flow from operational activities		
6,685	9,292	Net received - direct insurance	7,946	4,474
-4,294	-4,422	Net claims/benefits paid - direct insurance	-2,223	-3,191
-4,060	-7,366	Net receipts/payments - policy transfers	-5,529	-3,801
-599	-612	Net receipts/payments - other operational activities	-349	-352
538	2,495	Net receipts/payments operations	1,993	1,305
-1,730	-613	Net cash flow from operational activities before financial assets	1,838	-1,565
154	-1,432	Net receipts/payments - lendings to customers	-1,505	154
3,787	851	Net receipts/payments - financial assets	-719	2,378
384	419	Net receipts/payments - real estate activities		
-1,483	-524	Net change bank deposits insurance customers	-6	-652
2,842	-687	Net cash flow from operational activities from financial assets	-2,230	1,880
1,112	-1,300	Net cash flow from operational activities	-392	315
		Cash flow from investment activities		
-39	-27	Net payments - purchase/capitalisation of subsidiaries and associated companies		92
4		Net receipts/payments - sale/purchase of fixed assets	-10	-43
-35	-28	Net cash flow from investment activities	-10	49
		Cash flow from financing activities		
	1,741	Repayment of subordinated loan capital	1,094	
-35	-202	Payments - interest on subordinated loan capital	-202	-35
-35	1,539	Net cash flow from financing activities	892	-35
1,042	211	Net cash flow for the period	490	329
-1,800	898	of which net cash flow for the period before financial assets	2,720	-1,551
1,042	211	Net movement in cash and cash equivalent assets	490	329
3,064	3,823	Cash and cash equivalent assets at start of the period	1,540	1,517
4,106	4,034	Cash and cash equivalent assets at the end of the period	2,030	1,845

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

NOK million	1.1 - 31.3		
	2014	2013	Year 2013
TECHNICAL ACCOUNT:			
Gross premiums written	5,776	6,150	15,918
Reinsurance premiums ceded	-4	-3	-22
Premium reserves transferred from other companies	375	2,585	3,010
Premiums for own account	6,146	8,732	18,906
Income from investments in subsidiaries, associated companies and joint-controlled companies	240	129	952
of which from investment in real estate companies	248	116	881
Interest income and dividends etc. from financial assets	1,574	1,303	4,452
Changes in investment value	-857	733	2,764
Realised gains and losses on investments	1,445	115	-206
Total net income from investments in the collective portfolio	2,402	2,279	7,962
Income from investments in subsidiaries, associated companies and joint-controlled companies	13	9	68
of which from investment in real estate companies	13	9	68
Interest income and dividends etc. from financial assets	-22	-15	287
Changes in investment value	-855	1,179	3,319
Realised gains and losses on investments	1,338	107	771
Total net income from investments in the investment selection portfolio	474	1,281	4,445
Other insurance related income	64	57	217
Gross claims paid	-2,723	-3,221	-11,809
Claims paid - reinsurance	2	4	30
Gross change in claims reserve		23	-3
Premium reserves etc. transferred to other companies	-5,904	-6,386	-7,585
Claims for own account	-8,625	-9,579	-19,367
To (from) premium reserve, gross	2,224	-182	120
To/from additional statutory reserves	16	129	1,047
Change in value adjustment fund	1,030	-720	-2,796
Change in premium fund, deposit fund and the pension surplus fund	-1	-19	-23
To/from technical reserves for non-life insurance business	-36	-45	-63
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	2	11	106
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	3,236	-826	-1,610
Change in premium reserve	-1,177	-1,262	-7,459
Change in other provisions		11	-133
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-1,177	-1,251	-7,593
Profit on investment result			-85
Other allocation of profit	-1,837	-187	
Funds allocated to insurance contracts	-1,837	-187	-85

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	1.1 - 31.3		
	2014	2013	Year 2013
Management expenses	-40	-30	-134
Selling expenses	-148	-88	-351
Insurance-related administration expenses (incl. commissions for reinsurance received)	-161	-233	-688
Insurance-related operating expenses	-349	-352	-1,173
Other insurance related expenses after reinsurance share	-36	-35	-204
Technical insurance result	297	119	1,498
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	12	3	251
of which from investment in real estate companies	13	5	60
Interest income and dividends etc. from financial assets	195	172	659
Changes in investment value	20	-6	11
Realised gains and losses on investments	34	-1	35
Net income from investments in company portfolio	260	168	956
Other income	7	10	26
Management expenses	-3	-3	-11
Other costs	-98	-119	-468
Total management expenses and other costs linked to the company portfolio	-100	-121	-479
Profit or loss on non-technical account	167	57	503
Profit before tax	464	176	2,001
Tax costs	-125	-40	-57
PROFIT BEFORE OTHER COMPREHENSIVE INCOME	339	136	1,944
Change in pension experience adjustments			-51
Translation differences	-2		-2
Tax on other result elements	1		13
Other comprehensive income and costs	-2		-40
COMPREHENSIVE INCOME	337	136	1,904
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Other intangible assets	142	99	144
Total intangible assets	142	99	144

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION

NOK million	31.3.2014	31.3.2013	31.12.2013
Equities and units in subsidiaries, associated companies and joint-controlled companies	10,483	10,857	10,482
of which investment in real estate companies	1,018	1,273	1,268
Loans to and securities issued by subsidiaries, associated companies	6,225	6,675	7,351
Loans	3	4	3
Bonds held to maturity	348	223	347
Bonds at amortised cost	1,526	1,210	1,510
Equities and other units at fair value	53	22	50
Bonds and other fixed-income securities at fair value	9,720	6,609	6,888
Derivatives at fair value	731	314	362
Other financial assets	145	209	259
Total investments	29,234	26,124	27,253
Reinsurance share of insurance obligations	163	170	163
Receivables in connection with direct business transactions	1,351	2,153	2,682
Receivables in connection with reinsurance transactions	25		28
Receivables with group company	26	38	97
Other receivables	708	677	629
Total receivables	2,110	2,869	3,436
Tangible fixed assets	33	52	35
Cash, bank	1,885	1,636	1,280
Total other assets	1,919	1,688	1,316
Other pre-paid costs and income earned and not received	33	56	31
Total pre-paid costs and income earned and not received	33	56	31
Total assets in company portfolio	33,600	31,006	32,343
ASSETS IN CUSTOMER PORTFOLIOS			
Equities and units in subsidiaries, associated companies and joint-controlled companies	20,876	30,251	20,285
of which investment in real estate companies	20,247	29,709	28,948
Bonds held to maturity	14,836	10,533	14,773
Bonds at amortised cost	64,720	57,116	63,919
Loans	4,941	3,610	3,436
Equities and other units at fair value	20,019	13,781	19,716
Bonds and other fixed-income securities at fair value	55,161	62,316	54,195
Financial derivatives at fair value	406	180	161
Other financial assets	1,884	2,359	1,769
Total investments in collective portfolio	182,844	180,145	178,253
Equities and units in subsidiaries, associated companies and joint-controlled companies	1,028	2,015	1,600
of which investment in real estate companies	1,028	2,003	2,443
Loans		78	73
Equities and other units at fair value	18,612	15,642	18,803
Bonds and other fixed-income securities at fair value	14,988	15,906	17,846
Financial derivatives at fair value	123	3	81
Other financial assets	117	105	227
Total investments in investment selection portfolio	34,868	33,749	38,630
Total assets in customer portfolios	217,712	213,894	216,883
TOTAL ASSETS	251,312	244,900	249,227

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.3.2014	31.3.2013	31.12.2013
EQUITY AND LIABILITIES			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Total paid in equity	13,251	13,251	13,251
Risk equalisation fund	839	676	776
Other earned equity	6,067	4,062	6,069
Earned profit	275	339	
Total earned equity	7,182	5,077	6,845
Perpetual subordinated loan capital	3,907	5,253	2,787
Dated subordinated loan capital	2,440		2,540
Hybrid tier 1 capital	1,502	1,501	1,502
Total subordinated loan capital and hybrid tier 1 capital	7,849	6,754	6,829
Premium reserves	168,058	165,320	165,873
Additional statutory reserves	4,443	5,356	4,279
Market value adjustment reserve	2,793	1,746	3,823
Claims allocation	763	736	763
Premium fund, deposit fund and the pension surplus fund	3,447	3,098	3,184
Unallocated profit to insurance contracts	1,837	119	
Other technical reserve	822	775	786
Total insurance obligations in life insurance - contractual obligations	182,162	177,151	178,708
Premium reserves	35,278	33,134	38,700
Claims allocation	1	1	1
Additional statutory reserves		245	179
Premium fund, deposit fund and the pension surplus fund		390	330
Unallocated profit to insurance contracts		69	
Total insurance obligations in life insurance - investment portfolio separately	35,279	33,837	39,209
Pension liabilities etc.	432	571	432
Period tax liabilities	1,314	1,185	1,190
Other provisions for liabilities	54	58	63
Total provisions for liabilities	1,800	1,815	1,685
Liabilities in connection with direct insurance	1,375	1,043	846
Liabilities in connection with reinsurance	8		2
Financial derivatives	151	999	438
Liabilities to group companies	16	2,503	6
Other liabilities	2,057	2,191	1,160
Total liabilities	3,606	6,736	2,453
Other accrued expenses and received, unearned income	183	278	248
Total accrued expenses and received, unearned income	183	278	248
TOTAL EQUITY AND LIABILITIES	251,312	244,900	249,227

Storebrand Livsforsikring AS

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital ¹⁾	Share premium	Total paid in equity	Risk equalisation fund ²⁾	Other equity	Total equity
Equity at 31.12.2012	3,540	9,711	13,251	640	4,301	18,192
Profit for the period				35	101	136
Other result elements:						
Change in pension experience adjustments					-1	-1
Total comprehensive income for the period				35	101	136
Equity at 31.03.2013	3,540	9,711	13,251	675	4,401	18,328
Profit for the period				136	1,809	1,944
Other result elements:						
Change in pension experience adjustments					-39	-39
Translation differences					-2	-2
Total comprehensive income for the period				136	1,768	1,904
Equity at 31.12.2013	3,540	9,711	13,251	776	6,069	20,096
Profit for the period				64	275	339
Other result elements:						
Translation differences					-2	-2
Total comprehensive income for the period				64	274	337
Equity at 31.03.2014	3,540	9,711	13,251	839	6,343	20,433

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

²⁾ Restricted equity 839 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.

Notes to the interim accounts

NOTE 1: ACCOUNTING POLICIES

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

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

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

IFRS 10 – Consolidated financial statements

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

IFRS 10 establishes a model for evaluating control that will apply to all companies, and the content of the control concept has changed in IFRS 10 in relation to IAS 27 and will entail an increased degree of assessment of units that are controlled by the company. Control exists when the investor has power over the investment object and possesses the right to variable yields from the investment object and simultaneously possesses the power and possibility to steer activities in the investment object that affect the yield.

In the Group's financial statements for the first quarter of 2014, funds in which Storebrand has an ownership percentage of around 40 per cent or more, and which are also managed by management companies in the Storebrand Group, are consolidated 100 per cent on the balance sheet. Minority ownership interests in consolidated securities funds are shown on a line for assets and correspondingly on a liabilities line. In consequence of other investors in the funds being able to request redemption of their ownership interests from the respective funds, such are deemed to be minority interests that are classified as liabilities in Storebrand's consolidated financial statements.

The balance sheet for the Storebrand Livsforsikring Group as at 31.03.14 has increased by NOK 0,6 billion due to consolidation of securities funds.

Investments that are included in the Group, and which have been treated previously as joint venture companies, have been deemed in accordance with IFRS 10 to be subsidiaries. Pursuant to IFRS 10, the companies are consolidated 100 per cent, and this has given rise to an increase in the minority's share of the equity of NOK 266 million as at 31.03.14.

Changes to other accounting standards

Other changes to the IFRS rules that now apply or can be used for IFRS financial statements prepared after 1 January 2014 are shown below. The changes have not caused significant effects on Storebrand's interim financial statements.

- IFRS 11 – Joint Agreements
- New IFRS 12: Disclosure of interests in other entities
- Amendment in IAS 27: Separate financial statements
- Amendment in IAS 28: Investments in associates and joint ventures
- Amendment in IAS 32: Financial instruments – Presentation
- Amendment in IAS 36: Impairment of assets
- Amendment in IAS 39: Financial instruments

Notes to the interim accounts

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

Profit and loss account

NOK Million	Q1 2013			Year 2013		
	Reported	Effect IFRS 10	Restated	Reported	Effect IFRS 10	Restated
Net operating income from real estate	14	3	17	54	11	65
Profit or loss on non-technical account	-38	3	-35	-163	11	-152
Profit before tax	450	3	453	2,050	11	2,061

Statement of financial position

NOK Million	01.01.13			31.03.13			31.12.13		
	Reported	Effect IFRS 10	Restated	Reported	Effect IFRS 10	Restated	Reported	Effect IFRS 10	Restated
Real estate at fair value - company portfolio	1,208	2,262	3,470	1,201	2,322	3,523	1,084	2,497	3,581
Real estate at fair value - collective portfolio	25,401	-1,860	23,541	25,676	-1,942	23,734	21,478	-2,068	19,409
Real estate at fair value - investment selection portfolio	2,114	-162	1,952	1,735	-137	1,598	1,614	-167	1,447
Assets minority fund		1,044	1,044		1,398	1,398		690	690
Total assets	375,155	1,284	376,439	388,853	1,641	390,494	407,078	952	408,029
Equity and liabilities									
Minority interests	148	240	388	156	243	398	141	262	402
Total equity	17,262	240	17,502	20,559	243	20,802	20,011	262	20,273
Liabilities minority fund		1,044	1,044		1,398	1,398		690	690
Total equity and liabilities	375,155	1,284	376,439	388,853	1,641	390,494	407,078	952	408,029

Notes to the interim accounts

NOTE 2: ESTIMATES

Critical accounting estimates and judgements for the 2013 annual financial statements are described in note 2, building-up reserves for long life expectancy for Storebrand Life Insurance in note 3, insurance risk in note 7 and valuation of financial instruments at fair value is described in note 13.

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

Actual results may differ from these estimates.

Building-up reserves for long life expectancy for Storebrand Life Insurance

In a letter dated 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. This requires increased premiums and higher insurance technical reserves so as to have sufficient funds to cover future liabilities. See the description in note 3 in the annual financial statements for 2013.

On 2 April 2014, the Financial Supervisory Authority of Norway published guidelines for escalation plans for provisions for long life, with a basis in a letter from the Financial Supervisory Authority of Norway of 27 March 2014. The build-up period for reserves may have a duration of up to 7 years (up to and including 2020). Applications for build-up periods for reserves must be approved by the Financial Supervisory Authority of Norway. The building up of reserves may be financed through withholding of customer surpluses. The yield surplus on a contract may not be utilised to improve the yields on other contracts. The company's contribution of a minimum of 20 per cent of the requirement for reserves to be built up must be added at the contract level. The build-up of reserves must at a minimum occur linearly during the period.

Requirements that the entire yield be added on a contract basis will, all other things being equal, require a higher yield given that the owner's costs must be unchanged. The possibility to be able to apply for an build-up period of up to 7 years will pull in the opposite direction. On the overall, the owner's expected costs for building up reserves for a given level of yield have increased in relation to earlier estimates.

Guidelines for building up reserves

- The period for building up reserves may have a duration of up to 7 years (up to and including 2020). Applications for build-up periods for reserves must be approved by the Financial Supervisory Authority of Norway.
- The building up of reserves may be financed through withholding of customer surpluses. The yield surplus on a contract may not be utilised to improve the yields on other contracts (no "solidarity").
- The company's contribution of a minimum of 20 per cent of the escalation requirement must be added at the contract level.
- The build-up of reserves must at a minimum occur linearly during the period.

Consequences for Storebrand

- Total requirements for building up reserves of around NOK 12.4 billion.
- During the period from 2011 to 2013, Storebrand has allocated NOK 4.1 billion in total for the building up of future reserves, and has in addition allocated about NOK 1.8 billion of customer surpluses so far in 2014. Based on that solidarity cannot be applied for with customer surpluses, there is a work in progress that allocate reserves for long life expectancy at contract level, and it is expected that this can reduce the total allocated amount with about NOK 500 million.
- Storebrand also possesses other buffers that would be able to be used in order to raise the booked returns during the period.
- The total contribution from the owner will depend upon the annual booked return on invested customer assets during the period for building up reserves, the volatility in the booked return, trend in the insurance portfolio, risk results during the period, etc.
- The table below shows the estimated result effects for owner for different average booked returns expectations during the period. If booked annual returns are to be lower than 4 per cent, then the owner's charges would be able to increase significantly. The result effect is estimated based upon an option pricing model where among other factors a volatility of 1 per cent in the booked returns and a yearly estimated risk result to customers which can be used to build-up of reserves are utilised. The estimated total and yearly impact on the result does not include estimated loss of profit sharing related to paid-up policies. The estimates are encumbered with uncertainty.

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

Notes to the interim accounts

- In the financial statements for the first quarter, a long-term average yield of 4.4 per cent, an estimated risk result and an expected build-up period of 7 years have been taken as a basis.

NOTE 3: TAX

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

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 25 and 55 in the 2013 annual report.

Storebrand had not carried out any material transactions with close associates as at the end of the first quarter.

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

On 13 March 2014 entered into an agreement for the transfer of loans of 1.7 billion with the acquisition on 25 March 2014. The portfolio were sold at fair value, corresponding to amortised cost.

NOTE 5: FINANCIAL MARKET RISK

Financial risk is described in the 2013 annual report in notes 8 (Financial market risk), 9 (Liquidity risk), 10 (Credit risk) and 11 (Concentration risk). Conditions that are of significance to the financial risk are also described in note 2 (Critical accounting estimates and judgements). As regards Building-up reserves for long life expectancy for Storebrand Life Insurance, this is described in note 2 (Estimates).

Financial markets have been marked by weak growth figures from China and the unrest in Ukraine. On the other hand, the prospects for growth in Europe have improved. During the first quarter, global share markets (MSCI) rose 1 per cent, Norwegian shares (OSE) 2 per cent and Swedish shares (OMXS30) 4 per cent. Interest rates have shown a somewhat falling through the first quarter. Swedish 10-year swaps have fallen to 2.5 per cent (-0.4pp), whereas Norwegian 10-year swaps have fallen to 3.2 per cent (-0.1 pp).

For the Norwegian activities, the company's return on the guaranteed customer portfolio is the greatest risk. At the end of the first Quarter, returns (market based) on the various guaranteed portfolios are somewhat higher than the accrued guarantee, helped by good equity markets and a decline in interest rates. In addition, unrealised gains have been realised, which makes the booked return a bit higher than the market return during the first quarter. Lower interest rates are negative for the risk in the long run, because it will make it more difficult to reach the guaranteed return.

For the Swedish business, the financial result is little affected by the interest rate decline, however this is somewhat negative for the solvency position.

The investment allocation is has changed little during the first quarter in both the Norwegian as well as the Swedish businesses.

Notes to the interim accounts

NOTE 6: SEGMENTS – RESULT BY BUSINESS AREA

Changes in accounting policies and segment reporting

Beginning 1 January 2014, certain follow-ups including sickness insurance, one-year life assurance and survivor insurance at SPP have been transferred from the Guaranteed Pension segment to Insurance. The result for these products will beginning 1 January 2014 be reported under Insurance.

Restatement of comparative figures

NOK million	01.01.13			31.03.13				31.12.13			
	Reported figures	Changes in IFRS	Revised figures	Reported figures	Changes in IFRS	Change in segment	Revised figures	Reported figures	Changes in IFRS	Change in segment	Revised figures
Savings				64			64	298			298
Insurance				57		22	79	369		289	658
Guaranteed pension				403		-22	380	1,665		-289	1,376
Other				18	3		21	94	11		105
Group result before amortisation				541	3		544	2,426	11		2,437
Amortisation intangible assets				-91			-91	-375			-375
Pre-tax profit				450	3		453	2,050	11		2,061
Savings	64,583		64,583	73,189			73,189	85,261			85,261
Insurance	3,074		3,074	2,755			2,755	3,992			3,992
Guaranteed pension	271,202		271,202	273,070			273,070	274,406			274,406
Other	36,296	1,284	37,580	40,169	1,640		41,810	43,418	952		44,370
Total assets	375,155	1,284	376,439	389,183	1,640		390,823	407,077	952		408,029
Savings	55,358		55,358	72,262			72,262	83,984			83,984
Insurance	3,074		3,074	2,755			2,755	3,992			3,992
Guaranteed pension	263,869		263,869	265,151			265,151	266,303			266,303
Other	35,592	1,044	36,636	30,996	1,398		32,393	32,788	690		33,478
Total liabilities	357,893	1,044	358,937	371,165	1,398		372,562	387,067	690		387,757

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.

Insurance

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

Guaranteed pension

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

Other

Under the category 'Other', the performance of the company's portfolios in Storebrand Livsforsikring and SPP are reported. Results related to operations such as BenCo and small subsidiaries are also included. Minority in mutual funds and real estate funds are also included in the segment Other.

Notes to the interim accounts

Reconciliation with the official profit and loss accounting

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

NOK million	01.01 - 31.03		Year 2013
	2014	2013	
Savings	90	64	298
Insurance	210	79	658
Guaranteed pension	302	380	1,376
Other	81	21	105
Result before amortisation and write-downs	684	544	2,437
Amortisation and write-downs of intangible assets	-98	-91	-375
Pre-tax profit	586	453	2,061

Result per line of business 31.03

NOK million	Savings		Insurance		Guaranteed pension	
	2014	2013	2014	2013	2014	2013
Fee and administration income	285	249			474	491
Risk result life & pensions	-2				78	40
Insurance premiums f.o.a.			590	603		
Claims f.o.a.			-347	-448		
Operational cost	-194	-185	-95	-98	-281	-271
Financial result			63	23		
Result before profit sharing and loan losses	90	64	210	79	272	260
Net profit sharing and loan losses	1				120	119
Provision longevity					-90	
Result before amortisation	90	64	210	79	302	380
Amortisation and write-downs of intangible assets						
Pre-tax profit	90	64	210	79	302	380
Assets	88,987	73,189	4,225	2,755	264,483	273,069
Liabilities	87,687	72,262	4,225	2,755	256,290	265,151

NOK million	Other		Storebrand Livsforsikring Group	
	2014	2013	2014	2013
Fee and administration income	30	27	790	846
Risk result life & pensions	-1	2	75	17
Insurance premiums f.o.a.			590	620
Claims f.o.a.			-347	-433
Operational cost	-17	-16	-588	-471
Financial result	73	11	135	38
Result before profit sharing and loan losses	84	25	656	618
Net profit sharing and loan losses	-3	-4	118	96
Provision longevity			-90	
Result before amortisation	81	21	684	713
Amortisation and write-downs of intangible assets			-98	-91
Pre-tax profit	81	21	586	622
Assets	51,394	41,480	409,090	390,493
Liabilities	40,329	32,064	388,531	372,232

Notes to the interim accounts

NOTE: 7 SPECIFICATION OF SUBORDINATED LOAN CAPITAL

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS 08/18 FRN	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,701
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,111
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,095
SPP Livförsäkring AB	700	SEK	Variable	2019	643
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,440
Total subordinated loan capital and hybrid tier 1 capital 31.03.2014					8,492
Total subordinated loan capital and hybrid tier 1 capital 31.12.2013					6,829

NOTE: 8 VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE

The Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. 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 obtained 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.

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.

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

Notes to the interim accounts

Valuation of financial instruments and real estate at fair value

Storebrand Livsforsikring Group

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total 31.03.2014	Total 31.12.2013
Assets					
Equities and units					
- Equities	17,013	436	3,300	20,749	16,706
- Fund units	112	64,776	1,322	66,210	68,393
- Private Equity fund investments		163	6,244	6,407	6,373
- Real estate fund		6	1,062	1,068	1,217
Total equities and units	17,125	65,382	11,927	94,434	00/01/00
Total equities and units 31.12.13	13,135	67,609	11,945		92,689
Bonds and other fixed income securities					
- Government and government guaranteed bonds	36,097	20,032		56,128	61,602.1
- Credit bonds		22,829	690	23,519	24,237.7
- Mortgage and asset backed bonds		44,573		44,573	42,295.9
- Supranational and agency	46	9,524		9,570	7,166.9
- Bond funds		45,181		45,181	47,207.8
Total bonds and other fixed income securities	36,142	142,139	690	178,971	
Total bonds and other fixed income securities 31.12.13	27,170	153,672	1,669		182,510
Derivatives:					
- Interest rate derivatives		781		781	
- Currency derivatives		581		581	-664
Total derivatives		1,363		1,363	
- derivatives with a positive market value		2,584		2,584	
- derivatives with a negative market value		-1,221		-1,221	
Total derivatives 31.12.13		-629			-664
Real estate:					
- real estate at fair value			24,330	24,330	24,175
- real estate for own use			2,481	2,481	2,491
Total real estate			26,811	26,811	
Total real estate 31.12.13			26,928		26,928

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	34	224
Bonds and other fixed income securities		5,497

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

Notes to the interim accounts

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

NOK million	Equities	Fund units	Private Equity fund investments	Real estate fund	Credit bonds	Real estate	Real estate for own use
Book value 01.01	3,269	1,327	6,132	1,217	1,669	24,437	2,491
Net profit/loss	21	5	109	267	27	2	17
Supply/disposal	56	27	275	7	43	43	4
Sales/overdue/settlement	-22	-25	-252	-429	-1,035	-119	-8
To quoted prices and observable assumptions	8						
Translation differences	-32	-12	-20	0	-14	-33	-23
Book value 31.03.14	3,300	1,322	6,244	1,062	690	24,330	2,481

Storebrand Livsforsikring AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Total 31.03.2014	Total 31.12.2013
Assets					
Equities and units					
- Equities	7,917	273	1,701	9,891	6,086
- Fund units		21,538	786	22,324	25,840
- Private Equity fund investments		161	5,239	5,400	5,426
- Real estate fund		6	1,062	1,068	1,217
Total equities and units	7,917	21,978	8,789	38,684	
Total equities and units 31.12.13	4,246	25,425	8,898		38,569
Bonds and other fixed income securities					
- Government and government guaranteed bonds	22,395			22,395	22,906
- Credit bonds		10,949	65	11,014	11,446
- Mortgage and asset backed bonds		11,464		11,464	10,080
- Supranational and agency		1,307		1,307	1,511
- Bond funds		33,690		33,690	32,987
Total bonds and other fixed income securities	22,395	57,410	65	79,870	
Total bonds and other fixed income securities 31.12.13	14,818	63,053	1,058		78,930
Derivatives:					
- Interest rate derivatives		458		458	324
- Currency derivatives		651		651	-158
Total derivatives		1,109		1,109	
- derivatives with a positive market value		1,260			
- derivatives with a negative market value		-151			
Total derivatives 31.12.13		166			166

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	3	30
Bonds and other fixed income securities		5,497

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

Notes to the interim accounts

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

NOK million	Equities	Fund units	Private Equity fund investments	Real estate fund	Credit bonds
Book value 01.01	1,705	791	5,185	1,217	1,058
Net profit/loss	5	-5	68	267	20
Supply/disposal	5	13	219	7	1
Sales/overdue/settlement	-13	-14	-232	-429	-1,014
Book value 31.03.14	1,701	786	5,239	1,062	65

Fair value of financial assets and liabilities at amortised cost

NOK Million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	Fair value 31.03.14	Fair value 31.12.13	Book value 31.03.14	Book value 31.12.13
Financial assets							
Lending to customers		4,920		4,920	3,489	4,944	3,512
Bonds held to maturity		16,373		16,373	15,942	15,184	15,120
Bonds classified as loans and receivables	2,115	69,641		71,756	69,767	66,246	65,429
Total fair value 31.12.13	1,142	88,057					
Financial liabilities							
Subordinated loan capital		9,051		9,051	7,368	8,492	6,829
Total fair value 31.12.13		7,368					

Notes to the interim accounts

NOTE 9: REAL ESTATE

NOK mill.	31.03.14			Required rate of retur % ²⁾	31.03.14		Leased amount in % ¹⁾
	31.3.14	31.3.13	31.12.13		Average duration of lease (year) ⁴⁾	m2	
<i>Office buildings (including parking and storage):</i>							
Oslo-Vika/Filipstad Brygge	6,236	6,211	6,196	7.85%	5	140,900	89%
Rest of Greater Oslo	7,108	8,499	7,148	8.68%	7	487,767	96%
Rest of Norway	2,484	2,416	2,478	8.73%	7	122,168	97%
Office buildings in Sweden	966	755	985		12	41,011	99%
<i>Shopping centres (including parking and storage)</i>							
Rest of Greater Oslo	1,126	1,150	1,176	8.09%	3	66,519	92%
Rest of Norway	5,196	8,746	5,234	7.89%	3	183,120	97%
<i>Other:</i>							
Multi-storey car parks in Oslo	674	656	671	7.95%	3	27,393	100%
Cultural/conference centres in Sweden ³⁾	382	372	390		16	18,757	100%
Real estate Sweden ³⁾	106		109		14	3,369	100%
Real estate Norway	51	50	50				
Total investment real estate	24,330	28,855	24,437			1,091,004	
Real estate for own use	2,481	2,295	2,491	8.05%	5,2-7,5	70,641	96%/99%
Total real estate	26,811	31,150	26,928			1,161,645	

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

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

³⁾ All real estates in Sweden are valued externally. The assessment is based on the rate of return available in the market.

⁴⁾ Average lease duration is calculated proportionally based on the value of the individual properties.

⁵⁾ Of which minority in securities' fund 2.378 NOK million. AS of 2014 the participants are able to claim redemption on a yearly basis. The redemption are conditioned to a total demand of NOK 100 million. The redemption is set to 98,75 per cent of VEK. Minority in securities' fund is included in other current liabilities.

Transactions:

Purchases: Further SEK 255 million of property acquisitions in SPP has been agreed in 1st quarter in addition to the figures that has been finalised and included in the financial statements as of 31 March 2014.

Sales: No further sales has been agreed on in Storebrand/SPP in addition to the figures that has been finalised and included in the financial statements as of 31 March 2014.

NOTE 10: CONTINGENT LIABILITIES

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	31.3.14	31.12.13	31.3.14	31.12.13
Uncalled residual liabilities concerning Limited Partnership	3,553	4,038	2,549	3,022
Total contingent liabilities	3,553	4,038	2,549	3,022

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

Notes to the interim accounts

NOTE 11: CAPITAL ADEQUACY

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	31.3.14	31.12.13	31.3.14	31.12.13
Share capital	3,540	3,540	3,540	3,540
Other equity	17,018	16,471	16,893	16,556
Equity	20,559	20,011	20,433	20,096
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Goodwill and other intangible assets	-5,586	-5,807	-142	-144
Risk equalisation fund	-839	-776	-839	-776
Capital adequacy reserve	-99	-96		
Deduction for investments in other financial institutions	-1	-1	-1	-1
Interest adjustment insuracereserves SPP	-1,253	-1,081		
Security reserve	-153	-150		
Other	-35	-71	-32	-68
Core (tier 1) capital	14,093	13,530	20,918	20,607
Perpetual subordinated loan capital	2,746	2,700	2,100	2,700
Dated subordinated loan capital	2,238	2,238	2,238	2,238
Capital adequacy reserve	-99	-96		
Deductions for investments in other financial institutions	-1	-1	-1	-1
Tier 2 capital	4,885	4,841	4,337	4,937
Net primary capital	18,978	18,370	25,255	25,544
Risk weighted calculation base	128,293	134,630	102,215	104,481
Capital adequacy ratio	14.8 %	13.6 %	24.7 %	24.4 %
Core (tier 1) capital ratio	11.0 %	10.0 %	20.5 %	19.7 %

¹⁾ Perpetual loan of NOK 1,700 million that is planned to be redeemed in June 2014 is not included in viable perpetual primary capital.

NOTE 12: SOLVENCY MARGIN

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	31.3.14	31.12.13	31.3.14	31.12.13
Solvency margin requirements	11,944	11,974	7,674	7,634
Solvency margin capital	21,687	21,054	27,463	27,107
Solvency margin	181.6 %	175.8 %	357.9 %	355.1 %

Specification of solvency margin capital

NOK million	Storebrand Livsforsikring Group		Storebrand Livsforsikring AS	
	31.3.14	31.12.13	31.3.14	31.12.13
Net primary capital	18,978	18,370	25,255	25,544
50% of additional statutory reserves	2,221	2,229	2,221	2,229
50% of risk equalisation fund	420	388	420	388
Counting security reserve	69	67	69	67
Reduction in Tier 2 capital eligible for inclusion in solvency capital			-501	-1,121
Solvency capital	21,687	21,054	27,463	27,107

Translation from the original Norwegian version

To the Board of Directors of Storebrand Livsforsikring AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the statement of financial position of Storebrand Livsforsikring AS (the Group) as of March 31, 2014, and the related statement of income, the statement of changes in equity, the statement of cash flow for the three-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Oslo, 6 May 2014
Deloitte AS

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