Interim report

Storebrand Livsforsikring AS

1th Quarter 2013

storebrand

Interim report Storebrand Livsforsikring Group
– 1st Quarter 2013

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 2013.

Macroeconomic situation

The first quarter was marked by uncertainty in the financial markets linked to the debt situation of countries in Southern Europe. This has contributed to high unemployment and low growth in several European countries. Norwegian and Swedish interest rates rose early in the year, but some of this rise was erased towards the end of the quarter. The Norwegian economy is performing well compared with the rest of Europe. Growth in the oil industry and low interest rates are making a positive contribution. The downturn internationally is nevertheless dampening growth in Norway and Sweden to some extent. Europe is expected to see low growth in the next few years. The low interest rate level is challenging for insurance companies that have to cover an annual interest rate guarantee. However, Storebrand believes there are still good investment opportunities in the market, with expected returns that exceed the average interest rate guarantee. Growth is still expected in Storebrand's core markets, driven by low unemployment and good wage growth. The life and pensions market is marked by a shift in demand from pensions with an interest rate guarantee to products without an interest rate guarantee.

Financial performance

Financial performance will be impacted by the changes that are taking place in the regulations for Norwegian occupational pensions and what products the customers will choose in the coming years. Storebrand is continuously adapting to maintain its competitiveness and earnings from its business operations. The Board therefore adopted a programme in the 2nd quarter of 2012 to reduce the Group's costs by at least NOK 400 million by 2014. In the long term, the Group's earnings and cash flow will gradually stabilise through the transition to products for which earnings performance is affected to a lesser degree by market fluctuations.

Risk

Storebrand is exposed to several types of risk through its business areas. Trends in interest rate levels, and the property and equity markets, are deemed to be the most important risk factors that can affect the group's results. Over time, it is important to be able to deliver returns that exceed the interest rate guarantee attached to 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

In 2012 and January 2013, three reports were published by the Banking Law Commission with proposed legislative amendments to adapt private occupational pensions to the National Insurance reform. The most important changes are:

- Opportunity for voluntary conversion of paid-up policies to individual investment options.
- New defined contribution occupational pension products based on the same principles as the National Insurance, with the all-years principle for accrual and longevity adjustment. Proposed products will allow premiums for up to 26 per cent of wages earned and provide a basis for offering attractive pension terms to employees.
- Higher contribution rates for defined contribution pensions in line with the new occupational pension products.
- It has been proposed that defined benefit pensions that have already accrued may be continued under the new occupational pension schemes.
- New pension accrual will generally take place in defined contribution products. However, employees who were born in 1962 or earlier will nevertheless have an opportunity to continue with their defined benefit pensions.

The challenges for paid-up policies under Solvency II as described in NOU 2012:3 are, however, not solved by the measures that are proposed in the reports. The significance of the proposals for the capital requirements under Solvency II will depend on the formulation of the escalation plans in the regulations from the Ministry of Finance, the ultimate handling of the accrued rights and market adaptations. The Banking Law Commission's reports have been circulated for comment until 12 April 2013. The next step in the process is for the Ministry of Finance to introduce a bill to the Storting. It is uncertain whether the new regulations will enter into force on 1 January 2014 as planned, or be postponed until 1 January 2015.

The Banking Law Commission is now starting to adapt the rules for disability pensions to the new retirement pension rules and the new disability benefits that will be introduced in the National Insurance Scheme on 1 January 2015. The Banking Law Commission has also been requested to assess whether it is desirable and possible to create a new defined contribution product adapted to the new National Insurance Scheme, and potentially to prepare the rules for such a product. The Ministry of Finance requires in this case that the product be based on a contribution period of 40 years and the guarantee rules from the new Occupational Pensions Act (zero guarantee). Based on this and the opportunity for continuation of the defined benefit schemes for employees born in 1962 or earlier, the demand for such a product will probably be quite limited.

Solvency II

Solvency II are the solvency rules that will apply to all the insurance companies in the EU and EEA, the rules that were supposed to be introduced from 1 January 2014, but which will probably be postponed now until 1 January 2016 at the earliest. The joint European supervisory authority, the EIOPA, has submitted a proposal for interim measures before Solvency II enters into force. The requirements are related to risk management and internal control (Pillar 2), forward-looking own risk and solvency assessment (ORSA) and the introduction of parts of the requirements for reporting to the supervisory authorities as at 31 December 2014. The proposal has been distributed for consultation until June, and it will enter into force from 1 January 2014.

Storebrand is working actively to adapt to the new solvency regulations. The cost programme that has been adopted is an important part of the adaptation process. A number of other measures have also been implemented, including risk reduction in the investment portfolios, adaptations in the products and an optimal allocation of capital in the Group. Storebrand's aim is to adapt to the new regulatory framework without raising more equity.

Future reserves for a higher expected life expectancy

In a letter of 8 March, the Financial Supervisory Authority of Norway determined that new mortality tables K2013 will be introduced for group pension insurance in life insurance companies and pension funds, effective from 2014. The new mortality tables will significantly increase the need for reserves. According to the FSA, a step up period will be permitted, which should not exceed five years from the start in 2014.

The details of the transitional rules are still unclear, but it will most likely be able to use customer surplus return to cover the increased provisions. In addition a minimum of 20 per cent of the reservation should be covered by the shareholders. For accounting purposes, the expected cover by the owner in the future is considered as reduction in the expected future result, and no special provisions have been made. 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. It remains to clarify the final conditions around the build-up of reserves and the conditions to transfer into to the new pension schemes and the provisions that apply when transferring from paid-up policies into investment choice, when the new tariff comes into force 1.1.2014

RESULT

The presentation of Storebrand Livsforsikring and SPP is exclusive internal transactions.

Result Storebrand Livsforsikring Group

	01.01 - 31.03		Full year 2012
NOK million	2013	2012	
Storebrand Life Insurance	213	197	652
Insurance	79	73	316
SPP	217	355	803
Other			-5
Asset Management	32	24	81
Profit before amortisation	**541**	**649**	**1,846**
Amortisation intangible assets	-91	-89	-357
Pre-tax profit/loss	**450**	**560**	**1,489**
Tax	-92	-48	-372
Profit/loss	**359**	**512**	**1,117**

The next pages refers to the development in results for Storebrand Life Insurance, SPP and Insurance. Amounts in brackets show the result for 1Q 2012.

Storebrand Life Insurance

- **Good administration result driven by cost-reducing measures**
- **Higher claims provisions for disability weaken the risk result**
- **Price increases contribute to higher income on the interest rate guarantee and profit margin risk**
- **19 per cent growth in premium income for non-guaranteed pensions**

The business area Storebrand Life Insurance[1] offers a broad range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. The business area also encompasses BenCo, which offers pension products to multinational companies through Nordben and Euroben.

Result

Financial performance Storebrand Life Insurance including BenCo

	1Q		Full year
NOK million	2013	2012	2012
Administration result	55	20	6
Risk result	-10	50	131
Financial result[2]	-23	-14	-58
Price of interest guarantee and profit risk	178	138	545
Other	13	2	28
Pre-tax profit/loss	213	197	652

Administration result

The administration result for the quarter develops positively. Cost measures and the associated effects are monitored closely, and the result improvements we saw in 2012 are continuing in 2013. The company is on schedule with its workforce reduction plans that were communicated in 2012. On the income side, group defined-benefit pensions have maintained a high income level during the quarter as a result of price increases and stability in the customer base caused by a postponement of the regulations for new pension solutions. Good asset growth for defined contribution pensions and unit linked also contributes to the financial performance.

Risk result

The disability result for group pensions was weak for the quarter. This is attributed to reserve strengthening during the quarter due to new assumptions for reactivation (persons who return to working life). The frequency and number of new disabled persons are stable and have not increased. A higher number of deaths contributed to a weak result for death and, on the other hand, a good result related to longevity cover. Overall, the risk result is somewhat lower than expected.

Financial result

The financial result consists of the net return on the company portfolio and the company's share of profit sharing.

The company portfolio reported a net result for the 1st quarter of minus NOK 24 million (minus NOK 41 million). Storebrand Life Insurance is funded by a combination of equity and subordinated loans. The proportion of subordinated loans is approximately 28 per cent and interest charges comprise a net amount of approximately NOK 120 million per quarter at the current interest rate level. The company portfolio of NOK 9.3 billion reported a gross return of 1.3 per cent (1.5 per cent) for the quarter.

There is a need to strengthen the reserves in the group pension insurance area to meet the projected higher life expectancy. For the paid-up policy portfolio, Storebrand will prioritise using the return in excess of the interest rate guarantee to strengthen the premium reserves to meet increased longevity in the future instead of distribution of profit between customers and the company.

The average annual interest rate guarantee for the various customer portfolios lies between 3.1 per cent and 3.7 per cent. The guarantee levels for new business have been reduced as a result of the low interest rate level[3]. During the 1st quarter of 2013, NOK 171 million was transferred from the additional statutory reserves to cover the interest rate guarantee.

Capital return

The financial return has been impacted this quarter by rising equity markets, both nationally and internationally. Short-term interest rates in both Norway and internationally have remained relatively unchanged at very low levels throughout the quarter. Long-term interest rates in both Norway and internationally increased significantly in January, but have since fallen and are now at the levels from the start of the year.

Return on investment portfolios with an interest rate guarantee

	1Q 2013		1Q 2012		Full year 2012	
Portolio	Market return	Booked return	Market return	Booked return	Market return	Booked return
Total	1.3%	0.9%	2.1%	0.9%	6.2%	5.6%
Total Group (DB)	1.6%	0.8%	2.7%	0.9%	6.7%	5.8%
Paid-up policies	1.1%	1.0%	1.5%	0.7%	5.7%	5.4%
Individual	1.1%	1.0%	1.9%	1.3%	6.0%	5.7%

[1] Includes the companies in the Storebrand Life Insurance Group, except Storebrand Eiendom Group, Storebrand Realinvesteringer AS and Storebrand Holding AB, and personal risk and employee cover in Storebrand Livsforsikring AS.
[2] Investment result and profit sharing.
[3] Maximum interest rate guarantee for new contracts and premiums is 2.5 per cent from 01.01.2012.

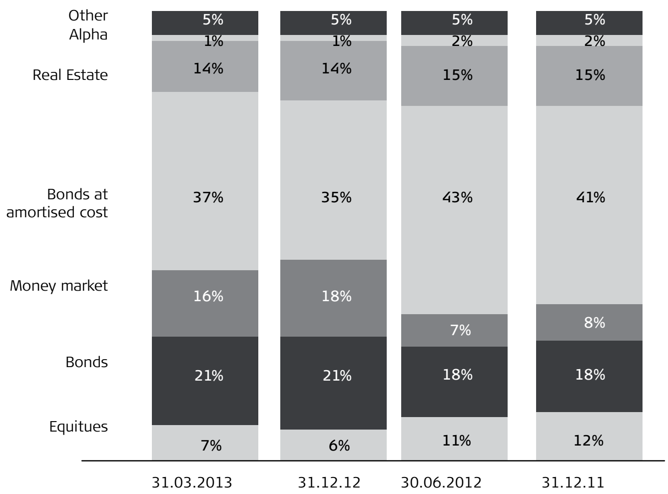
Market return defined contribution pensions

	1Q		Full year
Profile	2013	2012	2012
Extra careful profile	0.7%	1.5%	5.3%
Careful profile	2.4%	3.5%	7.7%
Balanced profile	5.1%	6.9%	11.6%
Aggressive profile	7.2%	8.9%	12.9%
Extra aggressive profile	8.0%	10.0%	13.4%

Price of interest rate guarantee and profit risk
NOK 178 million (NOK 138 million) in prepricing for the interest rate guarantee and profit on risk coverage from group pensions was recognised as income in the 1st quarter. The higher income is attributed to higher volumes and higher prices in parts of the portfolio. As a result of the low interest rate level, a decision was made in the autumn of 2012 to increase prices for the interest rate guarantee and profit on risk for group defined benefit pensions from 1 January 2013 by around 20 per cent in the private sector and 25 per cent in the public sector. As a result of the expected decline in volume throughout the year (including discontinuation in the public sector and conversion to defined contribution occupational pensions) a lower level of earnings is expected in the coming quarters for these elements.

Balance sheet
For customer portfolios with guaranteed interest rates, the held-to-maturity bond allocations increased somewhat during the quarter. Allocations to money market and short-term bonds have declined.

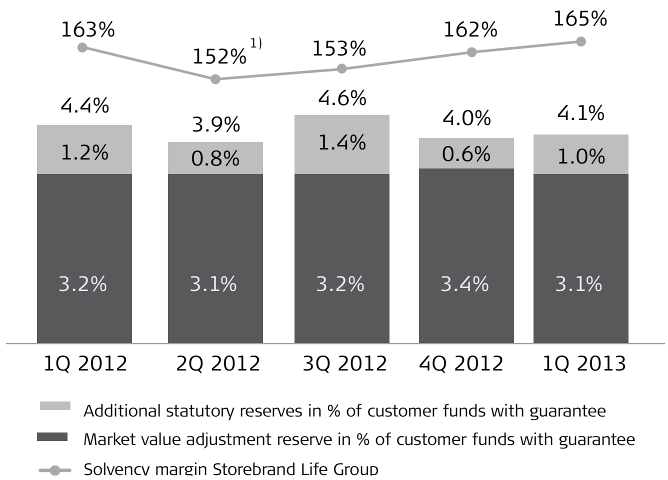
Asset profile for customer portfolios with an interest rate guarantee



The money market allocations in the company portfolio increased somewhat during the quarter.

The assets under management increased by approximately NOK 1 billion in the 1st quarter, and totalled NOK 233 billion at the end of the quarter.

Financial strength



The market value adjustment reserve increased by NOK 0.7 billion during the quarter, and totalled NOK 1.7 billion at the end of the quarter. The additional statutory reserves totalled NOK 5.4 billion at the end of the quarter, which represented a decline of NOK 0.3 billion during the quarter and is attributed primarily to the transfer of public sector insurance customers. The excess value of held-to-maturity bonds that are assessed at amortised cost remained practically unchanged during the quarter and amounted to NOK 5.3 billion at the end of the quarter. The excess value of held-to-maturity bonds is not included in the financial statements.

Solidity capital[2)] totalled NOK 49.5 billion at the end of the year, an increase of NOK 2.7 billion during the quarter, which is attributed, amongst other factors, to higher customer buffers.

The solvency margin for the Storebrand Life Insurance Group increased by 3 percentage points during the quarter and was 165 per cent at the end of the quarter. The Storebrand Life Insurance Group's capital adequacy ratio increased by 1.3 percentage points during the quarter and was 13.5 per cent at the end of the quarter. The solvency margin was affected during the quarter by a positive change in the discount rate that is used for solvency purposes for the Swedish insurance liabilities and positive foreign currency effects.

1) Changed consolidation method for solvency calculation as of 2Q 2012.
2) The term solidity capital encompasses equity, subordinated loan capital, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

Market

Premium income[1)]

NOK million	1Q 2013	1Q 2012	Full year 2012
DB (fee based)	3,846	3,888	9,104
DC (unit linked based)	1,354	1,142	4,436
Total occupational pension	**5,200**	**5,030**	**13,540**
Paid-up policies	43	37	79
Traditional individual life and pensions	77	101	377
Unit linked (retail)	273	189	1,419
Total individual pension and savings	**392**	**327**	**1,875**
BenCo	147	170	747
Total	**5,740**	**5,526**	**16,163**

Premium income from group defined benefit pensions will gradually decline due to the transition to defined contribution pensions. However, due to higher non-recurring premiums for revaluation or other changes for existing customers, the total premiums are at the same level as the 1st quarter of 2012. The growth in premium income for defined-contribution schemes for companies has been good. No new policies have been issued for traditional guaranteed capital and pensions. The conversion of parts of the portfolio to unit linked or bank products continues in the first quarter, which entails a decline in the premium income compared with the previous quarter. The increase in premium income for unit linked in the 1st quarter is attributed to good sales of endowment insurance. A reduction in guaranteed savings is in line with the company's strategy.

Sales

The booked net transfer from Storebrand was NOK 3,790 million (NOK 1,013 million) for the 1st quarter. The net transfer is attributed to the public sector, which was reported in 2012, but recognised in the accounts in 2013. Other sales show a net transfer to Storebrand during the quarter. There is an increasing interest in the consequences of the pension reform, but there are still many employees who do not know what their total pension will be as a result of the changes in the National Insurance and occupational pension regulations. Storebrand is giving priority to the follow-up programme for employees at our corporate customers, which will focus on advisory services for pension savings. Customer satisfaction and retail product sales increased throughout 2012, and this favourable development has continued into 2013.

New premiums (APE)[2)] totalling NOK 459 million (NOK 157 million) were signed during the quarter. The increase for the quarter compared to last year was mainly due to a higher APE for group pensions. Individual unit linked agreements also showed a slight increase compared with last year.

- Guaranteed products: NOK 358 million (NOK 69 million) for the quarter
- Unit linked insurance: NOK 94 million (NOK 84 million) for the quarter
- BenCo: NOK 7 million (NOK 4 million) for the quarter

[1)] Excluding transfer of premium reserves.
[2)] Annual Premium Equivalent. Current premiums + 10 per cent of single premiums.

SPP

- **SPP is once again an option for unit linked customers under the ITP pension scheme**
- **A good return for the customers provides a strong financial result**
- **Continued net growth for unit linked insurance**

The business area SPP[1)] offers pension and insurance solutions, as well as advice to companies in the competitive segment of the occupational pensions market. The company also offers private pension savings, as well as sickness and health insurance.

Result

Financial performance SPP

	1Q		Full year
NOK million	2013	2012	2012
Administration result	42	41	98
Risk result	28	45	149
Financial result	118	215	395
Other	29	54	161
Result before amortisation	217	355	803
Amortisation intangible assets	-91	-89	-356
Pre-tax profit/loss	126	266	447

Administration result

The administration result was NOK 42 million (NOK 41 million) for the quarter. Income increased by 3[2)] per cent during the quarter. The increase in income is attributed to increased customer assets. Costs increased by 3 per cent during the quarter. This increase is attributed to the strategic focus on SPP Spar AB, which aims to strengthen SPP's offerings to customers and act as the hub for the further development of long-term savings products for individuals.

Risk result

The risk result was NOK 28 million (NOK 45 million). It is still a good disability result that is driving the risk result, but this result has declined as expected from high levels as a result of a prior reserve releases.

Financial result

The first quarter was marked by the positive performance of the equity and credit markets, as well enduring low interest rates. The financial result was NOK 118 million (NOK 215 million). The market performance has resulted in a positive portfolio return for guaranteed products with a low interest rate guarantee (P250). Profit sharing was NOK 27 million (NOK 33 million) for the quarter. If the assets in the defined benefit portfolio total more than 107 per cent of the insurance liabilities at the end of the 3rd quarter of 2013, the company can charge an indexing fee. At the end of the quarter, the consolidation was 109.8 per cent. NOK 28 million (NOK 28 million) has therefore been recognised provisionally for the quarter.

In some portfolios with underfunded contracts, the insurance assets have increased more than the customers' insurance liabilities. This had a positive impact on the result in the form of a reduction in the deferred capital contribution (DCC)[3)] by NOK 66 million (NOK 209 million) for the quarter.

Total return on assets SPP

	1Q		Full year
Portfolio	2013	2012	2012
Defined Benefit (DB)	0.4%	0.6%	6.6%
Defined Contribution (DC)			
P250*	2.2%	2.8%	9.1%
P300*	-0.1%	0.7%	6.8%
P520*	-0.9%	-0.7%	6.4%
RP (Retirement Pension)	0.6%	-0.1%	3.7%

** Maximum interest rate guarantee in the portfolios P250, P300 and P520 is 2.5 per cent, 4 per cent and 5.2 per cent respectively.*

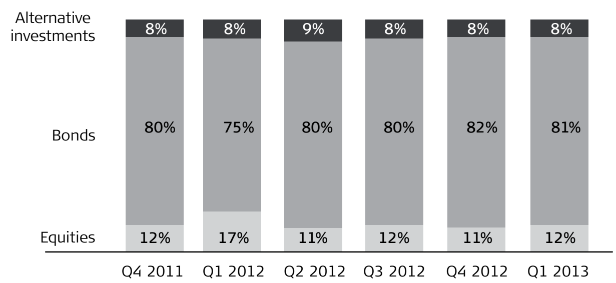
Other result

This result consists primarily of the return on the company portfolio, which is invested entirely in short-term interest-bearing securities. The result for the period is lower than the previous year, which is dependent on lower market interest rates.

Balance sheet

The buffer capital (conditional bonus) increased by NOK 1 billion this year compared with the previous quarter and totalled NOK 9.6 billion at the end of the first quarter. This increase is attributed primarily to the positive performance of the equity market.

Asset profile for customer portfolios with an interest rate guarantee

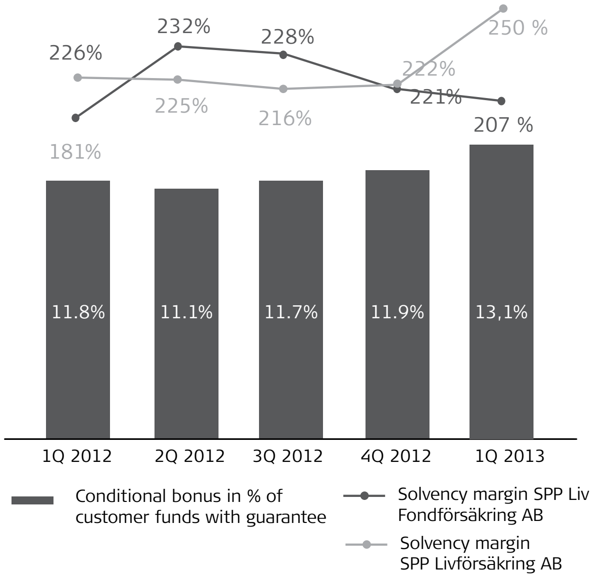


1) SPP includes all legal entities in Storebrand Holding Group except SPP Fonder, which is included in Asset Management.
2) In local currency
3) Release of earlier reserved equity.

Solvency

The solvency margin in SPP Livförsäkring AB was 250 per cent (226 per cent) and 207 per cent (181 per cent) in SPP Liv Fondförsäkring AB at the end of the quarter. The improved solvency margin is due to interest rate movements. In solvency calculations in Sweden, insurance liabilities are discounted by a market interest rate.

Financial strength



Assets under management in SPP totalled NOK 122 billion at the end of the first quarter. This is equivalent to an increase of 6 per cent, compared with the fourth quarter of 2012. For unit linked insurance, the assets under management were NOK 41.5 billion during the first quarter, an increase of 14 per cent compared with the fourth quarter of 2012.

Market

Premium income[1)]

	1Q		Full year
NOK million	2013	2012	2012
Guaranteed products	626	739	2,422
Unit linked	960	839	3,699
Total	1,586	1,578	6,122

Net premium income (premium income less insurance claim payments and transfers) was positive for unit linked insurance and totalled NOK 1.2 billion (NOK 0.5 billion) for the quarter. Net premium income for guaranteed products totalled minus NOK 1.2 billion for the quarter.

Option under the ITP pension scheme

From 1 July 2013, SPP is once again an option for unit linked insurance under the ITP pension scheme. It creates an opportunity to resume the customer dialogue with this customer group and offer our award-winning socially responsible fund offerings and various types of security solutions.

Other

20 march SPP signed agreement to sell SPP Liv Pensionstjänst AB and a NOK 1.2 billon guaranteed portfolio to KPA Pension. The deal is subject to regulatory approval.

Sales

New sales measured in APE amounted to NOK 283 million (NOK 298 million) for the quarter. The reduction of 5 per cent from the previous year is attributed to the reduction in sales for guaranteed pensions. Unit linked sales have increased by 25 per cent, compared with the previous year.

[1)] *Excluding transfer premium reserves*

INSURANCE

- **Improved risk result**

The business area offers personal risk products in the Norwegian retail market, and employee cover in the corporate market in Norway.

Result

Financial performance Insurance

	01.01 - 31.03		Full year
NOK million	2013	2012	2012
Premiums earned, net	309	295	1,234
Claims incurred, net	-194	-181	-812
Operating costs	-53	-50	-215
Insurance result	**61**	**64**	**207**
Net financial result	18	9	109
Profit before tax	**79**	**73**	**316**

	01.01 - 31.03		Full year
	2013	2012	2012
Claims ratio	63%	61%	66%
Cost ratio	17%	17%	17%
Combined ratio	80%	78%	83%

New subscriptions

- Risk products: NOK 64 million (54 million) in 1Q 2013.

Lysaker, 23. April 2013

The Board of Directors of Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

NOK million	01.01 - 31.03 2013	 2012	Full year 2012
TECHNICAL ACCOUNT:			
Gross premiums written	7,888	7,771	23,740
Reinsurance premiums ceded	-8	-2	-76
Premium reserves transferred from other companies [1)]	3,220	766	3,615
Premiums for own account	**11,101**	**8,535**	**27,279**
Income from investments in subsidiaries, associated companies and joint-controlled companies	6	-6	48
Interest income and dividends etc. from financial assets	2,089	1,939	9,424
Net operating income from real estate	301	307	1,266
Changes in investment value	-50	1,453	-210
Realised gains and losses on investments	171	275	5,344
Total net income from investments in the collective portfolio	**2,518**	**3,968**	**15,871**
Interest income and dividends etc. from financial assets	-15	53	1,832
Net operating income from real estate	22	37	105
Changes in investment value	3,288	3,099	2,820
Realised gains and losses on investments	68	219	621
Total net income from investments in the investment selection portfolio	**3,363**	**3,409**	**5,378**
Other insurance related income	**318**	**284**	**1,157**
Gross claims paid	-4,763	-4,212	-17,931
Claims paid - reinsurance	4	1	13
Gross change in claims reserve	24	-8	-65
Premium reserves etc. transferred to other companies [1)]	-7,280	-2,102	-4,366
Claims for own account	**-12,015**	**-6,322**	**-22,348**
To (from) premium reserve, gross	1,713	-168	-7,822
To/from additional statutory reserves in connection with claims/repurchase	300	194	-387
Change in value adjustment fund	-720	-2,004	-1,027
Change in premium fund, deposit fund and the pension surplus fund	-19	-24	-74
To/from technical reserves for non-life insurance business	-42	-80	-92
Change in conditional bonus	-668	-1,558	-1,458
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	11	4	152
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**575**	**-3,636**	**-10,708**
Change in premium reserve	-4,532	-4,894	-12,084
Change in other provisions	11		13
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-4,521**	**-4,894**	**-12,071**
Profit on investment result			-155
Other allocation of profit			-3
Unallocated profit	-187	-145	
Funds allocated to insurance contracts	**-187**	**-145**	**-158**

[1)] Indudes NOK 0,6 billion per first quarter 2013 and NOK 0,3 billion total year 2012 moved from guaranteed products to non garanteed products (Unit Linked) in SPP

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	01.01 - 31.03 2013	2012	Full year 2012
Management expenses	-74	-78	-297
Selling expenses	-143	-96	-521
Change in pre-paid direct selling expenses	7	14	45
Insurance-related administration expenses (incl. commissions for reinsurance received)	-389	-447	-1,831
Reinsurance commissions and profit participation		6	6
Insurance-related operating expenses	**-599**	**-601**	**-2,599**
Other insurance related expenses after reinsurance share	**-64**	**-32**	**-210**
Technical insurance result	**488**	**566**	**1,590**
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	7	-2	-3
Interest income and dividends etc. from financial assets	105	140	551
Net operating income from real estate	14	16	67
Changes in investment value	-6	55	40
Realised gains and losses on investments	20	-1	70
Net income from investments in company portfolio	**140**	**208**	**724**
Other income	**154**	**114**	**459**
Management expenses	-8	-8	-31
Other costs	-324	-321	-1,253
Management expenses and other costs linked to the company portfolio	**-332**	**-328**	**-1,284**
Profit or loss on non-technical account	**-38**	**-6**	**-101**
Profit before tax	**450**	**560**	**1,489**
Tax costs	**-92**	**-48**	**-372**
Profit before other comprehensive income	**359**	**512**	**1,117**
Actuarial gains and losses on defined benefit pensions - benefits to employees	8	-18	221
Change in value adjustment reserve own buildings	29	6	90
Re-statement differences	388	-91	-103
Adjustment of insurance liabilities	-29	-6	-90
Tax on other comprehensive income			-84
Other comprehensive income and costs	**396**	**-109**	**35**
COMPREHENSIVE INCOME	**755**	**403**	**1,152**
PROFIT IS DUE TO:			
Minority share of profit	3	1	14
Majority share of profit	356	511	1,103
COMPREHENSIVE INCOME IS DUE TO:			
Minority share of profit	7	-1	11
Majority share of profit	748	404	1,140

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION

NOK million	31.03.2013	31.12.2012
ASSETS		
ASSETS IN COMPANY PORTFOLIO		
Goodwill	758	724
Other intangible assets	4,877	4,754
Total intangible assets	**5,636**	**5,478**
Real estate at fair value	1,201	1,208
Real estate for own use	59	58
Equities and units in subsidiaries, associated companies and joint-controlled companies	194	121
Loans to and securities issued by subsidiaries, associated companies		69
Lendings	4	4
Bonds held to maturity	223	222
Bonds at amortised cost	1,210	1,156
Equities and other units at fair value	184	44
Bonds and other fixed-income securities at fair value	16,952	15,716
Derivatives at fair value	314	255
Other financial assets	247	126
Total investments	**20,589**	**18,980**
Reinsurance share of insurance obligations	**142**	**144**
Receivables in connection with direct business transactions	2,285	1,645
Receivables in connection with reinsurance transactions		7
Receivables with group company	40	23
Other receivables	1,822	2,109
Total receivables	**4,147**	**3,783**
Tangible fixed assets	397	388
Cash, bank	3,859	2,938
Tax assets	42	38
Other assets designated according to type	614	599
Total other assets	**4,912**	**3,964**
Pre-paid direct selling expenses	472	443
Other pre-paid costs and income earned and not received	166	90
Total pre-paid costs and income earned and not received	**638**	**533**
Total assets in company portfolio	**36,064**	**32,883**
Real estate at fair value	25,676	25,401
Real estate for own use	2,148	2,066
Equities and units in subsidiaries, associated companies and joint-controlled companies	779	712
Bonds held to maturity	10,533	10,496
Bonds at amortised cost	57,116	54,557
Lendings	3,610	3,702
Equities and other units at fair value	29,886	27,152
Bonds and other fixed-income securities at fair value	139,569	139,040
Financial derivatives at fair value	1,373	2,575
Other financial assets	5,173	3,462
Total investments in collective portfolio	**275,862**	**269,164**

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.03.2013	31.12.2012
Real estate at fair value	1,735	2,114
Real estate for own use	89	107
Lendings	78	140
Equities and other units at fair value	49,086	45,014
Bonds and other fixed-income securities at fair value	25,766	25,168
Financial derivatives at fair value	3	169
Other financial assets	169	397
Total investments in investment selection portfolio	**76,927**	**73,108**
Total assets in customer portfolio	**352,789**	**342,272**
TOTAL ASSETS	**388,853**	**375,155**
EQUITY AND LIABILITIES		
Share capital	3,540	3,540
Share premium reserve	9,711	9,711
Total paid in equity	**13,251**	**13,251**
Risk equalisation fund	676	640
Other earned equity	3,613	3,223
Earned profit	323	
Minority's share of equity	156	148
Total earned equity	**4,767**	**4,011**
Perpetual subordinated loan capital	5,253	5,141
Perpetual capital	1,501	1,502
Total subordinate loan capital etc.	**6,754**	**6,643**
Premium reserves	250,216	245,333
Additional statutory reserves	5,185	5,489
Market value adjustment reserve	1,746	1,027
Claims allocation	817	837
Premium fund, deposit fund and the pension surplus fund	3,098	3,394
Conditional bonus	12,357	11,264
Unallocated profit to insurance contracts	119	
Other technical reserve	601	561
Total insurance obligations in life insurance - contractual obligations	**274,139**	**267,905**
Premium reserve	76,356	72,751
Claims allocation	1	1
Additional statutory reserves	245	257
Premium fund, deposit fund and the pension surplus fund	390	487
Unallocated profit to insurance contracts	69	
Total insurance obligations in life insurance - investment portfolio separately	**77,059**	**73,495**

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.03.2013	31.12.2012
Pension liabilities etc.	846	839
Period tax liabilities	1,483	1,377
Other provisions for liabilities	99	115
Total provisions for liabilities	**2,427**	**2,331**
Liabilities in connection with direct insurance	1,822	1,317
Liabilities in connection with reinsurance	2	4
Financial derivatives	1,951	755
Liabilities to group companies	9	14
Other liabilities	6,204	4,950
Total liabilities	**9,989**	**7,041**
Other accrued expenses and received, unearned income	466	478
Total accrued expenses and received, unearned income	**466**	**478**
TOTAL EQUITY AND LIABILITIES	**388,853**	**375,155**

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

	Majority's share of equity						
NOK million	Share capital	Share premium reserves	Total paid in equity	Risk equalisation fund [1]	Other equity [1]	Minority interests	Total equity
Equity at 31.12.2011	**3,430**	**9,271**	**12,701**	**469**	**2,474**	**177**	**15,821**
Profit				171	931	14	1,117
Comprehensive income:							
Re-statement differences					-100	-3	-103
Pension experience adjustments					137		137
Total revenue and costs for the period				**171**	**969**	**11**	**1,151**
Equity transactions with owner:							
Share issue	110	440	550				550
Group contributions					-200	-26	-226
Acquisition of minority						-14	-14
Other					-19	-1	-20
Equity at 31.12.2012	**3,540**	**9,711**	**13,251**	**640**	**3,223**	**148**	**17,262**
Profit				35	320	3	359
Comprehensive income:							
Re-statement differences					384	4	388
Pension experience adjustments					8		8
Total revenue and costs for the period				**35**	**713**	**7**	**755**
Equity transactions with owner:							
Other						1	1
Equity at 31.03.2013	**3,540**	**9,711**	**13,251**	**676**	**3,936**	**156**	**18,018**

[1] Includes undistributable funds in the risk equalisation fund amounting to NOK 676 million and security reserves amounting NOK 146 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 treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences.

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

	01.01 - 31.03		
NOK million	2013	2012	Full year 2012
TECHNICAL ACCOUNT:			
Gross premiums written	6,150	6,029	16,762
Reinsurance premiums ceded	-3	-8	-35
Premium reserves transferred from other companies	2,585	712	3,138
Premiums for own account	**8,732**	**6,733**	**19,865**
Income from investments in subsidiaries, associated companies and joint-controlled companies	129	69	610
of which from investment in real estate companies	116	81	620
Interest income and dividends etc. from financial assets	1,303	1,152	6,382
Changes in investment value	733	2,095	1,345
Realised gains and losses on investments	115	137	1,854
Total net income from investments in the collective portfolio	**2,279**	**3,453**	**10,191**
Income from investments in subsidiaries, associated companies and joint-controlled companies	9	8	54
of which from investment in real estate companies	9	9	54
Interest income and dividends etc. from financial assets	-15	26	933
Changes in investment value	1,179	1,191	875
Realised gains and losses on investments	107	232	634
Total net income from investments in the investment selection portfolio	**1,281**	**1,457**	**2,496**
Other insurance related income	**57**	**44**	**177**
Gross claims paid	-3,221	-2,732	-11,938
Claims paid - reinsurance	4	2	13
Gross change in claims reserve	23	-10	-70
Premium reserves etc. transferred to other companies	-6,386	-1,728	-2,765
Claims for own account	**-9,579**	**-4,468**	**-14,760**
To (from) premium reserve, gross	-182	-2,028	-7,192
To/from additional statutory reserves in connection with claims/repurchase	129	55	-387
Change in value adjustment fund	-720	-2,004	-1,027
Change in premium fund, deposit fund and the pension surplus fund	-19	-24	-74
To/from technical reserves for non-life insurance business	-45	-83	-115
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	11	4	152
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-826**	**-4,079**	**-8,643**
Change in premium reserve	-1,262	-2,472	-6,541
Change in other provisions	11		13
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-1,251**	**-2,472**	**-6,528**
Profit on investment result			-155
Other allocation of profit			-3
Unallocated profit	-187	-145	
Funds allocated to insurance contracts	**-187**	**-145**	**-158**

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

	01.01 - 31.03		
NOK million	2013	2012	Full year 2012
Management expenses	-30	-33	-133
Selling expenses	-88	-50	-306
Reinsurance commissions and profit participation	-233	-285	-1,153
Insurance-related operating expenses	**-352**	**-368**	**-1,591**
Other insurance related expenses after reinsurance share	-35	-26	-129
Technical insurance result	**119**	**129**	**920**
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	3	3	289
of which from investment in real estate companies	5	4	33
Interest income and dividends etc. from financial assets	172	166	703
Changes in investment value	-6	46	62
Realised gains and losses on investments	-1	21	51
Net income from investments in company portfolio	**168**	**236**	**1,104**
Other income	**10**	**5**	**21**
Management expenses	-3	-2	-9
Other costs	-119	-134	-491
Total management expenses and other costs linked to the company portfolio	**-121**	**-136**	**-501**
Profit or loss on non-technical account	**57**	**106**	**624**
Profit before tax	**176**	**234**	**1,545**
Tax costs	**-40**	**-50**	**-377**
Profit before other comprehensive income	**136**	**184**	**1,168**
Acturial gains and losses on defined benefit pensions - benefits to employees			264
Re-statement differences	-1		
Tax on other comprehensive income			-74
Other comprehensive income and costs	**-1**		**190**
COMPREHENSIVE INCOME	**136**	**184**	**1,357**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION

NOK million	31.03.2013	31.12.2012
ASSETS		
ASSETS IN COMPANY PORTFOLIO		
Other intangible assets	99	108
Total intangible assets	**99**	**108**
Equities and units in subsidiaries, associated companies and joint-controlled companies	10,857	10,707
of which investment in real estate companies	1,273	1,268
Loans to and securities issued by subsidiaries, associated companies	6,675	6,748
Loans	4	4
Bonds held to maturity	223	222
Bonds at amortised cost	1,210	1,156
Equities and other units at fair value	22	17
Bonds and other fixed-income securities at fair value	6,609	5,691
Derivatives at fair value	314	255
Other financial assets	209	109
Total investments	**26,124**	**24,910**
Reinsurance share of insurance obligations	**170**	**171**
Receivables in connection with direct business transactions	2,153	1,527
Receivables in connection with reinsurance transactions		7
Receivables with group company	38	53
Other receivables	677	892
Total receivables	**2,869**	**2,478**
Plants and equipment	52	58
Cash, bank	1,636	1,408
Total other assets	**1,688**	**1,466**
Other pre-paid costs and income earned and not received	56	31
Total pre-paid costs and income earned and not received	**56**	**31**
Total assets in company portfolio	**31,006**	**29,164**
Equities and units in subsidiaries, associated companies and joint-controlled companies	30,251	29,666
of which investment in real estate companies	29,709	28,948
Bonds held to maturity	10,533	10,496
Bonds at amortised cost	57,116	54,557
Loans	3,610	3,702
Equities and other units at fair value	13,781	12,218
Bonds and other fixed-income securities at fair value	62,316	63,648
Financial derivatives at fair value	180	556
Other financial assets	2,359	1,454
Total investments in collective portfolio	**180,145**	**176,297**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.03.2013	31.12.2012
Equities and units in subsidiaries, associated companies and joint-controlled companies	2,015	2,462
of which investment in real estate companies	2,003	2,443
Loans	78	140
Equities and other units at fair value	15,642	14,697
Bonds and other fixed-income securities at fair value	15,906	17,309
Financial derivatives at fair value	3	169
Other financial assets	105	357
Total investments in investment selection portfolio	**33,749**	**35,134**
Total assets in customer portfolio	**213,894**	**211,431**
TOTAL ASSETS	**244,900**	**240,595**
EQUITY AND LIABILITIES		
Share capital	3,540	3,540
Share premium reserve	9,711	9,711
Total paid in equity	**13,251**	**13,251**
Risk equalisation fund	676	640
Other earned equity	4,300	4,301
Earned profit	101	
Total earned equity	**5,077**	**4,941**
Perpetual subordinated loan capital	5,253	5,141
Perpetual capital	1,501	1,502
Total subordinate loan capital	**6,754**	**6,643**
Premium reserves	165,320	162,268
Additional statutory reserves	5,356	5,489
Market value adjustment reserve	1,746	1,027
Claims allocation	736	760
Premium fund, deposit fund and the pension surplus fund	3,098	3,394
Unallocated profit to insurance contracts	119	
Other technical reserve	775	731
Total insurance obligations in life insurance - contractual obligations	**177,151**	**173,669**
Premium reserves	33,134	34,703
Claims allocation	1	1
Additional statutory reserves	245	257
Premium fund, deposit fund and the pension surplus fund	390	487
Unallocated profit to insurance contracts	69	
Total insurance obligations in life insurance - investment portfolio separately	**33,837**	**35,447**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	31.03.2013	31.12.2012
Pension liabilities etc.	571	571
Period tax liabilities	1,185	1,146
Other provisions for liabilities	58	66
Total provisions for liabilities	**1,815**	**1,783**
Liabilities in connection with direct insurance	1,043	1,003
Liabilities in connection with reinsurance		2
Financial derivatives	999	206
Liabilities to group companies	2,503	2,490
Other liabilities	2,191	866
Total liabilities	**6,736**	**4,567**
Other accrued expenses and received, unearned income	278	294
Total accrued expenses and received, unearned income	**278**	**294**
TOTAL EQUITY AND LIABILITIES	**244,900**	**240,595**

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital [1]	Share premium reserves	Total paid in equity	Risk equalisation fund [2]	Other equity	Total equity
Equity at 31.12.2011	**3,430**	**9,271**	**12,701**	**469**	**3,115**	**16,285**
Profit				171	996	1,168
Comprehensive income:						
Pension experience adjustments					190	190
Total revenue and costs for the period				**171**	**1,186**	**1,358**
Equity transactions with owner:						
Other	110	440	550			550
Equity at 31.12.2012	**3,540**	**9,711**	**13,251**	**640**	**4,301**	**18,192**
Profit				35	101	136
Comprehensive income:						
Re-statement differences					-1	-1
Total revenue and costs for the period				**35**	**100**	**136**
Equity at 31.03.2013	**3,540**	**9,711**	**13,251**	**676**	**4,401**	**18,328**

[1] 35 404 200 shares of NOK 100 par value.
[2] Restricted equity 676 million. The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. The risk equalisation reserve and contingency reserves are not considered liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences.

Storebrand Livsforsikring

CASH FLOW ANALYSIS 1. JANUARY - 31. MARCH

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.03.2012	31.03.2013	NOK million	31.03.2013	31.03.2012
		Cash flow from operational activities		
4,469	6,685	Net received - direct insurance	4,474	3,095
-3,857	-4,294	Net claims/benefits paid - direct insurance	-3,191	-2,705
-1,336	-4,060	Net receipts/payments - policy transfers	-3,801	-1,017
-601	-599	Net receipts/payments - other operational activities	-352	-368
-583	538	Net receipts/payments operations	1,305	896
-1,908	**-1,730**	**Net cash flow from operational activities before financial assets**	**-1,565**	**-98**
-153	154	Net receipts/payments - lendings to customers	154	-153
2,685	3,787	Net receipts/payments - financial assets	2,378	835
279	384	Net receipts/payments - real estate activities		
-35	-1,483	Net change bank deposits insurance customers	-652	-156
2,775	**2,842**	**Net cash flow from operational activities from financial assets**	**1,880**	**525**
867	**1,112**	**Net cash flow from operational activities**	**315**	**428**
		Cash flow from investment activities		
-17	-39	Net payments - purchase/capitalisation of subsidiaries and associated companies	92	
-34	4	Net receipts/payments - sale/purchase of fixed assets	-43	-13
-50	**-35**	**Net cash flow from investment activities**	**49**	**-13**
		Cash flow from financing activities		
-55	-35	Payments - interest on subordinated loan capital	-35	-55
-200		Payments - group contribution dividends		-200
-255	**-35**	**Net cash flow from financing activities**	**-35**	**-255**
562	**1,042**	**Net cash flow for the period**	**329**	**160**
-2,213	-1,800	of which net cash flow for the period before financial assets	-1,551	-98
562	1,042	Net movement in cash and cash equivalent assets	329	160
3,088	3,064	Cash and cash equivalent assets at start of the period	1,517	1,517
3,650	**4,106**	**Cash and cash equivalent assets at the end of the period**	**1,845**	**1,677**

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.

Storebrand Livsforsikring AS has not made any significant changes to the accounting policies for the company accounts applied in 2013 except with respect to IAS 19 – Emlpoyee Benefit. The Life Group has not made any significant changes to the accounting policies for the company accounts applied in 2013 except with respect to IAS 19 – Emlpoyee Benefit. See note 6 for further details. A description of the accounting policies applied in the preparation of the financial statements in the 2012 annual account for the Storebrand Livsforsikring Group approved by the Board of Directiors 8 March 2013, and as applied in the preparation of the company accounts in the 2012 annual accounts for Storebrand Livsforsikrnig AS approved by the Board of Directors 12 February 2013.

NOTE 2: ESTIMATES

Critical accounting estimates and judgements are described in the IFRS 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 from the pension funds will be permitted. The owner is therefore expected to have to cover about 20 per cent. 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 final prerequisites concerning the build-up of reserves and the conditions for transfers to the new occupational pensions, and what provisions will apply in connection with transfers when the new tariff enters into force on 1 January 2014, remain to be clarified. 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 31 March 2013.

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 IFRS annual report.

NOTE 3: TAX

Tax costs in the first quarter are estimated based on an expected effective tax rate for 2013. There will be uncertainty associated with these estimates.

Effective 1 January 2013, the company tax rate in Sweden has been reduced from 26.3 per cent to 22 per cent.

Notes to the interim accounts

NOTE 4: INFORMATION ABOUT RELATED PARTIES

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

Storebrand Livsforsikring AS has in the first quarter of 2013 converted subordinated loan in Formuesforvaltning AS to shares as well as through an intercompany transaction acquired all shares Storebrand Finansielle Rådgivning AS owned in Formuesforvaltning AS.

NOTE 5: FINANCIAL MARKET RISK

Financial risk is described in the 2012 IFRS 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).

On the whole, developments in the financial markets have been positive for Storebrand's financial investments during the first quarter. The macroeconomic situation has stabilised and the fear that national debt crises could cause an economic derailment has been assuaged, which has buoyed the stock exchanges. In addition, the central banks have continued their aggressive low interest rate policy. Both the retail market and the labour market figures in the U.S. were good in March, however industry barometers were a mild disappointment. European figures continue to be weak, but Japan is seeing an improvement. Economic growth in China was somewhat below expectations in the first quarter. This has contributed to some uncertainty in the stock market in April, and commodity prices, including oil and gold, have fallen. All in all, however, the outlook for global growth remains relatively unchanged with continued weak, though positive growth being our main scenario.

Interest rates rose early in the year, but much of this rise was reversed towards the end of the quarter. The Swedish 10-year swap interest rate increased by 0.3 percentage points to 2.3 per cent while the Norwegian 10-year swap interest rate rose from 3.1 to 3.2 per cent. As expected Norges Bank adjusted the interest rate path downwards in March, however the downward adjustment was larger than expected and an interest rate increase was pushed all the way to the second quarter of 2014. The rise in Swedish interest rates has improved the solvency margin in the Swedish operations. After the end of the quarter interest rates have fallen, and both Norwegian and Swedish 10-year swap interest rates are now little changed in comparison to the end of the year.

The stock markets have developed positively in the first quarter. Global shares (MSCI) rose 9 per cent, Swedish shares (OMXS30) increased by 7 per cent and Norwegian shares (OSE) were up 6 per cent. All the guaranteed Norwegian customer portfolios had a value-adjusted return above the guarantee in the quarter. The proportion of equities is little changed during the quarter.

The financial statements may be particularly affected by developments in market risk and interest rate risk. For the profit and loss account the Norwegian life insurance company is considered to be most sensitive to changes in interest rates (a rising interest rate), and developments in the stock market and property market, while the Swedish life insurance company (SPP) is assessed as being particularly sensitive to developments in the stock market and credit spreads.

NOTE 6: PENSION SCHEMES FOR OWN EMPLOYEES

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

The K2005 mortality table provides the basis for calculating the pension liabilities for the Norwegian companies. In a letter of 8 March 2013, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance effective from 2014. The new mortality basis K2013 must be implemented when calculating pension liabilities and will entail an increase in the pension liabilities in accordance with IAS19. Until adjustments have been made to the calculation system and there is sufficient information on funds that have already been set aside for building-up reserves in the contracts, a reliable estimate of the pension liabilities in accordance with K2013 can not be determined. The new table has therefore not been used as a basis in determining the pension liabilities as at 31 March 2013.

The changes in 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 31 March 2013.

Notes to the interim accounts

AFP

From 1 January 2013 Storebrand has been included in the AFP contractual pension scheme. The private AFP contractual pension scheme shall be accounted for as a defined-benefit multi-purpose scheme and is financed through annual premiums that are determined to be one per cent of salary between 1 and 7.1 G. There is no information available for recognising the new liability in the statement of financial position. The premium for 2013 constitutes 2.0 per cent of salary between 1 and 7.1 G, and the premium plus employer's National Insurance contributions are recognised as an expense on an ongoing basis.

Storebrand employees in Norway are given the right to retire at 65 years old and receive a pension directly until they reach 67 years old. How membership of the AFP scheme will affect direct pensions for persons aged between 65 and 67 years old has not yet been clarified. Current liabilities for direct pensions have been maintained in the financial statements as at 31 March 2013.

Amendments in IAS 19

Amendments have been adopted to IAS 19 – Employee Benefits from 1 January 2013. The amendments include the elimination of the corridor approach as an alternative when accounting for estimate discrepancies. Estimate discrepancies are actuarial gains and losses that must now be recognised in the accounts, and shall be recognised in the total comprehensive income as they arise. The amendments will entail that the portion that is recognised in the ordinary profit and loss will be limited to net interest income (cost) and the pension accrual (service cost) for the period. Another change is that costs for managing pension funds must also be recognised in the total comprehensive income. Previously these management costs were deducted from the return achieved on the pension funds and were thereby included in the pension costs in the ordinary profit.

The estimated return on the pension assets shall be calculated based on the discount rate that is used for the pension liabilities. The corridor approach is not used in Storebrand's consolidated financial statements, and all of the estimated pension liabilities for the company's own employees are already recognised on the statement of financial position. The elimination of the corridor approach will thus not entail any change in Storebrand's consolidated financial statements.

In Storebrand's consolidated financial statements for 2012 the expected return on pension plan assets, which was included in the pension costs, was recognised by using an estimated rate of return of 4.6 per cent. If the same interest rate as the discount rate had been used, 3.1 per cent, the difference in interest rates would not have had a material effect on the profit and loss account and the Statement of total comprehensive Income (OCI) for 2012. Therefore comparable figures for 2012 have not been restated.

NOTE 7: SEGMENTS - RESULT BY BUSINESS AREA

	Storebrand Life Insurance		SPP		Asset mangement		Insurance		Storebrand Livsforsikring Group	
NOK million	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Revenue	11,968	11,358	4,955	4,400	66	58	605	701	17,594	16,518
Profit before tax	213	197	126	266	32	24	79	73	450	560
Assets	243,096	229,187	142,654	133,008	348	140	2,755	2,746	388,853	365,081
Liabilities	232,695	218,109	135,097	128,094	288	109	2,755	2,746	370,835	349,057

Revenue includes the total premium income including savings premiums and transferred premium reserve from other companies, net financial return and other income.

Storebrand Life Insurance
The segment includes the companies in the Storebrand Livsforsikring Group, except Storebrand Eiendom AS, Storebrand Realinvesteringer AS and Storebrand Holding Group, and personal risk and employee cover in Storebrand Livsforsikring AS. Storebrand Life Insurance offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Storebrand Life Insurance's branch in Sweden provides occupational pensions products based on Norwegian law in the Swedish market. Benco as via Nordben and Euroben offers pension products to multinational companies is also included in this segment.

SPP
This segment includes companies in Storebrand Holding Group excluding SPP Fonder. SPP offers a wide range of pension solutions to companies, organisations and private individuals in Sweden. SPP holds a particularly strong position in traditional products - policies with guaranteed interest rates - in the Swedish corporate market.

Asset management
Storebrand's asset management activities include the companies Storebrand Eiendom AS (property management), Storebrand Realinvesteringer AS and SPP Fonder AB (fund management) .

Insurance
The Insurance segment includes personal risk insurance in the Norwegian retail market and employee insurance in the corporate market in Norway, which is included in Storebrand Livsforsikring AS.

NOTE 8: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

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

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

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

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

Notes to the interim accounts

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 the first quarter of 2013 appraisals corresponding to about 20 per cent of Storebrand's property portfolio in Norway were obtained. In SPP appraisals are obtained for all of the wholly owned property investments.

Storebrand Livsforsikring AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	31.03.13	31.12.12
Assets					
Equities and units					
- Equities	1,478	61	1,532	**3,071**	2,828
- Fund units		20,024	731	**20,754**	18,646
- Hedge fund			39	**39**	5,419
- Private Equity fund investments		350	5,231	**5,581**	39
Total equities and units	**1,478**	**20,434**	**7,532**	**29,444**	
Total equities and units 2012	**1,255**	**18,704**	**6,973**		**26,932**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	7,129	2		**7,131**	8,552
- Credit bonds		12,896	981	**13,877**	14,284
- Mortage and asset backed bonds		12,337		**12,337**	12,617
- Supranational and agency		269		**269**	722
- Bond funds		51,217		**51,217**	50,474
Total bonds and other fixed income securities	**7,129**	**76,721**	**981**	**84,831**	
Total bonds and other fixed income securities 2012	**8,550**	**77,314**	**784**		**86,649**
Derivatives:					
- Interest rate derivatives		302		**302**	388
- Currency derivatives		-804		**-804**	386
Total derivatives		**-502**		**-502**	
- derivatives with a positive market value		497		**497**	
- derivatives with a negative market value		-999		**-999**	
Total derivatives 2012		**774**			**774**

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units		11

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

Notes to the interim accounts

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

NOK million	Equities	Fund units	Private Equity fund investments	Hedge fund	Credit bonds
Book value 01.01.13	1,499	715	4,734	25	784
Net profit/loss at financial instruments	50	15	748	7	50
Supply/disposal		0	222		121
Sales/overdue/settlement	-17		-472	-5	
To quoted prices and observable assumptions				13	26
Book value 31.03.13	**1,532**	**731**	**5,231**	**39**	**981**

Storebrand Livsforsikring Group

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	31.03.12	31.12.11
Assets					
Equities and units					
- Equities	10,643	224	3,300	**14,167**	12,765
- Fund units		55,990	1,313	**57,303**	51,918
- Private Equity fund investments		350	6,065	**6,415**	6,090
- Hedge fund			39	**39**	50
- Indirect real estate fund			1,233	**1,233**	1,387
Total equities and units	**10,643**	**56,563**	**11,950**	**79,156**	
Total equities and units 2012	**9,305**	**51,316**	**11,589**		**72,211**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	22,770	25,593		**48,363**	50,731
- Credit bonds		24,674	1,504	**26,177**	25,046
- Mortage and asset backed bonds		42,768		**42,768**	41,020
- Supranational and agency		3,385		**3,385**	3,647
- Bond funds		61,594		**61,594**	59,479
Total bonds and other fixed income securities	**22,770**	**158,013**	**1,504**	**182,287**	
Total bonds and other fixed income securities 2012	**24,614**	**154,077**	**1,233**		**179,924**
Derivatives:					
- Interest rate derivatives		578		**578**	1,650
- Currency derivatives		-839		**-839**	594
Total derivatives		**-261**		**-261**	
- derivatives with a positive market value		1,691		**1,691**	
- derivatives with a negative market value		-1,951		**-1,951**	
Total derivatives 2012		**2,245**			**2,245**
Real estate					
- real estate at fair value			28,612	28,612	
- real estate for own use			2,295	2,295	
Total real estate			**30,908**	**30,908**	
Total real estate 2012			**30,954**		**30,954**

Notes to the interim accounts

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	43	68

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 invest-ments	Hedge fund	Indirect real estate fund	Credit bonds	Real estate	Real estate for own use
Book value 01.01.13	3,116	1,670	5,406	25	1,372	1,233	28,723	2,231
Net profit/loss at financial instruments	107	-82	790	7	47	58	-230	18
Supply/disposal	18	12	323		11	139	67	
Sales/overdue/settlement	-17	-6	-483	-5				
To quoted prices and observable as-sumptions	9	-328		13		52		
Currencey differences	68	46	30			22	53	47
Book value 31.03.13	**3,300**	**1,313**	**6,065**	**39**	**1,431**	**1,504**	**28,612**	**2,295**

NOTE 9: REAL ESTATE

			Required rate of return % [2]		31.03.13		
NOK million	31.03.13	31.12.12	31.03.13	31.12.12	Duration of lease (years)	M2	Leased amount in % [1]
Office buildings (including parking and storage):							
Oslo-Vika/Filipstad Brygge	6,211	6,205	7,52-8,75	7,35-8,95	7	140,900	94
Rest of Greater Oslo	8,256	8,168	7,70-9,72	7,70-9,70	5	495,570	93
Rest of Norway	2,416	2,459	8,07-10,45	8,07-9,70	12	179,535	99
Office buildings in Sweden	755	729	7,00 -9,00	7,00 -9,00	14	36,523	100
Shopping centres (including parking and storage)							
Oslo-Vika/Filipstad Brygge	1,150	1,151	8,82-9,10	8,82-9,20	3	66,519	90
Rest of Greater Oslo	8,746	8,952	7,85-9,61	7,60-9,61	8	416,633	88
Rest of Norway							
Other real estate:							
Multi-storey car parks in Oslo	656	650			4	27,393	100
Cultural/conference centres in Sweden	372	359	7,00-9,00	7,00 -9,00	17	18,690	100
Other real estate	50	50					
Total investment real estate	**28,612**	**28,723**				**1,381,763**	
Real estate for own use	2,295	2,231	7,00 -9,00	7,00 - 9,00	6 -9	70,624	95
Total real estate	**30,908**	**30,954**				**1,452,387**	

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.

Purchases: It is agreed futher SEK 72 million in property purchases in SPP in 1 quarter 2013 beynd what is taken into account by 31.03.2013.Sales: It is agreed sale of shopping center properties owned by Storebrand for about 3.5 billion with effect from 2 quarter of 2013.

Notes to the interim accounts

NOTE 10: FINANCIAL LIABILITIES

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Booked value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,501
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,420
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,702
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,131
Total subordinated loan capital and hybrid tier 1 capital 31.03.2013					**6,754**
Total subordinated loan capital and hybrid tier 1 capital 31.12.2012					**6,643**

NOTE 11: CONTIGENT LIABILITIES

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.03.13	31.12.12	31.03.13	31.12.12
Undrawn amounts of committed lending facilities	1,325	1,068	1,325	1,068
Uncalled residual liabilities concerning Limitied Partnership	2,284	3,715	3,791	5,317
Total contigent liabilities	**3,609**	**4,783**	**5,116**	**6,385**

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 passed its judgement on 9 March 2012. The Court found for SPP, and awarded it costs of SEK 10.4 million plus interest from the time of the judgement and until payment is made. The judgement is unanimous.

On 29 March 2012, Svenskt Näringsliv et.al. appealed the judgement to the Svea Court of Appeal, with a concurrent application for a permit to have the case be fully tested by the appeals court. On 24 April 2012, the Appeals Court notified the appellants that the case has been granted a hearing. The appeal is expected to be heard during May 2013. The appeal is focused on questions of principle that are important beyond the case in question, and a negative outcome is assumed to have a significant economic effect on the portfolio. Based on an overall assessment of the case, including the District Court’s judgment, 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

Notes to the interim accounts

NOTE 12: CAPITAL ADEQUACY

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.03.13	31.12.12	31.03.13	31.12.12
Share capital	3,540	3,540	3,540	3,540
Other equity	14,787	14,652	14,478	13,722
Equity	**18,328**	**18,192**	**18,018**	**17,262**
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Conditional bonus [1)]	-99	-108	-5,767	-5,589
Goodwill and other intangible assets	-676	-640	-676	-640
Risk equalisation fund			-109	-141
Capital adequacy reserve	-18	-18	-3	-2
Deduction for investments in other financial institutions			-1,077	-1,454
Interest adjustment insuracereserves SPP [2)]			-147	-143
Other	-5	-30	-264	-31
Core (tier 1) capital	**19,030**	**18,896**	**11,476**	**10,760**
Perpetual subordinated loan capital	4,947	4,901	4,947	4,901
Capital adequacy reserve			-109	-141
Deductions for investments in other financial institutions	-18	-18	-3	-2
Tier 2 capital	**4,929**	**4,883**	**4,836**	**4,757**
Net primary capital	**23,959**	**23,779**	**16,312**	**15,517**
Risk weighted calculation base	**97,005**	**106,393**	**120,584**	**127,245**
Capital adequacy ratio	**24.7 %**	**22.4 %**	**13.5 %**	**12.2 %**
Core (tier 1) capital ratio	**19.6 %**	**17.8 %**	**9.5 %**	**8.5 %**

NOTE 13: SOLVENCY MARGIN

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.03.13	31.12.12	31.03.13	31.12.12
Solvency margin requirements	7,572	7,538	11,751	11,595
Solvency margin capital	25,917	25,905	19,431	18,775
Solvency margin	**342.3 %**	**343.6 %**	**165.4 %**	**161.9 %**

Specification of solvency margin capital

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK mill.	31.03.13	31.12.12	31.03.13	31.12.12
Net primary capital	23,959	23,779	16,312	15,517
50% of additional statutory reserves	2,715	2,873	2,715	2,873
50% of risk equalisation fund	338	320	338	320
Counting security reserve	66	65	66	65
Conditional bonus	-1,161	-1,132		
Solvency capital	**25,917**	**25,905**	**19,431**	**18,775**

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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, 2013, 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, April 23, 2013
Deloitte AS

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