DNB

Q1

DNB LIVSFORSIKRING

– a company in the DNB Group

First quarter report 2014
(Unaudited)

DIRECTORS' REPORT FIRST QUARTER 2014

DNB Livsforsikring ASA (DNB Liv) provides life and pension insurance for in excess of 1 million people through individual and group contracts. The company has approximately 23 000 contracts with companies, municipalities and public enterprises. DNB Livsforsikring ASA is a wholly owned subsidiary of DNB.

DNB Liv recorded pre-tax profits of NOK 402 million in the three months to 31 March 2014, a reduction of NOK 60 million on the year-earlier period.

The recorded return on the common portfolio at the end of the first quarter was 1.7 per cent, while the value-adjusted return was 1.2 per cent. In 2014, aggregate solvency capital has increased by NOK 2.3 billion to NOK 34.7 billion.

As at 31 March 2014 DNB Liv had total assets of NOK 283.5 billion, a reduction of 7.1 billion since end-December.

The three-month accounts show:

- Pre-tax operating profits of NOK 402 million
- Growth of almost 30 per cent in the premium income for contribution based pensions compared to the corresponding period last year
- Expenses reduced by NOK 38 million, equivalent to 11 per cent, compared to the corresponding period last year
- Market value adjustment reserve of NOK 1 708 million, a reduction of NOK 1 026 million since end-December
- A sound capital base, aggregate solvency capital of NOK 34.7 billion, solvency margin capital 99 per cent above the requirement and a capital adequacy ratio of 18.9 per cent
- Reserve allocations of NOK 1 709 million to cover increased longevity under group pension insurance

The accounts have been prepared in accordance with the regulations governing the annual financial statement of life insurance companies. In the following, the accounting figures for the first three months of 2013 are shown in brackets.

PREMIUM INCOME

Premium income at the end of the first quarter totalled NOK 7.8 billion (8.4). Premiums from group pension insurance accounted for NOK 6.4 billion (7.0), a reduction of 9.7 per cent. Aggregate premium reserves received for group pension insurance from other companies came to NOK 0.4 billion (0.1), while premiums earned for group pension business were NOK 1 billion lower, corresponding to 15.7 per cent. The decline in premium income from group pension business is due to the ongoing winding up of the public market, where premium income fell by NOK 1.1 billion. Premium income from the corporate market has increased marginally, despite the ongoing change to contribution based pensions.

The retail market continues to be characterised by competition from alternative forms of saving. Premium income in the first quarter totalled NOK 1.5 billion (1.4). Of the aggregate premium income from the retail market, insurance schemes with a choice of investment profile (unit linked) accounted for NOK 0.2 billion (0.1).

FINANCIAL RETURN

The recorded and value-adjusted return on the common portfolio in the first three months of the year was 1.7 per cent (1.1) and 1.2 per cent (1.4), respectively, excluding value changes related to bonds held to maturity. Differences in the rate of return provided by sub-portfolios reflect different investment approaches adapted to specific risk profiles for each portfolio. As a result of the transition to product specific portfolios the company has realised gains The overall yield on short-term bonds was 1.7 per cent (0.9) and was evenly distributed, with Norwegian bonds providing 1.7 per cent (1.3) and foreign bonds 1.7 per cent (0.4).

The stock market was marginally positive in the first quarter and shares measured in local currency showed value appreciation of 0.4 per cent. The period was also characterised by considerable changes in the interest rate market. Long-term rates have declined since year-end due to slightly weaker macro indicators in the USA and currency turbulence as well as concerns about credit and growth prospects in the emerging economies, including China. There has been little movement in short-term rates since monetary policy continues to be exceptionally expansive. To date this year, U.S. 10-year government bond yields have fallen by 31 basis points to 2.7 per cent. During the same period the decline in Norwegian rates has been somewhat less, but 10-year swap rates show a decline of 24 basis points to 3.1 per cent.

The portfolios showed a good return in the first quarter. In addition to the positive contribution from the bond portfolios, both the real estate portfolio and held-to-maturity bonds showed a good and stable return.

The company portfolio provided a return of 1.0 per cent (0.9) in the first quarter. The company capital is the part of the buffer capital which safeguards policyholders' funds.

The return on DNB Liv's defined contribution pension portfolios at the end of the first quarter was 1.5 per cent (3.5) for Pension Profile 30, 1.5 per cent (5.2) for Pension Profile 50, and 1.3 per cent (7.6) for Pension Profile 80.

EXPENSES

Operating expenses in the first three months of 2014 totalled NOK 309 million (347). The cost programme is showing its effect. As at 31 March 2014 the number of employees in permanent, full-time positions with DNB Livsforsikring ASA was 449 (626). In addition, the company had 65 (34) temporary staff. In excess of 100 employees have been transferred to other parts of the DNB group in the first quarter.

RESULTS

Pre-tax profits so far this year total NOK 402 million, a decline of NOK 60 million compared to the corresponding period last year. The accounts include an allocation of NOK 393 million, charged against profits, to strengthen the longevity reserve under group pension insurance.

The financial result for the first three months of the year was a profit of NOK 3.8 billion (2.5) The risk result was a profit of NOK 144 million (29). The positive change is mainly due to improved disability result for paid up policies and public market, in addition to the fact that it is no longer necessary to strengthen the longevity reserve for old individual products. The administration result was a profit of NOK 90 million (23). The main reasons for the improvement are increased income following volume growth in defined contribution pensions, along with a reduction in the cost level for defined benefit pensions in the corporate market and old individual products. At the end of the first quarter the market value adjustment reserve totalled NOK 1 708 million (1 747).

The tax charge for 2014 is expected to be 7 per cent of the pre-tax operating profit. The expected effective rate of tax reflects a change in deferred tax related to real estate investments which are not recognised in the balance sheet, in conformity with IFRS, as well as a positive return from the company portfolio under the tax exempt method.

CAPITAL ADEQUACY AND SOLVENCY CAPITAL

Capital adequacy reflects the company's primary capital as a proportion of the risk weighted balance sheet. The capital ratio at 31 March 2014 stood at 18.9 per cent (16.1), while figure at year-end 2013 was 18.8 per cent. The statutory minimum capital ratio is 8 per cent.

Solvency capital, which safeguards the policyholders' premium reserve, consists of the interim profit, the market value adjustment reserve, excess value of held-to-maturity bonds, additional allocations, security reserves, subordinated loan capital and equity (including the risk equalisation reserve).

As at 31 March 2014 DNB Liv's solvency capital totalled NOK 34.7 billion (31.1), while the year-end figure was NOK 32.4 billion. The change is mainly due to higher profits for distribution, a reduction in the market value adjustment reserve and an increase in the excess value of held-to-maturity bonds.

As at 31 March 2014 solvency capital corresponded to 16.0 per cent (14.0) of insurance allocations (excluding additional allocations), compared to 14.3 per cent at the end of 2013. Buffer capital, which is primary capital in excess of the statutory minimum requirement, additional allocations, the market value adjustment reserve and interim profits, amounted to NOK 16.8 billion at 31 March 2014, compared to NOK 15.9 billion at year-end 2013.

REGULATORY FRAMEWORK

Important parts of the proposed changes to the regulatory framework for Norwegian life insurance companies were clarified in the course of 2013, relating to both Solvency II and new regulations for occupational pensions in the private sector.

Effective from 1 January 2014, the Ministry of Finance has stipulated new maximum savings rates for contribution based pensions, which has long been requested. The changes mean that contribution based pension schemes will also be an attractive product for companies with benefits based schemes.

In cooperation with Finance Norway DNB has provided input to the authorities, where changes in the product regulations regarding paid up policies are suggested. The purpose is to establish sustainable product regulations for paid up policies, which contributes to sound management of pensions and a reduction in the capital requirements after the implementation of Solvency II. Corporate clients, paid up policy holders and pension providers are all served by the increased predictability a quick conclusion regarding the future regulations for pensions will give.

On 27 March this year the Ministry of Finance published its letter to the Financial Supervisory Authority of Norway ("the Authority") concerning escalation plans and the application of policyholders' surplus to cover mandatory provisions based on the mortality tables for group pensions. The Ministry agrees with the Authority that permission cannot be given for the surplus on an individual contract to be used to strengthen the premium reserve on other contracts and that pension providers' minimum contribution of 20 per cent of the provisioning requirement is to be added at contract level. DNB Liv is entitled to apply the return in excess of the guaranteed rate of return to fund the provisioning requirement for longevity over a period of up to seven years effective from and including 2014. This is two years more than was provided for in the original plan submitted to the Authority. The consequences of the conditions for the financing of increased longevity is presented under future prospects.

FUTURE PROSPECTS

The government has advised that the framework conditions for private pension saving are to be strengthened. This in addition to an increasing need for private long term individual savings suggests growth in this market segment.

Clarifications related to regulatory framework and increased maximum savings rates for contribution based pensions will contribute to an increase in the winding up of benefit based pension schemes in 2014. Both the regulatory framework and customer preferences are likely to entail a shift away from products with an interest rate guarantee in favour of products with a choice of investment profile. Indications from the market support the view that the customers will prefer contribution based schemes to the new occupational pension product.

Increasing winding up of benefit based pension schemes entails needs for restructuring and further streamlining of DNB Liv. The company has initiated measures to ensure cost effective processes, which take into account the transition to contribution based pension schemes.

There is a need to further strengthen the premium reserve for group pensions over the coming years, due to increased longevity. The total provisioning requirement amounts to NOK 13.3 billion, of which NOK 5.7 billion was provided for in the period 2011–2013. As of 31 March 2014 the total provided for amounted to NOK 7.3 billion. As a consequence of the last clarifications from the Authority, the amount chargeable to DNB will be around 29 per cent of the total provisioning requirement of NOK 13.3 billion, assuming that the expected return during the provisioning period is achieved. The figure of 29 per cent corresponds to roughly NOK 3.8 billion, (or an annual charge of around NOK 0.5 billion), while 20 per cent corresponded to about NOK 2.6 billion, or an excess charge totalling approximately NOK 1.2 billion over the seven year period. DNB Liv's share of the total provisioning requirement is sensitive to the average return achieved in the period 2014–2020.

The provisioning requirement for activities in the public sector shall be completed by the end of 2016, or at the time when the customer chooses to transfer its portfolio.

The expectation that interest rates are likely to remain low and that provisioning will be required to take account of increased longevity means that maintaining earnings will be demanding for the life companies in the coming years. Consequently, DNB Liv has started adapting its operations through the sale of less capital-intensive products and by realising an extensive cost programme which will be fully implemented in the course of 2014. The company has adapted to the new regulatory environment by adopting a conservative approach to asset management, by gradually phasing out public market operations and terminating sales of benefits based pensions and paid-up policies.

In the light of Solvency II, and also after the most recent clarifications, DNB Liv will continue to be a company with a sound capital base and in line to achieve a planned solvency ratio in excess of 100% when Solvency II is implemented on 1 January 2016.

DNB Liv's focus on the market for contribution based pension schemes has been a success. A continued strong market growth in the market for contribution based pensions and private pension savings is expected, following new maximum savings rates, increased degree of individualisation and stronger focus on pensions. The company experiences fierce competition in the market for contribution based pensions. DNB has every opportunity to take part in the market growth through an excellent distribution power in all customer segments. A further development of a close and integrated cooperation related to pensions across business areas within DNB is a focus area for DNB Liv. The strong growth that has been achieved has been maintained in the current year and this trend is expected to continue.

6 May 2014
The Board of Directors of DNB Livsforsikring ASA

NGAAP: Norwegian Generally Accepted Accounting Principles
IFRS: International Financial Reporting Standards

INCOME STATEMENT

DNB LIVSFORSIKRING GROUP / DNB LIVSFORSIKRING ASA

31.03.13	31.03.14	*Amounts in NOK millions*	31.03.14	31.03.13
8 313	7 438	Premiums due, gross	7 438	8 313
(86)	(110)	– Reinsurance premiums paid	(110)	(86)
175	483	Transfer of customer premium reserves from other insurance companies/pension schemes	483	175
8 402	**7 811**	**Premium income for own account**	**7 811**	**8 402**
0	0	Income from investments in subsidiaries, associated companies and joint ventures	348	344
1 659	1 675	Interest income and dividends, etc. on financial assets	1 681	1 743
429	401	Net operating income from real estate	0	1
708	(1 131)	Changes in value of investments	(1 085)	682
204	1 622	Realised profits and losses on investments	1 622	231
3 000	**2 566**	**Net income from investments in the common portfolio**	**2 566**	**3 000**
17	20	Interest income and dividends, etc. on financial assets	20	17
1 359	199	Changes in value of investments	199	1 359
37	28	Realised profits and losses on investments	28	37
1 413	**247**	**Net income from investments in investment choice portfolio**	**247**	**1 413**
7	**9**	**Other insurance-related income**	**9**	**7**
(3 572)	(3 580)	Claims paid	(3 580)	(3 572)
(3 593)	(3 598)	Gross	(3 598)	(3 593)
21	18	– Reinsurance share of claims paid	18	21
(39)	(6)	Change in reserves for claims	(6)	(39)
(39)	(6)	Gross	(6)	(39)
0	0	– Change in reinsurance portion for claims reserves	0	0
(1 502)	(13 830)	Transfer of customer premium reserves, additional statutory reserves and market value adjustment reserves to other insurance companies/pension schemes	(13 830)	(1 502)
(5 113)	**(17 416)**	**Claims for own account**	**(17 416)**	**(5 113)**
(4 074)	8 158	Change in premium reserve	8 158	(4 074)
(4 074)	8 158	To (from) premium reserve, gross	8 158	(4 074)
0	0	– Change in Reinsurance portion of premium reserve	0	0
21	(14)	Change in additional statutory reserves	(14)	21
(661)	1 026	Change in market value adjustment reserve	1 026	(661)
(35)	(25)	Change in premium fund, deposit reserve and pensioners' surplus fund	(25)	(35)
(288)	(332)	Change in technical reserves for property and casualty insurance business	(332)	(288)
(288)	(332)	To (from) technical reserves for property and casualty insurance business	(332)	(288)
7	2	Transfer of additional statutory reserves and market value adjustment reserves from other insurance companies/pension schemes	2	7
(5 030)	**8 815**	**Changes in insurance liabilities through income statement – Contractually established obligations**	**8 815**	**(5 030)**
(1 844)	(1 031)	Change in premium reserve	(1 031)	(1 844)
(1 844)	**(1 031)**	**Changes in insurance liabilities through income statement – special investment choice**	**(1 031)**	**(1 844)**
(100)	(185)	Surplus from return result	(185)	(100)
(48)	(262)	Other assignment of profit	(262)	(48)
(148)	**(448)**	**Funds assigned insurance contracts – contractually established obligations**	**(448)**	**(148)**
(406)	(391)	Insurance-related operating costs	(391)	(406)
(22)	(18)	Other insurance-related costs	(18)	(22)
259	**144**	**Result from technical account**	**144**	**259**

INCOME STATEMENT CONTINUED

DNB LIVSFORSIKRING GROUP			DNB LIVSFORSIKRING ASA	
31.03.13	31.03.14	*Amounts in NOK millions*	31.03.14	31.03.13
		NON-TECHNICAL ACCOUNT		
0	5	Income from investments in subsidiaries, associated companies and joint ventures	9	2
136	157	Interest income and dividends, etc. on financial assets	157	136
71	163	Changes in value of investments	163	71
10	(58)	Realised profits and losses on investments	(58)	10
216	**275**	**Net income from investments in company portfolio**	**270**	**218**
18	13	Other income	4	5
(32)	(30)	Management costs and other costs associated with company portfolio	(21)	(21)
203	**257**	**Result from non-technical account**	**253**	**202**
462	**402**	**Profit before taxes**	**397**	**461**
(38)	(29)	Tax cost	(25)	(37)
424	**372**	**Result before other profit components**	**372**	**424**
		TOTAL RESULT		
0	(38)	Actuarial gains and losses	(38)	0
0	10	Tax on actuarial gains and losses	10	0
424	**344**	**TOTAL RESULT [1)]**	**344**	**424**
		Notes:		
424	372	Result before other profit components	372	424
0	0	Use of additional allocations [2)]	0	0
0	0	Tax effect of use of additional allocations	0	0
424	**372**	**Result**	**372**	**424**

[1)] *The discount rate used to calculate recorded pension commitments at end-March 2014 was determined by reference to the estimated yield on covered bonds as at 31 March 2014. There was a reduction in the yield from 31 December 2013. A corresponding reduction has been reflected in the assumptions for salary increases and increases in the National Insurance basic amount.*

[2)] *Use of additional allocations is not permitted in the interim accounts.*

BALANCE SHEET

DNB LIVSFORSIKRING GROUP			DNB LIVSFORSIKRING ASA	
31.03.13 [1]	31.03.14	*Amounts in NOK millions*	31.03.14	31.03.13
		ASSETS IN COMPANY PORTFOLIO		
191	162	Intangible assets	162	190
		Subsidiaries, associated companies and joint ventures		
3	1 032	Shares and other equity investments in subsidiaries, associated companies and joint ventures	878	90
0	0	Receivables and securities issued by subsidiaries, associated companies and joint ventures	232	2
		Financial assets measured at amortised cost		
0	1 407	Hold to maturity investments	1 407	0
		Financial assets measured at fair value		
720	913	Shares and other equity investments (incl. shares and other equity investments measured at cost)	913	720
16 072	16 358	Bonds and other fixed-income securities	16 358	16 072
121	3	Loans and receivables	3	121
16	0	Financial derivatives	0	16
4 059	586	Other financial assets	586	4 059
20 991	**20 299**	**Investments in company portfolio**	**20 377**	**21 080**
1 559	1 063	Receivables	1 037	1 530
1 048	681	Other assets	629	880
27	8	Pre-paid expenses and earned, non-received income	8	27
23 815	**22 213**	**Total assets in company portfolio**	**22 213**	**23 708**
		ASSETS IN CUSTOMER PORTFOLIOS		
		Buildings and other real estate		
32 513	31 143	Investment properties	19	49
		Subsidiaries, associated companies and joint ventures		
2 312	2 708	Shares and other equity investments in subsidiaries, associated companies and joint ventures	34 407	31 270
0	258	Receivables and securities issued by subsidiaries, associated companies and joint ventures	941	9 266
		Financial assets measured at amortised cost		
89 554	89 732	Hold to maturity investments	89 732	89 554
		Financial assets measured at fair value		
16 383	13 184	Shares and other equity investments (incl. shares and other equity investments measured at cost)	13 184	16 383
78 816	78 603	Bonds and other fixed-income securities	78 603	72 356
6 115	6 007	Loans and receivables	6 007	6 055
1 314	777	Financial derivatives	739	1 217
3 516	2 105	Other financial assets	1 095	1 888
230 523	**224 517**	**Investments in common portfolio**	**224 728**	**228 037**
		Financial assets measured at fair value		
15 685	18 893	Shares and other equity investments (incl. shares and other equity investments measured at cost)	18 893	15 685
12 765	16 164	Bonds and other fixed-income securities	16 164	12 765
1 609	1 546	Loans and receivables	1 546	1 609
30 059	**36 602**	**Investments in investment choice portfolio**	**36 602**	**30 059**
260 581	**261 119**	**Total assets in customer portfolios**	**261 330**	**258 096**
284 396	**283 333**	**Total assets**	**283 543**	**281 804**

[1] *See accounting principles*

BALANCE SHEET CONTINUED

DNB LIVSFORSIKRING GROUP | DNB LIVSFORSIKRING ASA

31.03.13 [1]	31.03.14	*Amounts in NOK millions*	31.03.14	31.03.13
		EQUITY AND LIABILITIES		
		Share capital subscribed		
1 621	1 621	Share capital/primary capital certificates/guarantee fund	1 621	1 621
3 875	3 875	Share premium	3 875	3 875
5 496	**5 496**	**Total paid in equity**	**5 496**	**5 496**
0	19	Fund for unrealised profits	19	0
900	1 013	Risk equalisation fund	1 013	900
9 992	11 195	Other accrued earnings	11 195	9 992
10 892	**12 227**	**Total accrued earnings**	**12 227**	**10 892**
1 319	**1 333**	**Subordinated loan capital, etc.**	**1 333**	**1 319**
		Insurance liabilities in life insurance – contractually established obligations		
211 910	208 299	Premium reserve	208 299	211 910
4 848	4 911	Additional statutory reserves	4 911	4 848
1 747	1 708	Market value adjustment reserves	1 708	1 747
2 569	2 644	Claims reserves	2 644	2 569
4 724	3 386	Premium fund, deposit reserve and pensioners' surplus fund	3 386	4 724
568	617	Other technical reserves for property and casualty insurance business	617	568
226 367	**221 564**	**Total insurance liabilities in life insurance – Contractually established obligations**	**221 564**	**226 367**
		Insurance liabilities in life insurance – special investment choice portfolio		
29 532	36 063	Premium reserve	36 063	29 532
15	18	Supplementary provisions	18	15
512	522	Premium fund, deposit reserve and pensioners' surplus fund	522	512
30 059	**36 602**	**Total insurance liabilities in life insurance – Special investment choice portfolio**	**36 602**	**30 059**
465	866	Reserves for liabilities	935	411
		Premiedepot fra gjenforsikringsselskaper		
9 394	4 912	Liabilities	2 670	6 855
0	0	Liabilities to subsidiaries and associated companies	2 383	0
406	332	Accrued expenses and received, non-earned income	332	406
284 396	**283 333**	**Total equity and liabilities**	**283 543**	**281 804**
		Key figures		
		Return on capital in the common portfolio	1.7%	1.1%
		Value-adjusted return from the common portfolio	1.2%	1.4%
		Capital ratio	18.9%	16.1%

For the Group, the eligible primary capital was NOK 17 493 million, risk-weighted volume NOK 91 109 million and the capital adequacy 19.2 per cent.

[1] *See accounting principles*

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING PRINCIPLES

The interim accounts for DNB Livsforsikring ASA include subsidiaries and associated companies entered in accordance with the equity method. The first quarter accounts have been prepared according to IAS 34 Interim Financial Reporting, unless the regulations on the annual accounts of insurance companies provide otherwise (Annual Accounts Regulations). The interim accounts do not contain all the information that would be included in annual accounts presented in accordance with all relevant IFRS standards.

In preparing the interim accounts estimates and assumptions have been used that affect assets, liabilities, income, costs, note information and information on potential obligations. Actual figures may differ from estimates used.

The annual report for DNB Livsforsikring ASA for 2013 can be obtained on application to DNB Livsforsikring ASA, Solheimsgaten 7C, Bergen or at www.dnb.no. A description of the accounting principles used in the interim accounts can be found in the accounting principles note in the annual report for 2013. For 2014 there has been amendments to IFRS 10 "Consolidated Financial Statements" and to IFRS 11 "Joint Arrangements". The following tables display comparable figures for 2013 with implementation effect on 1 January 2013.

IFRS 10 Consolidated Financial Statements

The standard will replace the parts of IAS 27 which address consolidated financial statements and also include structured units, which were previously addressed in SIC – 12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a control model which applies to all companies. The definition of control is different from that used in IAS 27. Control exists if the investor has power over the investee, is exposed, or has rights, to variable returns from the investee and has the ability to use its power to direct the activities of the investee that significantly affect returns. Potential voting rights, options, convertible debt and other aspects should also be taken into account.

The new standard will require increased judgement when assessing which entities are controlled by the company. Due to the new definition of control, one property fund has been reclassified in the group's balance sheet.

IFRS 11 Joint Arrangements

The standard will replace IAS 31 Interests in Joint Ventures and SIC – 13 Jointly-controlled Entities – Non-monetary Contributions by Venturers, and eliminates proportionate consolidation of joint ventures.

The standard identifies two categories of joint control (joint arrangements): joint ventures and joint operations. When consolidating joint ventures, the equity method should be applied. For joint operations, the parties should recognise their rights to assets and liabilities in their balance sheets and recognise their share of income and costs incurred jointly in their income statements.

Due to the implementation of the new standard certain ownership interests in property has been reclassified from proportionate consolidation to recognition by the equity method in the Group's balance sheet.

Comparable figures for 2013 with implementation effect on 1 January 2013 due to the implementation of IFRS 10 and IFRS 11:

BALANCE SHEET [1] — DNB LIVSFORSIKRING GROUP

	1 January 2014			31 March 2013		
Amounts in NOK millions	Reported	Effect IFRS 10,11	Restated	Reported	Effect IFRS 10,11	Restated
Assets in customer portfolios:						
Investment properties	32 377	(846)	31 531	33 054	(541)	32 513
Shares and other equity investments in subsidiaries, associated companies and joint ventures	17	2 689	2 706	14	2 298	2 312
Loans and receivables	6 355	(43)	6 312	6 055	60	6 115
Equity and liabilities						
Liabilities	2 305	1 800	4 105	7 577	1 817	9 394

[1] *The new standards have no impact on the group's profit, equity or capital adequacy.*

CHANGES IN EQUITY

Amounts in NOK millions	Paid-in capital	Actuarial gain and loss	Retained earnings	Total equity
Balance at 31 December 2012	**5 496**	**(158)**	**10 627**	**15 964**
Result for the period			424	424
Actuarial gains and losses				0
Comprehensive income for the period	0	0	424	424
Balance at 31 March 2013	**5 496**	**(158)**	**11 051**	**16 388**
Balance at 31 December 2013	**5 496**	**(164)**	**12 516**	**17 849**
Group contribution			(470)	(470)
Result for the period			372	372
Actuarial gains and losses		(28)		(28)
Comprehensive income for the period	0	(28)	372	344
Balance at 31 March 2014	**5 496**	**(192)**	**12 418**	**17 723**
Net result from use of additional allocations			0	0
Balance at 31 March 2014 Group	**5 496**	**(192)**	**12 418**	**17 723**

	DNB LIVSFORSIKRING ASA		DNB LIVSFORSIKRING GROUP	
CASH FLOW ANALYSIS	1st Quarter 2014	1st Quarter 2013	1st Quarter 2014	1st Quarter 2013
Amounts in NOK millions				
Cash flow from operational activities				
Net receipts from premiums/premium fund	5 481	6 560	5 481	6 560
Net receipts/payments from transfers	(14 236)	(1 540)	(14 236)	(1 540)
Net receipts from investments	3 466	2 230	3 830	2 539
Payment from life insurance with investment choice	70	17	70	17
Other insurance-related receipts	114	(322)	114	(322)
Compensation payments	(3 368)	(3 347)	(3 368)	(3 347)
A=Net cash flow from operational activities	**(8 472)**	**3 598**	**(8 109)**	**3 907**
Cash flow from investments made				
Net investment in shares and other equity investments	(77 760)	(1 058)	(75 170)	(7 216)
Net investment in bonds and loans	69 230	(2 039)	69 230	(2 039)
Net investment in investment contracts	(960)	(460)	(960)	(460)
Net investment in other financial assets	3 187	(118)	474	4 708
Net investment in tangible fixed assets and in intangible assets	(3)	1	(3)	1
B=Net cash flow from investments made	**(6 305)**	**(3 674)**	**(6 428)**	**(5 006)**
Cash flow from financing activities				
Paid dividend/group contributions	0	0	0	0
Changes from other financing activities	266	51	266	51
C=Net cash flow from financing activities	**266**	**51**	**266**	**51**
Net liquidity change (A+B+C)	(14 512)	(24)	(14 271)	(1 048)
Liquidity holding as at 01 January	19 579	5 333	20 278	7 712
Liquidity holding as at 31 March	**5 067**	**5 309**	**6 007**	**6 664**

DNB Livsforsikring ASA

Mailing address:
P.O.Box 7500
N-5020 Bergen

Visiting address:
Solheimsgaten 7C
Bergen

dnb.no