Interim report

Storebrand Group

2nd quarter
2013

storebrand

Interim report - 2Q and 1H 2013:

Storebrand Group

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Storebrand Group

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

Group result[1)]

	2013		2012			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Fee and administration income	1,077	1,045	974	970	999	2,122	1,962	3,907
Risk result life & pensions	42	63	95	74	79	105	166	335
Insurance premiums f.o.a.	665	717	671	640	600	1,382	1,199	2,510
Claims f.o.a.	-448	-556	-544	-425	-408	-1,004	-804	-1,774
Operational cost	-837	-834	-940	-1,016	-861	-1,671	-1,692	-3,647
Financial result	-36	23	52	84	11	-13	40	176
Result before profit sharing and loan losses	**463**	**458**	**308**	**328**	**419**	**921**	**871**	**1,508**
Net profit sharing and loan losses	55	94	181	131	-73	150	141	451
Result before amortisation and write-downs	**518**	**552**	**489**	**458**	**346**	**1,070**	**1,012**	**1,960**
Amortisation and write-downs of intangible a ssets	-106	-105	-101	-108	-96	-211	-192	-401
Result before tax	412	447	388	350	249	859	821	1,559
Tax	124	-89	-320	-72	-110	36	-158	-550
Sold/liquidated business	-2	-1	1	3	-2	-2	-2	3
Profit after tax	**535**	**358**	**69**	**282**	**137**	**892**	**661**	**1,012**

In the 2nd quarter, Storebrand has introduced organisational changes to strengthen the implementation of the company's strategy. Accordingly, the financial reporting has been changed, starting Q2 2013, to better reflect the operational structure of the business. Significant value drivers will also appear more clearly from this new reporting format. The new segments are further described in italics above the result tables. As regulatory requirements for solidity and risk management are largely in line with legal entities, balance, solidity and capital adequacy are described by company after the segment-based reporting.

The Group's pre-amortisation profit for the second quarter was NOK 518 million (NOK 346 million). The figures in brackets refer to the corresponding period last year. The group profit, before profit sharing and loan losses, is in line with expectations. There is growth in profit from savings and pensions operations. The Group's cost programme has reduced costs compared to the same period last year. The programme will have increased impact during the remainder of 2013 and will achieve full effect by the end of 2014.

Completed sales of stakes in investment properties during the first six months of 2013 have reduced tax-increasing temporary differences associated with these properties by approximately NOK 900 million. This reduces the estimated tax expense for the first six months of the year by approximately NOK 245 million. The results show tax income of NOK 124 million for the second quarter and tax income of NOK 36 million for the first six months of the year.

Group result by result area[1)]

	2013		2012			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Savings (non-guaranteed)	141	87	146	3	81	227	140	288
Insurance	132	74	88	106	113	206	223	417
Guaranteed pension	310	399	287	276	174	709	630	1,193
Other	-64	-8	-32	74	-22	-71	19	61
Result before amortisation and write-downs	**518**	**552**	**489**	**458**	**346**	**1,070**	**1,012**	**1,960**

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

Second-quarter results for the savings business area are significantly stronger than for the same quarter in 2012. Contributing factors in this improvement are a growth in business volume in all areas of operations, improved profit margins on banking products, and the impact of cost-saving measures. Banking operations show low losses, and reversals of previous losses amounting to NOK 11 million have been recorded as income in the first six months of 2013, of which NOK 13 million have been recorded during this quarter.

The insurance business area showed a combined ratio of 90 per cent year to date and a 15 per cent growth in premiums for own account in the same period.

For guaranteed pension plans, fee and administration income increased both in the second quarter and in the first six months of 2013. Costs fell during the same period. This contributed to the positive profits trend. Earnings have been sufficient to enable the allocation of a further NOK 0.6 billion during this quarter to build up reserves against higher life expectancy in the Norwegian life insurance business. SPP's earnings have been negatively affected by the rise in interest rates during the quarter. Despite this trend, earnings have been sufficient to create net profit sharing.

The 'Other' segment's profit has been affected by non-recurring costs relating to the restructuring of Storebrand Bank's commercial operations and bond issues by Storebrand Life Insurance.

Market and sales performance

The shift from products with guaranteed interest rates to unit-linked insurance products continues in the life insurance businesses. These products are showing good growth both in Storebrand Life Insurance and in SPP. The Group's premium income for pension products with guaranteed annual interest rates increased by 3 per cent year to date, while the premium income for non-guaranteed savings products increased by 17 per cent year to date.

Storebrand is maintaining its role as the market leader for non-guaranteed pensions in the Norwegian occupational pensions market, while SPP is a strong challenger in the Swedish market.

For many individual customers who have pensions with guaranteed interest rates, transferring to a savings plan with investment options will increase their pension figure. During the first six months of 2013, Storebrand and SPP customers with pensions with guaranteed interest rates opted to move reserves totalling NOK 1.8 billion out of the guaranteed plans. NOK 0.7 billion of this total was moved during the second quarter.

Capital situation

The Storebrand Life Insurance Group's[1)] solvency margin was 174 per cent at the end of the quarter, an improvement of 9 percentage points since the end of the previous quarter. So far this year, the solvency margin has been boosted by 12 percentage points. Besides the effect of the part-year profit, the strengthening of the solvency margin relates mainly to the rise in long-term interest rates in Sweden. The Storebrand Life Insurance Group's Swedish insurance liabilities are discounted by a market interest rate that is based on the Swedish solvency rules. Higher interest rates cause a reduction in liability.

At the end of the second quarter, capital adequacy and core capital adequacy for the Storebrand Group were, respectively, 13.1 per cent and 9.7 per cent, an increase of 0.3 per cent and 0.4 per cent in the quarter.

On 21 March, Storebrand Livsforsikring AS successfully placed EUR 300 million Fixed/Floating Rate Term Subordinated Notes due 2043. The Notes provide for an optional call by Storebrand in 2023. The Notes were issued on 4 April and the net proceeds were used to repay existing subordinated EUR 300 million Notes that were redeemed on 26 June 2013

Strategic priorities

The European life insurance sector is facing significant changes. Low interest rates and changed regulatory conditions for long-term pension savings have led to a shift away from traditional pension plans with guaranteed annual rates of interest towards fund-based saving plans without guaranteed rates. This means that individual customers are taking on greater responsibility for their own pensions. Storebrand's board of directors has adopted four key strategic priorities to support Storebrand's corporate vision, "Recommended by our customers". Storebrand shall become more **customer-oriented** through defined customer promises, concepts and products. Operations are being **commercialised** by the merging of sales and marketing, business development, and customer fronts into a single business area. Comprehensive **capital optimising measures** are being implemented in order to satisfy new capital adequacy requirements without resorting to raising additional equity. Storebrand is continuously adapting to maintain its competitive strength and earning power. Accordingly the Board approved a programme in the second quarter of 2012 to reduce the Group's annual **costs** by at least NOK 400 million by the end of 2014. For more information about Group strategy, please see the Storebrand Group's Annual Report for 2012, page 24.

Group - Key figures

	2013		2012			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Earnings per share adjusted (NOK) [1)]	1.43	1.03	0.38	0.87	0.52	2.46	1.90	3.15
ROE, annualised	11.9%	9.6%	3.7%	8.6%	5.1%	10.6%	9.3%	7.5%
Equity	21.301	20.696	19.936	19.706	19.335	21.301	19.335	19.936
Solvency margin (Storebrand Life Group)	173.8%	165.4%	161.9%	153.0%	152.3%	173.8%	152.3%	161.9%
Resultat før amortisering	518	552	489	458	346	1.070	1.012	1.960

Savings

Good growth in income. 17 per cent growth in premium income. Sound returns on investment portfolios.

The Savings business area encompasses products that offer savings for retirement with no explicit interest rate guarantees. The business area thus consists of defined contribution pensions in Norway and Sweden, asset management and banking products for individuals.

Savings

	2013	2012				01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Fee and administration income	461	448	424	407	417	909	807	1,638
Risk result life & pensions	4	0	2	1	3	4	0	3
Operational cost	-320	-337	-361	-400	-334	-657	-656	-1,417
Financial result	-	-	-	-	-	-	-	-
Result before profit sharing and loan losses	**145**	**111**	**65**	**8**	**86**	**256**	**151**	**224**
Net profit sharing and loan losses	-5	-24	81	-5	-5	-29	-11	63
Result before amortisation	**141**	**87**	**146**	**3**	**81**	**227**	**140**	**288**

Results

Results for the Savings business area strengthened significantly both during the second quarter and during the first six months of the year compared with the corresponding periods in 2012. Contributing factors in this improvement were a growth in business volume in all areas of operations, improved profit margins on banking products, and the impact of cost-saving measures.
Unit linked pension plans are growing strongly in both Norway and Sweden. There is a continually increasing trend for companies to opt for defined contribution unit linked plans. As a result both the number of customers and premium income are rising. The positive stock markets so far this year have contributed to the growth in business volume, as a significant proportion of savings assets are invested in equity funds.

Retail banking shows strong development. A satisfactory growth in lending and deposits, combined with an interest rate margin of 1.15 per cent so far this year, compared with 0.95 per cent for the same period in 2012, have significantly increased income. The lending portfolio, which amounts to NOK 24 billion, is comprised primarily of low-risk home loans. Loan losses were low during the first six months of 2013. Overall fee and administration income have grown over 10 per cent both during the second quarter and during the first six months of this year compared with the same periods in 2012. A range of efficiency and cost-saving measures has been implemented as part of the Group's cost programme. While these measures have resulted in cost savings, increased sales have given rise simultaneously to higher distribution costs. Viewed overall, costs are unchanged.

The asset management investment portfolio has achieved an overall second-quarter return of NOK 0.9 billion. The corresponding figure for the first six months of the year is NOK 1.6 billion. Earned and provisional return-based fees will not be recorded as income before 31 December. NOK 10 million was set aside for bonus costs in net profit sharing and loan losses in the quarter.

Balance sheet and market trends

With a market share of over 30 per cent, Storebrand is the market leader in Norway for defined contribution pension plans. Earlier this year, Storebrand launched its Recommended Pension investment concept. As of June 2013, over 250 companies and 10,000 individuals have opted for this solution. Storebrand is making good progress in the Swedish market for unit-linked insurance plans. Sales through internal distribution channels are developing positively and SPP is once again an option for customers under the so-called ITP Plan (Sweden's largest pension platform). So far this year, 67 per cent of SPP's premium income has come from unit-linked insurance. Unit-linked reserves have grown by 27 per cent compared to the second quarter of 2012. Premium income from non-guaranteed life insurance plans was NOK 2.8 billion in the second quarter. The figure for the first six months of the year was NOK 5.1 billion. This equates to an increase of 17 per cent so far this year. Both the Norwegian and Swedish operations have shown positive inflows so far this year and accumulated net inflows during the past 12 months amount to nearly NOK 1 billion. Assets managed by the asset management as a whole totalled NOK 455.7 billion at the end of the first six months of the year, having increased by NOK 1.8 billion during the second quarter and by NOK 13.5 billion so far this year. The increase is attributable both to the favourable financial markets and to good returns. In addition, approximately NOK 9 million results from the strengthening of the Swedish krone. In the personal banking market, the banking business area has seen home loans increase by NOK 107 million in the second quarter and by NOK 291 million in the first six months of the year.

Savings - Key figures

	2013		2012		
NOK million	2Q	1Q	4Q	3Q	2Q
Unit Linked Reserves	73,542	70,458	63,387	61,007	57,897
Unit Linked Premiums	2,768	2,318	2,480	2,121	2,439
AuM Asset Management	455,701	453,830	442,162	438,878	423,872
Retail Lending	24,036	23,922	23,734	23,256	22,910

Insurance

Strong growth in premium income, risk result weakened by ITP, and good cost control.

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

Insurance

	2013		2012			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Insurance premiums f.o.a.	665	717	671	640	600	1,382	1,199	2,510
Claims f.o.a.	-448	-556	-544	-425	-408	-1,004	-804	-1,774
Operational cost	-120	-118	-116	-139	-107	-238	-215	-470
Financial result	34	31	78	29	28	66	43	150
Result before profit sharing and loan losses	**132**	**74**	**88**	**106**	**113**	**206**	**223**	**417**
Net profit sharing and loan losses	0	0	0	0	0	0	0	0
Result before amortisation	**132**	**74**	**88**	**106**	**113**	**206**	**223**	**417**
Claims ratio	67%	78%	81%	66%	68%	73%	67%	71%
Cost ratio	18%	17%	18%	22%	18%	17%	18%	19%
Combined ratio	**86%**	**94%**	**99%**	**88%**	**86%**	**90%**	**85%**	**90%**

Results

Pre-amortisation profit for the insurance business area was NOK 132 million (NOK 113 million) for the quarter, and NOK 206 million (NOK 223 million) so far this year, with an overall combined ratio of 90 per cent (85 per cent).

The risk result was stable with a claims ratio for the quarter of 67 per cent (68 per cent). The claims ratio so far this year is 73 per cent (67 per cent), with frequency and average claims as expected. The second quarter has been marked by heavy precipitation in Eastern Norway, where the bulk of properties insured by Storebrand are located. The flooding in Eastern Norway in May has not had a significant impact on second-quarter results, however, with total damage caused by natural disasters amounting to NOK 5 million. Risk performance for mortality and disability risk was stable. The exception is disability risk under group pension plans (risk coverage under defined contribution pension plans). So far this year, an increased number of disability claims has weakened the risk result.

The cost ratio was 18 per cent (18 per cent) for the quarter and 17 per cent (18 per cent) for the first six months of the year. The cost base will be streamlined further through increased automation, sourcing of services and exploitation of economies of scale with increased volume.

Storebrand Insurance's investment portfolio is mainly invested in short- and medium-term fixed-income securities. So far this year the portfolio has produced a satisfactory rate of return.

Balance sheet and market trends

Premium income for own account has increased by 15 per cent compared with the corresponding period last year. Demand for products that link health and personal insurance continues to grow, as does demand for disability cover. This is driven by employers' desire to reduce sickness absence, increase job satisfaction and reduce overall insurance costs. Portfolio growth is greatest in the areas of personal accident and life insurance, where we have had success in selling to companies' employees.

Insurance - Key figures

	2013		2012		
NOK mill.	2Q	1Q	4Q	3Q	2Q
Written premiums P&C & Individual life *	1,250	1,197	1,155	1,107	1,073
Written premiums Health & Group life **	1,197	1,184	1,182	1,166	1,106
Written premiums pension related disability insurance ***	634	614	596	578	553
Total written premiums	**3,080**	**2,995**	**2,933**	**2,851**	**2,732**
Reserves	5,148	4,458	3,894	3,959	3,399

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

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

Guaranteed pension

Higher prices and lower costs increase profitability.

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

Guaranteed pension

	2013		2012			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Fee and administration income	522	515	457	463	476	1,037	942	1,861
Risk result life & pensions	32	60	88	68	71	92	161	318
Operational cost	-295	-296	-355	-388	-316	-591	-632	-1,375
Financial result	-	-	-	-	-	-	-	-
Result before profit sharing and loan losses	**258**	**279**	**190**	**143**	**231**	**538**	**471**	**804**
Net profit sharing and loan losses	52	119	97	133	-57	171	159	389
Result before amortisation	**310**	**399**	**287**	**276**	**174**	**709**	**630**	**1,193**

Results

Fee and administration income showed a marked increase both during the second quarter of 2013 and during the first six months of the year. At the same time costs were reduced, contributing to the improved results. The risk result was weaker than for the previous year.

The increase on the income side was driven by price increases on interest-rate guarantees, combined with maintained administrative income for group defined benefit pensions in the Norwegian operations. Income for SPP's guaranteed pension operations is somewhat lower than in 2012, since many customers have elected to move their assets to non-guaranteed savings plans.
The risk result both for the second quarter of 2013 and for the first six months of the year was weaker than for 2012. The risk result for the Norwegian operations is particularly weak for paid-up policies. This is primarily due to higher life expectancy. Disability insurance results for SPP are somewhat weaker than in previous years due to prior releases of reserves.

Operational cost control is good and cost-saving measures have been implemented in line with the Group costs programme. Costs were 6.5 per cent lower than for 2012, both for the second quarter of 2013 and for the first six months of the year. Net profit sharing is primarily generated in Sweden, since the Group's Norwegian operations must prioritise the build-up of reserves for higher life expectancy, in accordance with the new mortality table. Rising interest rates have had a negative effect on returns for the Group's Swedish operations. Only the active product (P250) and the payment portfolio have achieved positive results. The open portfolio has contributed to the result through profit sharing.

For SPP's defined benefit product the consolidation level is above the threshold that triggers inflationary indexing for the pensions. Accordingly, the result has been positively affected by anticipated indexing fees for the owner.

Balance sheet and market trends

Most pension products providing guaranteed rates of return are now closed to new subscribers, but premium payments from existing customers and accumulated returns have led to a moderate increase in reserves. Group operations in both Norway and Sweden are working actively to inform customers about the consequences of converting to non-guaranteed savings plans.

Funds transferred out of guaranteed pensions amounted to NOK 1.0 billion during the second quarter of 2013, with NOK 8.3 billion being transferred so far this year. The majority of these funds were accounted for by the winding-down of the public sector in Norway. In addition, some customers have opted to move their savings to products with higher anticipated returns.

Premium income for guaranteed pensions was NOK 2.2 billion for the second quarter of 2013 and NOK 6.8 billion so far this year. This amounts to an increase of 2.6 per cent. Customer reserves for guaranteed pensions comprise NOK 259 billion as of the end of June 2013. This represents growth during the past 12 months of 1.8 per cent.

Guaranteed pension - Key figures

	2013		2012		
NOK million	2Q	1Q	4Q	3Q	2Q
Guaranteed reserves	258,654	261,502	259,858	259,671	254,063
Guaranteed reseves in % of total reserves	77.9%	78.8%	80.4%	81.0%	81.4%
Transfer out of guaranteed reserves	998	7,279	1,360	654	420
Buffer capital in % of customer reserves SBL	3.7%	4.1%	4.0%	4.6%	3.9%
Buffer capital in % of customer reserves SPP	13.5%	13.1%	11.9%	11.7%	11.1%

Other

Debt refinancing by Storebrand Life Insurance, restructuring of commercial operations at Storebrand Bank.

Other activities includes results for Storebrand ASA and results for the company's portfolios in Storebrand Life Insurance and SPP. It also includes results relating to commercial lending operations by Storebrand Bank and operations by BenCo and smaller subsidiaries during start-up.

Other result

	2013		2012			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Fee and administration income	94	82	94	100	106	176	213	408
Risk result life & pensions	6	2	5	4	5	9	5	14
Operational cost	-102	-82	-107	-89	-104	-184	-189	-385
Financial result	-70	-9	-26	55	-17	-79	-3	26
Result before profit sharing and loan losses	**-72**	**-7**	**-35**	**71**	**-11**	**-79**	**26**	**63**
Net profit sharing and loan losses	8	-1	3	3	-11	7	-7	-1
Result before amortisation and write-downs	**-64**	**-8**	**-32**	**74**	**-22**	**-71**	**19**	**61**

Fee and administration income was weakened by a reduction in lending to commercial customers. Income fell partly as a result of lower lending volumes, but primarily as a result of lower fees for the establishment and issuing of loans to commercial entities. BenCo showed stable results.

Operating expenses were affected by costs incurred by Storebrand Bank's commercial operations relating to a reduction in staff numbers during the quarter.

The financial results reported under the heading 'Other' include the company portfolios for SPP and the life insurance business area, the financial results for Storebrand ASA, as well as the net results for SPP subsidiaries that are undergoing either start-up or liquidation. The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans is approximately 28 per cent and net interest charges amount to approximately NOK 120 million per quarter at current interest rates. The investments comprise for the most part short-term interest-bearing securities in Norway and Sweden. Low interest rates in Norway and Sweden are contributing to weaker results when compared to the second quarter of 2012. The results are also negatively affected by double net financial expenses as a result of the refinancing of loans by Storebrand Life Insurance.

Balance sheet, solidity and capital adequacy

174 per cent solvency margin in the Life Insurance Group, solid buffers.

Continuous monitoring and active risk management are key to all Group activities. Risk and solidity are followed up at both Group level and for the Group's individual legal entities. In general, compliance with regulatory requirements concerning solidity and risk management is managed for each of the Group's legal entities individually. Accordingly this section addresses each legal entity in turn.

Storebrand ASA

Storebrand ASA held liquid assets of approximately NOK 1.3 billion at the end of the quarter. Liquid assets consist primarily of short-term interest-rate securities with good credit ratings.

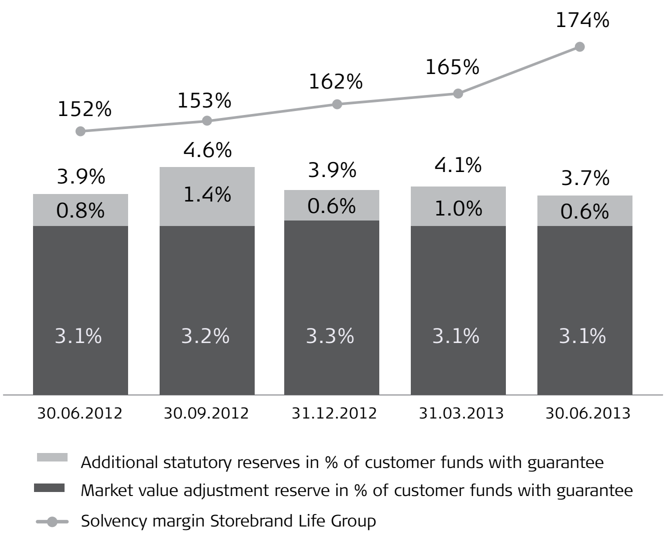
Storebrand ASA's total interest-bearing debt amounted to NOK 3.0 billion at the end of the quarter. The next maturity date for bond debt is in July 2014. Storebrand ASA owned 0.60 per cent (2,716,273) of the company's own shares at the end of the quarter.

Storebrand Life Insurance Group

Storebrand Life Insurance Group's[1)] solvency margin was 174 per cent at the end of the second quarter of 2013. This is an improvement of 9 percentage points since the end of the previous quarter. So far this year, the solvency margin has been boosted by 12 percentage points. Besides the part-year results, the strengthening of the solvency margin is linked primarily to the rise in Swedish long-term interest rates. The Storebrand Life Insurance Group's Swedish insurance liabilities are discounted by a market interest rate that is based on the Swedish solvency rules. Higher interest rates reduce the level of liability.

Solidity capital[2)] amounted to NOK 49.7 billion at the end of June 2013, an increase of NOK 0.2 billion during the quarter and of NOK 2.9 billion during the first six months of the year. This is attributable to factors including higher customer buffers and the results for the year.

Solidity

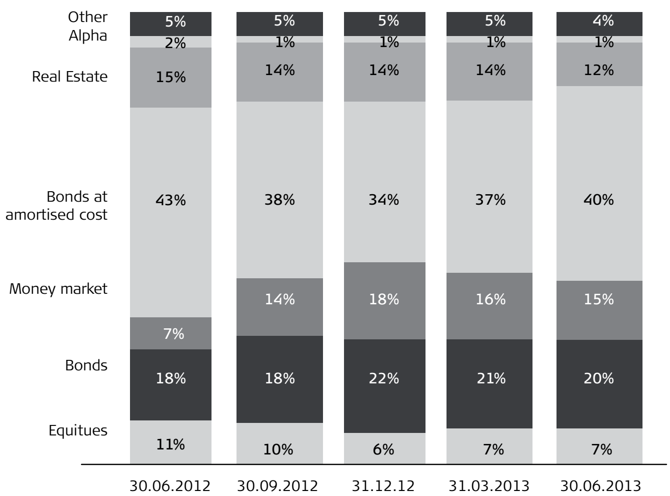


Storebrand Livsforsikring AS

The market value adjustment reserve fell in the second quarter by NOK 0.7 billion and at the end of the quarter amounted to NOK 1.0 billion. This figure is unchanged since year-end 2012. Additional statutory reserves amounted to NOK 5.3 billion at the end of the quarter, having declined by NOK 0.2 billion during the quarter. This decline is attributable primarily to drawings on the reserves as a result of low recorded returns on paid-up policies. The excess value of held-to-maturity bonds that are assessed at amortised cost was reduced by NOK 0.3 billion during the second quarter and amounted to NOK 5.0 billion at the end of the June 2013. The excess value of held-to-maturity bonds is not included in the financial statements. The introduction of the new mortality tables from 2014 requires Storebrand to build up reserves by an estimated NOK 11.5 billion. The Financial Supervisory Authority (FSA) of Norway is allowing for a five-year period to build up reserves starting on 1 January 2014. Total longevity provision as of the second quarter of 2013 amounts to NOK 5 billion (final allocations will take place at the end of the year).

For customer portfolios with guaranteed interest rates, allocations of held-to-maturity bonds increased during the quarter. Allocations to money-market funds, short-term bonds and real estate have declined.

Asset allocation in customer portfolios with interest rate guarantee

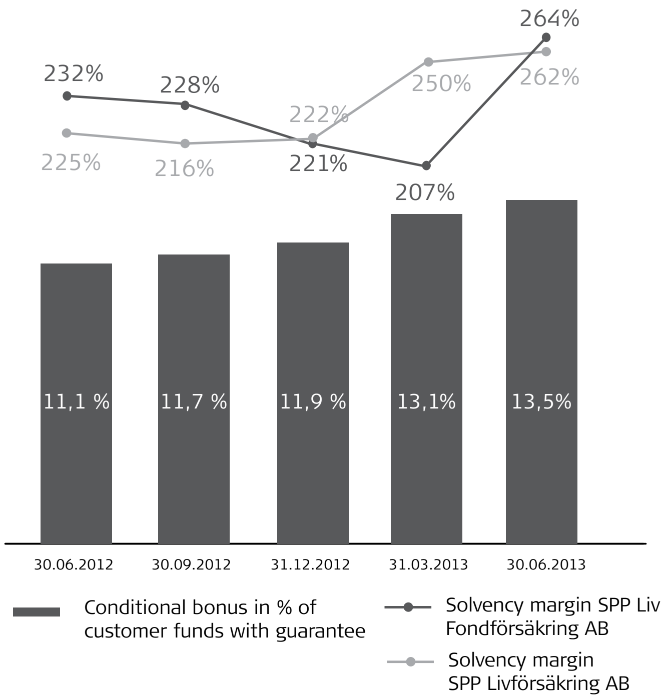


During the quarter, total customer assets increased by NOK 2 billion, of which NOK 1 billion is non-guaranteed, and amounted to NOK 217 billion as of 30 June.

1) Storebrand, SPP and BenCo
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.

SPP

Solidity

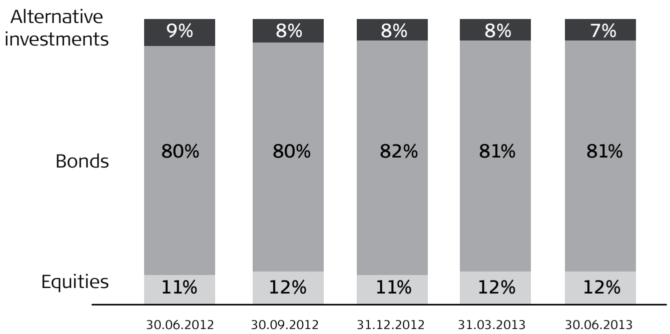


Solvency

At the end of the second quarter of 2013, the solvency margin for SPP Livförsäkring AB was 262 per cent (250 per cent) while the solvency margin for SPP Liv Fondförsäkring AB was 264 per cent (207 per cent). The numbers in brackets show the solvency position Q1 2013. The increase in the solvency margin is attributable to fluctuations in interest rates. Under the Swedish rules for calculating solvency, insurance liabilities are discounted by a market interest rate.

Buffer capital amounted to NOK 9.6 billion and was unchanged from the previous quarter.

Asset allocation in customer portfolios with interest rate guarantee



Total customer assets held by SPP at the end of the second quarter of 2013 amounted to NOK 125 billion, unchanged from the previous quarter. Total assets held in unit linked pensions amounted to NOK 43.4 billion. This is an increase of 5 per cent, compared with the first quarter of 2013. Guaranteed customer assets were reduced by 2 per cent during the quarter.

Storebrand Bank

Gross lending to customers at the end of the second quarter 2013 amounted to NOK 34.9 billion, a reduction of NOK 0.6 billion compared to the end of the first quarter. Lending on the retail market accounted for 69 (67) per cent of the portfolio. There are few customers in default and portfolio losses are low. The volume of non-performing loans was low and in decline during the second quarter, and accounted for 0.6 per cent (0.8 per cent) of gross lending.

The banking group's capital adequacy ratio was 12.9 per cent and the core (tier 1) capital adequacy ratio was 12.2 per cent at the end of the quarter.

Outlook

Earnings performance
Low interest rates are challenging for insurance companies that need to cover an annual guaranteed rate of return, but there are still good investment opportunities in the bond market with expected rates of return above the guaranteed rates. Storebrand is continuously adapting to strengthen its competitiveness and earnings. Accordingly, in the second quarter of 2012, the Board approved a programme to reduce the Group's costs by at least NOK 400 million by the end of 2014. In the long term, the Group's earnings and cash flow will gradually stabilise as it transitions to products for which earnings performance is affected to a lesser extent by market fluctuations. Profitability will also be affected by future changes to the Norwegian regulatory framework for occupational pensions. Growth is still expected in Storebrand's core markets, driven by low unemployment and good salary inflation.

Risk
Storebrand is exposed to several types of risk due to the nature of its business. Trends in interest rates, and the property and equity markets, are deemed to be the most important risk factors that may affect the Group's results. Over time, it is important to be able to deliver returns that exceed the guaranteed interest rates linked to our products. Accordingly, risk management is a priority core area for the Group. In addition, trends in disability and life expectancy are key risks.

Regulatory changes in private occupational pensions
In 2012 and 2013, three reports have been published by the Banking Law Commission, which propose legislative amendments to adapt private occupational pensions to the changes brought about by the National Insurance reforms. The most important changes are:

- The opportunity for voluntary conversion of paid-up policies to pension plans with individual investment choice.
- New defined contribution occupational pension products based on the same principles as National Insurance, with the all-years accrual principle and longevity adjustment. The proposed products would permit contributions of up to 26 per cent of salary.
- Higher contribution rates for defined contribution pensions in line with the new occupational pension products.
- It is proposed that defined benefit pensions that have already accrued may be continued under the new occupational pension arrangements.
- Paid up policies are converted to pension certificates. The defined end benefit is still guaranteed, but management of the policy will be under the new regulations.
- New pension accrual will generally take place in defined contribution products. However, employees who were born in or before 1962 will be permitted to continue with their defined benefit pensions.

The measures proposed in the Commission's reports will not, however, resolve the challenges for paid-up policies under Solvency II as described in NOU 2012:3. The Commission's reports have now been through the necessary public hearings and the next step is for the Ministry of Finance to put legislative proposals before parliament. A letter from the ministry to the Financial Supervisory Authority of Norway, dated 28 June 2013, states that the ministry is intending to complete work on drafting the legislation, which will cover new pension products and possibly transitional arrangements, during the course of 2014. This involves postponement of the schedule previously communicated by the ministry, which anticipated putting legislative proposals before parliament in the course of 2013.

Solvency II
Solvency II is a set of rules covering solvency that will apply to all insurance companies within the EU and EEA. The rules were due to take effect from 1 January 2014. Due to major delays, however, implementation seems likely to be postponed at least until 1 January 2016. Storebrand is working actively to adapt to the new solvency regulations and aim to adapt to the new regulatory framework without raising additional equity capital.

Future reserves against anticipated higher life expectancy
In its letter dated 8 March, the Financial Supervisory Authority of Norway determined that a new mortality table (K2013) would apply to group pension insurance in life insurance companies and pension funds with effect from 2014. 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 2011 and 2012 to put into future reserves for longevity. Additionally, NOK 0.7 billion have been set aside year to date. The Banking Law Commission has proposed regulatory changes to allow for additional statutory reserves to be used in connection with the reservation for longevity. The Norwegian FSA supported this proposal, and the proposal is now being considered by the Ministry of Finance. For accounting purposes, future expected cover by the owner is treated as a reduction in expected future profits. Accordingly, no special provision has been made in this respect. It remains to clarify the final assumptions relating to the build-up of reserves and transfers to the new occupational pensions, as well as the reserves that will apply in connection with transfers when the new tariff enters into force on 1 January 2014.

Lysaker, 11 July 2013

Storebrand Group

PROFIT AND LOSS ACCOUNT

		2Q		1.1 - 30.06		Full year
Million NOK	Note	2013	2012	2013	2012	2012
Net premium income		5,859	5,783	17,095	14,441	27,822
Net interest income - banking activities	10	139	123	268	236	490
Net income from financial assets and real estate for the company:						
- equities and other units at fair value	11	-1	1	3		
- bonds and other fixed-income securities at fair value	11	97	125	209	324	658
- financial derivatives at fair value	11	9	8	-3	16	9
- net income from bonds at amortised cost	11	19	20	36	52	101
- net income from real estate		14		20	9	33
- result from investments in associated companies		4	-1	11	-3	-3
Net income from financial assets and real estate for the customers:						
- equities and other units at fair value	11	1,732	-1,720	7,017	3,389	6,487
- bonds and other fixed-income securities at fair value	11	626	2,543	1,410	4,128	9,351
- financial derivatives at fair value	11	-3,002	-1,295	-4,098	-1,298	772
- net income from bonds at amortised cost	11	916	1,002	1,728	1,426	3,712
- net interest income lending		32	24	68	55	111
- net income from real estate		338	50	441	252	679
- result from investments in associated companies		10	23	15	18	48
Other income		703	514	1,221	1,030	2,207
Total income		**7,495**	**7,201**	**25,442**	**24,074**	**52,479**
Insurance claims for own account		-6,080	-5,060	-18,248	-11,513	-22,870
Change in insurance liabilities		-344	-2,038	-3,343	-7,296	-20,066
To/from buffer capital		607	1,414	-459	-1,951	-2,675
Losses from lending/reversal of previous losses		13	-6	11		8
Operating costs	12	-950	-944	-1,885	-1,863	-4,003
Other costs incl. currency bank		-44	-58	-111	-95	-233
Interest expenses		-179	-165	-335	-344	-680
Total costs before amortisation and write-downs		**-6,977**	**-6,855**	**-24,372**	**-23,061**	**-50,519**
Profit before amortisation and write-downs		**518**	**346**	**1,070**	**1,012**	**1,960**
Amortisation and write-downs of intangible assets		-106	-96	-211	-192	-401
Group pre-tax profit		**412**	**249**	**859**	**821**	**1,559**
Tax cost	3	124	-110	36	-158	-550
Result after tax sold/wound up business		-2	-2	-2	-2	3
Profit/loss for the year		**535**	**137**	**892**	**661**	**1,012**
Profit/loss for the year due to:						
Majority's share of profit		533	136	889	658	1,006
Minority's share of profit		2	1	3	3	6
Total		**535**	**137**	**892**	**661**	**1,012**
Earnings per ordinary share (NOK)		1.19	0.30	1.99	1.47	2.25
Average number of shares as basis for calculation (million)				447.0	446.6	446.7
There is no dilution of the shares						

Storebrand Group

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	2Q		1.1 - 30.06		Full year
Million NOK	2013	2012	2013	2012	2012
Profit/loss for the year	535	137	892	661	1,012
Other result elements					
Change in pension experience adjustments	1	-8	10	-26	443
Adjustment of value of properties for own use	9	34	38	40	89
Translation differences	73	27	460	-63	-103
Gains/losses available-for-sale bonds		15		2	
Total comprehensive income elements allocated to customers	-9	-49	-38	-42	-89
Tax on other result elements	-1				-142
Total other result elements	**74**	**20**	**470**	**-89**	**198**
Total comprehensive income	**609**	**157**	**1,362**	**572**	**1,210**
Total comprehensive income due to:					
Majority's share of total comprehensive income	604	155	1,353	571	1,207
Minority's share of total comprehensive income	4	1	9	1	3
Total	**609**	**157**	**1,362**	**572**	**1,210**

Storebrand Group

STATEMENT OF FINANCIAL POSITION

NOK mill.	Note	30.6.13	31.12.12
Assets company portfolio			
Deferred tax assets		42	38
Intangible assets		6,225	6,102
Pension assets		152	152
Tangible fixed assets		133	144
Investments in associated companies		199	121
Receivables from associated companies			69
Financial assets at amortised cost:			
- Bonds		2,550	2,146
- Bonds held to maturity		245	222
- Lending to financial institutions		485	255
- Lending to customers	16	34,798	35,306
Reinsurers' share of technical reserves		135	155
Real estate at fair value	14	1,041	1,208
Real estate for own use	14	59	58
Biological assets		64	64
Accounts receivable and other short-term receivables		1,520	2,172
Financial assets at fair value:			
- Equities and other units	13	77	53
- Bonds and other fixed-income securities	13	22,219	21,496
- Derivatives	13	901	1,313
Bank deposits		4,124	3,297
Total assets company		**74,969**	**74,372**
Assets customer portfolio			
Tangible fixed assets		331	303
Investments in associated companies		18	115
Receivables from associated companies		181	596
Financial assets at amortised cost:			
- Bonds		61,084	54,557
- Bonds held to maturity		11,575	10,496
- Lending to customers	16	3,907	3,842
Real estate at fair value	14	23,760	27,515
Real estate for own use	14	2,303	2,173
Biological assets		582	535
Accounts receivable and other short-term receivables		3,038	2,699
Financial assets at fair value:			
- Equities and other units	13	82,142	72,166
- Bonds and other fixed-income securities	13	164,418	164,208
- Derivatives	13	526	2,745
Bank deposits		4,251	3,859
Total assets customers		**358,117**	**345,810**
Total assets		**433,086**	**420,182**

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Storebrand Group

STATEMENT OF FINANCIAL POSITION CONTINUE

Million NOK	Note	30.06.13	31.12.12
Equity and liabilities			
Paid in capital		11,720	11,718
Retained earnings		9,473	8,119
Minority interests		108	98
Total equity		**21,301**	**19,936**
Subordinated loan capital	15	7,090	7,075
Buffer capital	19	18,838	18,037
Insurance liabilities		334,039	324,089
Pension liabilities		1,239	1,239
Deferred tax		695	721
Financial liabilities:			
- Liabilities to financial institutions	15	1,008	2,499
- Deposits from banking customers	17	21,603	19,860
- Securities issued	15	17,017	18,033
- Derivatives company portfolio		701	632
- Derivatives customer portfolio		3,158	725
Other current liabilities		6,388	7,327
Liabilities sold/liquidated business		9	10
Total liabilities		**411,785**	**400,247**
Total equity and liabilities		**433,086**	**420,182**

Storebrand Group

RECONCILIATION OF GROUP'S EQUITY

	Majority's share of equity									
	Paid in capital				Retained earnings					
Million NOK	Share capital[1)]	Own shares	Share premium reserve	Total paid in equity	Pension experience adjustments	Re-statement differences	Other equity[2)]	Total retained earnings	Minority interests	Total equity
Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-748**	**216**	**7,460**	**6,929**	**132**	**18,777**
Profit for the period							1,006	1,006	6	1,012
Change in pension experience adjustments					301			301		301
Translation differences						-100		-100	-3	-103
Total other result elements					**301**	**-100**		**200**	**-3**	**197**
Total comprehensive income for the period					**301**	**-100**	**1,006**	**1,206**	**3**	**1,210**
Equity transactions with owners:										
Own shares		2		2			22	22		24
Share issue									-26	-26
Purchase of minority interests							-6	-6	-11	-17
Other							-32	-32	-1	-32
Equity at 31 December 2012	**2,250**	**-16**	**9,485**	**11,718**	**-447**	**116**	**8,451**	**8,119**	**98**	**19,936**
Profit for the period							889	889	3	892
Change in pension experience adjustments					10			10		10
Translation differences						454		454	6	460
Total other result elements					**10**	**454**		**464**	**6**	**470**
Total comprehensive income for the period					**10**	**454**	**889**	**1,353**	**9**	**1,362**
Equity transactions with owners:										
Own shares		2		2			24	24		26
Purchase of minority interests							-5	-5		-5
Other					-1		-18	-19	1	-18
Equity at 30 June 2013	**2,250**	**-14**	**9,485**	**11,720**	**-438**	**570**	**9,341**	**9,473**	**108**	**21,301**

1) 449,909,891 shares with a nominal value of NOK 5.
2) Includes undistributable funds in the risk equalisation fund amounting to NOK 677 million and security reserves amounting NOK 281 million.
The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. The risk equalisation reserve and contingency reserves are not considered liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences

Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-748**	**216**	**7,460**	**6,929**	**132**	**18,777**
Profit for the period							658	658	3	661
Change in pension experience adjustments					-26			-26		-26
Translation differences						-61		-61	-2	-63
Total other result elements					**-26**	**-61**		**-87**	**-2**	**-89**
Total comprehensive income for the period					**-26**	**-61**	**658**	**571**	**1**	**572**
Equity transactions with owners:										
Own shares		2		2			22	22		24
Provision for dividend									-8	-8
Purchase of minority interests							-4	-4		-4
Other							-27	-27		-28
Equity at 30 June 2012	**2,250**	**-16**	**9,485**	**11,718**	**-773**	**155**	**8,110**	**7,491**	**125**	**19,335**

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

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

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

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

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

For further information on the Group's fulfilment of the capital requirements, see note 20.

Storebrand Group

CASH FLOW ANALYSIS

Million NOK	1.1 - 30.06 2013	2012
Cash flow from operational activities		
Net receipts - insurance	12,184	10,483
Net payments compensation and insurance benefits	-9,666	-7,942
Net receipts/payments - transfers	-5,028	-1,683
Receipts - interest, commission and fees from customers	811	815
Payments - interest, commission and fees to customers	-276	-268
Payment of income tax	-5	-5
Payments relating to operations	-1,583	-1,575
Net receipts/payments - other operational activities	250	-887
Net cash flow from operations before financial assets and banking customers	**-3,313**	**-1,062**
Net receipts/payments - lending to customers	423	-690
Net receipts/payments - deposits bank customers	1,976	1,545
Net receipts/payments - mutual funds	500	2,662
Net receipts/payments - real estate investments	4,496	580
Net change in bank deposits insurance customers	-393	-1,882
Net cash flow from financial assets and banking customers	**7,001**	**2,215**
Net cash flow from operational activities	**3,688**	**1,153**
Cash flow from investment activities		
Net receipts/payments - sale/purchase of property and fixed assets	-5	-11
Net receits/payments - sale/purchase of fixed assets	-95	-98
Net receits/payments - sale/purchase of associated companies and joint ventures	580	-100
Net cash flow from investment activities	**480**	**-209**
Cash flow from financing activities		
Payments - repayments of loans	-1,442	-885
Receipts - new loans	500	3,595
Payments - interest on loans	-286	-387
Receipts - subordinated loan capital	2,371	149
Payments - repayment of subordinated loan capital	-2,366	-250
Payments - interest on subordinated loan capital	-408	-444
Net receipts/payments - deposits from Norges Bank and other financial institutions	-1,490	-3,269
Receipts - issuing of share capital	9	11
Net cash flow from financing activities	**-3,111**	**-1,480**
Net cash flow for the period	**1,056**	**-536**
- of which net cash flow in the period before financial assets and banking customers	-5,945	-2,750
Net movement in cash and cash equivalents	1,057	-536
Cash and cash equivalents at start of the period	3,552	4,192
Currency translation differences		-1
Cash and cash equivalents at the end of the period [1)]	**4,609**	**3,656**

1) Consist of:		
Lending to financial institutions	485	214
Bank deposits	4,124	3,443
Total	**4,609**	**3,656**

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

Operational activities

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

Investment activities

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

Financing activities

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

Cash/cash equivalents

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

Notes to the interim accounts Storebrand Group

NOTE 1: ACCOUNTING POLICIES

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

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

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2012 annual report.

NOTE 2: ESTIMATES

Critical accounting estimates and judgements are described in the annual accounts for 2012 in note 2 and the valuation of financial instruments at fair value is described in note 11.

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

In a letter of 8 March, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. The new mortality basis will significantly increase the need for reserves due to the higher expected life expectancy. An escalation period will be permitted, which should not exceed five years from the start in 2014 in the opinion of the Financial Supervisory Authority of Norway. The details of the transitional rules are still unclear at present. However, it looks like the use of customer surpluses to cover the increased provisions combined with minimum cover 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 30 June 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 annual report.

NOTE 3: TAX

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

In the first six months, tax-free transactions have been carried out (cf. note 14) where previously allocations have been made for deferred tax. Reversing of this deferred tax (amounts to about NOK 245 million) has been taken into account in its entirety during the first half-year.

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

NOTE 4: INFORMATION ABOUT CLOSE PARTIES

Storebrand conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and close parties are stipulated in notes 24 and 55 in the 2012 annual report.

Storebrand had not carried out any material transactions other than normal business transactions with close associates at the close of 2Q.

NOTE 5: SHARES TO EMPLOYEES

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

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

NOTE 6: FINANCIAL MARKET RISK

Financial risk is described in the 2012 annual report in notes 2 (Critical accounting estimates and judgements), 3 (Risk management and internal control), 7 (Financial market risk), 8 (Liquidity risk) and 9 (Credit risk).

For the Norwegian activities, the company's return on the guaranteed customer portfolio is the greatest risk. The return was very good through the first five months, but a weak stock market and rising interest rates have given poor returns in June. For the first half-year, total return has been roughly in line with accrued guarantee, aided by the return on interest portfolio at amortised cost which provide a return that is unaffected by the rate increase.

The Swedish company's activities have had their solvency strengthened as a result of the large increase in Swedish interest rates. In Norway, the higher interest rates are positive for risk in the long term because it will make it easier to reach the guaranteed return.

In Norway, the equity share has increased somewhat over the first six months for the paid-up policy portfolio, but the share exposure is still at a low level. In Sweden, there have been small changes in investment allocations.

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, 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 7: PENSION SCHEMES FOR OWN EMPLOYEES

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

The K2005 mortality table provides the basis for calculating the pension liabilities for the Norwegian companies. In a letter of 8 March 2013, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance effective from 2014. The new mortality basis K2013 must be implemented when calculating pension liabilities and will entail an increase in the pension liabilities in accordance with IAS19. 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 30/06/2013.

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 30/06/2013.

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.

Notes to the interim accounts Storebrand Group

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 30/06/2013.

Storebrand has been granted a transitional arrangement (including service time) for those born between 1944 and 1955, so that previous years 'count' with respect to measurements of the length of service. This means that Storebrand is awarded a one-time premium for this group of employees when taking out a contractual pension. Single premiums are covered by provisions for early retirement, since this group of employees are able to choose to take early retirement or use the current operating pension from 65 to 67.

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 has not entailed 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 8: SEGMENTS - RESULT BY BUSINESS AREA

During the second quarter of 2013, Storebrand changed its corporate organization to include the business areas Savings, Insurance and Guaranteed Pension. These business areas will be main lines for financial reporting by segment as of the second quarter 2013. In addition, reporting by segment will contain Other as described below.

The figures for previous periods have been restated.

Savings
Consists of products that include long-term saving for retirement with no explicit interest rate guarantees. The area includes defined contribution pensions in Norway and Sweden, asset management and bank products to private individuals.

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

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

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

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

Notes to the interim accounts Storebrand Group

NOK million	2Q 2013	2Q 2012	1.1 - 30.06 2013	1.1 - 30.06 2012	Year 2012
Savings	141	81	227	140	288
Insurance	132	113	206	223	417
Guaranteed pension	310	174	709	630	1,193
Other	-64	-22	-71	19	61
Group result	**518**	**346**	**1,070**	**1,012**	**1,959**
Write-downs and amortization of intangible assets	-106	-96	-211	-192	-401
Group pre-tax profit	**412**	**249**	**859**	**821**	**1,558**

Segment information as of 2Q

	Savings		Insurance		Guaranteed pension	
NOK million	30.06.13	30.06.12	30.06.13	30.06.12	30.06.13	30.06.12
Fee and administation income	461	417			522	476
Risk result life & pensions	4	3			32	71
Insurance premiums f.o.a			665	600		
Claims f.o.a			-448	-408		
Operational cost	-320	-334	-120	-107	-295	-316
Financial result			34	28		
Result before profit sharing and loan losses	**145**	**86**	**132**	**113**	**258**	**231**
Net profit sharing and loan losses	-5	-5			52	-57
Group result before amortization	**141**	**81**	**132**	**113**	**310**	**174**
Write-downs and amortization of intangible assets [1)]						
Group pre-tax profit	**141**	**81**	**132**	**113**	**310**	**174**

	Other		Storebrand Group	
NOK million	30.06.13	30.06.12	30.06.13	30.06.12
Fee and administation income	94	106	1,077	999
Risk result life & pensions	6	5	42	79
Insurance premiums f.o.a			665	600
Claims f.o.a			-448	-408
Operational cost	-102	-104	-837	-861
Financial result	-70	-17	-36	11
Result before profit sharing and loan losses	**-72**	**-11**	**463**	**419**
Net profit sharing and loan losses	8	-11	55	-73
Group result before amortization	**-64**	**-22**	**518**	**346**
Write-downs and amortization of intangible assets [1)]			-106	-96
Group pre-tax profit	**-64**	**-22**	**412**	**249**

Notes to the interim accounts Storebrand Group

Segment information as of 01.01 - 30.06

	Savings		Insurance		Guaranteed pension	
NOK million	30.06.13	30.06.12	30.06.13	30.06.12	30.06.13	30.06.12
Fee and administation income	909	807			1,037	942
Risk result life & pensions	4				92	161
Insurance premiums f.o.a			1,382	1,199		
Claims f.o.a			-1,004	-804		
Operational cost	-657	-656	-238	-215	-591	-632
Financial result			66	43		
Result before profit sharing and loan losses	**256**	**151**	**206**	**223**	**538**	**471**
Net profit sharing and loan losses	-29	-11	0	0	171	159
Group result before amortization	**227**	**140**	**206**	**223**	**709**	**630**
Write-downs and amortization of intangible assets [1)]						
Group pre-tax profit	**227**	**140**	**206**	**223**	**709**	**630**
Assets	100,047	82,662	5,505	3,899	270,968	267,380
Liabilities	86,969	72,193	4,954	3,379	263,424	260,065

	Other		Storebrand Group	
NOK million	30.06.13	30.06.12	30.06.13	30.06.12
Fee and administation income	176	213	2,122	1,962
Risk result life & pensions	9	5	105	166
Insurance premiums f.o.a			1,382	1,199
Claims f.o.a			-1,004	-804
Operational cost	-184	-189	-1,671	-1,692
Financial result	-79	-3	-13	40
Result before profit sharing and loan losses	**-79**	**26**	**921**	**871**
Net profit sharing and loan losses	7	-7	150	141
Group result before amortization	**-71**	**19**	**1,070**	**1,012**
Write-downs and amortization of intangible assets [1)]			-211	-192
Group pre-tax profit	**-71**	**19**	**859**	**821**
Assets	56,566	58,961	433,086	412,902
Liabilities	56,438	57,931	411,785	393,568

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

Notes to the interim accounts Storebrand Group

NOTE 9: KEY FIGURES BY BUSINESS AREA

NOK million	2Q 2013	1Q 2013	4Q 2012	3Q 2012	2Q 2012	1Q 2012	4Q 2011	3Q 2011
Group								
Earnings per ordinary share [1]	1.99	0.80	2.25	2.10	1.47	1.17	1.51	1.47
Equity	21,301	20,696	19,936	19,706	19,335	19,202	18,777	18,555
Savings								
Premium income Unit Linked [5]	2,768	2,318	2,480	2,121	2,439	1,919	1,770	1,834
Unit Linked reserves	73,542	70,458	63,387	61,007	57,897	56,954	53,262	49,325
AuM asset management	455,701	453,830	442,162	438,878	423,872	425,816	413,950	405,215
Retail lending	24,036	23,922	23,734	23,256	22,910	22,444	22,289	22,029
Insurance								
Total written premiums	3,080	3,001	2,933	2,851	2,732	2,698	2,593	2,568
Claims ratio [5]	67%	78%	81%	66%	68%	66%	71%	71%
Cost ratio [5]	18%	17%	18%	22%	18%	18%	18%	18%
Combined ratio [5]	86%	94%	99%	88%	86%	84%	89%	89%
Guaranteed pension								
Guaranteed reserves	258,654	261,502	259,858	259,671	254,063	252,862	250,945	247,363
Guaranteed reseves in % of total reserves	77.9%	78.8%	80.4%	81.0%	81.4%	81.6%	82.5%	83.4%
Transfer out of guaranteed reserves [5]	998	7,279	1,360	654	420	1,640	897	1,080
Buffer capital in % of customer reserves SBL [2]	3.7%	4.1%	4.0%	4.6%	3.9%	4.4%	3.3%	3.0%
Buffer capital in % of customer reserves SPP [3]	13.5%	13.1%	11.9%	11.7%	11.1%	11.8%	10.0%	8.1%
Solidity								
Capital adequacy Storebrand Group	13.1%	12.8%	11.7%	11.5%	11.9%	14.3%	13.9%	14.0%
Solidity capital (Storebrand Life Group) [4]	49,718	49,513	46,860	48,938	43,210	43,687	40,109	40,326
Capital adequacy (Storebrand Life Group)	13.7%	13.5%	12.2%	11.9%	11.7%	14.2%	13.8%	14.6%
Solvency margin (Storebrand Life Group)	174%	165%	162%	153%	152%	163%	161%	165%
Solvency margin (SPP Life Insurance AB)	262%	250%	222%	216%	225%	226%	169%	166%
Capital adequacy Storebrand Bank	12.9%	11.9%	11.8%	12.0%	12.7%	13.9%	13.3%	13.3%
Core Capital adequacy Stobrand Bank	12.2%	11.2%	11.2%	10.7%	11.3%	11.6%	11.4%	10.9%

1) Accumulated
2) ASR + MVAR
3) Conditional bonuses
4) Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, unrealised gains, bonds at amortised cost, additional statutory reserves, conditional bonus and accrued profit.
5) Quarterly figures

NOTE 10: NET INTEREST INCOME - BANKING

	2Q		1.1 - 30.06		Year
NOK million	2013	2012	2013	2012	2012
Total interest income	392	386	771	785	1,553
Total interest costs	-254	-263	-503	-550	-1,063
Net interest income	**139**	**123**	**268**	**236**	**490**

NOTE 11: NET INCOME ANALYSED BY CLASS OF FINANCIAL INSTRUMENTS

NOK million	Dividend/ interest income	Net gain/ losses on disposals	Net un-realised gains/ losses	2Q 2013	2Q 2012	1.1 - 30.06 2013	1.1 - 30.06 2012	Year 2012
Net income from equities and units	289	1,170	272	1,731	-1,719	7,020	3,388	6,488
Net income from bonds, bond funds and other fixed-income securities	907	1,174	-1,357	723	2,668	1,618	4,452	10,009
Net income from financial derivatives, FVO	81	-1,437	-1,637	-2,993	-1,288	-4,100	-1,282	781
Net income and gains from financial instruments at fair value	**1,277**	**907**	**-2,723**	**-539**	**-338**	**4,538**	**6,558**	**17,278**
Net income from bonds at amortised cost	**893**	**42**		**935**	**1,022**	**1,764**	**1,478**	**3,814**

NOTE 12: OPERATING COSTS

NOK million	2Q 2013	2Q 2012	1.1 - 30.06 2013	1.1 - 30.06 2012	Year 2012
Personnel costs	-635	-553	-1,172	-1,076	-2,385
Amortisation	-33	-31	-65	-63	-118
Other operating costs	-282	-360	-648	-723	-1,500
Total operating costs	**-950**	**-944**	**-1,885**	**-1,863**	**-4,003**

NOTE 13: VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE 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 39 in the 2012 annual report.

External appraisals
A methodical approach is taken to a selection of properties that are to be appraised each quarter so that all properties are appraised at least every three years. In SPP appraisals are obtained for all of the wholly owned property investments.

Notes to the interim accounts Storebrand Group

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	30.6.13	31.12.12
Assets:					
Equities and units					
- Equities	13,075	369	3,128	16,572	12,771
- Fund units	149	56,644	1,142	57,935	51,922
- Private equity fund investments		356	5,976	6,332	6,090
- Hedge fund			39	39	50
- Real estate fund			1,342	1,342	1,387
Total equities and units	**13,223**	**57,369**	**11,626**	**82,219**	
Total equities and units 2012	9,305	51,661	11,253	0	72,220
Lending to customers [1]			**1,344**	**1,344**	
Lending to customers 2012 [1]		1,241			1,241
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	23,459	24,066		47,525	51,879
- Credit bonds		24,867	1,620	26,487	26,721
- Mortage and asset backed securities		45,547		45,547	43,780
- Supranational organisations	27	4,669		4,697	3,757
- Bond funds		62,382		62,382	59,568
Total bonds and other fixed-income securities	**23,486**	**161,531**	**1,620**	**186,637**	
Total bonds and other fixed-income securities 2012	25,388	159,083	1,233		185,704
Derivatives:					
- Interest derivatives		-1,179		-1,179	2,106
- Currency derivatives		-1,253		-1,253	594
Total derivatives		**-2,433**		**-2,433**	
- of which derivatives with a positive market value		1,427		1,427	4,057
- of which derivatives with a negative market value		-3,860		-3,860	-1,356
Total derivatives 2012		2,701			2,701
Real Estate:					
Investment properties			24,801	24,801	28,723
Owner-occupied properties			2,363	2,363	2,231
Total real estate			**27,164**	**27,164**	
Total real estate 2012			30,954		30,954
Liabilities:					
Liabilities to financial institutions[1]		997		997	1,986
Liabilities 2012[1]		1,986			1,986

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

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	19	146

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.

Notes to the interim accounts Storebrand Group

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

NOK million	Equities	Fund units	Private equity fund	Hedge fund	Indirect real estate fund	Lending to customers	Credit bonds	Investment properties	Owner-occupied properties
Book value 01.01	**3,116**	**1,334**	**5,406**	**25**	**1,372**		**1,233**	**28,723**	**2,231**
Net gains/losses on financial instruments	-72	-1,198	583	16	-31		81	-248	58
Supply	533	2,655	385				577	183	41
Sales	-537	-1,698	-444	-13			-376	-3,918	-16
Transferred to/from non-observable assumptions to/from observable assumptions	8	14	12	12		1,344	79		
Translation differences	80	36	35				26	62	48
Book value 30.06.13	**3,128**	**1,142**	**5,976**	**39**	**1,342**	**1,344**	**1,620**	**24,801**	**2,363**

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

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

NOTE 14: REAL ESTATE

Type of real estate

NOK million	30.06.13	31.12.12	Required rate of return % [2] 30.06.13	Required rate of return % [2] 31.12.12	30.6.13 Duration of lease (years)	30.6.13 m2	30.6.13 Leased amount in % [1]
Office buildings (including parking and storage):							
Oslo-Vika/Filipstad Brygge	6,232	6,205	7,52-8,75	7,35-8,95	7	140,900	94
Rest of Greater Oslo	7,945	8,168	7,95-9,44	7,70-9,70	6	469,733	93
Rest of Norway	2,499	2,459	8,21-9,50	8,07-9,70	8	179,535	97
Office buildings in Sweden	760	729	7,00 -9,00	7,00 -9,00	14	36,523	100
Shopping centres (including parking and storage)							
Rest of Greater Oslo	1,072	1,151	8,42-9,10	8,82-9,20	18	66,519	100
Rest of Norway	5,208	8,952	7,80-10,41	7,60-9,61	7	183,120	90
Other real estate:							
Multi-storey car parks in Oslo	662	650	7.95	7.95	3	27,393	100
Cultural/conference centres in Sweden	374	359	7,00-9,00	7,00 -9,00	16	18,690	100
Other real estate	50	50					
Total investment real estate	**24,801**	**28,723**				**1,122,413**	
Real estate for own use	2,363	2,231			6 -9	70,624	95
Total real estate	**27,164**	**30,954**				**1,193,037**	

[1] The leased amount is calculated in relation to floor space.
[2] The real estate are valued on the bsis of the following effective required rate of return (including 2.5 per cent inflation):

The real estate are valued individually on the basis of the estimated income and costs associated with the completion/sale of the projects.

Transactions:

Purchases: There has not been agreed further purchases in Storebrand/SPP in addition to the figure that has been finalised and included in the financial statements as at 30 June 2013
Sales: Properties amounting to about NOK 3.9 billion were sold in Storebrand in Q2 2013 by sale of shares in real estate
Net unrealised and realised gain/loss first half-year amount to a net loss of about NOK 200 million.

Notes to the interim accounts Storebrand Group

NOTE 15: LIQUIDITY RISK

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	114
Storebrand Bank ASA	168	NOK	Variable	2014	169
Storebrand Bank ASA	150	NOK	Variable	2018	150
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,262
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,701
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,041
Dated subordinated loan capital					
Storebrand Bank ASA	150	NOK	Variable	2017	151
Total subordinated loans and hybrid tier 1 capital 30.06.13					**7,090**
Total subordinated loans and hybrid tier 1 capital 31.12.12					7,075

Specification of liabilities to financial institutions

	Book value	
NOK million	30.6.13	31.12.12
Maturity		
2013	11	512
2014	997	990
2015		997
Total liabilities to financial institutions	**1,008**	**2,499**

Specification of securities issued

	Book value	
NOK million	30.6.13	31.12.12
Call date		
2013	264	1,287
2014	3,109	3,375
2015	3,017	3,263
2016	3,875	3,374
2017	4,521	4,523
2018	500	500
2019	1,731	1,710
Total securities issued	**17,017**	**18,033**

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

Notes to the interim accounts Storebrand Group

NOTE 16: LEANDING

NOK million	30.6.13	31.12.12
Corporate market	14,785	15,517
Retail market	24,036	23,775
Gross lending	**38,821**	**39,292**
Write-down of lending losses	-116	-144
Net lending	**38,705**	**39,148**

Non-performing and loss-exposed loans

NOK million	30.6.13	31.12.12
Non-performing and loss-exposed loans without identified impairment	130	185
Non-performing and loss-exposed loans with identified impairment	93	115
Gross non-performing loans	**223**	**300**
Individual write-downs	-71	-105
Net non-performing loans	**152**	**195**

NOTE 17: DEPOSITS FROM BANKING CUSTOMERS

NOK million	30.6.13	31.12.12
Corporate market	9,072	7,549
Retail market	12,531	12,311
Total	**21,603**	**19,860**

NOTE 18: CONTINGENT LIABILITIES

NOK million	30.6.13	31.12.12
Guarantees	255	226
Unused credit limit lending	5,431	5,250
Uncalled residual liabilities re limited partnership	3,687	5,317
Other liabilities/lending commitments	469	796
Total contingent liabilities	**9,842**	**11,589**

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

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

Svenskt Näringsliv

SPP Livförsäkring AB (SPP), a wholly owned subsidiary of Storebrand Holding AB, which in turn is 100% owned by Storebrand Livsforsikring AS, is being sued under a writ of summons dated 16 June 2010, by Svenskt Näringsliv (Confederation of Swedish Enterprise) et al. with a demand for compensation in the amount of approximately SEK 3.7 million plus interest and costs. The allegation is that SPP is obliged to pay supplementary pensions (värde-säkringsbelopp) pursuant to the provisions in the so-called "ITP Plan", and "associated agreements", as well as the Alecta Pension Insurance Board resolution on such index regulation. The plaintiffs also allege that SPP is obliged to index-regulate paid-up policies (fribrevsuppräkna) for the period 2003 – 2006 in accordance with what Alecta has done (but which SPP has not done).

The Stockholm District Court ruled in the case on 9 March 2012. SPP was acquitted and awarded costs of SEK 10.4 million plus interest from the date of judgement until payment is made. The Confederation of Swedish Enterprise et al. appealed the judgement on 29 March 2012 to the Svea Court of Appeals. The Svea Court of Appeals handed down its judgement on 27 June 2013. The appeal was disallowed and SPP was awarded costs for processing in the Court of Appeals of SEK 3.2 million plus interest from the date of judgement until payment is made. Both verdicts were unanimous. The Confederation of Swedish Enterprise has four weeks in which to consider a possible appeal to the Supreme Court.

The case focuses on questions of principle that are important beyond the case in question, and it is assumed that a final negative outcome for SSP could have a significant economic effect on the portfolio. Based on an overall assessment of the case, including the judgement handed down so far and based on external legal reviews, it is regarded as very unlikely that the judgement will be in favour of the appellants. Therefore, no provisions have been made relating to this lawsuit.

Kaupting Bank

Storebrand Luxembourg SA (Storebrand) is being sued by the bankruptcy estate of Kaupthing Bank HF with a demand for payment of USD 11,812,109 plus interest and costs. Storebrand received the writ of summons on 25 June 2012. The claim is primarily against Guy Butler Ltd., secondarily against RBC Europe Limited, and thereafter against Storebrand. The case pertains to a sale of bonds with a nominal value of USD 11,000,000 issued by Kaupthing Bank HF (US48632FAC59), which was performed by Storebrand Active Credit Fund in eptember 2008. The complainant submits that Kaupthing Bank HF was the real or final buyer of the bonds and that this is therefore a case of forced repayment of a debt that can be reversed. It is assumed that the case will be subject to a legal substantive discussion in the fourth quarter 2013. No provisions have been made relating to this lawsuit.

Equity index bonds

An external legal assessment has been obtained with respect to Supreme Court judgements relating to structured products, and possibly the extent of the judgement, to determine the significance for Storebrand Bank's complaints now under consideration by the Norwegian Financial Services Complaints Board and complaints directly from customers

No concrete errors or defective performances of such significance have been discovered that they are believed to have had a decisive influence on the investors' investment decisions.

NOTE 19: BUFFER CAPITAL

NOK million	30.6.13	31.12.12
Additional statutory reserves	5,280	5,746
Market adjusment reserves	1,028	1,027
Conditional bonuses	12,531	11,264
Total	**18,838**	**18,037**

The excess value of held-to-maturity bonds valued at amortised cost totalled NOK 4 999 million at the end of the 2nd quarter 2013 - a decrease of NOK 226 million since the turn of the year. The excess value of bonds at amortised cost is not included in the financial statements.

NOTE 20: CAPITAL REQUIREMENTS AND SOLVENCY REQUIREMENTS

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

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

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

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

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

Notes to the interim accounts Storebrand Group

Primary capital in capital adequacy

NOK million	30.6.13	31.12.12
Share capital	2,250	2,250
Other equity	19,051	17,686
Equity	**21,301**	**19,936**
Hybrid tier 1 capital	1,928	1,779
Interest rate adjustment of insurance obligations	-532	-1,454
Goodwill and other intangible assets	-6,356	-6,213
Deferred tax assets	-42	-38
Risk equalisation fund	-677	-640
Deductions for investments in other financial institutions	-2	-3
Security reserves	-282	-267
Minimum requirement reassurance allocation	-5	-5
Capital adequacy reserve	-94	-141
Other	-564	-109
Core (tier 1) capital	**14,675**	**12,844**
Perpetual subordinated capital	4,938	4,901
Ordinary primary capital	149	149
Deductions for investments in other financial institutions	-2	-3
Capital adequacy reserve	-94	-141
Tier 2 capital	**4,992**	**4,907**
Net primary capital	**19,666**	**17,751**

Minimum requirements primary capital in capital adequacy

NOK million	30.6.13	31.12.12
Credit risk		
Of which by business area:		
Capital requirements insurance	10,179	10,218
Capital requirements banking	1,713	1,845
Capital requirements securities undertakings	8	10
Capital requirements other	44	-27
Total minimum requirements credit risk	**11,943**	**12,046**
Operational risk/settlement risk	117	117
Deductions	-19	-26
Minimum requirements primary capital	**12,042**	**12,137**
Capital adequacy ratio	**13.1 %**	**11.7 %**
Core (tier 1) capital ratio	**9.7 %**	**8.5 %**

Solvency requirements for cross-sectoral financial groups

NOK million	30.6.13	31.12.12
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	12,042	12,137
- capital requirements insurance companies	-10,179	-10,218
Capital requirements pursuant to capital adequacy regulations	1,863	1,919
Requirements re solvency margin capital insurance	11,881	11,737
Total requirements re primary capital and solvency capital	**13,744**	**13,656**
Primary capital and solvency capital		
Net primary capital	19,666	17,751
Change in solvency capital for insurance in relation to primary capital		
Other solvency capital	3,128	3,315
Total primary capital and solvency capital	**22,794**	**21,066**
Surplus solvency capital	**9,050**	**7,410**

Storebrand ASA

PROFIT AND LOSS ACCOUNT

	2Q		01.01. - 30.06		Full year
NOK mill.	2013	2012	2013	2012	2013
Operating income					
Income from investments in subsidiaries	14		14		220
Net income and gains from financial instruments:					
- bonds and other fixed-income securities	12	7	28	20	67
- financial derivatives/other financial instruments	-4	12	-6	24	13
Other financial instruments	1		1		1
Operating income	**23**	**19**	**37**	**45**	**300**
Interest expenses	-30	-42	-68	-87	-170
Other financial expenses	-8	-4	-11	-9	-17
Operating costs					
Personnel costs	-10	-7	-22	-13	-26
Amortisation			-1	-1	-1
Other operating costs	-19	-47	-41	-77	-152
Total operating costs	**-29**	**-55**	**-64**	**-91**	**-180**
Total costs	**-67**	**-100**	**-143**	**-187**	**-366**
Pre-tax profit	**-44**	**-81**	**-105**	**-142**	**-66**
Tax	12	23	29	40	-135
Profit for the period	**-32**	**-58**	**-76**	**-102**	**-200**

Storebrand ASA

STATEMENTS OF FINANCIAL POSITION

NOK million	30.06.13	31.12.12
Fixed assets		
Deferred tax assets	501	472
Pension assets	152	152
Tangible fixed assets	31	31
Shares in subsidiaries	17,356	17,351
Total fixed assets	**18,041**	**18,007**
Current assets		
Owed within group	4	220
Lending to group companies	18	17
Other current receivables	42	51
Investments in trading portfolio:		
- bonds and other fixed-income securities	1,220	1,754
- financial derivatives/other financial instruments	78	52
Bank deposits	74	48
Total current assets	**1,435**	**2,143**
Total assets	**19,476**	**20,150**
Equity and liabilities		
Share capital	2,250	2,250
Own shares	-14	-16
Share premium reserve	9,485	9,485
Total paid in equity	**11,720**	**11,718**
Other equity	4,523	4,591
Total equity	**16,243**	**16,310**
Non-current liabilities		
Pension liabilities	155	155
Securities issued	3,044	3,492
Total non-current liabilities	**3,199**	**3,648**
Current liabilities		
Financial derivatives		
Debt within group		127
Other current liabilities	33	65
Total current liabilities	**34**	**192**
Total equity and liabilities	**19,476**	**20,150**

Storebrand ASA

CASH FLOW STATEMENT

	01.01 - 30.06	
NOK million	2013	2012
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	16	42
Net receipts/payments - securities at fair value	527	-665
Payments relating to operations	-84	-104
Net receipts/payments - other operational activities	234	474
Net cash flow from operational activities	**692**	**-253**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	-128	376
Net cash flow from investment activities	**-128**	**376**
Cash flow from financing activities		
Payments - repayments of loans	-479	-852
Receipts - new loans		748
Payments - interest on loans	-70	-98
Receipts - issuing of share capital	9	11
Net cash flow from financing activities	**-539**	**-192**
Net cash flow for the period	**26**	**-69**
Net movement in cash and cash equivalents	26	-69
Cash and cash equivalents at start of the period	48	126
Cash and cash equivalents at the end of the period	**74**	**57**

Notes to the financial statements Storebrand ASA

NOTE 1: ACCOUNTING POLICIES

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

NOTE 2: ESTIMATES

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

NOTE 3: EQUITY

NOK million	Share capital [1]	Own shares	Share premium	Other equity	Equity 30.06.13	Equity 31.12.12
Equity as per 1 January	**2,250**	**-16**	**9,485**	**4,591**	**16,310**	**16,434**
Profit for the year				-76	-76	-200
Experience pension						65
Own share bought back [2]		2		24	26	24
Employee share is [2]				-17	-17	-13
Total equity	**2,250**	**-14**	**9,485**	**4,523**	**16,243**	**16,310**

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

NOTE 4: BONDS ISSUED

NOK million	Interest rate	Currency	Net nominal value	30.06.13	31.12.12
Bond loan 2009/2014 [1]	Fixed	NOK	550	598	581
Bond loan 2009/2014 [1]	Fixed	NOK	550	586	573
Bond loan 2010/2013 [1]	Fixed	NOK	200		209
Bond loan 2010/2013	Variable	NOK	279		279
Bond loan 2011/2016	Variable	NOK	1000	1,007	998
Bond loan 2012/2017	Variable	NOK	850	853	853
Total [2]				**3,044**	**3,492**

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

Storebrand ASA

Statement from the Board of Directors and the CEO

The Board of Directors and the Chief Executive Officer have today considered and approved the Interim report and Interim financial statements for Storebrand ASA and the Storebrand Group for the first six months of 2013 (Report for the first six months, 2013).

The Interim report has been prepared in accordance with the requirements of IAS, 34 Interim Financial Reporting as adopted by the EU and additional Norwegian requirements pursuant to the the Norwegian Securities Trading Act.

In the best judgement of the Board and the CEO, the financial statements for the first six months of 2013 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 30 June 2013. In the best judgement of the Board and the CEO, the six-month report provides a fair and true overview of important events during the accounting period and their effects on the financial statements for the first six months for Storebrand ASA and the Storebrand Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the Group faces in the remaining six months, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, Norway, 11 July 2013
Board of Directors of Storebrand ASA

Birger Magnus
Chairman of the Board

Monica Caneman	Laila S. Dahlen	Gyrid Skalleberg Ingerø
Jon Arnt Jacobsen	Halvor Stenstadvold	Terje Vareberg
Kirsti Valborgland Fløystøl	Knut Dyre Haug	Heidi Storruste

Odd Arild Grefstad
Chief Executive Officer

Deloitte.

Deloitte AS
Karenslyst allé 20
Postboks 347 Skøyen
NO-0213 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the Board of Directors of Storebrand ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

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

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

Oslo, July 11, 2013
Deloitte AS

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

Offices in Norway (incl. agents)
Tromsø, Trondheim, Kristiansund, Bergen, Stavanger, Kristiansand, Bø, Porsgrunn, Sandefjord, Tønsberg, Drammen, Asker, Sandvika, Oslo, Hønefoss, Hamar, Lillehammer, Jessheim, Sarpsborg, Fredrikstad, Molde, Ålesund, Lysaker, Ski.

Offices in Sweden
Göteborg, Linköping, Malmö, Stockholm, Sundsvall, Örebro.

HEADQUARTERS:

Storebrand ASA
Professor Kohts vei 9
P.O. Box 500
N-1327 Lysaker, Norway
Tel.: +47 22 31 50 50
www.storebrand.no

Call center:
+47 08880

OTHER GROUP COMPANIES:

SPP Livförsäkring AB
Vasagatan 10
S-105 39 Stockholm, Sweden
Tel.: +46 8 451 70 00
www.spp.se

Storebrand Livsforsikring AS,
- Swedish branch
Vasagatan 10
S-105 39 Stockholm, Sweden
Tel.: +46 8 700 22 00
www.storebrand.se

Storebrand Kapitalforvaltning AS
- Swedish branch
Vasagatan 10
S-105 39 Stockholm, Sweden
Tel.: +46 8 614 24 00
www.storebrand.se

Storebrand Helseforsikring AS
Professor Kohts vei 9
P.O. Box 464
N-1327 Lysaker, Norway
Tel.: +47 22 31 13 30
www.storebrandhelse.no

DKV Hälsa
Vasagatan 10
S-105 39 Stockholm, Sweden
Tel.: +46 8 619 62 00
www.dkvhalsa.se

Financial calender 2013

13	February	Results 4Q 2012
15	March	Embedded Value 2012 Investor and analyst update
17	April	Annual General Meeting
18	April	Ex dividend date
24	April	Results 1Q 2013
12	July	Results 2Q 2013
30	October	Results 3Q 2013
	February 2014	Results 4Q 2013

Investor Relations contacts

TROND FINN ERIKSEN	Head of IR	trond.finn.eriksen@storebrand.no	+47 9916 4135
SIGBJØRN BIRKELAND	Finance Director	sigbjorn.birkeland@storebrand.no	+47 9348 0893
LARS LØDDESØL	CFO	lars.loddesol@storebrand.no	+47 2231 5624

storebrand

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