Interim report
Storebrand Group

2nd quarter
2014

storebrand

Interim report - 2Q 2014:

Storebrand Group

Contents

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Storebrand Group

- **Group result[1] of NOK 750m second quarter and NOK 1 477m year to date**
- **Assets under management exceed NOK 500bn**
- **Income continue to shift from Guaranteed pension to Savings**
- **Buffer capital and longevity reserves strengthened by NOK 5,8bn year to date**

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[2]

	2014		2013			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2014	2013	2013
Fee and administration income	1,028	1,057	1,114	1,067	1,051	2,086	2,072	4,253
Risk result life & pensions	45	75	17	-35	-9	120	34	17
Insurance premiums f.o.a.	770	770	796	773	707	1,540	1,464	3,034
Claims f.o.a.	-558	-492	-569	-375	-430	-1,050	-996	-1,940
Operational cost	-795	-785	-494	-798	-831	-1,580	-1,647	-2,938
Financial result	150	121	10	93	-25	271	-5	97
Result before profit sharing and loan losses	640	747	875	725	463	1,386	923	2,522
Net profit sharing and loan losses	200	71	180	86	56	271	150	416
Provision longevity	-90	-90	-	-	-	-180	-	-
Result before amortisation and write-downs	**750**	**728**	**1,055**	**811**	**519**	**1,477**	**1,073**	**2,938**
Amortisation and write-downs of intangible assets	-108	-111	-417	-112	-105	-218	-210	-739
Result before tax	642	617	638	699	414	1,259	863	2,199
Tax	-146	-108	-236	-10	125	-253	38	-209
Sold/liquidated business	-0	-0	-2	0	-2	-0	-2	-4
Profit after tax	**496**	**509**	**400**	**689**	**537**	**1,006**	**898**	**1,987**

The Group result before amortisation was NOK 750m[3] (NOK 519m) in the second quarter 2014. The figures in parentheses are from the corresponding period last year. Fee and administration income were reduced by 2% during the quarter and have increased by 1% year to date. The costs are reduced by 4% for the quarter and year to date.

The building up of reserves for increased longevity are charged directly to the results with NOK 90m each quarter and NOK 180m so far this year, and indirectly by means of lost profit sharing amounting to NOK 28m in the quarter and NOK 177m for the year to date. NOK 2,1bn is set aside for increased longevity year to date.

Group result by result area[2]

	2014		2013			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2014	2013	2013
Savings (non-guaranteed)	184	186	296	146	138	370	227	670
Insurance	154	226	182	315	181	381	277	774
Guaranteed pension	313	302	448	293	255	614	635	1,376
Other	99	14	128	57	-55	112	-66	119
Result before amortisation and write-downs	**750**	**728**	**1,055**	**811**	**519**	**1,477**	**1,073**	**2,938**

The result from Savings was strengthened significantly during the second quarter and year to date in comparison with the same periods last year. The underlying reasons are earnings growth in all parts of the business, improved margins in banking and a flat cost development. In total, the income in the second quarter and for the first half year is 13% higher than for the same period last year.

Insurance reports a total combined ratio of 85% year to date, 90% for the quarter. Cost ratio amounted to 17% during the quarter, while income from premiums in the retail market increased by 9% from the corresponding quarter last year.

During the second quarter, income from fee and administration for Guaranteed pension fell by 12% compared to the correspon-

1) Earnings before amortisation and tax.
2) The income statement is based on reported IFRS results for the individual companies in the Group. The statement differs from the official financial statements. Principal changes in accounting standards and changes between segments are reflected and figures have been reworked in displayed results For more information see note 1 and note 6.
3) The abbreviations NOK for Norwegian kroner, m for million and bn for billion are used throughout the report.

ding quarter in 2013, and for the year to date, the income has fallen by 7% compared to last year. The reasons for this are that a large part of the portfolio is mature and is in long-term run off. Risk results show a satisfactory development and in the second quarter amount to NOK 48m (- 19m) and NOK 126m (22m) in the year to date.

The Swedish business booked profit sharing of NOK 188m in the quarter following strong developments in financial markets. The Norwegian business is prioritising the build-up of buffers and reserves for higher expected life expectancy, instead of profit sharing between clients and owners. In the year to date, a total allocation of NOK 2.1bn has been made for increased longevity reserves. The result for the owner has been charged with NOK 90m in the second quarter and NOK 180m in the year to date.

The result under Other, Fee and administration income fell due to reduced activity associated with lending to corporate market customers. Improved yield strengthens the financial results in the company portfolios.

Market and sales performance

The shift from products with guaranteed interest rates to unit linked insurance products continues in the life insurance businesses. The Group's premium income for guaranteed pension products has declined by 7% year to date, while premium income for non-guaranteed pensions in Norway grows by 16% in relation to the first six months of 2013. SPP has exited the market for public sector pensions, this reduces unit link premium income by 13% year to date.

In Norway, Storebrand is the market leader in defined contribution schemes with 31% of the market share of gross premiums written. There is strong competition in the market for defined contribution pensions. Storebrand expects that this will persist as a consequence of the significant dynamic in the market. SPP is the second largest actor in the Swedish fund insurance market in the segment Other occupational pensions with a market share of just over 12% of new contracts.[1)]

Capital situation and taxes

The Storebrand Life Insurance Group's solvency margin was 178% at the end of the quarter. This is a reduction of 4 percentage points during the quarter. The reduction is due primarily to lower long-term interest in Sweden. A reduction in the level of interest rates increases the insurance obligations in the solvency calculation for the Swedish part of the business. During the first half of 2014, SPP and Storebrand Livsforsikring AS have issued perpetual subordinated loan capital of SEK 700m and NOK 1,100m respectively. The Swedish loan has an early repurchase right (call) after 5 years, whereas the Norwegian loan has a call after 10 years. During the course of the quarter, Storebrand Livsforsikring AS has repaid perpetual subordinated loan totalling NOK 1,700m. This loan was already pulled out of solvency calculation in Q1 2014. Capital adequacy and core capital adequacy for the Storebrand Group at the end of the first quarter were 14.1% and 10.8%, respectively, an decrease of 0.3 and 0.2 percentage points during the quarter.

Tax costs in the second quarter are estimated based on an expected effective tax rate for 2014. The tax rate is calculated to be in the range of 20-25% for the year.

Regulatory developments

Building up reserves for a higher projected life expectancy

Storebrand needs to build up reserves of NOK 12.4bn. In total, NOK 4.1bn were allocated to future reserve strengthening by the end of 2013. Booked return during the first six months of 2014 was good, and with a good risk result, this amounts to NOK 2.7bn in total, where it is estimated that approximately NOK 2bn will be included as longevity reserves in the final allocation of profit for 2014. Storebrand has other buffers that can be used to strengthen the reserves. An ongoing effort to allocate longevity reserves to each contract could reduce the total allocated amount by approximately NOK 500 million. The total contribution from owners will depend upon risk results and the booked return on invested customer assets during the seven-year period. For more details about the longevity reserve strengthening see note 2.

Depending upon the booked return, the expected effect on results will be:

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

Paid-up policies with investment choice

Regulations regarding paid-up policies with investment choice shall enter into force on 1 September. The Ministry of Finance has determined comprehensive regulatory provisions dealing with the requirements for building up reserves, payment profile, information and advice.

Changed interest rate on new life insurance premiums

FSA decided on 26 June that a maximum computation rate in life insurance will be reduced from 2.5% to 2.0%. The change applies to new premiums from 1 January 2015.

Financial targets

ROE	>10%
Solvency margin (Storebrand Life Group)	>150%
Dividend on result after tax before amortisation	>35%
Rating (Storebrand Life Group)	A

Group - Key figures

	2014		2013			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2014	2013	2013
Earnings per share adjusted (NOK) [3)]	1.33	1.38	1.82	1.78	1.43	2.70	2.46	6.06
ROE, annualised [3)]	11.2%	11.4%	10.5%	17.0%	11.9%	11.2%	10.6%	12.1%
Equity	23,528	23,080	22,775	22,274	21,301	23,528	21,301	22,775
Solvency margin (Storebrand Life Group)	178%	182%	176%	178%	174%	178%	174%	178%

[1)] *Premium income as at the 1st quarter of 2014. Source: Finance Norway and Insurance Sweden.*
[2)] *All numbers NOK million. Excluding loss of profit sharing.* [3)] *After tax, adjusted for amortisation and write-downs of intangible assets.*

Savings

Good earnings performance driven by earnings growth and an improved interest margin. Solid investment return in asset management and good cost control.

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

Savings

	2014		2013			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2014	2013	2013
Fee and administration income	522	509	489	490	461	1,031	909	1,888
Risk result life & pensions	-7	-2	3	0	4	-8	4	7
Operational cost	-325	-321	-294	-328	-322	-646	-657	-1,279
Financial result	-	-	-	-	-	-	-	-
Result before profit sharing and loan losses	191	186	199	162	142	377	256	616
Net profit sharing and loan losses	-6	-0	98	-16	-5	-7	-29	54
Result before amortisation	184	186	296	146	138	370	227	670

Results

The result from Savings was strengthened significantly during the second quarter and for the year to date in comparison with the same periods last year. The underlying reasons are earnings growth in all parts of the enterprise, improved margins in banking and a flat cost development.

Defined contribution pensions are undergoing strong growth in Norway and Sweden by a continually increasing number of companies choosing to transition to defined contribution-based schemes. In addition, a good return contributes to growth. Income for non-guaranteed life insurance in the second quarter is 26% higher than in the second quarter of 2013. In total for the first six months, income growth is 24% higher than in the same period last year.

The retail market for bank products shows good growth in interest income. This is due to a strengthened interest margin of 1.24% so far this year in contrast to 1.15% for the same period last year. So far this year, NOK 2.4m are in write-downs on loans.

The asset management business has outperformed the benchmark for the customers with NOK 437m in the second quarter and NOK 1.4bn the year to date. Interim return-based fees of around NOK 35m have not been recognised as income year to date.

Total fee and administration income has increased by 13% during the first six months of 2014. Implemented measures to improve efficiency and savings according to the Group's cost programme means lower operating costs year to date compared to last year, despite higher volumes.

Balance sheet and market trends

Premium income for non-guaranteed life insurance-related saving was NOK 2.3bn during the second quarter and NOK 4.8bn for the year to date. The volume for the year to date is 5% lower than in the first six months of 2013 as a result of lower conversion in the Swedish business segment and negative transfer within the private unit linked savings in Norway. Measures have been implemented to turn this trend around. New sales have increased by 12% and total reserves within unit linked insurance have grown by 26% for the year to date.

In Norway, Storebrand is the market leader in defined contribution schemes with 31% of the market share of gross premiums written. There is strong competition in the market for defined contribution pensions. Storebrand expects that this will persist as a consequence of the significant dynamic in the market.

SPP is the second largest actor in the Swedish unit linked market in the segment Other occupational pensions with a market share of just over 12% of new contracts. In 2013, SPP was chosen to be one of several suppliers in the largest pension platform in Sweden (ITP scheme), and this has had a significant positive effect on new sales for the year to date.

In the asset management business overall, the funds for management have increased by NOK 6.3bn in the second quarter to NOK 502bn. This gives an overall growth for the year to date of NOK 14bn. The growth has been driven by good financial markets, investement returns and new sales. In June, SPP Fonder passed SEK 100bn under management.

The retail lending portfolio has increased in the second quarter to NOK 23.9bn. This primarily consists of low-risk home mortgages.

Savings - Key figures

	2014		2013		
NOK million	2Q	1Q	4Q	3Q	2Q
Unit Linked Reserves	92,899	87,105	85,452	79,341	73,542
Unit Linked Premiums	2,347	2,463	2,273	2,296	2,768
AuM Asset Management	501,539	495,244	487,384	471,278	455,701
Retail Lending	23,939	23,537	23,906	24,110	24,036

Insurance

Weaker risk result, strong financial result and good cost control gives an overall satisfactory result development.

Insurance has responsibility for the Group's risk products in Norway and Sweden. The unit provides health insurance[1)] in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee related and pension-related insurance in the Norwegian and Swedish corporate markets.

Insurance

	2014	2013				01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2014	2013	2013
Insurance premiums f.o.a.	770	770	796	773	707	1,540	1,464	3,034
Claims f.o.a.	-558	-492	-569	-375	-430	-1,050	-996	-1,940
Operational cost	-131	-125	-77	-126	-132	-256	-260	-463
Financial result	74	74	31	44	36	147	68	143
Result before amortisation	**154**	**226**	**182**	**315**	**181**	**381**	**277**	**774**
Claims ratio	73%	64%	71%	49%	61%	68%	68%	64%
Cost ratio	17%	16%	10%	16%	19%	17%	18%	15%
Combined ratio	**90%**	**80%**	**81%**	**65%**	**80%**	**85%**	**86%**	**79%**

Results

In the second quarter, Insurance delivered a result before amortisation of NOK 154m (NOK 181m) and NOK 381m (NOK 277m) for the year to date with a combined ratio of 85% (86%), 90% for the year to date.

The combined risk result during the quarter is weak with a loss ratio of 73% (61%). In Norway, the reserves are strengthened after an increased number of disability cases during the quarter. In Sweden, the risk result is also weak but this is considered to be within natural variation. After building up reserves in 2013, the development of the risk result for group pensions (the risk cover associated with defined contribution pensions) is in line expectations and we expect continued improved performance going forward. The underlying risk development in the P&C stock is improved and the portfolio shows good results.

The cost ratio comprised 17% (19%) for the second quarter, and 17% (19%) for the year to date. The efficiency of the cost base is essential for strengthening competitiveness. Important measures include increased automation, digitization and sourcing of services and utilisation economies of scale provided by increased volume. The investment portfolio of Insurance in Norway amounts to NOK 5.2bn[2)], which is primarily invested in fixed income securities with a short and medium duration. The financial revenues are higher in the second quarter than for the corresponding period last year due to good yields and realisation of gains.

Balance sheet and market trends

In the retail market, premiums increased by 9% from the corresponding quarter last year and the insurance business showed good growth during the quarter. P&C insurance is a mature market with high competitive intensity. To address this, we work continuously to adapt our product and pricing strategy.

Health-related insurance is growing and Storebrand is succeeding well in the market. This is driven by the companies' desire to reduce absence due to illness, increase work satisfaction and reduce the overall insurance costs as well as increase popularity among employees for this type of employee benefits. However, the market, especially for personal insurance, is marked by many actors and there being a number of new entrants in the market. This creates a new dynamic and increases competition. Storebrand's strategy of withdrawing from the public sector and the increased competition has resulted in insurance premiums being somewhat reduced for the year to date.

For risk coverage related to defined contribution in Norway, growth is expected in the time ahead driven by the conversion from defined benefit to defined contribution, although altered regulalatory framework may lead to a reduced premium volume. In Sweden, the disability trend has been downward for a long period of time, which has led to reduced premiums in general.

Insurance - Key figures

	2014	2013			
NOK million	2Q	1Q	4Q	3Q	2Q
P&C & Individual life *	1,341	1,314	1,297	1,275	1,250
Health & Group life **	1,206	1,212	1,227	1,221	1,197
Pension related disability insurance ***	1,041	1,027	1,046	1,012	1,001
Total written premiums	**3,588**	**3,552**	**3,569**	**3,509**	**3,448**
Reserves	4,938	4,871	4,794	4,737	4,754

** Individual life disability, property and casualty insurance. ** Group disability, workers comp. and health insurance. *** DC risk premium.*
1) Health insurance is owned 50 per cent each by Storebrand ASA and Munich Health and is consolidated according to the equity method.
2) Consists of insurance reserves and equity from Storebrand Forsikring AS and Storebrand Helseforsikring AS.

Guaranteed pension

Satisfactory margins in administration and risk coverage and very strong profit sharing result. Owner's cost for longevity reserve strengthening in line with plan.

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

Guaranteed pension

	2014		2013			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2014	2013	2013
Fee and administration income	439	474	535	491	496	913	987	2,013
Risk result life & pensions	48	78	16	-31	-19	126	22	7
Operational cost	-281	-281	-199	-272	-275	-562	-545	-1,016
Financial result	-	-	-	-	-	-	-	-
Result before profit sharing and loan losses	**206**	**272**	**352**	**188**	**203**	**478**	**463**	**1,003**
Net profit sharing and loan losses	197	120	96	105	52	317	171	373
Provision longevity	-90	-90	-	-	-	-180	-	-
Result before amortisation	**313**	**302**	**448**	**293**	**255**	**614**	**635**	**1,376**

Results

Fee and administration income develops as expected year to date. The portfolie is in long term run-off. During the second quarter, income from fee and administration fell by 12% compared to the corresponding quarter in 2013. For the year to date, the income has fallen by 7% compared to last year, driven by the public sector being phased out in Norway. Underlying cost control is good and the increase from last year is due to the effects of currency exchange.

Risk results show a satisfactory development and in the second quarter amount to NOK 48m. (NOK -19m) and NOK 126m (NOK 22m) in the year to date. In the Norwegian business, the results are driven by strong results for disability coverage and the introduction of the new mortality tables (K2013) strengthens the margins. Within the public sector, IBNS reserves increased by NOK 35m year to date as a result of Storebrand maintaining insurance liability for a limited period after transfer of the contract. Risk result in the Swedish business shows a zero result for the quarter and for the year to date NOK 15m which is significantly higher than last year and is primarily driven by a one-off effect during the first quarter.

The result from net profit sharing is entirely generated in the Swedish business and amounted to NOK 197m in the second quarter and NOK 317m for the year to date. Strong returns has given a profit sharing of NOK 145m for the quarter and NOK 267m year to date. Inflation based indexing fees amouts to NOK 39m in the quarter and NOK 79m year to date. The Norwegian business is prioritising the build-up of buffers and reserves for the higher expected life expectancy, instead of profit sharing between clients and owners. For the year to date, NOK 2.1bn has been allocated for increased longevity. The result for the owner is charged with NOK 90m in the second quarter and NOK 180m for the year to date, of which NOK 100m in the paid-up policy portfolio and NOK 80m in group pension schemes. This is in line with the announced plan.

Balance sheet and market trends

The majority of products are closed for new business and the customers' choices about transferring from guaranteed to non-guaranteed products are in line with the Group's strategy. Customer reserves for guaranteed pensions comprise as at the second quarter NOK 263bn (NOK 259bn) in line with the start of the year. In the second quarter, the customer funds increased by NOK 4.0bn, driven by financial returns and premiums. Transfer out of the guaranteed pension has been NOK 7.2bn (NOK 7.6bn) for the year to date which mainly occurred in the first quarter. The reason for this is Storebrand's termination of defined benefit pensions in the public sector in Norway. In the first quarter, 42 public sector customers with a total of NOK 5bn in reserves transferred out. The next movement is early July and about 85 customers with an additional NOK 5bn in funds will move. Premium income for guaranteed pension was NOK 2.2bn in the second quarter (NOK 2.2bn) and NOK 6.5bn (NOK 6.8bn) in the year to date.

Guaranteed pension - Key figures

	2014		2013		
NOK million	2Q	1Q	4Q	3Q	2Q
Guaranteed reserves	263,370	259,799	264,125	262,468	259,048
Guaranteed reseves in % of total reserves	73.9%	74.9%	75.6%	76.8%	77.9%
Transfer out of guaranteed reserves	104	7,192	967	710	998
Buffer capital in % of customer reserves SBL	4.6%	4.2%	4.8%	4.0%	3.7%
Buffer capital in % of customer reserves SPP	15.1%	14.6%	15.1%	14.5%	13.5%

Other

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

Other result

	2014		2013			01.01 - 30.06		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2014	2013	2013
Fee and administration income	67	74	90	86	94	142	176	353
Risk result life & pensions	3	-1	-2	-4	6	2	9	3
Operational cost	-58	-58	75	-71	-102	-116	-185	-180
Financial result	76	47	-21	49	-61	124	-73	-46
Result before profit sharing and loan losses	**89**	**62**	**143**	**60**	**-63**	**151**	**-73**	**129**
Net profit sharing and loan losses	9	-48	-14	-3	8	-39	7	-11
Result before amortisation and write-downs	**99**	**14**	**128**	**57**	**-55**	**112**	**-66**	**119**

Decrease in Fee and administration income is associated with lending to corporate customers. Corporate portfolio represents 23% of total loans in the bank, down 1 percentage point from the previous quarter. Corporate portfolio decreased by 27% since the phase out began in the first quarter 2013. In the first quarter 2014, loss provisions related to an individual loan of NOK 52m were incorporated.

The operating costs for the segment have decreased in comparison with the same period for the prior year.

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

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans is around 24%. For specification of subordinated loan capital see note 9. The company portfolios comprised NOK 20,8bn at the end of the second quarter. The investments are primarily in short-term interest-bearing securities in Norway and Sweden.

Balance sheet, solidity and capital adequacy

The solvency margin is 178% in life group[1), NOK 60.8[2)]bn in solidity capital

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

Storebrand ASA

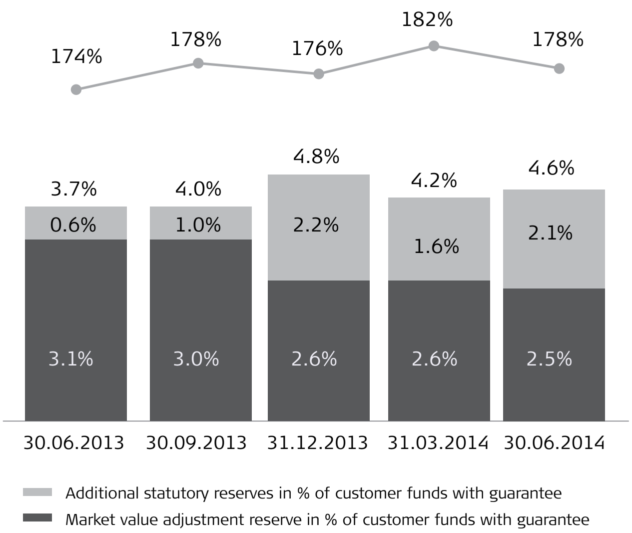
Storebrand ASA held liquid assets of approximately NOK 2.2bn at the end of the quarter. Liquid assets consist primarily of short-term fixed income securities. Storebrand ASA's total interest-bearing liabilities were NOK 3.5bn at the end of the quarter. After the end of the quarter, the company redeemed bonds totalling NOK 540m. The next maturity date for bond debt is in October 2014. Storebrand ASA owned 0.53 per cent (2,410,792) of the company's own shares at the end of the quarter.

Storebrand Life Insurance Group[1)]

The Storebrand Life Insurance Group's solvency margin was 178 per cent at the end of the quarter. This is a reduction of 4 percentage points during the quarter. The reduction is due primarily to lower long-term interest in Sweden. A reduction in the level of interest rates increases the insurance obligations in the solvency calculation for the Swedish part of the business. During the first half of 2014, SPP and Storebrand Livsforsikring AS have issued perpetual subordinated loan capital of SEK 700m and NOK 1,100m respectively. The Swedish loan has an early repurchase right (call) after 5 years, whereas the Norwegian loan has a call after 10 years. During the course of the quarter, Storebrand Livsforsikring AS has repaid perpetual subordinated loan totalling NOK 1,700m. This loan was taken out of the solvency calculation in Q1 2014.

The solidity capital comprised NOK 60.8bn at the end of the first six months 2014, an increase of NOK 5.4bn during the second quarter and NOK 6.7bn for the year to date in consequence of, among other things, increased customer buffers and the result for the year.

Solidity

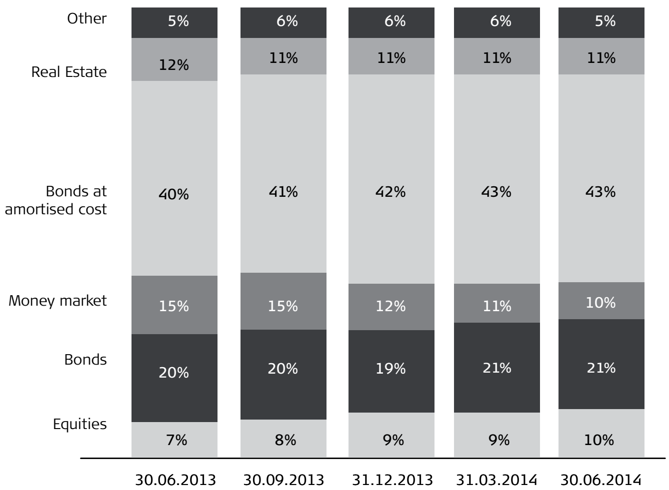


Storebrand Livsforsikring AS

The market value adjustment reserve increased by NOK 0.9bn in the quarter and decreased by NOK 0.1bn during the first six months and amounts to NOK 3.7bn at the end of the first six months. Additional statutory reserves are reduced by NOK 0.1bn during the quarter and for the year to date, it amounts to NOK 4.3bn. Excess value of held-to-maturity bonds that are assessed at amortised cost are increased by NOK 2.2bn during the quarter and NOK 3.7bn for the year to date, comprising NOK 8.9bn. The excess value of held-to-maturity bonds is not included in the financial statements.

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

Asset allocation in customer portfolios with interest rate guarantee

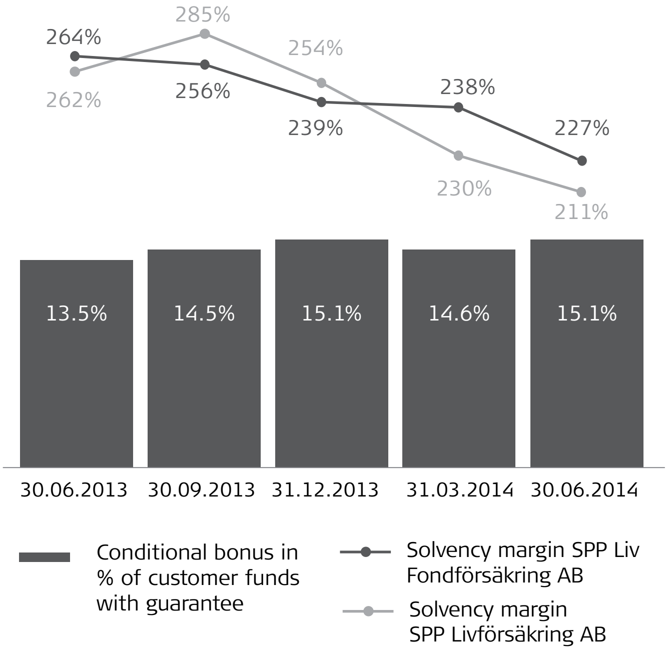


Customer funds increased by NOK 4 bn during the second quarter and for the year to date and amounts to NOK 214bn at the end of the first six months of 2014. Customer funds within non-guaranteed life insurance increased by NOK 3bn during the second quarter and NOK 4bn for the year to date.

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

SPP

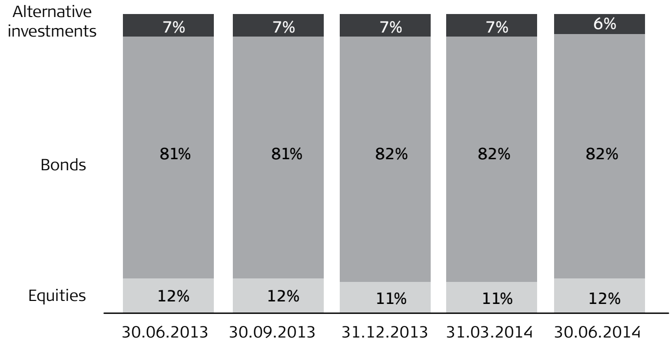
Solidity



The solvency margin of SPP Livförsäkring AB was 211% (230%) and 227% (238%) in SPP Liv Fondförsäkring AB at the end of the quarter. The figures in parentheses show the solvency margin for the preceding quarter. For solvency calculations in Sweden, insurance liabilities are discounted by a market interest rate.

The buffer capital (conditional bonuses) increased by 0.5 percentage points from the preceding quarter.

Asset allocation in customer portfolios with interest rate guarantee



Total customer funds at SPP comprised NOK 138bn, an increase of NOK 5bn from the preceding quarter. Unit linked insurance comprises 40% of customer assets and increased capital under management by 6% during the quarter.

Storebrand Bank

There was growth in the loan portfolio for the retail market in the quarter, and a continued decrease in lending to the corporate market. Gross lending to customers as at the end of the first six months comprises NOK 30.9bn (NOK 33.7bn). The volume syndicated to Storebrand Livsforsikring amounted to NOK 4.2bn at the end of the first six months of the year.

The Storebrand Bank Group had a net capital base of NOK 2.9bn at the end of the first six months of the year. The capital ratio is 15.7% and core capital ratio 14.8%, against 13.6% and 12.8% at the end of 2013. In June 2014, Storebrand Bank issued a NOK 125m subordinated loan and a NOK 75m tier one bond. The bonds will be settled in July and will apply to the capital base from third quarter 2014.

Outlook

Earnings performance

Low interest rates are challenging for insurance companies that have to cover an annual interest rate guarantee. The interest rate level has risen somewhat during the course of 2013, but has dropped again during the first six months of 2014. The credit spread for bonds has also dropped further. There continue to be investment opportunities in the bond market with expected returns that exceed the average interest rate guarantee. Storebrand has a strategy of pursuing growth in products where the results are less affected by short-term fluctuations in the financial markets. Financial performance will also be impacted by the changes that are occurring in the regulations for Norwegian occupational pensions in coming years, and how the customers choose to adapt to these changes. Growth is still expected in Storebrand's core markets, driven by low unemployment and good wage growth.

The interim results are positively affected by the development in the financial markets. In isolation termination of activities related to commercial lending, defined benefit pensions for the public sector and conversions from defined benefit to defined contribution pensions with the issuance of paid-up policies reduces earnings of the Group. In addition to the on-going build-up of reserves for higher projected life expectancy, this is expected to negatively affect performance in a transition period.

Storebrand is continuously adapting to enhance its competitiveness in its business operations. Among other things, through a cost programme that will reduce the Group's costs by at least NOK 400 million before the end of 2014.

Storebrand's results will during the period from 2014 to 2020 be reduced by a minimum of 20 per cent of the costs associated with the build-up of reserves for higher projected life expectancy. The final amount will, among other things, depend upon risk results and returns to the customer portfolios. The building up of reserves for higher projected life expectancy is described in further detail in the introduction and in note 2.

Risk
Storebrand is exposed to several types of risk through its business areas. Trends in interest rates and the property and equity markets are assessed to be the most significant risk factors that can affect the Group's result. Over time, it is important to be able to deliver a return that exceeds the interest rate guarantees of the products. Risk management is therefore a prioritised core area for the group. In addition, the disability and life expectancy trends are key risks.

Regulatory changes in private occupational pensions
Occupational pension statutes in Norway are undergoing a series of amendments in order to adapt them to National Insurance reforms.

The Banking Law Commission's proposal "NOU 2013:12 Disability pension in private occupational pension schemes" has been for consultation. The proposal is now sitting withthe Ministry of Finance, and a draft law with a new code of regulations is expected to come into force in 2015, at the same time as the new disability benefits are introduced in the National Insurance scheme.

The proposal involves the current disability product being replaced by a one-year risk-based product that gives full benefits regardless of the period of service, and where the benefits are calculated independently of the old age pension benefits.

On 27 June, the Ministry of Finance established regulations concerning payment rules and customer advice with respect to conversion of paid-up policies into investment options. The reserves for paid-up policies must be fully built up to K2013 before the paid-up policies can be converted to investment options. The regulations will enter into force on 1 September. The Ministry of Finance has determined comprehensive regulatory provisions dealing with the requirements for building up reserves, payout profile, information and advice. This means that each individual customer will have greater responsibility for their own pension and are freer to choose the risk profile of the savings.

To ensure a more stable payout of the pension, a technical interest of 3% can be used. This technical interest rate is no guarantee. In counselling, written examples must be given that show how much annual return a given investment portfolio must return to achieve specific benefits. The industry is working on an industry standard for counselling. Today's interest rates give a low return to the customer's current paid-up policies. FMI allows customers to adjust the equity portion of their portfolio and ultimately increase return on iinvestment. Storebrand emphasises that counselling on a transition to FMI should be based on comprehensive individual counselling.

The Financial Supervisory Authority of Norway (FSA) has established that the highest permitted calculating interest that life insurance companies and pension funds can use for new life insurance contracts and when calculating premiums and associated insurance allocations for new pension contributions for group pension insurances, shall be 2.0% from 1 January 2015. FSA explains the reduction with low interest rate environment and that it is an objective that the guarantee ought not to exceed 60% of the return on the government bonds. The change will reduce future calculated needs for solvency capital for the company.

Solvency II
Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and EEA. The Directive, also called Omnibus II, was adopted by the European Parliament on 11 March 2014 and will be implemented in Norwegian law. The regulations will enter into effect beginning in 1 January 2016.

The European supervisory authority EIOPA has made recommendations for ensuring continued progress in preparations for Solvency II. FSA determined that the recommendations shall be followed from and including 1 January 2014. This involves the requirements in Solvency II for business management and controls (pillar 2) being phased in, including requirements for self-assessment of risk and solvency (ORSA), and that parts of the reporting requirements to the supervisory authorities (pillar 3) be introduced for yearend reporting 2014. The capital requirements (pillar 1) and the reporting requirements to the market will not apply before formal Solvency II implementation as at 1 January 2016.

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

Lysaker 15 July 2014
Board of Directors Storebrand ASA

Storebrand Group

PROFIT AND LOSS ACCOUNT

		2Q		1.1 - 30.06		Full year
Million NOK	Note	2014	2013 1)	2014	2013 1)	2013 1)
Net premium income		5,767	5,808	14,183	16,994	28,463
Net interest income - banking activities		115	139	243	268	547
Net income from financial assets and real estate for the company:						
- equities and other units at fair value		10	-1	12	3	8
- bonds and other fixed-income securities at fair value		163	96	561	206	417
- financial derivatives at fair value		-2	8	-230	-4	22
- bonds at amortised cost		22	19	42	36	59
- real estate		14	17	32	26	52
- result from investments in associated companies/joint controlled operation		-2	7	4	17	89
Net income from financial assets and real estate for the customers:						
- equities and other units at fair value		6,557	1,732	8,236	7,017	16,772
- bonds and other fixed-income securities at fair value		3,159	626	5,398	1,410	2,942
- financial derivatives at fair value		280	-3,002	1,875	-4,098	-3,598
- bonds at amortised cost		944	916	1,866	1,728	3,526
- interest income lending		44	32	73	68	130
- real estate		302	338	583	441	907
- result from investments in associated companies		-8	10	9	15	29
Other income		751	703	1,280	1,221	2,316
Total income		**18,117**	**7,448**	**34,166**	**25,348**	**52,681**
Insurance claims for own account		-5,320	-6,044	-18,482	-18,177	-29,851
Change in insurance liabilities		-9,460	-344	-12,199	-3,343	-12,176
To/from buffer capital		-1,487	607	175	-459	-3,568
Losses from lending/reversal of previous losses		7	13	-37	11	-11
Operating costs	7	-906	-938	-1,711	-1,861	-3,265
Other costs		-34	-44	-102	-111	-296
Interest expenses		-168	-179	-332	-335	-576
Total costs before amortisation and write-downs		**-17,368**	**-6,929**	**-32,689**	**-24,275**	**-49,743**
Profit before amortisation and write-downs		**750**	**519**	**1,477**	**1,073**	**2,938**
Amortisation and write-downs of intangible assets		-108	-105	-218	-210	-739
Group pre-tax profit		**642**	**414**	**1,259**	**863**	**2,199**
Tax cost	3	-146	125	-253	38	-209
Result after tax sold/wound up business			-2		-2	-4
Profit/loss for the period		**496**	**537**	**1,006**	**898**	**1,987**
Profit/loss for the period due to:						
Majority's share of profit		485	533	992	889	1,971
Minority's share of profit		11	5	14	9	16
Total		**496**	**537**	**1,006**	**898**	**1,987**
Earnings per ordinary share (NOK)		1.08	1.19	2.22	1.99	4.41
Average number of shares as basis for calculation (million)				447.3	447.0	447.1
There is no dilution of the shares						

[1] *In consequence of the changes to the principles, the comparative figures have been restated. See further information in note 1 Accounting policies.*

Storebrand Group

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	2Q		1.1 - 30.06		Full year
Million NOK	2014	2013	2014	2013	2013
Profit/loss for the period	**496**	**537**	**1,006**	**898**	**1,987**
Change in estimate deviation pension	-8	1	-11	10	-340
Adjustment of value of properties for own use	4	9	28	38	154
Total comprehensive income elements allocated to customers	-4	-9	-28	-38	-154
Tax on other result elements not to be classified to profit/loss		-1			104
Total other result elements not to be classified to profit/loss	-8	1	-11	9	-236
Translation differences	-51	73	-251	460	840
Tax on other result elements that may be classified to profit/loss			1		
Total other result elements that may be classified to profit/loss	-51	73	-250	460	840
Total other result elements	**-58**	**74**	**-261**	**470**	**604**
Total comprehensive income	**438**	**611**	**744**	**1,368**	**2,591**
Total comprehensive income due to:					
Majority's share of total comprehensive income	427	604	732	1,353	2,564
Minority's share of total comprehensive income	11	7	12	15	27
Total	**438**	**611**	**744**	**1,368**	**2,591**

Storebrand Group

STATEMENT OF FINANCIAL POSITION

Million NOK	Note	30.06.14	30.06.2013 [1)]	31.12.2013 [1)]	1.1.2013 [1)]
Assets company portfolio					
Deferred tax assets		1	42	1	38
Intangible assets		5,647	6,218	5,987	6,096
Pension assets		1	152	1	152
Tangible fixed assets		105	132	118	143
Investments in associated companies		349	320	333	251
Receivables from associated companies					69
Financial assets at amortised cost:					
- Bonds		2,826	2,550	3,052	2,146
- Bonds held to maturity		347	245	347	222
- Lending to financial institutions		551	485	152	255
- Lending to customers	8	30,767	34,798	33,637	35,306
Reinsurers' share of technical reserves		155	135	151	155
Real estate at fair value		3,625	3,400	3,581	3,459
Real estate for own use		67	59	66	58
Biological assets		64	64	64	64
Accounts receivable and other short-term receivables		2,032	1,458	1,833	2,125
Financial assets at fair value:					
- Equities and other units	8	94	77	82	53
- Bonds and other fixed-income securities	8	24,963	22,031	23,294	21,312
- Derivatives	8	1,154	901	1,090	1,313
Bank deposits		3,879	4,111	4,067	3,279
Minority interests in consolidated securities funds		13,169	13,776	12,863	5,909
Total assets company		**89,796**	**90,955**	**90,720**	**82,406**
Assets customer portfolio					
Tangible fixed assets		359	331	354	303
Investments in associated companies		41	18	34	115
Receivables from associated companies		180	181	186	596
Financial assets at amortised cost:					
- Bonds		64,312	61,084	63,919	54,557
- Bonds held to maturity		14,766	11,575	14,773	10,496
- Lending to customers	8	4,209	3,907	3,508	3,842
Real estate at fair value		21,771	21,647	20,856	25,504
Real estate for own use		2,429	2,303	2,425	2,173
Biological assets		631	582	626	535
Accounts receivable and other short-term receivables		2,434	3,038	3,531	2,699
Financial assets at fair value:					
- Equities and other units	8	100,899	82,142	92,615	72,166
- Bonds and other fixed-income securities	8	159,093	164,418	165,071	164,208
- Derivatives	8	2,371	526	1,129	2,745
Bank deposits		6,532	4,251	3,619	3,859
Total assets customers		**380,029**	**356,003**	**372,648**	**343,799**
Total assets		**469,825**	**446,958**	**463,367**	**426,205**

Continues on next page

Storebrand Group

STATEMENT OF FINANCIAL POSITION CONTINUE

Million NOK	Note	30.06.14	30.06.2013 [1)]	31.12.2013 [1)]	1.1.2013 [1)]
Equity and liabilities					
Paid in capital		11,722	11,720	11,720	11,718
Retained earnings		11,445	9,473	10,705	8,119
Minority interests		361	353	350	337
Total equity		**23,528**	**21,547**	**22,775**	**20,175**
Subordinated loan capital	9	7,466	7,090	7,409	7,075
Buffer capital	12	21,768	18,838	22,447	18,037
Insurance liabilities		355,426	333,914	348,204	323,996
Pension liabilities		976	1,234	953	1,234
Deferred tax		1,010	690	825	717
Financial liabilities:					
- Liabilities to financial institutions	8	7	1,008	1,028	2,499
- Deposits from banking customers		20,793	21,603	20,728	19,860
- Securities issued	8	14,872	17,017	17,000	18,033
- Derivatives company portfolio		582	701	632	632
- Derivatives customer portfolio		1,398	3,158	1,911	725
Other current liabilities		8,831	6,382	6,592	7,315
Minority interests in consolidated securities funds		13,169	13,776	12,863	5,909
Total liabilities		**446,297**	**425,411**	**440,592**	**406,029**
Total equity and liabilities		**469,825**	**446,958**	**463,367**	**426,205**

[1)] In consequence of the changes to the principles, the comparative figures have been restated. See further information in note 1 Accounting policies.

Storebrand Group

RECONCILIATION OF GROUP'S EQUITY

Million NOK	Majority's share of equity: Paid in capital: Share capital [1]	Own shares	Share premium	Total paid in equity	Pension experience adjustments	Restatement differences	Other equity [2]	Total retained earnings	Minority interests	Total equity [3]
Equity at 31 December 2012	**2,250**	**-16**	**9,485**	**11,718**	**-447**	**116**	**8,451**	**8,119**	**337**	**20,175**
Profit for the period							1,971	1,971	16	1,987
Total other profit elements					-236	829		593	11	604
Total comprehensive income for the period					**-236**	**829**	**1,971**	**2,564**	**27**	**2,591**
Equity transactions with owners:										
Own shares		2		2			24	24		26
Share issue									-27	-27
Purchase of minority interests							-5	-5		-5
Other							1	1	13	14
Equity at 31 December 2013	**2,250**	**-14**	**9,485**	**11,720**	**-683**	**945**	**10,442**	**10,705**	**350**	**22,775**
Profit for the period							992	992	14	1,006
Total other profit elements					-11	-249		-260	-2	-261
Total comprehensive income for the period					**-11**	**-249**	**992**	**732**	**12**	**744**
Equity transactions with owners:										
Own shares		2		2			18	18		20
Provision for dividend									-2	-2
Purchase of minority interests							-5	-5		-5
Other							-5	-5		-5
Equity at 30 June 2014	**2,250**	**-12**	**9,485**	**11,722**	**-694**	**696**	**11,443**	**11,445**	**361**	**23,528**

[1] 449,909,891 shares with a nominal value of NOK 5.
[2] Includes undistributable funds in the risk equalisation fund amounting to NOK 887 million and security reserves amounting NOK 264 million.
[3] In consequence of the changes to the principles, the comparative figures have been restated. See further information in note 1 Accounting policies.

Equity at 31 December 2012	**2,250**	**-16**	**9,485**	**11,718**	**-447**	**116**	**8,451**	**8,119**	**337**	**20,175**
Profit for the period							889	889	9	898
Total other profit elements					10	454		464	6	470
Total comprehensive income for the period					**10**	**454**	**889**	**1,353**	**15**	**1,368**
Equity transactions with owners:										
Own shares		2		2			24	24		26
Purchase of minority interests							-5	-5		-5
Other					-1		-18	-18	1	-17
Equity at 30 June 2013	**2,250**	**-14**	**9,485**	**11,720**	**-438**	**570**	**9,341**	**9,474**	**353**	**21,547**

Storebrand Group

CASH FLOW ANALYSIS

	1.1 - 30.06	
Million NOK	2014	2013
Cash flow from operational activities		
Net receipts premium - insurance	13,980	12,066
Net payments compensation and insurance benefits	-9,764	-9,596
Net receipts/payments - transfers	-7,412	-5,028
Receipts - interest, commission and fees from customers	829	811
Payments - interest, commission and fees to customers	-114	-276
Payments relating to operations	-1,542	-1,543
Net receipts/payments - other operational activities	1,874	250
Net cash flow from operations before financial assets and banking customers	**-2,148**	**-3,315**
Net receipts/payments - lending to customers	2,122	423
Net receipts/payments - deposits bank customers	-299	1,976
Net receipts/payments - mutual funds	8,625	500
Net receipts/payments - real estate investments	-356	4,496
Net change in bank deposits insurance customers	-2,916	-393
Net cash flow from financial assets and banking customers	**7,176**	**7,001**
Net cash flow from operational activities	**5,028**	**3,686**
Cash flow from investment activities		
Net receipts/payments - sale/purchase of property and fixed assets	-4	-5
Net receits/payments - sale/purchase of fixed assets	-87	-94
Net receipts/payments - sale of insurance portfolios	-1,289	
Net receits/payments - sale/purchase of associated companies and joint ventures	-27	580
Net cash flow from investment activities	**-1,407**	**481**
Cash flow from financing activities		
Payments - repayments of loans	-1,729	-1,442
Receipts - new loans		500
Payments - interest on loans	-311	-286
Receipts - subordinated loan capital	1,737	2,371
Payments - repayment of subordinated loan capital	-1,700	-2,366
Payments - interest on subordinated loan capital	-395	-408
Net receipts/payments - deposits from Norges Bank and other financial institutions	-1,021	-1,490
Receipts - issuing of share capital/sale of shares to own employees	11	9
Payments - dividends	-2	
Net cash flow from financing activities	**-3,411**	**-3,111**
Net cash flow for the period	**210**	**1,056**
- of which net cash flow in the period before financial assets and banking customers	-6,965	-5,946
Net movement in cash and cash equivalents	210	1,056
Cash and cash equivalents at start of the period	4,219	3,539
Cash and cash equivalents at the end of the period [1)]	**4,430**	**4,595**
1) Consist of:		
Lending to financial institutions	551	485
Bank deposits	3,879	4,111
Total	**4,430**	**4,595**

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.

A description of the accounting policies applied in the preparation of the financial statements is provided in the 2013 annual report. The interim financial statements are prepared using the same accounting policies, with the exceptions discussed in more detail below.

There are new and amended accounting standards with effect from 1 January 2014, and Storebrand has implemented IFRS 10 and IFRS 11 with effect from the same date. Their effect for the Group is discussed in more detail below.

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

IFRS 10 establishes a model for evaluating control that will apply to all companies, and the content of the control concept has changed in IFRS 10 in relation to IAS 27 and will entail an increased degree of assessment of units that are controlled by the company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Group's financial statements, securities funds in which Storebrand has an ownership percentage of around 40 per cent or more, and which are also managed by management companies within the Storebrand Group, are consolidated 100 per cent on the balance sheet. Minority interests in consolidated securities funds are presented on a single line for assets and correspondingly on a single line for liabilities. As a consequence of the other investors being able to redeem their ownership interests in the respective funds, the minority interests are classified as liabilities in Storebrand's consolidated financial statements.

One of the Investments in the Group, which was previously treated as a joint venture, is now assessed to be a subsidiary in accordance with IFRS 10. Pursuant to IFRS 10, this company is consolidated 100 per cent.

IFRS 11 – Joint Arrangements
In accordance with IFRS 11, the equity method will be used for the accounting of joint ventures. When the equity method is used, the profit after tax is presented on a single line, and this changes the profit before tax and the tax expense as opposed to using the proportionate consolidation method. This has resulted in a change in the accounting of Storebrand Helseforsikring AS, which was previously consolidated using the proportionate consolidation method.

Changes to other accounting standards
There are also other amendments to the IFRS regulations with effect from, or that can voluntary be applied from 1 January 2014. These changes have not had any material impact on Storebrand's interim financial statements.

Notes to the interim accounts Storebrand Group

The following table shows the impact on the comparative figures of IFRS10/11 the P/L and balance sheet items affected by the changes.

Profit and Loss

	2Q 2013			01.01 - 30.06 2013			Year 2013		
Million NOK	Reported figures	Effect IFRS 10 and IFRS 11	Restated figures	Reported figures	Effect IFRS 10 and IFRS 11	Restated figures	Reported figures	Effect IFRS 10 and IFRS 11	Restated figures
Net premium income	5,859	-52	5,808	17,095	-101	16,994	28,675	-212	28,463
Bonds and other fixed-income securities at fair value	97	-1	96	209	-3	206	422	-5	417
Financial derivatives at fair value	9		8	-3	-2	-4	24	-3	22
Net income from real estate	14	3	17	20	6	26	41	11	52
Result from investments in associated companies/joint controlled operation	4	3	7	11	6	17	74	15	89
Other income	703		703	1,221		1,221	2,316		2,316
Insurance claims for own account	-6,080	36	-6,044	-18,248	71	-18,177	-30,004	152	-29,851
Operating costs	-950	13	-938	-1,885	25	-1,861	-3,310	45	-3,265
Other costs	-44		-44	-111		-111	-296	1	-296
Profit before amortisation and write-downs	**518**	**1**	**519**	**1,070**	**3**	**1,073**	**2,935**	**3**	**2,938**
Amortisation and write-downs of intangible assets	-106	1	-105	-211	1	-210	-741	2	-739
Group pre-tax profit	**412**	**2**	**414**	**859**	**4**	**863**	**2,194**	**5**	**2,199**
Tax cost	124	1	125	36	2	38	-214	6	-209
Profit/loss for the period	**535**	**3**	**537**	**892**	**6**	**898**	**1,976**	**11**	**1,987**

Notes to the interim accounts Storebrand Group

Statement of Financial Position

Million NOK	30.06.2013 Reported figures	30.06.2013 Effect IFRS 10 and IFRS 11	30.06.2013 Restated figures	31.12.2013 Reported figures	31.12.2013 Effect IFRS 10 and IFRS 11	31.12.2013 Restated figures	31.12.2012 Reported figures	31.12.2012 Effect IFRS 10 and IFRS 11	31.12.2012 Restated figures
Intangible assets	6,225	-6	6,218	5,993	-6	5,987	6,102	-6	6,096
Tangible fixed assets	133	-1	132	119	-1	118	144	-1	143
Investments in associated companies	199	121	320	205	128	333	121	130	251
Real estate at fair value	24,801	246	25,047	24,175	262	24,437	28,723	240	28,963
Accounts receivable and other short-term receivables	1,520	-62	1,458	1,890	-57	1,833	2,172	-47	2,125
Bonds and other fixed-income securities	22,219	-188	22,031	23,485	-191	23,294	21,496	-184	21,312
Derivatives	901		901	1,091	-1	1,090	1,313		1,313
Bank deposits	4,124	-14	4,111	4,077	-10	4,067	3,297	-18	3,279
Minority interests in consolidated securities funds		13,776	13,776		12,863	12,863		5,909	5,909
Total assets	**433,086**	**13,872**	**446,958**	**450,381**	**12,986**	**463,367**	**420,182**	**6,023**	**426,205**
Equity and liabilities									
Minority interests	108	246	353	88	262	350	98	240	337
Total equity	**21,301**	**246**	**21,547**	**22,514**	**262**	**22,775**	**19,936**	**240**	**20,175**
Insurance liabilities	334,039	-125	333,914	348,314	-110	348,204	324,089	-94	323,996
Pension liabilities	1,239	-6	1,234	958	-5	953	1,239	-6	1,234
Deferred tax	695	-5	690	833	-9	825	721	-5	717
Other current liabilities	6,388	-15	6,373	6,605	-14	6,591	7,327	-22	7,305
Minority interests in consolidated securities funds		13,776	13,776		12,863	12,863		5,909	5,909
Total equity and liabilities	**433,086**	**13,872**	**446,958**	**450,381**	**12,986**	**463,367**	**420,182**	**6,023**	**426,205**

NOTE 2: ESTIMATES

Critical accounting estimates and judgements made for the 2013 annual financial statements are described in note 2, step-up plan for longevity reserve strengthening for Storebrand Life Insurance in note 3, insurance risk in note 7 and valuation of financial instruments at fair value is described in note 13.

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

Strengthening longevity reserves for Storebrand Life Insurance
In a letter dated 8 March 2013, the Financial Supervisory Authority of Norway (Finanstilsynet) determined that a new mortality basis, K2013, would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. This requires increased premiums and higher insurance technical reserves to cover future liabilities. See the description in note 3 in the annual financial statements for 2013.

The Financial Supervisory Authority of Norway published 2nd April 2014 final guidelines for the step-up plans for longevity reserve strengthening. These are in relations to the guidelines provided by the Ministry of Finance in a letter from 27th March 2014. The period for strengthening longevity reserves may have duration of up to 7 years (up to and including 2020). Applications for step-up periods for reserves must be approved by the Financial Supervisory Authority of Norway. The strengthening of the reserves may be funded with excess return in customer portfolios. Surplus return in one contract cannot be used to strengthen reserves on other contracts. The insurance companies should contribute at least 20 percent of the increased reserves. Allocations shall be made to every contract.
The reserve strengthening must as a minimum be linear over the course of the step-up plan. Storebrand has applied to the Financial Supervisory Authority of Norway in April 2014 to take 7 years for strengthening the longevity reserves.

Requirements that the entire booked returns be added on a contract basis will, all other things being equal, require a higher return given that the owner's contribution should be unchanged. The possibility to be able to apply for a step-up period of up to 7 years will pull in the opposite direction. On the overall, the owner's expected contribution for strengthening reserves for a given level of returns, have increased in relation to earlier estimates.

Guidelines for longevity reserve strengthening
- Step-up plans can have a maximum duration of seven years (up until 2020). Applications to be approved by the Supervisory Authorities of Norway.
- The reserves may be funded with excess return in customer portfolios. Surplus return in one contract cannot be used to strengthen reserves on other contracts (no "solidarity")
- The Insurance companies should contribute at least 20 percent of the increased reserves. Allocations shall be made to every contract.
- The reserve strengthening must as a minimum be linear over the course of the step up plan.

Consequences for Storebrand
- Total reserve strengthening of appr. NOK 12.4billion.
- In the period 2011 to 2013, Storebrand has allocated a total of NOK 4.1 billion for the future reserve strengthening, and has also allocated NOK 2 billion in customer surpluses to date in 2014. Given that customer surpluses cannot be used jointly, efforts are ongoing to assign longevity reserves at individual contract levels, and it is expected that this will reduce the total allocated amount by around NOK 500 million.
- Storebrand also has other buffers that may be used to increase the booked return in the period.
- The total contribution from the owner will depend upon the annual booked returns on investment returns on customer funds in the step-up period, the volatility in the booked return, trend in the insurance portfolio, risk results during the period, etc.
- The table below shows the estimated effects on net profit for owners for different average booked returns expectations during the period. If booked annual returns are to be lower than 4 per cent, then the owner's contribution might increase significantly. The effect on net profit is estimated based on an option pricing model which uses, for instance, a volatility in the booked return of 1 per cent and an annual expected risk outcome for customers that can be used for strengthening the reserves. The expected total and annual effect on earnings does not include loss of anticipated profit sharing related to paid-up policies. The estimates are encumbered with uncertainty.

Annual booked return	Expected total result effect before tax	Annual result effect before tax
4,0%	~ 3 500	~ 500
4,5%	~ 2 100	~ 300
5,0%	~ 1 100	~ 160

- In the accounts as at 30 June 2014, a long-term average yield of 4.4 per cent, an expected risk outcome for customers and an expected step-up period of 7 years have been used as a basis.

NOTE 3: TAX

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

The tax rate for the group will vary from quarter to quarter depending on the individual legal entities' contribution to earnings.

NOTE 4: INFORMATION ABOUT RELATED PARTIES

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 25 and 55 in the 2013 annual report.

Storebrand had not carried out any material transactions other than normal business transactions with related parties at the close of the second quarter 2014.

NOTE 5: FINANCIAL MARKET RISK AND INSURANCE RISK

Risks are described in the annual report for 2013 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk), and note 11 (Concentration risk). Conditions that affect the risks are also described in note 2 (Significant accounting estimates and approximate valuations).

Notes to the interim accounts Storebrand Group

As regards strengthening longevity reserves for Storebrand Life Insurance, this is described in note 2 (Estimates).

The stock market has been strong in the first half of the year, with new highs on the stock exchanges. The credit market has also been positive with falling credit spreads. Interest rates have been falling, both in Norway and Sweden.

The most significant risk in the Norwegian operations is the company's return on the guaranteed customer portfolios. At the end of the first half of the year, the return on the guaranteed portfolios is higher than the accumulated guarantee and higher than planned to cover this year's contributions to the strengthening of reserves. The return has been positively affected by strong equity and credit markets and the effect of a fall in interest rates. This reduces the return risk for 2014. In the longer term, lower interest rates increase the risk associated with guaranteed returns and the strengthening of longevity reserves including, for instance, as a result of re-investment risk. Lower interest rates are also negative for solvency when Solvency II is introduced from 1 January 2016.

The Norwegian Financial Supervisory Authority has decided that the calculation interest rate is to be reduced to 2 per cent for new accumulation as of 2015.

For the Swedish operations, lower interest rates are, all being equal, negative for solvency-margin and in the long term also for the financial results.

The equity ratio has increased somewhat in the paid-up policy portfolio during Q2. The investment allocation is otherwise largely unchanged over the first half of the year.

Insurance risk is largely unchanged over the first half of the year.

NOTE 6: SEGMENTS - RESULT BY BUSINESS AREA

Storebrand's operation include the business areas Savings, Insurance , Guaranteed Pension and Other.

Changes in segments
Beginning 1 January 2014, certain follow-ups including sickness insurance, one-year life assurance and survivor insurance at SPP have been transferred from the Guaranteed Pension segment to Insurance. The result for these products will beginning 1 January 2014 be reported under Insurance. In addition, new the accounting standards IFRS 10 and IFRS 11 have been implemented, which is described in further detail in note 1 Accounting policies. Figures for previous periods have been restated, see the table with restated comparative figures at the bottom of the note.

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, the operation in BenCo and minority in securities' fund are included,.

Reconciliation with the official profit and loss accounting
Results in the segments are reconciled with the corporate results before amortisation 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

	2Q		1.1 - 30.6		Year
Million NOK	2014	2013			2013
Savings	184	138	370	227	670
Insurance	154	181	381	277	774
Guaranteed pension	313	255	614	635	1,376
Other	99	-55	112	-66	119
Group result	**750**	**519**	**1,477**	**1,073**	**2,938**
Write-downs and amortisation of intangible assets	-108	-105	-218	-210	-739
Group pre-tax profit	**642**	**414**	**1,259**	**863**	**2,199**

Segment information as of 2Q

	Savings		Insurance		Guaranteed pension	
	Q2		Q2		Q2	
Million NOK	2014	2013	2014	2013	2014	2013
Fee and administation income	522	461			439	496
Risk result life & pensions	-7	4			48	-19
Insurance premiums f.o.a			770	707		
Claims f.o.a			-558	-430		
Operational cost	-325	-322	-131	-132	-281	-275
Financial result			74	36		
Result before profit sharing and loan losses	**191**	**142**	**154**	**181**	**206**	**203**
Net profit sharing and loan losses	-6	-5			197	52
Provision longevity					-90	
Group result before amortisation	**184**	**138**	**154**	**181**	**313**	**255**
Write-downs and amortisation of intangible assets [1)]						
Group pre-tax profit						

	Other		Storebrand Group	
	Q2		Q2	
Million NOK	2014	2013	2014	2013
Fee and administation income	67	94	1,028	1,051
Risk result life & pensions	3	6	45	-9
Insurance premiums f.o.a			770	707
Claims f.o.a			-558	-430
Operational cost	-58	-102	-795	-831
Financial result	76	-61	150	-25
Result before profit sharing and loan losses	**89**	**-63**	**640**	**463**
Net profit sharing and loan losses	9	8	200	56
Provision longevity			-90	
Group result before amortisation	**99**	**-55**	**750**	**519**
Write-downs and amortisation of intangible assets [1)]			-108	-105
Group pre-tax profit			**642**	**414**

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

Notes to the interim accounts Storebrand Group

Segment information as of 01.01 - 30.06

	Savings		Insurance		Guaranteed pension	
Million NOK	30.06.14	30.06.13	30.06.14	30.06.13	30.06.14	30.06.13
Fee and administation income	1,031	909			913	987
Risk result life & pensions	-8	4			126	22
Insurance premiums f.o.a			1,540	1,464		
Claims f.o.a			-1,050	-996		
Operational cost	-646	-657	-256	-260	-562	-545
Financial result			147	68		
Result before profit sharing and loan losses	**377**	**256**	**381**	**277**	**478**	**463**
Net profit sharing and loan losses	-7	-29			317	171
Provision longevity					-180	
Group result before amortisation	**370**	**227**	**381**	**277**	**614**	**635**
Write-downs and amortisation of intangible assets [1]						
Group pre-tax profit						
Assets	119,564	100,060	5,345	5,354	274,793	270,969
Liabilities	107,213	86,957	4,729	4,803	267,048	263,424

	Other		Storebrand Group	
Million NOK	30.06.14	30.06.13	30.06.14	30.06.13
Fee and administation income	142	176	2,086	2,072
Risk result life & pensions	2	9	120	34
Insurance premiums f.o.a			1,540	1,464
Claims f.o.a			-1,050	-996
Operational cost	-116	-185	-1,580	-1,647
Financial result	124	-73	271	-5
Result before profit sharing and loan losses	**151**	**-73**	**1,386**	**923**
Net profit sharing and loan losses	-39	7	271	150
Provision longevity			-180	
Group result before amortisation	**112**	**-66**	**1,477**	**1,073**
Write-downs and amortisation of intangible assets [1]			-218	-210
Group pre-tax profit			**1,259**	**863**
Assets	70,122	70,575	469,825	446,958
Liabilities	67,306	70,227	446,297	425,411

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

RESTATED SEGMENT FIGURES

Profit and Loss

	2Q 2013				30.06.13				31.12.13			
Million NOK	Reported figures	Change IFRS	Change in segment	Restated figures	Reported figures	Change IFRS	Change in segment	Restated figures	Reported figures	Change IFRS	Change in segment	Restated figures
Savings	141			138	227			227	670			670
Insurance	132	-2	52	181	206	-3	74	277	492	-8	289	774
Guaranteed pension	310		-52	255	709		-74	635	1,665		-289	1,376
Other	-64	3		-55	-71	6		-66	108	11		119
Group result before amortisation	**518**	**1**		**519**	**1,070**	**3**		**1,072**	**2,935**	**3**		**2,938**
Write-downs and amortisation of intangible assets	-106	1		-105	-211	1		-210	-741	2		-739
Group pre-tax profit	**412**	**2**		**413**	**859**	**4**		**862**	**2,194**	**5**		**2,199**

Notes to the interim accounts Storebrand Group

Statement of Financial Position

Million NOK	30.06.13 Reported figures	30.06.13 Change IFRS	30.06.13 Restated figures	31.12.13 Reported figures	31.12.13 Change IFRS	31.12.13 Restated figures
Savings	100,060		100,060	110,067		110,067
Insurance	5,505	-150	5,354	5,533	-138	5,395
Guaranteed pension	270,969		270,969	274,406		274,406
Other	56,553	14,022	70,575	60,374	13,124	73,499
Assets	**433,086**	**13,872**	**446,958**	**450,381**	**12,986**	**463,367**
Savings	86,957		86,957	96,951		96,951
Insurance	4,954	-150	4,803	4,944	-138	4,806
Guaranteed pension	263,424		263,424	266,303		266,303
Other	56,450	13,776	70,227	59,669	12,863	72,532
Liabilities	**411,785**	**13,626**	**425,411**	**427,867**	**12,725**	**440,592**

Key figures by business area

Million NOK	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	4Q 2012	3Q 2012
Group								
Earnings per ordinary share [1]	2.22	1.13	4.41	3.52	1.99	0.80	2.25	2.10
Equity	23,528	23,080	22,775	22,274	21,301	20,939	20,175	19,706
Savings								
Premium income Unit Linked [5]	2,347	2,463	2,273	2,296	2,768	2,318	2,480	2,121
Unit Linked reserves	92,899	87,105	85,452	79,341	73,542	70,458	63,387	61,007
AuM asset management	501,539	495,244	487,384	471,278	455,701	453,828	442,162	438,878
Retail lending	23,939	23,537	23,906	24,110	24,036	23,922	23,734	23,256
Insurance								
Portfolio premium	3,588	3,552	3,569	3,509	3,448	3,366	3,308	3,232
Claims ratio [5]	73%	64%	71%	49%	61%	75%	75%	63%
Cost ratio [5]	17%	16%	10%	16%	19%	17%	18%	22%
Combined ratio [5]	90%	80%	81%	65%	80%	92%	93%	85%
Guaranteed pension								
Guaranteed reserves	263,370	259,799	264,125	262,468	259,048	261,502	259,858	259,671
Guaranteed reseves in % of total reserves	73.9%	74.9%	75.6%	76.8%	77.9%	78.8%	80.4%	81.0%
Transfer out of guaranteed reserves [5]	104	7,192	967	710	998	7,279	1,360	654
Buffer capital in % of customer reserves Storebrand Life Group [2]	4.6%	4.2%	4.8%	4.0%	3.7%	4.1%	4.0%	4.6%
Buffer capital in % of customer reserves SPP [3]	15.1%	14.6%	15.1%	14.5%	13.5%	13.1%	11.9%	11.7%
Solidity								
Capital adequacy Storebrand Group	14.1%	14.4%	13.4%	13.4%	13.1%	12.8%	11.7%	11.5%
Solidity capital (Storebrand Life Group) [4]	60,850	55,472	54,102	51,717	49,718	49,513	46,860	48,938
Capital adequacy (Storebrand Life Group)	14.1%	14.8%	13.6%	13.9%	13.7%	13.5%	12.2%	11.9%
Solvency margin (Storebrand Life Group)	178%	182%	176%	178%	174%	165%	162%	153%
Solvency margin (SPP Life Insurance AB)	211%	230%	254%	285%	262%	250%	222%	216%
Capital adequacy Storebrand Bank	15.7%	15.0%	13.6%	13.1%	12.9%	11.9%	11.8%	12.0%
Core Capital adequacy Stobrand Bank	14.8%	14.1%	12.8%	12.4%	12.2%	11.2%	11.2%	10.7%

1) Accumulated
2) Additional statutory reserves + market value adjustment reserve
3) Conditional bonuses
4) The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.
5) Quarterly figures

Notes to the interim accounts Storebrand Group

NOTE 7: OPERATING COSTS

	2Q		1.1 - 30.6		Year
Million NOK	2014	2013	2014	2013	2013
Personnel costs	-502	-629	-1,018	-1,161	-1,797
Amortisation	-21	-33	-59	-65	-144
Other operating costs	-383	-275	-634	-634	-1,324
Total operating costs	**-906**	**-938**	**-1,711**	**-1,861**	**-3,265**

NOTE 8: VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE

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

Valuation of financial instruments to amortised cost

Million NOK	Fair value 30.06.14	Fair value 31.12.13	Book value 30.6.14	Book value 31.12.13
Financial assets				
Loans to and due from financial institutions	551	152	551	152
Lending to customers	33,778	35,771	33,850	35,856
Bonds held to maturity	16,792	15,942	15,113	15,120
Bonds classified as loans and receivables	74,333	71,313	67,138	66,971
Financial liabilities				
Debt raised by issuance of securities	14,914	17,228	14,872	17,000
Liabilities to financial institutions	7	31	7	31
Deposits from banking customers	20,793	20,728	20,793	20,728
Subordinatd loan capital	8,011	7,956	7,466	7,409

Notes to the interim accounts Storebrand Group

Valuation of financial instruments and real estate at fair value

Million NOK	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	30.06.14	31.12.13
Assets:					
Equities and units					
- Equities	20,402	618	2,435	23,456	16,708
- Fund units	119	68,617	1,412	70,148	68,399
- Private equity fund investments		153	6,151	6,304	6,373
- Real estate fund		8	1,078	1,086	1,217
Total equities and units	**20,521**	**69,395**	**11,076**	**100,993**	
Total equities and units 2013	13,135	67,617	11,945		92,697
Lending to customers [1)]			1,126	**1,126**	
Lending to customers 2013 [1)]			1,289		1,289
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	31,598	20,530		52,129	62,312
- Credit bonds		25,508	413	25,921	25,966
- Mortage and asset backed securities		45,496		45,496	45,433
- Supranational organisations	47	8,944		8,991	7,313
- Bond funds		51,520		51,520	47,342
Total bonds and other fixed-income securities	**31,645**	**151,998**	**413**	**184,057**	
Total bonds and other fixed-income securities 2013	27,270	159,426	1,669		188,365
Derivatives:					
- Interest derivatives		2,482		2,482	-358
- Currency derivatives		-937		-937	35
Total derivatives		**1,545**		**1,545**	
- of which derivatives with a positive market value		3,525		3,525	2,211
- of which derivatives with a negative market value		-1,980		-1,980	-2,533
Total derivatives 2013		-323			-323
Real Estate:					
Investment properties			25,396	25,396	24,175
Owner-occupied properties			2,497	2,497	2,491
Total real estate			**27,893**	**27,893**	
Total real estate 2013			26,928		26,928
Liabilities:					
Liabilities to financial institutions [1)]					997
Liabilities 2013 [1)]		997			997

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

Movements between quoted prices and observable assumptions

Million NOK	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	29	54
Bonds and other fixed-income securities		1,834

Notes to the interim accounts Storebrand Group

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

Financial instruments and real estate at fair value - level 3

Million NOK	Equities	Fund units	Private equity fund	Real estate fund	Lending to customers	Credit bonds	Investment properties	Owner-occupied properties
Book value 01.01	**3,269**	**1,327**	**6,132**	**1,217**	**1,289**	**1,669**	**24,437**	**2,491**
Net gains/losses on financial instruments	312	96	531	51	8	9	12	36
Supply	104	70	351	7	5	56	1,109	8
Sales	-1,216	-65	-838	-197	-176	-1,303	-120	-8
Transferred to/from non-observable assumptions to/from observable assumptions	8							
Translation differences	-41	-15	-26			-17	-42	-30
Book value 30.6.14	**2,435**	**1,412**	**6,151**	**1,078**	**1,126**	**413**	**25,396**	**2,497**

SENSITIVITY ASSESSMENTS

Equities

Under equities, it is primarily forests that are investments at level 3. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption with regard to the required rate of return used, a change in the discount rate of 0.25 per cent would result in an estimated change of around 3.75 per cent in value, depending on the maturity of the forest and other factors.

	Change in value at change in discount rate	
Million NOK	Increase + 25 bp	Decrease - 25 bp
Change in fair value per 30.06.14	-73	78

Fund units and Private equity fund

Large portions of the portfolio are priced using comparable listed companies, while smaller portions of the portfolio are listed. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. The private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.5.

	Change MSCI World	
Million NOK	Increase + 10 %	Decrease - 10 %
Change in fair value per 30.06.14	217	-217

Real estate fund

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. The indirect property investments are leveraged structures. The portfolio is leveraged 65 per cent on average.

	Change in value underlying real estates	
Million NOK	Increase + 10 %	Decrease - 10 %
Change in fair value per 30.06.14	351	-345

Notes to the interim accounts Storebrand Group

Lending to customers

Fixed-rate lending is valued at fair value. The value of these is determined by discounting future contractual cash flows using a discount rate that takes into account margin requirements (market spread). The assumption for calculating the margin requirement is based on an assessment of market conditions at the end of the accounting period, and an assessment that would form the basis for an external investor's investment in a corresponding portfolio.

	Change in marketspread	
Million NOK	Increase + 10 bp	Decrease - 10 bp
Change in fair value per 30.06.14	-3.1	3.2

Properties

The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 4.5 per cent. About 25 per cent of the property's cash flow is linked to lease contracts that have been entered into. This entails that the changes in the uncertain parts of the cash flow of 1 per cent will mean a change in value of 0.75 per cent.

Investments properties

	Change in required rate of return	
Million NOK	0.25%	-0.25%
Change in fair value per 30.06.14	-1,001	1,086

Owner occupied properties

	Change in required rate of return	
Million NOK	0.25%	-0.25%
Change in fair value per 30.06.14	-95	104

NOTE 9: LIQUIDITY RISK

Specification of subordinated loan capital

Million NOK	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	106	NOK	Fixed	2014	112
Storebrand Bank ASA	160	NOK	Variable	2014	169
Storebrand Bank ASA	150	NOK	Variable	2018	150
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2,015	1,019
Storebrand Livsforsikring AS	1,100	NOK	Variable	2,024	1,095
SPP Livförsäkring AB	700	SEK	Variable	2,019	639
Dated subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,628
Storebrand Bank ASA	150	NOK	Variable	2017	151
Total subordinated loans and hybrid tier 1 capital 30.6.14					**7,466**
Total subordinated loans and hybrid tier 1 capital 30.6.13					7,090
Total subordinated loans and hybrid tier 1 capital 31.12.13					7,409

Notes to the interim accounts Storebrand Group

Specification of liabilities to financial institutions

	Book value		
Million NOK	30.06.14	30.06.13	31.12.13
Maturity			
2013		11	
2014	7	997	1,028
Total liabilities to financial institutions	**7**	**1,008**	**1,028**

Specification of securities issued

	Book value		
Million NOK	30.06.14	30.06.13	31.12.13
Call date			
2013		264	
2014	1,028	3,109	2,454
2015	2,398	3,017	3,206
2016	3,791	3,875	3,875
2017	4,518	4,521	4,520
2018	1,054	500	952
2019	1,761	1,731	1,687
2020	322		306
Total securities issued	**14,872**	**17,017**	**17,000**

The loan agreements contain standard covenants. Storebrand is in compliance with all relevants covenants in 2014. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement of 109.5 per cent was fulfilled.

Credit facilities
Storebrand ASA has an unused credit facility of EUR 240 million.

Facilities for Storebrand Boligkreditt AS
Storebrand Bank has two overdraft facilities with Storebrand Boligkreditt AS. One of the agreements is used for general operations, such as the acquisition of home mortgages from Storebrand Bank. The other agreement may be used for repayment of interest and principal on bonds with covered bonds and related derivatives. At all times, the size of the available credit facility should cover the interest and repayment of bonds with pre-emptive rights for the coming 12 months.

Notes to the interim accounts Storebrand Group

NOTE 10: LENDING

Million NOK	30.06.14	30.06.13	31.12.13
Corporate market	11,177	14,785	13,318
Retail market	23,942	24,036	23,940
Gross lending	**35,119**	**38,821**	**37,258**
Write-down of lending losses	-143	-116	-113
Net lending	**34,976**	**38,705**	**37,145**

Non-performing and loss-exposed loans

Million NOK	30.06.14	30.06.13	31.12.13
Non-performing and loss-exposed loans without identified impairment	113	130	111
Non-performing and loss-exposed loans with identified impairment	264	93	356
Gross non-performing loans	**377**	**223**	**468**
Individual write-downs	-122	-71	-83
Net non-performing loans	**255**	**152**	**385**

NOTE 11: CONTINGENT LIABILITIES

Million NOK	30.06.14	30.06.13	31.12.13
Guarantees	194	255	242
Unused credit limit lending	3,983	5,431	4,060
Uncalled residual liabilities re limited partnership	4,436	3,687	4,038
Other liabilities/lending commitments	40	469	77
Total contingent liabilities	**8,653**	**9,842**	**8,417**

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. Please also refer to note 2 and note 52 in the 2013 annual report.

NOTE 12: BUFFER CAPITAL

Million NOK	30.06.14	30.06.13	31.12.13
Additional statutory reserves	4,310	5,280	4,458
Market adjusment reserves	3,701	1,028	3,823
Conditional bonuses	13,757	12,531	14,167
Total	**21,768**	**18,838**	**22,447**

The excess value of held-to-maturity bonds valued at amortised cost totalled NOK 8,866 million at the end of the 2nd quarter 2014 - an increase of NOK 3,706 million since the turn of the year.
The excess value of bonds at amortised cost is not included in the financial statements.

NOTE 13: 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. It must also be expected, that a counter-cyclical capital buffer of 1 percent core tier 1 capital will be introduced from 30th June 2015. 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

Million NOK	30.06.14	31.12.13[1)]
Share capital	2,250	2,250
Other equity	21,279	20,264
Equity	**23,528**	**22,514**
Hybrid tier 1 capital	1,926	1,927
Interest rate adjustment of insurance obligations	-1,338	-1,081
Goodwill and other intangible assets	-5,780	-6,111
Deferred tax assets	-1	-1
Risk equalisation fund	-887	-776
Deductions for investments in other financial institutions	-1	-1
Security reserves	-316	-301
Minimum requirement reassurance allocation	-4	-4
Capital adequacy reserve	-115	-96
Other	-471	-31
Core (tier 1) capital	**16,540**	**16,038**
Perpetual subordinated capital	2,743	2,700
Ordinary primary capital	2,388	2,388
Deductions for investments in other financial institutions	-1	-1
Capital adequacy reserve	-115	-96
Tier 2 capital	**5,014**	**4,990**
Net primary capital	**21,555**	**21,029**

Minimum requirements primary capital in capital adequacy

Million NOK	30.06.14	31.12.13[1)]
Credit risk		
Of which by business area:		
Capital requirements insurance	10,753	10,813
Capital requirements banking	1,380	1,613
Capital requirements securities undertakings	13	24
Capital requirements other	41	44
Total minimum requirements credit risk	**12,187**	**12,494**
Operational risk/settlement risk	99	99
Deductions	-20	-18
Minimum requirements primary capital	**12,265**	**12,575**
Capital adequacy ratio	**14.1 %**	**13.4 %**
Core (tier 1) capital ratio	**10.8 %**	**10.2 %**

Notes to the interim accounts Storebrand Group

Solvency requirements for cross-sectoral financial groups

Million NOK	30.06.14	31.12.13[1)]
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	12,265	12,575
- capital requirements insurance companies	-10,753	-10,813
Capital requirements pursuant to capital adequacy regulations	1,512	1,762
Buffer requirements (4.5%)	850	991
Requirements re solvency margin capital insurance	12,347	12,140
Total requirements re primary capital and solvency capital	**14,709**	**14,892**
Primary capital and solvency capital		
Net primary capital	21,555	21,029
Change in solvency capital for insurance in relation to primary capital		
Other solvency capital	*2,737*	*2,750*
Total primary capital and solvency capital	**24,291**	**23,779**
Surplus solvency capital	**9,582**	**8,886**

[1)] *Corresponding figures are not changed.*

Storebrand ASA

PROFIT AND LOSS ACCOUNT

NOK million	2Q 2014	2Q 2013	01.01. - 30.06 2014	01.01. - 30.06 2013	Full year 2013
Operating income					
Income from investments in subsidiaries		14	13	14	626
Net income and gains from financial instruments:					
- bonds and other fixed-income securities	11	12	25	28	49
- financial derivatives/other financial instruments	4	-4	4	-6	-14
Other financial instruments		1	1	1	2
Operating income	**15**	**23**	**42**	**37**	**663**
Interest expenses	-37	-30	-74	-68	-136
Other financial expenses	-4	-8	-10	-11	-156
Operating costs					
Personnel costs	-7	-10	-14	-22	83
Amortisation				-1	-1
Other operating costs	-11	-19	-23	-41	-76
Total operating costs	**-18**	**-29**	**-37**	**-64**	**6**
Total costs	**-59**	**-67**	**-121**	**-143**	**-286**
Pre-tax profit	**-44**	**-44**	**-79**	**-105**	**377**
Tax	12	12	25	29	-96
Profit for the period	**-32**	**-32**	**-54**	**-76**	**281**

Storebrand ASA

STATEMENTS OF FINANCIAL POSITION

NOK million	30.06.14	30.06.13	31.12.13
Fixed assets			
Deferred tax assets	482	501	458
Pension assets	1	152	1
Tangible fixed assets	30	31	30
Shares in subsidiaries	17,245	17,356	17,241
Total fixed assets	**17,758**	**18,041**	**17,729**
Current assets			
Owed within group	3	4	519
Lending to group companies	18	18	17
Other current receivables	24	42	23
Investments in trading portfolio:			
- bonds and other fixed-income securities	2,097	1,220	1,757
- financial derivatives/other financial instruments	63	78	33
Bank deposits	80	74	37
Total current assets	**2,285**	**1,435**	**2,386**
Total assets	**20,043**	**19,476**	**20,115**
Equity and liabilities			
Share capital	2,250	2,250	2,250
Own shares	-12	-14	-14
Share premium reserve	9,485	9,485	9,485
Total paid in equity	**11,722**	**11,720**	**11,720**
Other equity	4,600	4,523	4,644
Total equity	**16,322**	**16,243**	**16,365**
Non-current liabilities			
Pension liabilities	156	155	156
Securities issued	3,476	3,044	3,476
Total non-current liabilities	**3,632**	**3,199**	**3,632**
Current liabilities			
Financial derivatives			10
Debt within group			34
Other current liabilities	89	33	74
Total current liabilities	**89**	**34**	**118**
Total equity and liabilities	**20,043**	**19,476**	**20,115**

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	63	16
Net receipts/payments - securities at fair value	-344	527
Payments relating to operations	-58	-84
Net receipts/payments - other operational activities	524	234
Net cash flow from operational activities	**186**	**692**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	-35	-128
Net cash flow from investment activities	**-35**	**-128**
Cash flow from financing activities		
Payments - repayments of loans		-479
Payments - interest on loans	-118	-70
Receipts - issuing of share capital	11	9
Net cash flow from financing activities	**-107**	**-539**
Net cash flow for the period	**43**	**26**
Net movement in cash and cash equivalents	43	26
Cash and cash equivalents at start of the period	37	48
Cash and cash equivalents at the end of the period	**80**	**74**

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 2013. The accounting policies are described in the 2013 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 30.06.14	Equity 30.06.13	Equity 31.12.13
Equity as per 1 January	**2,250**	**-14**	**9,485**	**4,644**	**16,365**	**16,310**	**16,310**
Profit for the year				-54	-54	-76	281
Experience pension							-235
Own share bought back [2]		2		18	20	26	26
Employee share is 2)				-9	-9	-17	-17
Total equity	**2,250**	**-12**	**9,485**	**4,600**	**16,322**	**16,243**	**16,365**

[1] 449,909,891 shares with a nominal value of NOK 5
[2]) In 2014, 305 481 of our own shares were sold to our own employees. Holding of own shares as per 30 June 2014 was 2 410 792.

NOTE 4: BONDS ISSUED

NOK million	Interest rate	Currency	Net nominal value	30.06.14	30.06.13	31.12.13
Bond loan 2009/2014 [1]	Fixed	NOK	540	540	598	563
Bond loan 2009/2014 [1]	Fixed	NOK	297	310	586	304
Bond loan 2013/2020 [1]	Fixed	NOK	300	322		306
Bond loan 2011/2016	Variable	NOK	1000	998	1,007	998
Bond loan 2012/2017	Variable	NOK	850	853	853	853
Bond loan 2013/2018	Variable	NOK	450	452		452
Total [2]				**3,476**	**3,044**	**3,476**

[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 2014 (Report for the first six months, 2014).

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 2014 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 2014. 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, 15 July 2014
Board of Directors of Storebrand ASA

Birger Magnus
Chairman of the Board

Monica Caneman	Laila S. Dahlen	Gyrid Skalleberg Ingerø
Halvor Stenstadvold	Terje Vareberg	Arne Fredrik Håstein
Knut Dyre Haug	Heidi Storruste	

Odd Arild Grefstad
Chief Executive Officer

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Translation from the original Norwegian version

To the Board of Directors of Storebrand ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand ASA (the Group) as of June 30, 2014, 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 respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by EU.

Oslo, July 15, 2014
Deloitte AS

Henrik Woxholt
State Authorized Public Accountant (Norway)

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Financial calender 2014

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

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storebrand

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