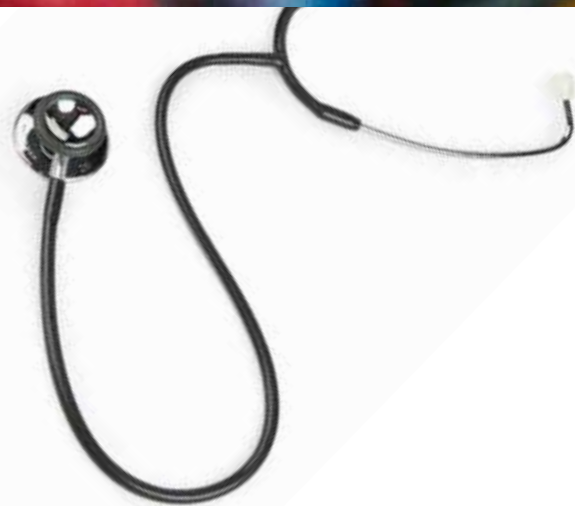




Interim Report 2nd quarter 2013
Storebrand
Helseforsikring AS



Interim Report Storebrand Helseforsikring AS

As at 30 June 2013

Profit before tax is NOK 6.5 million (NOK 13.8 million) in 2nd quarter and a profit of NOK 14.0 million (NOK 26.4 million) so far this year.

Premiums earned totalled NOK 103.1 million (NOK 89.3 million) in 2nd quarter, and NOK 202.0 million (NOK 174.9) so far this year. This is an increase of 15 per cent compared to the equivalent period in 2012. Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position in Norway. There continues to be high demand for health insurance in the market, and it is becoming seen by companies as one of several important tools to reduce absence through illness.

Cost of claims amounted to NOK 71.0 million (NOK 54.0 million) in 2nd quarter, and NOK 142.4 million (107.0) so far this year. The claims ratio for own account stood at 69 per cent (61 per cent) in 2nd quarter, and NOK 71 per cent (61 per cent) year to date. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 26.5 million (NOK 23.5 million) in 2nd quarter, and NOK 51.2 million (NOK 45.4 million) so far this year. The net cost ratio for own account ended up at 26 per cent (25 per cent) in 2nd quarter year to date. The increase is temporary and reflects non-recurring costs related to additional efficiency measures in operations. The net cost ratio is expected to decrease further ahead. On accumulated basis the net cost ratio is 25 per cent (26 per cent).

The net financial items amounted to NOK 2.8 million (NOK 2.9 million) in 2nd quarter, and NOK 8.5 million (5.0 million) so far this year. The company has maintained a conservative investment profile, with most of the funds placed in interest and credit.

The capital adequacy requirement is 8 per cent of risk-weighted balance sheet and the company's capital adequacy ratio was 75,9 per cent as at 30 June 2013 down from 93,0 per cent at the beginning of the year. The decrease is due to increased calculation basis after allocating funds to assets under management and profits made so far this year does not count as primary capital as long as it has not been revised.

The solvency margin requirement is 100 per cent and the solvency margin is estimated to be 235,4 per cent as at 30 June 2013, down from 257,5 per cent at the beginning of the year due to increased earned premiums without counting profits made so far this year as primary capital.

Lysaker, 30. August 2013

The Board of Storebrand Helseforsikring AS

Profit and loss account Storebrand Helseforsikring AS

| NOK thousand | Q2 | | 01.01.-30.06. | | Full year |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2012 |
| TECHNICAL ACCOUNTS | | | | | |
| PREMIUMS | | | | | |
| Gross premiums written | 105,911 | 95,649 | 257,005 | 222,321 | 386,528 |
| - Reinsurers' share | -377 | -500 | -563 | -976 | -2,028 |
| Gross change in reserve for unearned premiums | -2,459 | -5,891 | -54,472 | -46,444 | -17,754 |
| Premium income for own account | 103,075 | 89,259 | 201,970 | 174,902 | 366,747 |
| Allocation of investment return transferred from the non-technical accounts | 50 | 35 | 4,280 | 3,624 | 3,555 |
| CLAIMS EXPENCES | | | | | |
| Gross claims paid | -70,417 | -52,523 | -140,828 | -106,249 | -230,170 |
| Gross change in claims reserve | -625 | -1,483 | -1,576 | -791 | -3,598 |
| Claims expences for own account | -71,042 | -54,006 | -142,404 | -107,041 | -233,391 |
| INSURANCE RELATED OPERATING COSTS | | | | | |
| Sales costs | -11,380 | -8,211 | -21,946 | -18,755 | -36,535 |
| Insurance related administration costs | -15,100 | -15,293 | -29,290 | -26,683 | -54,005 |
| Insurance related operating costs for own account | -26,480 | -23,504 | -51,236 | -45,438 | -90,540 |
| Other insurance related operating cost | - | 802 | - | - | - |
| Balance on the technical account before allocations to security reserve | 5,603 | 12,585 | 12,610 | 26,047 | 46,371 |
| Change in security reserve | -1,860 | -1,874 | -2,736 | -1,157 | -5,846 |
| Technical profit | 3,743 | 10,711 | 9,875 | 24,890 | 40,525 |
| NON-TECHNICAL ACCOUNTS | | | | | |
| NET INCOME FROM FINANCIAL ASSETS | | | | | |
| Interest and dividend etc from financial assets | 2,878 | 2,924 | 5,840 | 5,947 | 12,003 |
| Change in value on investments | -1,550 | 913 | 131 | -235 | -1,488 |
| Realised gain and loss on investments | 1,615 | -881 | 2,720 | -381 | 828 |
| Management expences linked to investment, included interest cost | -97 | - | -201 | -307 | -439 |
| Net income from investments | 2,846 | 2,956 | 8,490 | 5,024 | 10,905 |
| Allocation of investment return transferred to the technical accounts | -50 | -35 | -4,280 | -3,624 | -3,555 |
| Other income / other cost | -23 | 138 | -44 | 138 | -12 |
| Non-technical profit | 2,773 | 3,059 | 4,165 | 1,538 | 7,338 |
| Pre tax profit | 6,515 | 13,770 | 14,040 | 26,428 | 47,863 |
| Tax | -1,803 | -3,741 | -3,803 | -7,083 | -13,056 |
| Profit before other comprehensive income | 4,712 | 10,030 | 10,236 | 19,344 | 34,807 |
| Other result elements: | | | | | |
| Re-statement differences | -639 | -102 | -3,868 | 633 | 1,211 |
| Total comprehensive income for the period | 4,073 | 9,928 | 6,368 | 19,978 | 36,017 |

Statement of financial position Storebrand Helseforsikring AS

| | 30.06 | 31.12 |
|---|----------------|----------------|
| NOK thousand | 2013 | 2012 |
| ASSETS | | |
| Deferred tax assets | | |
| Intangible assets | 12,423 | 11,697 |
| Total intangible assets | 12,423 | 11,697 |
| FAIR VALUE FINANCIAL ASSETS | | |
| Bonds and other securities - fixed yield | 376,768 | 368,494 |
| Financial derivatives | 813 | - |
| Other financial assets | 10,466 | 3,107 |
| Total financial assets | 388,046 | 371,600 |
| RECEIVABLES | | |
| Receivables due from insurance customers | 113,946 | 89,420 |
| Receivables arising from reinsurance business | - | - |
| Receivables to connected parties | - | - |
| Other receivables | 9,427 | 4,395 |
| Total receivables | 123,373 | 93,815 |
| OTHER ASSETS | | |
| Fixed assets | 1,518 | 1,421 |
| Cash and bank | 17,274 | 33,490 |
| Other tax assets | 5,060 | 5,060 |
| Total other assets | 23,852 | 39,972 |
| Prepaid costs and accrued income | -0 | 50 |
| Total prepaid costs and accrued income | -0 | 50 |
| Total assets | 547,694 | 517,133 |

Statement of financial position Storebrand Helseforsikring AS (cont.)

| | 30.06 | 31.12 |
|--|----------------|----------------|
| NOK thousand | 2013 | 2012 |
| EQUITY CAPITAL AND LIABILITIES | | |
| PAID IN CAPITAL | | |
| Share capital | 33,000 | 33,000 |
| Share premium reserve | 122,000 | 122,000 |
| Total paid in capital | 155,000 | 155,000 |
| RETAINED EARNINGS | | |
| Allocation to guarantee reserve | 16,176 | 14,786 |
| Other retained earnings | 22,470 | 17,492 |
| Total retained earnings | 38,646 | 32,278 |
| GROSS INSURANCE LIABILITIES | | |
| Reserve for unearned premiums gross | 209,157 | 149,171 |
| Claims reserve gross | 40,690 | 37,980 |
| Security reserve | 56,285 | 51,976 |
| Total insurance liabilities gross | 306,133 | 239,128 |
| RESERVES FOR LIABILITIES | | |
| Pension liabilities | 18,840 | 18,840 |
| Deferred tax | 7,672 | 13,656 |
| Reserves for other risks and costs | - | - |
| Total reserves for liabilities | 26,512 | 32,496 |
| DEBT | | |
| Due in respect of direct insurance | 5,356 | 12,135 |
| Allocation to dividends | - | 27,000 |
| Other debt | 2,788 | 1,733 |
| Financial derivatives | - | - |
| Debt to connected parties | 668 | 422 |
| Total debt | 8,811 | 41,291 |
| Accrued costs and deferred income | 12,592 | 16,940 |
| Total accrued costs and deferred income | 12,592 | 16,940 |
| Total equity capital and liabilities | 547,694 | 517,133 |

Cash Flow analysis Storebrand Helseforsikring AS

| NOK thousand | Q2 | |
|--|---------------|----------------|
| | 2013 | 2012 |
| Cash flows from operations | | |
| Net receipts - insurance | 225,136 | 207,365 |
| Net payments/claims insurance | -140,828 | -106,249 |
| Payment of income tax | -9,787 | -9,787 |
| Payments relating to operations | -79,486 | -48,357 |
| Net payments received relating to securities | 0 | -33 |
| Net cash flow from operations before financial assets | -4,966 | 42,939 |
| Net receipts/payments - mutual funds | -728 | -45,744 |
| Net cash flow from financial assets | -728 | -45,744 |
| Net cash flow from operations | -5,694 | -2,805 |
| Cash flows from investment activities | | |
| Net receipts/payment - sale/purchase of fixed assets | -3,164 | -675 |
| Net cash flow from investment activities | -3,164 | -675 |
| Net cash flow for the period | -8,858 | -3,480 |
| -of which net cash flow in the period before financial asset | -8,129 | 42,263 |
| Net movement in cash and cash equivalents | -8,858 | -3,480 |
| Cash and cash equivalents at start of the period | 36,597 | 36,849 |
| Cash equivalents at the end of the period | 27,739 | 33,369 |

Changes to equity Storebrand Helseforsikring AS

| NOK thousand | Share capital | Share premium account | Restatement differences | Admin and guarantee scheme | Other equity | Total equity |
|--|---------------|-----------------------|-------------------------|----------------------------|----------------|----------------|
| | | | | | | |
| Equity at 01.01.11 | 33,000 | 122,000 | -1,029 | 12,475 | -25,451 | 140,995 |
| change to the accounting policies: | | | | | 37,355 | 37,355 |
| Release of administration reserve to free equity | | | -89 | | | -89 |
| Allocation to ULAE | | | | 1,060 | -1,060 | 0 |
| Change in claims settlement cost 2010, booked in profit and loss account | | | | | | |
| Equity at 31.12.11 | 33,000 | 122,000 | -1,118 | 13,535 | 10,844 | 178,261 |
| Profit/loss for the year | | | | | 34,807 | 34,807 |
| Re-statement differences | | | 1,211 | | | 1,211 |
| Change in administration- and guarantee reserve | | | | 1,251 | -1,251 | 0 |
| Dividend | | | | | -27,000 | -27,000 |
| Equity at 31.12.2012 | 33,000 | 122,000 | 93 | 14,786 | 17,400 | 187,278 |
| Profit/loss for the year | | | | | 10,236 | 10,236 |
| Gain/loss on exchange when converting branch office | | | -3,868 | | | -3,868 |
| Change in administration- and guarantee reserve | | | | 1,390 | -1,390 | 0 |
| Share issue | | | | | | 0 |
| Equity at 30.06.2013 | 33,000 | 122,000 | -3,775 | 16,176 | 26,246 | 193,647 |

Notes to the accounts for Storebrand Helseforsikring AS

NOTE 1 – ACCOUNTING PRINCIPLES:

The accounts have been presented in accordance with the accounting principles applied in the 2012 Annual Accounts. A description of the accounting principles is given in the 2012 Annual Report.

NOTE 2 – FINANCIAL RISKS:

There is no change in the risk picture compared to that described in the 2012 Annual Report.

NOTE 3 – CAPITAL REQUIREMENTS:

Non-life insurance companies comply with the same capital adequacy rules as life insurance companies, banks and other financial institutions. The requirement is equity and subordinated loan capital (primary capital) equal to 8 per cent of the risk-weighted balance sheet.

Specification capital adequacy

| NOK thousand | 30.06.2013 | 31.12.2012 |
|--|----------------|----------------|
| Share capital | 33,000 | 33,000 |
| Share premium account | 122,000 | 122,000 |
| Other equity | 15,462 | 17,492 |
| Total equity | 170,462 | 172,492 |
| Intangible assets | -17,483 | -16,757 |
| Net primary capital | 152,979 | 155,736 |
| Calculation base by class of risk weighting | 529,399 | 500,376 |
| Risk weight 0% | 0 | 35,042 |
| Risk weight 10% | 93,086 | 7,282 |
| Risk weight 20% | 305,340 | 364,054 |
| Risk weight 50% | 0 | |
| Risk weight 100% | 130,973 | 93,998 |
| Weighted assets in the balance sheet | 201,350 | 167,537 |
| Weighted interest rate and FX contracts | 293 | |
| Risk weighted calculation base | 201,642 | 167,537 |
| Capital adequacy ratio | 75.9% | 93.0% |

Solvency margin

| NOK thousand | 30.06.2013 | 31.12.2012 |
|-------------------------|---------------|---------------|
| Solvency margin demand | 75,737 | 69,575 |
| Solvency margin capital | 178,307 | 179,125 |
| Solvency margin | 235.4% | 257.5% |

Specification of solvency margin capital

| NOK thousand | 30.06.2013 | 31.12.2012 |
|--------------------------------|----------------|----------------|
| Net primary capital | 152,979 | 155,736 |
| Counting security reserve | 25,328 | 23,389 |
| Solvency margin capital | 178,307 | 179,125 |

The minimum solvency margin is calculated as the greater of two measurements, based either on last year's premiums or the average of the last three year's claims received. The minimum requirement is calculated from the previous year's account, and applies for the whole of the next year.

Notes to the accounts for Storebrand Helseforsikring AS

NOTE 4 - TAX

Reconciliation of expected and actual tax charge

| NOK thousand | 30.06.2013 |
|---|---------------|
| Ordinary pre-tax profit | 14,040 |
| Expected tax on income at nominal rate | -3,931 |
| Tax effect of: | 0 |
| permanent differences | 128 |
| write-down of deferred tax assets | 0 |
| Change in technical insurance reserves posted to equity | 0 |
| Tax charge | -3,803 |
| Effective tax rate | 27.1 % |



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