Interim report

Storebrand Livsforsikring AS

2nd Quarter
2013

storebrand

Storebrand Livsforsikring Group

Interim report – 1st half year 2013

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Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 1st half year result please refer to the Storebrand Group's interim report for the 1st half year of 2012.

Result Storebrand Livsforsikring Group

	2013		2012			1.1 - 30.6		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Fee and administration income	795	791	708	704	716	1,586	1,429	2,841
Risk result life & pensions	42	63	95	74	79	105	166	335
Insurance premiums f.o.a.	446	513	473	453	420	959	844	1,770
Claims f.o.a.	-299	-403	-408	-289	-291	-702	-556	-1,252
Operational cost	-557	-576	-635	-696	-572	-1,133	-1,142	-2,472
Financial result	-19	38	76	88	34	19	80	242
Result before profit sharing	**408**	**426**	**310**	**334**	**386**	**835**	**822**	**1,465**
Net profit sharing and loan losses	52	115	95	136	-64	167	150	381
Result before amortiasation	**461**	**541**	**405**	**470**	**323**	**1,002**	**972**	**1,846**

Result Storebrand Livsforsikring Group per line of business

	2013		2012			1.1 - 30.6		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Savings (non-guaranteed)	70	61	33	21	40	131	85	139
Insurance	106	57	66	86	85	162	179	331
Guaranteed pensions	310	399	287	276	174	709	630	1,193
Other	-25	24	19	87	24	-0	78	182
Result before amortiasation	**461**	**541**	**405**	**470**	**323**	**1,002**	**972**	**1,846**

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

Pre-amortisation profit for the second quarter was NOK 461 million (NOK 323 million) and NOK 1 002 million (NOK 972 million) year to date. The figures in brackets refer to the corresponding period last year.

Results for the Savings business area strengthened significantly both during the second quarter and during the first six months of the year compared with the corresponding periods in 2012. Contributing factors in this improvement were a growth in business volume in all areas of operations, and the impact of cost-saving measures.

In the Insurance unit the risk performance for mortality and disability risk is stable except for disability performance in group pensions (risk coverage of defined contribution pensions) in which the trend so far this year has been weak with an increase in disability.

For guaranteed pension plans, fee and administration income increased both in the second quarter and in the first six months of 2013. Costs fell during the same period. This contributed to the positive profits trend. Earnings have been sufficient to enable the allocation of a further NOK 0.5 billion during this quarter to build up reserves against higher life expectancy in the Norwegian life insurance business. SPP's earnings have been negatively affected by the rise in interest rates during the quarter. Despite this trend, earnings have been sufficient to create net profit sharing

Market and sales performance

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

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

For many individual customers who have pensions with guaranteed interest rates, transferring to a savings plan with investment options will increase their pension figure. During the first six months of 2013, Storebrand and SPP customers with pensions with guaranteed interest rates opted to move reserves totalling

NOK 1.8 billion out of the guaranteed plans. NOK 0.7 billion of this total was moved during the second quarter.

Capital situation and tax

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

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

Completed sales of stakes in investment properties during the first six months of 2013 have reduced tax-increasing temporary differences associated with these properties by approximately NOK 900 million. This reduces the estimated tax expense for the first six months of the year by approximately NOK 245 million. The results show tax income of NOK 139 million for the second quarter and tax income of NOK 48 million for the first six months of the year.

Strategic priorities

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

Savings

Good growth in income. 17 per cent growth in premium income.

The Savings business area encompasses products that offer savings for retirement with no explicit interest rate guarantees. The business area is thus consists for defined contribution and unit linked pensions in Norway and Sweden.

Savings

	2013		2012			1.1 - 30.6		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Fee and administration income	243	249	223	208	206	492	418	849
Risk result life & pensions	4		2	1	3	4		3
Operational cost	-177	-188	-192	-188	-169	-365	-333	-714
Financial result								
Result before amortiasation	70	61	33	21	40	131	85	139

Result
Results for the Savings business area strengthened significantly both during the second quarter and during the first six months of the year compared with the corresponding periods in 2012. Contributing factors in this improvement were a growth in business volume in all areas of operations, and the impact of cost-saving measures.

Unit linked pension plans are growing strongly in both Norway and Sweden. There is a continually increasing trend for companies to opt for defined contribution unit linked plans. As a result both the number of customers and premium income are rising. The positive stock markets so far this year have contributed to the growth in business volume, as a significant proportion of savings assets are invested in equity funds.

A range of efficiency and cost-saving measures has been implemented as part of the Group's cost programme. While these measures have resulted in cost savings, increased sales have given rise simultaneously to higher distribution costs.

Balance sheet and market trends
With a market share of over 30 per cent, Storebrand is the market leader in Norway for defined contribution pension plans. Earlier this year, Storebrand launched its Recommended Pension investment concept. As of June 2013, over 250 companies and 10,000 individuals have opted for this solution. Storebrand is making good progress in the Swedish market for fund-based and unit-linked insurance plans. Sales through internal distribution channels are developing positively and SPP is once again an option for customers under the so-called ITP Plan. The ITP plan is Sweden's largest pension platform. So far this year, 67 per cent of SPP's premium income has come from unit-linked insurance. Unit-linked reserves have grown by 27 per cent compared to the second quarter of 2012.

Premium income from non-guaranteed life insurance plans was NOK 2.8 billion in the second quarter. The figure for the first six months of the year was NOK 5.1 billion. This equates to an increase of 17 per cent so far this year. Both the Norwegian and Swedish operations have shown positive inflows so far this year and accumulated net inflows during the past 12 months amount to nearly NOK 1 billion.

Savings

	2013		2012		
NOK million	2Q	1Q	4Q	3Q	2Q
Unit Linked Reserves	73,542	70,458	63,387	61,007	57,897
Unit Linked Premiums	2,768	2,318	2,480	2,121	2,439

Insurance

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

The Insurance unit comprises personal risk products in the Norwegian retail market and employee- and pension-related insurances in the Norwegian corporate market.

Insurance

	2013		2012			1.1 - 30.6		Full year
NOK million	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Insurance premiums f.o.a.	446	513	473	453	420	959	844	1,770
Claims f.o.a.	-299	-403	-408	-289	-291	-702	-556	-1,252
Operational cost	-68	-77	-71	-98	-67	-145	-139	-309
Financial result	26	23	72	20	23	50	30	122
Result before amortiasation	106	57	66	86	85	162	179	331

Result

The risk performance for mortality and disability risk is stable except for disability performance in group pensions (risk coverage of defined contribution pensions) in which the trend so far this year has been weak with an increase in disability.

The cost percentage is 15 per cent (16 per cent) for Q2, and 15 per cent (17 per cent) for the year to date. The cost base will be streamlined further through increased automation, sourcing of services and exploitation of economies of scale with increased volume.

Balance sheet and market trends

Premium incomes for own account have risen by 14 per cent compared to the corresponding period last year. Demand for products that link health and personal insurance plus disability cover continues to grow. This is driven by the desire of companies to reduce sick leave, improve job satisfaction and reduce overall insurance costs.

Annual written Premiums

	2013		2012		
NOK million	2Q	1Q	4Q	3Q	2Q
Individual life	544	539	530	518	513
Group life	796	792	802	802	751
Pension related disability insurance	634	614	596	578	553
Total written premiums	1,974	1,945	1,927	1,898	1,817

** Individual life disability, insurance*
*** Group disability, workers compensation insurance*
**** DC risk premium Norwegian line of business*

	2013		2012		
NOK million	2Q	1Q	4Q	3Q	2Q
Claims ratio	73%	79%	71%	65%	66%
Cost ratio	15%	15%	17%	18%	17%
Combined ratio	88%	93%	88%	83%	82%

Guaranteed pension

Higher prices and lower costs increase profitability.

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

Guaranteed pension

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

Results

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

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

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

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

Balance sheet and market trends

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

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

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

Guaranteed pension - Key figures

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

Other

Debt refinancing by Storebrand Life Insurance.

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

Other

	2013		2012			1.1 - 30.6		Full year
NOK mill.	2Q	1Q	4Q	3Q	2Q	2013	2012	2012
Fee and administration income	30	27	28	33	34	57	69	130
Risk result life & pensions	6	2	5	4	5	9	5	14
Operational cost	-16	-16	-17	-21	-19	-32	-37	-74
Financial result	-45	15	4	68	11	-30	50	120
Result before profit sharing	-25	29	20	84	30	4	87	190
Net profit sharing and loan losses	1	-4	-1	3	-7	-4	-9	-8
Result before amortiasation	-25	24	19	87	24		78	182

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. The proportion of subordinated loans is approximately 28 per cent and net interest charges amount to approximately NOK 120 million per quarter at current interest rates. The investments comprise for the most part short-term interest-bearing securities in Norway and Sweden.

Low interest rates in Norway and Sweden are contributing to weaker results when compared to the second quarter of 2012. The results are also negatively affected by double net financial expenses as a result of the refinancing of loans by Storebrand Life Insurance. BenCo showed stable results.

Balance sheet, solidity and capital adequacy

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

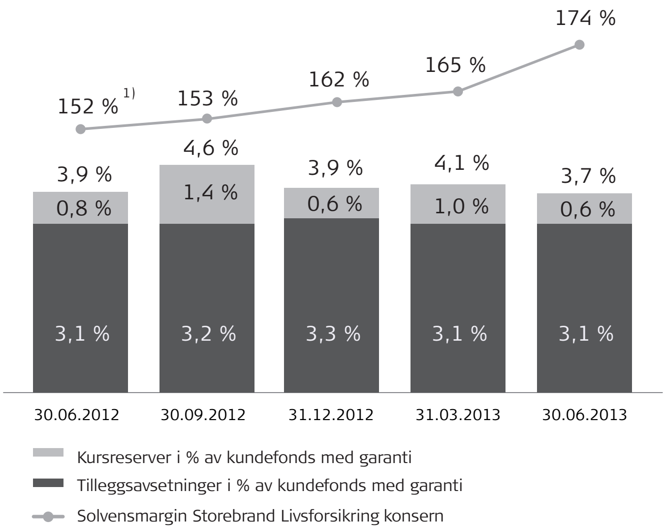
Continuous monitoring and active risk management are key to all Group activities. Risk and solidity are followed up at both Group level and for the Group's individual legal entities. In general, compliance with regulatory requirements concerning solidity and risk management is managed for each of the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

Storebrand Life Insurance Group

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

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

Solidity

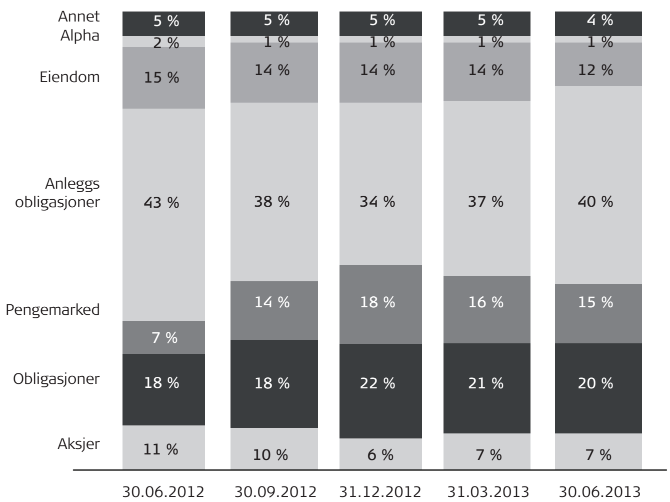


Storebrand Livsforsikring AS

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

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

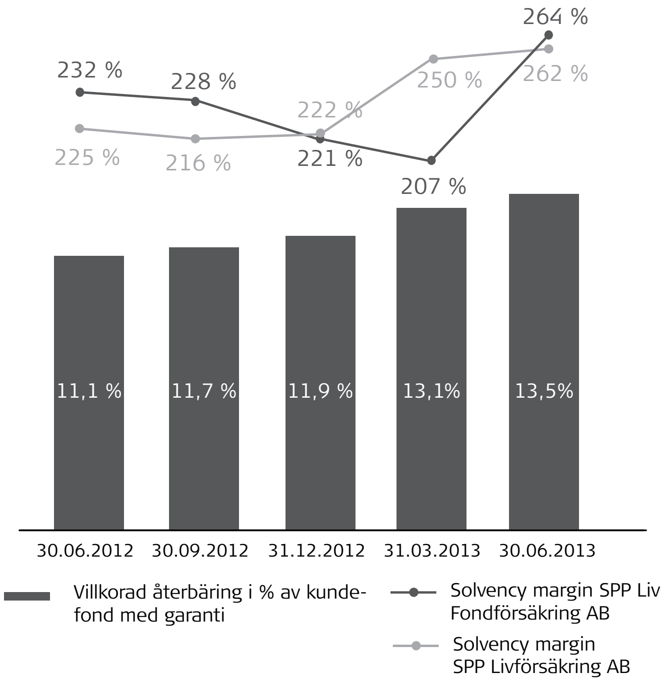
Asset allocation in customer portfolios with interest rate guarantee



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

SPP

Solidity

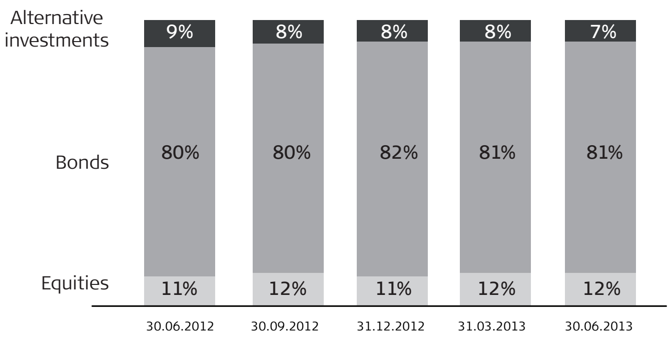


Solvency

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

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

Asset allocation in customer portfolios with interest rate guarantee



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

Outlook

Earnings performance

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

Risk

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

Regulatory changes in private occupational pensions

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

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

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

Solvency II

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

Future reserves against anticipated higher life expectancy

In its letter dated 8 March, the Financial Supervisory Authority of Norway determined that a new mortality table (K2013) would apply to group pension insurance in life insurance companies and pension funds with effect from 2014. The required build-up of reserves for group pensions is estimated to be NOK 11.5 billion or around 8 per cent of the premium reserves. Storebrand has set aside a total of NOK 4.3 billion during 2011 and 2012 to put into future reserves for longevity. Additionally, NOK 0.7 billion have been set aside year to date. The Banking Law Commission has proposed regulatory changes to allow for additional statutory reserves to be used in connection with the reservation for longevity. The Norwegian FSA supported this proposal, and the proposal is now being considered by the Ministry of Finance. For accounting purposes, future expected cover by the owner is treated as a reduction in expected future profits. Accordingly, no special provision has been made in this respect. It remains to clarify the final assumptions relating to the build-up of reserves and transfers to the new occupational pensions, as well as the reserves that will apply in connection with transfers when the new tariff enters into force on 1 January 2014.

Lysaker, 11 july 2013

Board of Directors of Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

	Q2		1.1 - 30.06		Full year
NOK million	2013	2012	2013	2012	2012
TECHNICAL ACCOUNT:					
Gross premiums written	5,483	5,159	13,371	12,930	23,740
Reinsurance premiums ceded	-64	-64	-72	-65	-76
Premium reserves transferred from other companies	291	560	3,512	1,326	3,615
Premiums for own account	**5,710**	**5,656**	**16,811**	**14,190**	**27,279**
Income from investments in subsidiaries, associated companies and joint-controlled companies	8	23	14	18	48
Interest income and dividends etc. from financial assets	2,172	2,146	4,261	4,084	9,424
Net operating income from real estate	331	364	633	671	1,266
Changes in investment value	-3,194	-2,218	-3,244	-765	-210
Realised gains and losses on investments	711	1,566	883	1,841	5,344
Total net income from investments in the collective portfolio	**29**	**1,881**	**2,547**	**5,849**	**15,871**
Income from investments in subsidiaries, associated companies and joint-controlled companies	1		1		
Interest income and dividends etc. from financial assets	32	53	17	106	1,832
Net operating income from real estate	23	18	45	55	105
Changes in investment value	754	-1,290	4,042	1,809	2,820
Realised gains and losses on investments	-55	-33	13	186	621
Total net income from investments in the investment selection portfolio	**756**	**-1,253**	**4,119**	**2,156**	**5,378**
Other insurance related income	**317**	**261**	**635**	**545**	**1,157**
Gross claims paid	-4,660	-4,037	-9,422	-8,249	-17,931
Claims paid - reinsurance	7	10	10	11	13
Gross change in claims reserve	-17	-8	6	-17	-65
Premium reserves etc. transferred to other companies	-1,260	-907	-8,540	-3,009	-4,366
Claims for own account	**-5,931**	**-4,942**	**-17,946**	**-11,264**	**-22,348**
To (from) premium reserve, gross	2,830	-1,541	4,543	-1,709	-7,822
To/from additional statutory reserves	-16	-9	284	186	-387
Change in value adjustment fund	719	744	-1	-1,260	-1,027
Change in premium fund, deposit fund and the pension surplus fund	-1	-22	-20	-46	-74
To/from technical reserves for non-life insurance business	-2	-6	-44	-86	-92
Change in conditional bonus	-116	668	-784	-890	-1,458
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	20	10	31	14	152
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**3,435**	**-156**	**4,010**	**-3,791**	**-10,709**
Change in premium reserve	-2,638	-356	-7,170	-5,251	-12,084
Change in other provisions		52	11	52	13
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-2,638**	**-304**	**-7,160**	**-5,198**	**-12,071**
Profit on investment result					-155
Other allocation of profit					-3
Unallocated profit	-603	-216	-790	-361	
Funds allocated to insurance contracts	**-603**	**-216**	**-790**	**-361**	**-158**

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	Q2 2013	Q2 2012	1.1 - 30.06 2013	1.1 - 30.06 2012	Full year 2012
Management expenses	-81	-74	-155	-151	-297
Selling expenses	-153	-82	-295	-177	-521
Change in pre-paid direct selling expenses	5	15	11	29	45
Insurance-related administration expenses (incl. commissions for reinsurance received)	-337	-456	-726	-904	-1,831
Reinsurance commissions and profit participation				6	6
Insurance-related operating expenses	**-566**	**-596**	**-1,164**	**-1,198**	**-2,599**
Other insurance related expences	**-25**	**-54**	**-88**	**-86**	**-210**
Technical insurance result	**484**	**277**	**972**	**843**	**1,590**
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint-controlled companies	4		11	-3	-3
Interest income and dividends etc. from financial assets	125	136	230	276	551
Net operating income from real estate	15	18	28	34	67
Changes in investment value	1	-18	-5	36	40
Realised gains and losses on investments	1	9	21	8	70
Net income from investments in company portfolio	**145**	**144**	**285**	**352**	**724**
Other income	**141**	**129**	**295**	**244**	**459**
Management expenses	-8	-7	-16	-15	-31
Other costs	-394	-309	-718	-630	-1,253
Management expenses and other costs linked to the company portfolio	**-402**	**-317**	**-734**	**-645**	**-1,284**
Profit or loss on non-technical account	**-116**	**-43**	**-154**	**-49**	**-101**
Profit before tax	**368**	**234**	**818**	**794**	**1,489**
Tax costs	**139**	**-110**	**48**	**-158**	**-372**
Profit before other comprehensive income	**508**	**125**	**866**	**637**	**1,117**
Actuarial gains and losses on defined benefit pensions - benefits to employees	1	-8	10	-26	221
Change in value adjustment reserve own buildings	9	34	38	40	90
Re-statement differences	72	27	460	-64	-103
Adjustment of insurance liabilities	-9	-34	-38	-40	-90
Tax on other comprehensive income	-1		-1		-84
Other comprehensive income and costs	**73**	**20**	**469**	**-89**	**35**
COMPREHENSIVE INCOME	**580**	**144**	**1,335**	**547**	**1,151**
PROFIT IS DUE TO:					
Minority share of profit	2	8	5	9	14
Majority share of profit	506	117	861	627	1,103
COMPREHENSIVE INCOME IS DUE TO:					
Minority share of profit	4	8	11	7	11
Majority share of profit	576	137	1,324	540	1,140

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION STOREBRAND LIVSFORSIKRING GROUP

NOK million	30.06.13	31.12.12
ASSETS		
ASSETS IN COMPANY PORTFOLIO		
Goodwill	765	724
Other intangible assets	4,849	4,754
Total intangible assets	**5,614**	**5,478**
Real estate at fair value	1,041	1,208
Real estate for own use	59	58
Equities and units in subsidiaries, associated companies and joint-controlled companies	199	121
Loans to and securities issued by subsidiaries, associated companies		69
Lendings	4	4
Bonds held to maturity	245	222
Bonds at amortised cost	1,295	1,156
Equities and other units at fair value	66	44
Bonds and other fixed-income securities at fair value	17,059	15,716
Derivatives at fair value	41	255
Other financial assets	96	126
Total investments	**20,104**	**18,980**
Reinsurance share of insurance obligations	**121**	**144**
Receivables in connection with direct business transactions	1,394	101
Receivables in connection with reinsurance transactions	9	7
Receivables with group company	20	23
Other receivables	1,888	3,653
Total receivables	**3,311**	**3,783**
Tangible fixed assets	408	388
Cash, bank	3,440	2,938
Tax assets	42	38
Other assets designated according to type	646	599
Total other assets	**4,536**	**3,964**
Pre-paid direct selling expenses	481	443
Other pre-paid costs and income earned and not received	179	90
Total pre-paid costs and income earned and not received	**660**	**533**
Total assets in company portfolio	**34,346**	**32,883**
Real estate at fair value	22,134	25,401
Real estate for own use	2,208	2,066
Equities and units in subsidiaries, associated companies and joint-controlled companies	198	712
Bonds held to maturity	11,575	10,496
Bonds at amortised cost	61,084	54,557
Lendings	3,826	3,702
Equities and other units at fair value	32,540	27,152
Bonds and other fixed-income securities at fair value	135,906	139,040
Financial derivatives at fair value	520	2,575
Other financial assets	4,005	3,462
Total investments in collective portfolio	**273,997**	**269,164**

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.06.13	31.12.12
Real estate at fair value	1,626	2,114
Real estate for own use	95	107
Lendings	81	140
Equities and other units at fair value	49,603	45,014
Bonds and other fixed-income securities at fair value	28,512	25,168
Financial derivatives at fair value	6	169
Other financial assets	248	397
Total investments in investment selection portfolio	**80,171**	**73,108**
Total assets in customer portfolio	**354,168**	**342,272**
TOTAL ASSETS	**388,513**	**375,155**
EQUITY AND LIABILITIES		
Share capital	3,540	3,540
Share premium reserve	9,711	9,711
Total paid in equity	**13,251**	**13,251**
Risk equalisation fund	677	640
Other earned equity	3,680	3,223
Earned profit	829	
Minority's share of equity	160	148
Total earned equity	**5,347**	**4,011**
Perpetual subordinated loan capital	5,004	5,141
Perpetual capital	1,502	1,502
Total subordinate loan capital etc.	**6,505**	**6,643**
Premium reserves	247,727	245,333
Additional statutory reserves	5,037	5,489
Market value adjustment reserve	1,028	1,027
Claims allocation	835	837
Premium fund, deposit fund and the pension surplus fund	3,331	3,394
Conditional bonus	12,531	11,264
Unallocated profit to insurance contracts	732	
Other technical reserve	582	561
Total insurance obligations in life insurance - contractual obligations	**271,802**	**267,905**
Premium reserve	79,760	72,751
Claims allocation	1	1
Additional statutory reserves	243	257
Premium fund, deposit fund and the pension surplus fund	175	487
Unallocated profit to insurance contracts	58	
Total insurance obligations in life insurance - investment portfolio separately	**80,237**	**73,495**
Pension liabilities etc.	839	839
Period tax liabilities	1,346	1,377
Other provisions for liabilities	89	115
Total provisions for liabilities	**2,275**	**2,331**

Storebrand Livsforsikring Group

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.06.13	31.12.12
Liabilities in connection with direct insurance	1,380	1,317
Liabilities in connection with reinsurance	24	4
Financial derivatives	3,373	755
Liabilities to group companies	18	14
Other liabilities	3,872	4,950
Total liabilities	**8,666**	**7,041**
Other accrued expenses and received, unearned income	430	478
Total accrued expenses and received, unearned income	**430**	**478**
TOTAL EQUITY AND LIABILITIES	**388,513**	**375,155**

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

	Majority's share of equity						
NOK million	Share capital	Share premium reserves	Total paid in equity	Risk equalisation fund 1)	Other equity 1)	Minority interests	Total equity
Equity at 31.12.2011	**3,430**	**9,271**	**12,701**	**469**	**2,474**	**177**	**15,821**
Profit				87	541	9	637
Comprehensive income:							
Re-statement differences					-61	-2	-63
Pension experience adjustments					-26		-26
Total revenue and costs for the period				**87**	**454**	**7**	**547**
Equity transactions with owner:							
Group contributions					-200	-8	-208
Other					-14	-2	-16
Equity at 30.06.2012	**3,430**	**9,271**	**12,701**	**556**	**2,714**	**174**	**16,144**
Profit				171	931	14	1,117
Comprehensive income:							
Re-statement differences					-100	-3	-103
Pension experience adjustments					137		137
Total revenue and costs for the period				**171**	**969**	**11**	**1,151**
Equity transactions with owner:							
Share issue	110	440	550				550
Group contributions					-200	-26	-226
Acquisition of minority						-14	-14
Other					-19	-1	-20
Equity at 31.12.2012	**3,540**	**9,711**	**13,251**	**640**	**3,223**	**148**	**17,262**
Profit				37	824	5	866
Comprehensive income:							
Re-statement differences					453	6	459
Pension experience adjustments					10		10
Total revenue and costs for the period				**37**	**1,287**	**11**	**1,335**
Equity transactions with owner:							
Other					-1	1	
Equity at 30.06.2013	**3,540**	**9,711**	**13,251**	**677**	**4,509**	**160**	**18,598**

1) Includes undistributable funds in the risk equalisation fund amounting to NOK 677 million and security reserves amounting NOK 148 million. The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. The risk equalisation reserve and contingency reserves are not considered. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences.

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

NOK million	Q2 2013	Q2 2012	1.1 - 30.06 2013	1.1 - 30.06 2012	Full year 2012
TECHNICAL ACCOUNT:					
Gross premiums written	3,411	2,958	9,562	8,987	16,762
Reinsurance premiums ceded	-17	-22	-20	-30	-35
Premium reserves transferred from other companies	-236	497	2,349	1,209	3,138
Premiums for own account	**3,159**	**3,433**	**11,890**	**10,166**	**19,865**
Income from investments in subsidiaries, associated companies and joint-controlled companies	459	106	588	175	610
of which from investment in real estate companies	429	106	545	187	620
Interest income and dividends etc. from financial assets	1,302	1,389	2,605	2,541	6,382
Changes in investment value	-731	-563	2	1,532	1,345
Realised gains and losses on investments	24	-125	139	13	1,854
Total net income from investments in the collective portfolio	**1,055**	**807**	**3,334**	**4,260**	**10,191**
Income from investments in subsidiaries, associated companies and joint-controlled companies	33	7	42	16	54
of which from investment in real estate companies	33	7	41	16	54
Interest income and dividends etc. from financial assets	23	36	9	62	933
Changes in investment value	314	-450	1,493	741	875
Realised gains and losses on investments	-68	-87	40	145	634
Total net income from investments in the investment selection portfolio	**302**	**-494**	**1,583**	**963**	**2,496**
Other insurance related income	**43**	**43**	**100**	**86**	**177**
Gross claims paid	-2,954	-2,502	-6,175	-5,235	-11,938
Claims paid - reinsurance	5	6	9	7	13
Gross change in claims reserve	-16	-9	7	-19	-70
Premium reserves etc. transferred to other companies	-344	-571	-6,730	-2,299	-2,765
Claims for own account	**-3,310**	**-3,078**	**-12,889**	**-7,546**	**-14,760**
To (from) premium reserve, gross	386	-562	205	-2,589	-7,192
To/from additional statutory reserves	-2	7	127	62	-387
Change in value adjustment fund	719	744	-1	-1,260	-1,027
Change in premium fund, deposit fund and the pension surplus fund	-1	-22	-20	-46	-74
To/from technical reserves for non-life insurance business	-3	-11	-48	-93	-115
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	**20**	**10**	31	14	152
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	1,120	166	**295**	**-3,913**	**-8,643**
Change in premium reserve	-1,070	-25	-2,332	-2,497	-6,541
Change in other provisions		**52**	11	52	13
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-1,070**	**27**	**-2,322**	**-2,445**	**-6,528**
Profit on investment result					-155
Other allocation of profit					-3
Unallocated profit	**-603**	**-216**	-790	-361	0
Funds allocated to insurance contracts	**-603**	**-216**	**-790**	**-361**	**-158**

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

	Q2		1.1 - 30.06		Full year
NOK million	2013	2012	2013	2012	2012
Management expenses	-35	-35	-65	-67	-133
Selling expenses	-97	-39	-185	-89	-306
Insurance-related administration expenses (incl. commissions for reinsurance received)	-169	-272	-402	-557	-1,153
Insurance-related operating expenses	**-301**	**-346**	**-652**	**-714**	**-1,591**
Other insurance related expenses after reinsurance share	-26	-53	-61	-79	-129
Technical insurance result	**369**	**290**	**489**	**419**	**920**
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint-controlled companies	92	77	95	80	289
of which from investment in real estate companies	20	6	25	10	33
Interest income and dividends etc. from financial assets	159	171	331	337	703
Changes in investment value	-20	3	-26	49	62
Realised gains and losses on investments	22	-3	21	18	51
Net income from investments in company portfolio	**253**	**248**	**421**	**484**	**1,104**
Other income	**6**	**6**	**16**	**11**	**21**
Management expenses	-3	-2	-5	-5	-9
Other costs	-149	-123	-268	-257	-491
Total management expenses and other costs linked to the company portfolio	**-152**	**-125**	**-273**	**-261**	**-501**
Profit or loss on non-technical account	**107**	**128**	**164**	**234**	**624**
Profit before tax	**476**	**418**	**653**	**653**	**1,545**
Tax costs	**125**	**-105**	**85**	**-155**	**-377**
Profit before other comprehensive income	**601**	**313**	**738**	**498**	**1,168**
Acturial gains and losses on defined benefit pensions - benefits to employees					264
Re-statement differences	-1		-2		
Tax on other comprehensive income					-74
Other comprehensive income and costs	**-1**		**-1**		**190**
COMPREHENSIVE INCOME	**601**	**313**	**737**	**498**	**1,357**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION STOREBRAND LIVSFORSIKRING AS

NOK million	30.06.2013	31.12.2012
ASSETS		
ASSETS IN COMPANY PORTFOLIO		
Other intangible assets	124	108
Total intangible assets	**124**	**108**
Equities and units in subsidiaries, associated companies and joint-controlled companies	10,711	10,707
of which investment in real estate companies	1,127	1,268
Loans to and securities issued by subsidiaries, associated companies	6,817	6,748
Loans	4	4
Bonds held to maturity	245	222
Bonds at amortised cost	1,295	1,156
Equities and other units at fair value	50	17
Bonds and other fixed-income securities at fair value	7,257	5,691
Derivatives at fair value	41	255
Other financial assets	33	109
Total investments	**26,452**	**24,910**
Reinsurance share of insurance obligations	**145**	**171**
Receivables in connection with direct business transactions	1,252	1,527
Receivables in connection with reinsurance transactions	9	7
Receivables with group company	20	53
Other receivables	755	892
Total receivables	**2,035**	**2,478**
Tangible fixed assets	46	58
Cash, bank	1,063	1,408
Total other assets	**1,109**	**1,466**
Other pre-paid costs and income earned and not received	35	31
Total pre-paid costs and income earned and not received	**35**	**31**
Total assets in company portfolio	**29,899**	**29,164**
ASSETS IN CUSTOMER PORTFOLIOS		
Equities and units in subsidiaries, associated companies and joint-controlled companies	24,449	29,666
of which investment in real estate companies	23,872	28,948
Bonds held to maturity	11,575	10,496
Bonds at amortised cost	61,084	54,557
Loans	3,826	3,702
Equities and other units at fair value	18,084	12,218
Bonds and other fixed-income securities at fair value	58,641	63,648
Financial derivatives at fair value	126	556
Other financial assets	1,492	1,454
Total investments in collective portfolio	**179,278**	**176,297**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.06.2013	31.12.2012
Equities and units in subsidiaries, associated companies and joint-controlled companies	1,859	2,462
of which investment in real estate companies	1,846	2,443
Loans	81	140
Equities and other units at fair value	16,337	14,697
Bonds and other fixed-income securities at fair value	16,395	17,309
Financial derivatives at fair value	6	169
Other financial assets	164	357
Total investments in investment selection portfolio	**34,841**	**35,134**
Total assets in customer portfolios	**214,119**	**211,431**
TOTAL ASSETS	**244,018**	**240,595**
EQUITY AND LIABILITIES		
Share capital	3,540	3,540
Share premium reserve	9,711	9,711
Total paid in equity	**13,251**	**13,251**
Risk equalisation fund	677	640
Other earned equity	4,300	4,301
Earned profit	701	
Total earned equity	**5,678**	**4,941**
Perpetual subordinated loan capital	5,004	5,141
Perpetual capital	1,502	1,502
Total subordinate loan capital etc.	**6,505**	**6,643**
Premium reserves	164,868	162,268
Additional statutory reserves	5,193	5,489
Market value adjustment reserve	1,028	1,027
Claims allocation	752	760
Premium fund, deposit fund and the pension surplus fund	3,331	3,394
Other technical reserve	732	
Total insurance obligations in life insurance - contractual obligations	753	731
Total insurance obligations in life insurance - contractual obligations	**176,657**	**173,669**
Premium reserves	34,395	34,703
Claims allocation	1	1
Additional statutory reserves	243	257
Premium fund, deposit fund and the pension surplus fund	175	487
Unallocated profit to insurance contracts	58	
Total insurance obligations in life insurance - investment portfolio separately	**34,872**	**35,447**

Storebrand Livsforsikring AS

STATEMENT OF FINANCIAL POSITION CONTINUE

NOK million	30.06.2013	31.12.2012
Pension liabilities etc.	571	571
Period tax liabilities	1,060	1,146
Other provisions for liabilities	42	66
Total provisions for liabilities	**1,674**	**1,783**
Liabilities in connection with direct insurance	1,002	1,003
Liabilities in connection with reinsurance	22	2
Financial derivatives	1,143	206
Liabilities to group companies	2,495	2,490
Other liabilities	467	866
Total liabilities	**5,129**	**4,567**
Other accrued expenses and received, unearned income	252	294
Total accrued expenses and received, unearned income	**252**	**294**
TOTAL EQUITY AND LIABILITIES	**244,018**	**240,595**

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital [1]	Share premium reserves	Total paid in equity	Risk equalisation fund [2]	Other equity	Total equity
Equity at 31.12.2011	**3,430**	**9,271**	**12,701**	**469**	**3,115**	**16,285**
Profit				87	411	498
Equity at 30.06.2012	3,430	9,271	12,701	556	3,525	16,782
Profit				171	996	1,168
Comprehensive income:						
Pension experience adjustments					190	190
Total revenue and costs for the period				**171**	**1,186**	**1,358**
Equity transactions with owner:						
Share issue	110	440	550			550
Equity at 31.12.2012	**3,540**	**9,711**	**13,251**	**640**	**4,301**	**18,192**
Profit				37	701	738
Comprehensive income:						
Re-statement differences					-1	-1
Total revenue and costs for the period				**37**	**700**	**737**
Equity at 30.06.2013	**3,540**	**9,711**	**13,251**	**677**	**5,000**	**18,929**

[1] 35 404 200 shares of NOK 100 par value.

[2] Restricted equity 697 million. The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. The risk equalisation reserve and contingency reserves are not considered liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences.

Storebrand Livsforsikring

CASH FLOW ANALYSIS 1. JANUARY - 30. JUNE

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2012	2013	NOK million	2013	2012
		Cash flow from operational activities		
10,106	11,737	Net received - direct insurance	9,510	6,608
-7,713	-9,389	Net claims/benefits paid - direct insurance	-6,176	-4,593
-1,683	-5,028	Net receipts/payments - policy transfers	-4,381	-1,091
-1,198	-1,165	Net receipts/payments - other operational activities	-652	-714
-964	237	Net receipts/payments operations	-297	-122
-1,453	**-3,607**	**Net cash flow from operational activities before financial assets**	**1,996**	**89**
-89	-65	Net receipts/payments - lendings to customers	-65	-89
3,208	83	Net receipts/payments - financial assets	-3,868	3
563	4,496	Net receipts/payments - real estate activities		0.0
-1,882	-393	Net change bank deposits insurance customers	156	82
1,800	**4,122**	**Net cash flow from operational activities from financial assets**	**2,043**	**-4**
347	**515**	**Net cash flow from operational activities**	**47**	**85**
		Cash flow from investment activities		
-100	580	Net payments - purchase/capitalisation of subsidiaries and associated companies	92	
-55	-81	Net receipts/payments - sale/purchase of fixed assets	-18	-31
-155	**499**	**Net cash flow from investment activities**	**75**	**-31**
		Cash flow from financing activities		
	2,221	Payment of subordinated loan capital	2,221	
	-2,366	Repayment of subordinated loan capital	-2,366	
-428	-397	Payments - interest on subordinated loan capital	-397	-428
-208		Payments - group contribution dividends		-200
-636	**-542**	**Net cash flow from financing activities**	**-542**	**-628**
-444	**472**	**Net cash flow for the period**	**-420**	**-575**
-2,244	-3,650	of which net cash flow for the period before financial assets	3,357	89
-444	472	Net movement in cash and cash equivalent assets	-420	-575
3,088	3,064	Cash and cash equivalent assets at start of the period	1,517	1,517
2,645	**3,536**	**Cash and cash equivalent assets at the end of the period**	**1,096**	**942**

Notes to the interim accounts

NOTE 1: ACCOUNTING POLICIES

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries, and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting.

No significant changes have been made to the accounting policies applied in 2013, except for a change in IAS 19 – Employee Benefits for Storebrand Livsforsikring AS. The Group has not made any significant changes to the accounting policies applied in 2013, except for a change in IAS 19 – Employee Benefits following the consolidated accounts for 2012 adopted by adopted by the Board on 8 March 2013. See note 6 for further details. The corporate organisation was changed in Q2 2013, which has resulted in changes to segment reporting. See description of the new segments in note 7.

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

NOTE 2: ESTIMATES

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

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

In a letter of 8 March, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance in life insurance companies and pension funds effective from 2014. The new mortality basis will significantly increase the need for reserves due to the higher expected life expectancy. An escalation period will be permitted, which should not exceed five years from the start in 2014 in the opinion of the Financial Supervisory Authority of Norway. The details of the transitional rules are still unclear at present. However, it looks like the use of customer surpluses to cover the increased provisions combined with minimum cover from the pension funds will be permitted. The owner is therefore expected to have to cover about 20 per cent. The required build-up of reserves for group pensions is estimated to be NOK 11.5 billion or around 8 per cent of the premium reserves. Storebrand has set aside a total of NOK 4.3 billion during the period from 2011 to 2012 for future reserves for long life expectancy. The final prerequisites concerning the build-up of reserves and the conditions for transfers to the new occupational pensions, and what provisions will apply in connection with transfers when the new tariff enters into force on 1 January 2014, remain to be clarified. For accounting purposes, the expected cover by the owner in the future will be considered a reduction in the expected future surplus, and no special provisions have been made for this expected cover by the owner as at 30 June 2013.

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An immaterial asset (value of business in-force – VIF) linked to the insurance contracts in the Swedish activities is also included. There are several elements that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to trends in life expectancy and invalidity, and legal aspects such as amendments to legislation and judgements handed down in court cases etc. In addition, the insurance liabilities in the Swedish activities are affected by changes in the market rate. In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, can have an impact on the amount recorded that is linked to the insurance contracts. Please also refer to note 6 Insurance risk in the 2012 annual report.

NOTE 3: TAX

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

In the first six months, tax-free transactions have been carried out (cf. note 9) where previously allocations have been made for deferred tax. Reversing of this deferred tax (amounts to about NOK 245 million) has been taken into account in its entirety during the first half-year.

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

Notes to the interim accounts

NOTE 4: INFORMATION ABOUT CLOSE PARTIES

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

In Q1 2013, Storebrand Livsforsikring AS converted subordinated loans in Formuesforvaltning AS into shares, and acquired all shares which Storebrand Finansiell Rådgivning owned in Formuesforvaltning through an intergroup transaction. There has not otherwise been any material transactions other than normal business transactions with close associates as at the end of the first half of 2013.

NOTE 5: FINANCIAL MARKET RISK

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

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

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

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

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

NOTE 6: PENSION SCHEMES FOR OWN EMPLOYEES

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

The K2005 mortality table provides the basis for calculating the pension liabilities for the Norwegian companies. In a letter of 8 March 2013, the Financial Supervisory Authority of Norway determined that a new mortality basis K2013 would be introduced for group pension insurance effective from 2014. The new mortality basis K2013 must be implemented when calculating pension liabilities and will entail an increase in the pension liabilities in accordance with IAS19. Until adjustments have been made to the calculation system and there is sufficient information on funds that have already been set aside for building-up reserves in the contracts, a reliable estimate of the pension liabilities in accordance with K2013 can not be determined. The new table has therefore not been used as a basis in determining the pension liabilities as at 30/06/2013.

The changes in key assumptions for calculating pension liabilities under IAS 19 are relatively limited and new calculations of the liabilities have not been carried out as at 30/06/2013.

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

Storebrand employees in Norway are given the right to retire at 65 years old and receive a pension directly until they reach 67 years old. How membership of the AFP scheme will affect direct pensions for persons aged between 65 and 67 years old has not yet been clarified. Current liabilities for direct pensions have been maintained in the financial statements as at 30/06/2013.

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

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

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

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

NOTE: 7 SEGMENTS - RESULT PER LINE OF BUSINESS

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

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

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

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

Other
Under the category 'Other', the performance of the company's portfolios in Storebrand Livsforsikring and SPP are reported.
Results related to operations such as BenCo and small subsidiaries during startup are also included.

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

Notes to the interim accounts

NOK million	Q2 2013	Q2 2012	1.1 - 30.6 2013	1.1 - 30.6 2012	Full year 2012
Savings	70	40	131	85	139
Insurance	106	85	162	179	331
Guaranteed pension	310	174	709	630	1,193
Other	-25	24		78	182
Result before amortisation and write-downs	**461**	**323**	**1,002**	**972**	**1,846**
Amortisation and write-downs of intangible assets	-92	-88	-183	-177	-357
Pre-tax profit	**368**	**234**	**818**	**794**	**1,488**

Result per line of business as of Q2

	Savings		Insurance		Guaranteed pension	
NOK million	2013	2012	2013	2012	2013	2012
Fee and administration income	243	206			522	476
Risk result life & pensions	4	3			32	71
Insurance premiums f.o.a.			446	420		
Claims f.o.a.			-299	-291		
Operational cost	**-177**	**-169**	**-68**	**-67**	**-295**	**-316**
Financial result			**26**	**23**		
Result before profit sharing and loan losses	**70**	**40**	**106**	**85**	**258**	**231**
Net profit sharing and loan losses					52	-57
Group result before amortisation	**70**	**40**	**106**	**85**	**310**	**174**
Amortisation and write-downs of intangible assets						
Pre-tax profit	**70**	**40**	**106**	**85**	**310**	**174**

	Other		Storebrand Livsforsikring Group	
NOK million	2013	2012	2013	2012
Fee and administration income	30	34	795	716
Risk result life & pensions	6	5	42	79
Insurance premiums f.o.a.			446	420
Claims f.o.a.			-299	-291
Operational cost	-16	-19	-557	-572
Financial result	**-45**	**11**	**-19**	**34**
Result before profit sharing and loan losses	**-25**	**30**	**408**	**386**
Net profit sharing and loan losses	1	-7	52	-64
Group result before amortisation	**-25**	**24**	**461**	**323**
Amortisation and write-downs of intangible assets			-92	-88
Pre-tax profit	**-25**	**24**	**368**	**234**

Notes to the interim accounts

Result per line of business

	Savings		Insurance		Guaranteed pension	
NOK million	30.06.13	30.06.12	30.06.13	30.06.12	30.06.13	30.06.12
Fee and administration income	492	418			1,037	942
Risk result life & pensions	4				92	161
Insurance premiums f.o.a.			959	844		
Claims f.o.a.			-702	-556		
Operational cost	-365	-333	-145	-139	-591	-632
Financial result			50	30		
Result before profit sharing and loan losses	**131**	**85**	**162**	**179**	**538**	**471**
Net profit sharing and loan losses					171	159
Group result before amortisation	**131**	**85**	**162**	**179**	**709**	**630**
Amortisation and write-downs of intangible assets						
Pre-tax profit	**131**	**85**	**162**	**179**	**709**	**630**
Assets	75,298	59,093	4,014	2,609	270,968	267,380
Liabilities	74,061	59,806	4,014	2,609	263,424	260,065

	Other		Storebrand Livsforsikring Group	
NOK million	30.06.13	30.06.12	30.06.13	30.06.12
Fee and administration income	57	69	1,586	1,429
Risk result life & pensions	9	5	105	166
Insurance premiums f.o.a.			959	844
Claims f.o.a.			-702	-556
Operational cost	-32	-37	-1,133	-1,142
Financial result	-30	50	19	80
Result before profit sharing and loan losses	**4**	**87**	**835**	**822**
Net profit sharing and loan losses	-4	-9	167	150
Group result before amortisation	**0**	**78**	**1,002**	**972**
Amortisation and write-downs of intangible assets			-183	-177
Pre-tax profit	**0**	**78**	**818**	**794**
Assets	38,232	39,874	388,513	368,957
Liabilities	28,488	30,332	369,988	352,812

NOTE 8: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

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

Financial instruments

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

Properties

Properties are valued at fair value. Fair value is the expected amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The investment properties primarily consist of office buildings and shopping centres.
No changes have been made to the policies for calculating fair value from the description provided in note 39 in the 2012 annual report.

External appraisals

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

Storebrand Livsforsikring Group

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	30.06.13	31.12.12
Assets					
Equities and units					
- Equities	13,075	365	3,128	**16,567**	12,765
- Fund units	149	56,638	1,142	**57,928**	51,918
- Private Equity fund investments		356	5,976	**6,333**	6,090
- Hedge fund			39	**39**	50
- Real estate fund			1,342	**1,342**	1,387
Total equities and units	**13,223**	**57,359**	**11,626**	**82,208**	
Total equities and units 2012	**9,305**	**51,652**	**11,253**		**72,211**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	22,728	23,804		**46,532**	50,731
- Credit bonds		23,553	1,620	**25,172**	25,046
- Mortage and asset backed bonds		42,859		**42,859**	41,020
- Supranational and agency	27	4,602		**4,629**	3,647
- Bond funds		62,285		**62,285**	59,479
Total bonds and other fixed income securities	**22,755**	**157,103**	**1,620**	**181,477**	
Total bonds and other fixed income securities 2012	**24,614**	**154,077**	**1,233**		**179,924**
Derivatives:					
- Interest rate derivatives		-1,551		**-1,551**	1,650
- Currency derivatives		-1,255		**-1,255**	594
Total derivatives		**-2,806**		**-2,806**	
- derivatives with a positive market value		567		**567**	
- derivatives with a negative market value		-3,373		**-3,373**	
Total derivatives 2012		**2,245**			**2,245**
Real estate:					
- real estate at fair value			24,801	24,801	
- real estate for own use			2,363	2,363	
Total real estate			**27,164**	**27,164**	
Total real estate 2012			**30,954**		**30,954**

Movements between quoted prices and observable assumptions

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

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

Notes to the interim accounts

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

NOK million	Equities	Fund units	Private Equity fund investments	Hedge fund	Real estate fund	Credit bonds	Real estate	Real estate for own use
Book value 01.01	3,116	1,334	5,406	25	1,372	1,233	28,723	2,231
Net profit/loss	-72	-1,198	583	16	-31	81	-248	58
Supply/disposal	533	2,655	385			577	183	41
Sales/overdue/settlement	-537	-1,698	-444	-13		-376	-3,918	-16
To quoted prices and observable assumptions	8	14	12	12		79		
Re-statement differences	80	36	35			26	62	48
Book value 30.06.13	**3,128**	**1,142**	**5,976**	**39**	**1,342**	**1,620**	**24,801**	**2,363**

Storebrand Livsforsikring AS

NOK million	Quoted prices (level 1)	Observable assumptions (level 2)	Non-observable assumptions (level 3)	30.06.13	31.12.12
Assets					
Equities and units					
- Equities	3,930	123	1,614	**5,667**	2,828
- Fund units		21,336	594	**21,930**	18,646
- Private Equity fund investments		356	5,143	**5,499**	5,419
- Hedge fund			33	**33**	39
- Real estate fund			1,342	**1,342**	
Total equities and units	**3,930**	**21,816**	**8,725**	**34,471**	
Total equities and units 2012	**1,255**	**18,704**	**6,973**		**26,932**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	5,878	1		5,879	8,552
- Credit bonds		12,001	1,051	13,052	14,284
- Mortage and asset backed bonds		12,115		12,115	12,617
- Supranational and agency		824		824	722
- Bond funds		50,423		50,423	50,474
Total bonds and other fixed income securities	**5,878**	**75,364**	**1,051**	**82,293**	
Total bonds and other fixed income securities 2012	**8,550**	**77,314**	**784**		**86,649**
Derivatives:					
- Interest rate derivatives		81		81	388
- Currency derivatives		-1,051		-1,051	386
Total derivatives		**-971**		**-971**	
- derivatives with a positive market value		219		219	
- derivatives with a negative market value		-1,143		-1,143	
Total derivatives 2012		**774**			**774**

Movements between quoted prices and observable assumptions

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

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

Notes to the interim accounts

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

NOK million	Equities	Fund units	Private Equity fund investments	Hedge fund	Real estate fund	Credit bonds
Book value 01.01	1,499	715	4,734	25		785
Net profit/loss	-16	-1,082	529	16	-31	93
Supply/disposal	237	1,927	271		1,372	139
Sales/overdue/settlement	-106	-981	-403	-13		-6
To quoted prices and observable assumptions		14	12	6		40
Book value 30.06.13	**1,614**	**594**	**5,143**	**33**	**1,342**	**1,052**

NOTE 9: REAL ESTATE

Type of real estate			Required rate of return % 2)		30.06.13		
NOK million	30.06.13	31.12.12	30.06.13	31.12.12	Duration of lease (years)	m2	Leased amount in % 1)
Office buildings (including parking and storage):							
Oslo-Vika/Filipstad Brygge	6,232	6,205	7,52-8,75	7,35-8,95	7	140,900	94
Rest of Greater Oslo	7,945	8,168	7,95-9,44	7,70-9,70	7	469,733	93
Rest of Norway	2,499	2,459	8,21-9,50	8,07-9,70	8	179,535	97
Office buildings in Sweden	760	729	7,00-9,00	7,00 -9,00	14	36,523	100
Shopping centres (including parking and storage)							
Rest of Greater Oslo	1,072	1,151	8,42-9,10	8,82-9,20	18	66,519	100
Rest of Norway	5,208	8,952	7,80-10,41	7,60-9,61	8	183,120	90
Other real estate:							
Multi-storey car parks in Oslo	662	650	7,95	8,0	3,4	27,393	100
Cultural/conference centres in Sweden	374	359	7,00-9,00	7,00 -9,00		18,690	100
Other real estate	50	50					
Total investment real estate	**24,801**	**28,723**				**1,122,413**	
Real estate for own use	2,363	2,231	7,00 -9,00	7,00 - 9,00		70,624	95
Total real estate	**27,164**	**30,954**				**1,193,037**	

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

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

Purchases: There has not been agreed further purchases in Storebrand/SPP in addition to the figure that has been finalised and included in the financial statements as at 30 June 2013.

Sales: Properties amounting to about NOK 3.9 billion were sold in Storebrand in Q2 2013 by sale of shares in real estate Net unrealised and realised gain/loss first half-year amount to a net loss of about NOK 200 million.

Notes to the interim accounts

NOTE 10: SPECIFICATION OF SUBORDINATED LOAN CAPITAL

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Booked value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,701
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,041
Storebrand Livsforsikring AS	300	EUR	Fixed	2023	2,262
Total subordinated loan capital and hybrid tier 1 capital 30.06.2013					**6,505**
Total subordinated loan capital and hybrid tier 1 capital 31.12.2012					**6,643**

NOTE 11: CONTIGENT LIABILITIES

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	30.06.13	31.12.12	30.06.13	31.12.12
Undrawn amounts of committed lending facilities	1,089	1,068	1,089	1,068
Uncalled residual liabilities concerning Limitied Partnership	2,348	3,715	3,687	5,317
Total contigent liabilities	**3,437**	**4,783**	**4,776**	**6,385**

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

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

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

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

NOTE 12: CAPITAL ADEQUACY

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	30.06.13	31.12.12	30.06.13	31.12.12
Share capital	3,540	3,540	3,540	3,540
Other equity	15,388	14,652	15,057	13,722
Equity	**18,929**	**18,192**	**18,598**	**17,262**
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Conditional bonus	-124	-108	-5,745	-5,589
Goodwill and other intangible assets	-677	-640	-677	-640
Risk equalisation fund			-94	-141
Capital adequacy reserve	-2	-18	-2	-2
Deduction for investments in other financial institutions			-532	-1,454
Interest adjustment insuracereserves SPP			-148	-143
Other	-92	-30	-431	-31
Core (tier 1) capital	**19,534**	**18,896**	**12,469**	**10,760**
Perpetual subordinated loan capital	4,938	4,901	4,938	4,901
Capital adequacy reserve			-94	-141
Deductions for investments in other financial institutions	-2	-18	-2	-2
Tier 2 capital	**4,936**	**4,883**	**4,842**	**4,757**
Net primary capital	**24,470**	**23,779**	**17,311**	**15,517**
Risk weighted calculation base	**101,773**	**106,393**	**126,475**	**127,245**
Capital adequacy ratio	**24.0 %**	**22.4 %**	**13.7 %**	**12.2 %**
Core (tier 1) capital ratio	**19.2 %**	**17.8 %**	**9.9 %**	**8.5 %**

NOTE 13: SOLVENCY MARGIN

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	30.06.13	31.12.12	30.06.13	31.12.12
Solvency margin requirements	7,610	7,538	11,724	11,595
Solvency margin capital	26,403	25,905	20,377	18,775
Solvency margin	**347.0 %**	**343.6 %**	**173.8 %**	**161.9 %**

Specification of solvency margin capital

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK mill.	30.06.13	31.12.12	30.06.13	31.12.12
Net primary capital	24,470	23,779	17,311	15,517
50% of additional statutory reserves	2,661	2,873	2,661	2,873
50% of risk equalisation fund	339	320	339	320
Counting security reserve	66	65	66	65
Conditional bonus	-1,133	-1,132		
Solvency capital	**26,403**	**25,905**	**20,377**	**18,775**

Storebrand Livsforsikring AS and Storebrand Livsforsikring Group

- Declaration by the Members of the Board and the CEO

On this date, the Board and CEO have discussed and approved the half-yearly interim report and half-yearly financial statements for Storebrand Livsforsikring AS and Storebrand Livsforsikring Group for the first half of 2013 (interim report for 1H 2013).

The half-yearly financial statements were prepared in accordance with the Norwegian Annual Accounts Regulations for Insurance Companies for the parent company and the consolidated financial statements in accordance with IAS 34 Interim Financial Reporting, as approved by the EU, and the additional requirements of the Securities Trading Act.

In the best judgment of the Board and CEO the half-yearly financial statements have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the assets, liabilities, financial standing and results as a whole of the parent company and the group as per 30 June 2013. In the best judgment of the Board and CEO the half-yearly interim report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements and consolidated financial statements. In the best judgment of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 11 July 2013
The Board of Directors of Storebrand Livsforsikring AS

Odd Arild Grefstad
Chairman of the Board

Peik Norenberg | Tove Margrete Storrødvann | Else-Lill Grønli

Erik Haug Hansen | Inger Johanne Bergstøl | Jan Otto Risebrobakken

Geir Holmgren
Chief Executive Officer

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Translation from the original Norwegian version

To the Board of Directors of Storebrand Livsforsikring AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the statement of financial position of Storebrand Livsforsikring AS (the Group) as of June 30, 2013, and the related statement of 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 11, 2013
Deloitte AS

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