

Interim Report

3rd quarter 2014

Storebrand Helseforsikring AS



3rd quarter
2014

Interim Report Storebrand Helseforsikring AS

As at 30 September 2014

Profit before tax is NOK 18.4 million (NOK 22.3 million) in 3rd quarter and a profit of NOK 23.3 million (NOK 36.3 million) so far this year.

Premiums earned totalled NOK 122.1 million (NOK 112.2 million) in 3rd quarter. This is an increase of 9 per cent compared to the equivalent period in 2013. So far this year, the earned premiums for own account totalled NOK 357.4 million (NOK 314.2 million). Measured by annual premiums, Storebrand Helseforsikring holds a market-leading position in Norway. Health-related insurance are growing, and the company succeed on the market. This is driven by companies' desire to reduce sick leave, increased work satisfaction and reduction in total insurance costs and increased popularity among the employees for this type of employee benefits.

Cost of claims amounted to NOK 78.7 million (NOK 69.5 million) in 3rd quarter, and NOK 264.5 million (NOK 211.9 million) so far this year. The claims ratio for own account stood at 64 per cent (62 per cent) in 3rd quarter, and 74 per cent (67 per cent) year to date. The underlying risk development is satisfying.

Insurance-related operating costs came to NOK 21.8 million (NOK 23.5 million) in 3rd quarter, and NOK 67.3 million (NOK 74.7 million) so far this year. The net cost ratio for own account ended up at 18 per cent (21 per cent) in 3rd quarter, reflecting improved efficiency in the operations of the company. On accumulated basis the net cost ratio is 19 per cent (24 per cent).

The net financial items amounted to NOK 0.4 million (NOK 4.7 million) in 3rd quarter, and NOK 4.4 million (NOK 13.2 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 77.8 per cent as at 30 September 2014 down from 79.1 per cent at the beginning of the year. The decrease is due to larger increase in balance than in qualifying capital because the results so far this year are not audited and therefore not eligible as regulatory capital.

The solvency margin requirement is 100 per cent and the solvency margin is estimated to be 211.9 per cent as at 30 September 2014, down from 232.0 per cent at the beginning of the year due to increased earned premiums without counting profits made so far this year as primary capital.

München, 27th November 2014

The Board of Storebrand Helseforsikring AS

Income statement Storebrand Helseforsikring AS

| NOK thousand | Q3 | | 01.01.-30.09. | | Full year |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 | 2013 |
| TECHNICAL ACCOUNTS | | | | | |
| PREMIUMS | | | | | |
| Gross premiums written | 82,254 | 76,378 | 385,195 | 333,383 | 441,186 |
| - Reinsurers' share | -437 | -295 | -1,379 | -857 | -1,161 |
| Gross change in reserve for unearned premiums | 40,294 | 36,096 | -26,463 | -18,376 | -15,718 |
| Premium income for own account | 122,111 | 112,180 | 357,352 | 314,150 | 424,308 |
| Allocation of investment return transferred from the non-technical accounts | 1,247 | -931 | 4,053 | 3,349 | 3,361 |
| CLAIMS EXPENSES | | | | | |
| Gross claims paid | -78,979 | -67,547 | -254,976 | -208,375 | -298,655 |
| - Reinsurers' share | 514 | | 656 | | 294 |
| Gross change in claims reserve | -209 | -1,976 | -10,231 | -3,552 | -5,979 |
| Claims expenses for own account | -78,675 | -69,523 | -264,550 | -211,927 | -304,340 |
| INSURANCE RELATED OPERATING COSTS | | | | | |
| Sales costs | -10,325 | -10,939 | -28,968 | -32,885 | -41,471 |
| Insurance related administration costs | -11,437 | -12,521 | -38,333 | -41,811 | -52,282 |
| Insurance related operating costs for own account | -21,763 | -23,461 | -67,301 | -74,697 | -93,753 |
| Balance on the technical account before allocations to security reserve | 22,920 | 18,265 | 29,554 | 30,876 | 29,576 |
| Change in security reserve | -4,004 | -1,372 | -6,758 | -4,107 | -8,678 |
| Technical profit | 18,916 | 16,894 | 22,796 | 26,768 | 20,898 |
| NON-TECHNICAL ACCOUNTS | | | | | |
| NET INCOME FROM FINANCIAL ASSETS | | | | | |
| Interest and dividend etc from financial assets | 2,918 | 2,789 | 8,463 | 8,629 | 11,225 |
| Change in value on investments | -2,336 | 2,059 | -2,923 | 2,189 | 1,758 |
| Realised gain and loss on investments | -105 | -63 | -857 | 2,657 | 3,177 |
| Management expenses linked to investment, included interest cost | -103 | -98 | -299 | -298 | -403 |
| Net income from investments | 374 | 4,687 | 4,384 | 13,177 | 15,757 |
| Allocation of investment return transferred to the technical accounts | -1,247 | 931 | -4,053 | -3,349 | -3,361 |
| Other income / other cost | 350 | -233 | 133 | -277 | -226 |
| Non-technical profit | -522 | 5,385 | 463 | 9,550 | 12,169 |
| Pre tax profit | 18,394 | 22,279 | 23,259 | 36,319 | 33,068 |
| Tax | -4,891 | -5,621 | -6,181 | -9,425 | -7,342 |
| Profit before other comprehensive income | 13,503 | 16,658 | 17,079 | 26,894 | 25,725 |
| Translation differences | 2,155 | -2,106 | 4,641 | -5,974 | -7,023 |
| Change in pension experience adjustments | | | | | -2,715 |
| Tax on other comprehensive income | | | | | -1,363 |
| Comprehensive income | 15,658 | 14,552 | 21,720 | 20,920 | 14,625 |

Statement of financial position Storebrand Helseforsikring AS

| | 30.9 2014 | 31.12 2013 |
|---|----------------|----------------|
| NOK thousand | | |
| ASSETS | | |
| Intangible assets | 11,553 | 12,542 |
| Total intangible assets | 11,553 | 12,542 |
| FAIR VALUE FINANCIAL ASSETS | | |
| Bonds and other securities - fixed yield | 407,152 | 382,846 |
| Financial derivatives | | 1,887 |
| Other financial assets | 1,572 | 720 |
| Total financial assets | 408,724 | 385,453 |
| RECEIVABLES | | |
| Receivables due from insurance customers | 105,376 | 105,539 |
| Receivables to connected parties | 264 | |
| Other receivables | 11,098 | 8,399 |
| Total receivables | 116,737 | 113,938 |
| OTHER ASSETS | | |
| Fixed assets | 774 | 1,299 |
| Cash and bank | 29,203 | 18,843 |
| Total other assets | 29,977 | 20,143 |
| Prepaid costs and accrued income | 776 | |
| Total prepaid costs and accrued income | 776 | |
| Total assets | 567,768 | 532,076 |

Statement of financial positions

Storebrand Helseforsikring AS (cont.)

| | 30.9 2014 | 31.12 2013 |
|--|----------------|----------------|
| NOK thousand | | |
| EQUITY CAPITAL AND LIABILITIES | | |
| PAID IN CAPITAL | | |
| Share capital | 33,000 | 33,000 |
| Share premium | 122,000 | 122,000 |
| Total paid in capital | 155,000 | 155,000 |
| RETAINED EARNINGS | | |
| Allocation to guarantee reserve | 17,814 | 17,398 |
| Other retained earnings | 33,572 | 12,269 |
| Total retained earnings | 51,386 | 29,667 |
| GROSS INSURANCE LIABILITIES | | |
| Reserve for unearned premiums gross | 195,073 | 174,505 |
| Claims reserve gross | 55,016 | 45,999 |
| Security reserve | 68,478 | 63,567 |
| Total insurance liabilities gross | 318,567 | 284,070 |
| RESERVES FOR LIABILITIES | | |
| Pension liabilities | 9,951 | 9,951 |
| Period tax liabilities | | 3,463 |
| Deferred tax | 6,363 | 182 |
| Total reserves for liabilities | 16,314 | 13,597 |
| DEBT | | |
| Due in respect of direct insurance | 4,852 | 3,537 |
| Allocation to dividends | | 25,000 |
| Other debt | 3,648 | 13,938 |
| Financial derivatives | 1,311 | |
| Debt to connected parties | | 237 |
| Total debt | 9,811 | 42,712 |
| Accrued costs and deferred income | 16,689 | 7,031 |
| Total accrued costs and deferred income | 16,689 | 7,031 |
| Total equity capital and liabilities | 567,768 | 532,076 |

Cash flow analysis Storebrand Helseforsikring AS

| NOK thousand | Q3 | |
|--|----------------|----------------|
| | 2014 | 2013 |
| Cash flows from operations | | |
| Net receipts - insurance | 385,294 | 319,893 |
| Net payments/claims insurance | -254,319 | -208,375 |
| Payment of income tax | -3,463 | -9,787 |
| Payments relating to operations | -72,436 | -72,674 |
| Net cash flow from operations before financial assets | 55,076 | 29,056 |
| Net receipts/payments - mutual funds | -16,292 | -8,956 |
| Net cash flow from financial assets | -16,292 | -8,956 |
| Net cash flow from operations | 38,783 | 20,101 |
| Cash flows from investment activities | | |
| Net receipts/payment - sale/purchase of fixed assets | -2,571 | -4,131 |
| Net cash flow from investment activities | -2,571 | -4,131 |
| Cash flows from financing activities | | |
| -of which net cash flow in the period before financial asset | -2,074 | 62,449 |
| Payment of dividends | -25,000 | -27,000 |
| Net cash flow from financing activities | -25,000 | -27,000 |
| Net cash flow for the period | 11,212 | -11,030 |
| -of which net cash flow in the period before financial asset | 52,505 | 24,926 |
| Net movement in cash and cash equivalents | 11,212 | -11,030 |
| Cash and cash equivalents at start of the period | 19,563 | 36,597 |
| Cash equivalents at the end of the period | 30,775 | 25,567 |

Changes to equity Storebrand Helseforsikring AS

| NOK thousand | Share capital | Share | Translation differences | Pension | Admin and | Other equity | Total equity |
|--|---------------|-----------------|-------------------------|------------------------|------------------|---------------|----------------|
| | | premium account | | experience adjustments | guarantee scheme | | |
| Equity at 01.01.13 | 33,000 | 122,000 | 93 | 7,763 | 14,786 | 17,400 | 195,042 |
| Profit/loss for the year | | | | | | 25,726 | 25,726 |
| Translation differences | | | -7,023 | | | | -7,023 |
| Change in guarantee reserve | | | | | 2,611 | -2,611 | |
| Change in pension experience adjustments | | | | -4,078 | | | -4,078 |
| Dividend | | | | | | -25,000 | -25,000 |
| Equity at 31.12.2013 | 33,000 | 122,000 | -6,930 | 3,685 | 17,397 | 15,514 | 184,667 |
| Profit/loss for the year | | | | | | 17,079 | 17,079 |
| Translation differences | | | 4,641 | | | | 4,641 |
| Change in guarantee reserve | | | | | 417 | -417 | 0 |
| Equity at 30.09.2014 | 33,000 | 122,000 | -2,289 | 3,685 | 17,814 | 32,176 | 206,386 |

Notes Storebrand Helseforsikring AS

NOTE 1 - ACCOUNTING PRINCIPLES

The accounts have been presented in accordance with the accounting principles applied in the 2013 Annual Accounts. A description of the accounting principles is given in the 2013 Annual Report.

NOTE 2 - FINANCIAL RISKS

There is no change in the risk picture compared to that described in the 2013 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 of capital adequacy:

| NOK thousand | 30.9.2014 | 31.12.2013 |
|--|----------------|----------------|
| Share capital | 33,000 | 33,000 |
| Share premium account | 122,000 | 122,000 |
| Other equity | 12,269 | 12,269 |
| Total equity | 167,269 | 167,269 |
| Intangible assets | -11,553 | -12,542 |
| Net primary capital | 155,715 | 154,727 |
| Calculation base by class of risk weighting | 556,214 | 517,646 |
| Risk weight 10% | 98,204 | 95,701 |
| Risk weight 20% | 334,631 | 295,541 |
| Risk weight 100% | 123,379 | 126,404 |
| Weighted assets in the balance sheet | 200,126 | 195,082 |
| Weighted interest rate and FX contracts | | 513 |
| Risk weighted calculation base | 200,126 | 195,595 |
| Capital adequacy ratio | 77.8 % | 79.1% |

Solvency margin capital:

| NOK thousand | 30.9.2014 | 31.12.2013 |
|-------------------------|---------------|---------------|
| Solvency margin demand | 88,040 | 79,011 |
| Solvency margin capital | 186,531 | 183,332 |
| Solvency margin | 211.9% | 232.0% |

Specification of solvency capital :

| NOK thousand | 30.9.2014 | 31.12.2013 |
|--------------------------------|----------------|----------------|
| Net primary capital | 155,715 | 154,727 |
| Counting security reserve | 30,815 | 28,605 |
| Solvency margin capital | 186,531 | 183,332 |

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.

NOTE 4 - TAX

Reconciliation of expected and actual tax charge

| NOK thousand | 30.9.2014 |
|--|---------------|
| Ordinary pre-tax profit | 23,259 |
| Expected tax on income at nominal rate | -6,280 |
| Tax effect of: | |
| permanent differences | 99 |
| Tax charge | -6,181 |
| Effective tax rate | 26.6 % |

Storebrand Helseforsikring AS

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