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DNB LIVSFORSIKRING

– a company in the DNB Group

Second quarter report 2014
(Unaudited)

DIRECTORS' REPORT SECOND QUARTER 2014

DNB Livsforsikring ASA (DNB Liv) provides life and pension insurance for about 1 million people through individual and group contracts. The company has approximately 23 000 contracts with companies, municipalities and public enterprises. DNB Livsforsikring ASA is a wholly owned subsidiary of DNB.

DNB Liv recorded pre-tax profits of NOK 910 million in the six months to 30 June 2014, a reduction of NOK 51 million on the year-earlier period. The second quarter pre-tax profits totalled NOK 508 million.

The recorded return on the common portfolio at the end of the first half year was 3.3 per cent, while the value-adjusted return was 2.9 per cent. In 2014, aggregate solvency capital has increased by NOK 7.3 billion to NOK 39.7 billion.

Total assets as at 30 June 2014 were NOK 289.2 billion, a reduction of NOK 1.5 billion since end-December.

The half-year accounts show:
- Pre-tax operating profits of NOK 910 million
- Total premium income from defined contribution based pension schemes 37 per cent increase compared to the corresponding period last year
- Costs down by NOK 80 million, a 12 per cent reduction compared to last year's half-year figure
- Market value adjustment reserve of NOK 2 004, a reduction of NOK 731 million since end-December. The market value adjustment reserve increased by NOK 296 million in the second quarter
- Aggregate solvency capital of NOK 39.7 billion, an increase of NOK 7.3 billion in 2014
- Reserve allocations of NOK 1 489 million to cover increased longevity under group pension insurance.

The accounts have been prepared in accordance with the regulation on the accounts of life insurance companies. In the following, the accounting figures for the first half of 2013 are shown in brackets.

PREMIUM INCOME

Premium income totalled NOK 13.0 billion (13.0) in the first half-year. Premium income for group pension insurance came to NOK 10.0 billion (10.3), a decline of 2.5 per cent, while aggregate premium reserves received for group pension insurance from other companies amounted to NOK 1.0 billion (0.2) related to contribution based pensions. Premiums earned for group pension business fell by NOK 1.1 billion, corresponding to 11.6 per cent. The decline in premium income from group pension business is due to the ongoing winding up of the public market, where premium income fell by NOK 1.4 billion. Premium income from the corporate market has increased, despite the ongoing change to contribution based pensions. This is a consequence of the implementation of new tariffs due to increased longevity.

The retail market continues to be characterised by competition from alternative forms of saving. Premium income in the first half-year totalled NOK 2.9 billion (2.8). Of the aggregate premium income from the retail market, insurance schemes with a choice of investment profile (unit linked) accounted for NOK 0.3 billion (0.3).

FINANCIAL RETURN

The recorded and value-adjusted return on the common portfolio in the first half-year was 3.3 per cent (2.0) and 2.9 per cent (2.4), excluding value changes related to bonds held to maturity. Differences in the rate of return provided by the sub-portfolios reflect different investment approaches adapted to specific risk profiles for each portfolio.

The yield on long-term bonds has been higher than expected, with falling interest rates bringing a positive change in the value of the holdings in the first half-year. The stock market was also strong during the same period, with both Norwegian and global shares providing a higher return than expected.

Internationally, long-term rates have declined since year-end due to slightly weaker macro indicators in the USA during the winter and concerns about credit and growth prospects in the emerging economies, as well as deflationary fears and further monetary policy initiatives in the eurozone. Globally, monetary policy continues to be exceptionally expansive.

In addition to the positive contribution from the bond portfolios, both the real estate portfolio and held-to-maturity bonds showed a good and stable return.

The company portfolio provided a return of 2.1 per cent (1.6) in the first half-year.

The return on DNB Liv's defined contribution pension portfolios in the first half-year was 4.7 per cent (4.3) for Pension Profile 30, 5.4 per cent (6.4) for Pension Profile 50, and 6.3 per cent (9.6) for Pension Profile 80.

EXPENSES

Operating expenses in the first half of 2014 totalled NOK 608 million (688), showing that the programme of cost reductions is taking effect. The number of employees in permanent, full-time positions with DNB Livsforsikring ASA as at 30 June was 443 (607). In addition, the company had 56 (37) temporary staff. During the period slightly more than 100 employees were transferred to other parts of the DNB Group.

RESULTS

Pre-tax profits so far this year total NOK 910 million, a decline of NOK 51 million compared to the corresponding period last year.

The financial result for the first half-year was a profit of NOK 7.6 billion (4.7) while the risk result was a profit of NOK 190 million (136). The improvement was largely due to better disability results from risk pensions linked to defined contribution based pension schemes and the public market, but also to the end of the reserve requirement to take account of increased longevity related to old individual products. The administration result was a profit of NOK 149 million (67). The improvement was mainly due to higher income as a result of volume growth in the area of contribution based pensions, as well as a lower cost level in the corporate market for benefits based pensions. At the end of the first half-year the market value adjustment reserve totalled NOK 2 004 million (1 974).

The tax charge for 2014 is expected to be 8 per cent of the pre-tax operating profit. The expected effective rate of tax reflects a change in deferred tax related to real estate investments which are not recognised in the balance sheet, in conformity with IFRS, as well as a positive return from the company portfolio under the tax exempt method.

CAPITAL ADEQUACY AND SOLVENCY CAPITAL

Capital adequacy reflects the company's primary capital as a proportion of the risk weighted balance sheet. The capital ratio at 30 June 2014 stood at 19.2 per cent (16.9), while the year-end figure was 18.8 per cent. The statutory minimum capital ratio is 8 per cent.

Solvency capital, which safeguards the policyholders' premium reserve, consists of the interim profit, the market value adjustment reserve, excess value of held-to-maturity bonds, additional allocations, security reserves, subordinated loan capital and equity (including the risk equalisation reserve).

As at 30 June 2014 DNB Liv's solvency capital totalled NOK 39.7 billion (31.3), while the year-end figure was NOK 32.4 billion. The change was mainly due to higher profits for distribution, a reduction in the market value adjustment reserve and an increase in the excess value of held-to-maturity bonds.

As at 30 June 2014 solvency capital corresponded to 17.9 per cent (14.1) of insurance allocations (excluding additional allocations), compared to 14.3 per cent at the end of 2013. Buffer capital, which is primary capital in excess of the statutory minimum requirement, additional allocations, the market value adjustment reserve and interim profits, amounted to NOK 19.7 billion at 30 June 2014, compared to NOK 15.9 billion at year-end 2013.

REGULATORY FRAMEWORK

Substantial parts of the proposed changes to the regulatory framework for Norwegian life companies have now been clarified. This applies to both Solvency II and new regulations for occupational pensions in the private sector. .

Effective from 1 January 2014, the Ministry of Finance has stipulated long awaited new maximum savings rates for contribution based pensions. Following these changes, contribution based pension schemes could become an attractive product, also for companies with good benefits based pensions.

In collaboration with Finance Norway, DNB has provided the authorities with input proposing changes to the product regulations for paid-up policies. The aim is to establish sustainable product regulations for paid-up policies which contribute to good pension management and lower capital requirements after the introduction of Solvency II. The interests of corporate clients, holders of paid-up policies and pension providers are best served by greater predictability and the future pension regulations should therefore be adopted as quickly as possible.

The Financial Supervisory Authority of Norway (the Authority) has drawn up conditions governing the funding of any shortfall in premium reserves resulting from developments in longevity. Reserve allocations can be funded by the surplus return, but the company's equity is required to cover not less than 20 per cent of the reserve requirement. In the case of paid-up policies, the equity contribution can be covered by not distributing profits on contracts with a reserve requirement. No permission has been given to use the surplus on an individual contract to strengthen the premium reserves on other contracts, and the pension providers' minimum contribution of at least 20 per cent of the provisioning requirement is to be added at contract level. DNB Liv is entitled to apply the return in excess of the guaranteed rate of return to fund the provisioning requirement for longevity over a period of up to seven years effective from and including 2014. This is two years more than was provided for in the original plan from the Authority.

The Authority has determined that the guaranteed rate of return for new pension rights under group pension schemes shall be reduced from 2.5 to 2.0 per cent from 1 January 2015. For DNB Liv it is estimated that the interest rate guarantee will be reduced by approximately NOK 30 million in 2015. The lower guaranteed rate of return is expected to entail an average increase in premiums of 13-15 percent for clients with a benefits based pension scheme, while the increase in premiums will be lower for contracts with many members who are shortly due to reach retirement age.

The laws and regulations governing the conversion of paid-up policies to policies with a choice of investment profile have been set, and paid-up policies can be converted to the investment alternative from 1. September 2014. One of the conditions is that the premium reserve of paid-up policies shall be at a level which takes full account of developments in longevity before conversion takes place. The fully adjusted premium reserves in DNB Liv's contract portfolio in the age group that could benefit from conversion to a policy with a choice of investment profile amount to around NOK 4.0 billion. DNB Liv is ready to offer the new product from 1. September 2014.

The regulations governing the disability pensions from National Insurance have been changed with effect from 1. January 2015. According to the new regulations National Insurance will give 66 per cent of wages by 100 per cent disability at the time of disability for wages up to 6G.This is an increase in compensation compared to the current regulations. Disability pensions that can be linked to occupational pension schemes must be harmonized with the new regulations from National Insurance, among other factors to prevent over compensation. The regulations for disability pensions offered by Life Insurance companies will be passed in the fall of 2014 by The Norwegian Parliament, entering into force 1. January 2015. As a result of the increased share of financing by National Insurance, the extent of the Life Insurance companies coverage is reduced leading to a considerable reduction in premiums for most customers. Even though the authorities in all likelihood will offer transitional regulations, DNB is planning to offer a new product from 1. January 2015.

FUTURE PROSPECTS

The government has given notice that the regulatory environment for private pension saving is to be strengthened. Along with the increasing need for private long-term saving, this is an indication that growth can be expected in this market segment.

Clarification of the regulatory environment combined with higher savings rates in the area of contribution based pensions will increase the pace at which benefits based pension schemes are terminated in 2014. Both the regulatory environment and the customers' preferences will lead to a gradual shift away from products with an interest rate guarantee in favour of products with a choice of investment profile. Signs from the market so far indicate that the customers will prefer a contribution based pension rather than the new occupational pension product.

The increasing pace at which benefits based pension schemes are being terminated calls for reorganisation and further efficiency by DNB Liv. The company has taken steps aimed at establishing cost-effective processes which take account of the transition to contribution based occupational pension schemes. As a consequence of developments in longevity, there is a need to further strengthen premium reserves in the area of group pension insurance in the coming years. The public market sector is being phased out and parts of the portfolio have been transferred. As at 30 June 2014 the portfolio had a total provisioning requirement of around NOK 12.7 billion, corrected for already transferred contracts.

At the end of the second quarter of 2014 total provisions of NOK 7.1 billion were allocated to the remainder of the portfolio to take account of increased longevity. So far this year, the accounts include a charge of NOK 630 million as owner's contributions. The accumulated charge for owner's contributions at the end of the second quarter was NOK 872 million. Assuming that the expected return during the provisioning period is achieved, the charge against the owner has been calculated at roughly 22 per cent of the total provisioning requirement. Strengthening of reserve requirements related to public sector activities is set to be completed by the end of 2016, or by the time the customer, in the event, transfers its portfolio.

The expectation that interest rates are likely to remain low and that provisioning will be required to take account of increased longevity means that maintaining earnings will be demanding for the life companies in the coming years. Consequently, DNB Liv has started adapting its operations through the sale of less capital-intensive products and by realising an extensive cost programme. The company has adapted to the new regulatory environment by adopting a conservative approach to asset management, by gradually phasing out public market operations and terminating sales of benefits based pensions and paid-up policies.

Since year-end, long swap rates have fallen by around 0.5 percentage points which in itself, under Solvency II has increased the life company's capital requirement. The decline in interest rate levels has highlighted the need for transitional rules on the implementation of Solvency II. The Financial Supervisory Authority of Norway has advised that it will consider the national use of transitional rules in August/September.

DNB Liv's focus on the market for contribution based pension schemes has been a success. With new maximum contribution rates, a stronger degree of individualisation and a greater focus on pensions, further strong market growth is expected in the area of contribution based pensions and private pension saving. The company is experiencing keen competition in the market for contribution based pensions. Thanks to its strong distribution capability in all customers segments, DNB is well placed to take part in this market growth. DNB Liv is therefore focused on developing close and integrated cooperation on pensions across DNB's business areas. The strong growth that has been achieved has been maintained in the current year and this trend is expected to continue.

8 July 2014
The Board of Directors of DNB Livsforsikring ASA

NGAAP: Norwegian Generally Accepted Accounting Principles
IFRS: International Financial Reporting Standards

INCOME STATEMENT

DNB LIVSFORSIKRING GROUP | DNB LIVSFORSIKRING ASA

30.06.13	30.06.14	*Amounts in NOK millions*	30.06.14	30.06.13
12 773	11 961	Premiums due, gross	11 961	12 773
(117)	(177)	– Reinsurance premiums paid	(177)	(117)
374	1 176	Transfer of customer premium reserves from other insurance companies/pension schemes	1 176	374
13 030	**12 960**	**Premium income for own account**	**12 960**	**13 030**
1	0	Income from investments in subsidiaries, associated companies and joint ventures	923	778
3 354	3 645	Interest income and dividends, etc. on financial assets	3 627	3 451
855	805	Net operating income from real estate	0	1
1 123	(597)	Changes in value of investments	(707)	1 076
(171)	2 556	Realised profits and losses on investments	2 567	(144)
5 162	**6 409**	**Net income from investments in the common portfolio**	**6 409**	**5 162**
37	40	Interest income and dividends, etc. on financial assets	40	37
1 265	1 850	Changes in value of investments	1 850	1 265
37	29	Realised profits and losses on investments	29	37
1 339	**1 918**	**Net income from investments in investment choice portfolio**	**1 918**	**1 339**
11	**12**	**Other insurance-related income**	**12**	**11**
(7 012)	(7 063)	Claims paid	(7 063)	(7 012)
(7 071)	(7 122)	Gross	(7 122)	(7 071)
60	58	– Reinsurance share of claims paid	58	60
(85)	(38)	Change in reserves for claims	(38)	(85)
(85)	(38)	Gross	(38)	85)
0	0	– Change in reinsurance portion for claims reserves	0	0
(1 947)	(13 972)	Transfer of customer premium reserves, additional statutory reserves and market value adjustment reserves to other insurance companies/pension schemes	(13 972)	(1 947)
(9 045)	**(21 073)**	**Claims for own account**	**(21 073)**	**(9 045)**
(5 440)	5 507	Change in premium reserve	5 507	(5 440)
(5 440)	5 507	To (from) premium reserve, gross	5 507	(5 440)
0	0	– Change in Reinsurance portion of premium reserve	0	0
196	(5)	Change in additional statutory reserves	(5)	42
(888)	731	Change in market value adjustment reserve	731	(888)
(71)	(47)	Change in premium fund, deposit reserve and pensioners' surplus fund	(47)	(71)
(241)	(299)	Change in technical reserves for property and casualty insurance business	(299)	(241)
(241)	(299)	To (from) technical reserves for property and casualty insurance business	(299)	(241)
11	6	Transfer of additional statutory reserves and market value adjustment reserves from other insurance companies/pension schemes	6	11
(6 433)	**5 894**	**Changes in insurance liabilities through income statement – Contractually established obligations**	**5 894**	**(6 587)**
(2 344)	(3 897)	Change in premium reserve	(3 897)	(2 344)
(2 344)	**(3 897)**	**Changes in insurance liabilities through income statement – special investment choice**	**(3 897)**	**(2 344)**
(135)	(466)	Surplus from return result	(466)	(135)
(2)	(4)	Risk result assigned insurance contracts	(4)	(2)
(87)	(500)	Other assignment of profit	(500)	(87)
(225)	**(970)**	**Funds assigned insurance contracts – contractually established obligations**	**(970)**	**(225)**
(812)	(787)	Insurance-related operating costs	(787)	(812)
(109)	(36)	Other insurance-related costs	(36)	(109)
574	**430**	**Result from technical account**	**430**	**420**

INCOME STATEMENT CONTINUED

DNB LIVSFORSIKRING GROUP			DNB LIVSFORSIKRING ASA	
30.06.13	30.06.14	*Amounts in NOK millions*	30.06.14	30.06.13
		NON-TECHNICAL ACCOUNT		
0	16	Income from investments in subsidiaries, associated companies and joint ventures	28	8
362	360	Interest income and dividends, etc. on financial assets	360	362
0	21	Net operating income from property	0	0
22	185	Changes in value of investments	185	22
25	(64)	Realised profits and losses on investments	(64)	25
410	**517**	**Net income from investments in company portfolio**	**509**	**417**
37	26	Other income	10	10
(60)	(63)	Management costs and other costs associated with company portfolio	(47)	(42)
387	**480**	**Result from non-technical account**	**472**	**385**
961	**910**	**Profit before taxes**	**902**	**805**
(91)	(76)	Tax cost	(68)	(46)
870	**834**	**Result before other profit components**	**834**	**759**
		TOTAL RESULT		
0	(60)	Actuarial gains and losses	(60)	0
0	16	Tax on actuarial gains and losses	16	0
870	**791**	**Totoal result** [1)]	**791**	**759**
		Notes:		
870	834	Result before other profit components	834	759
0	0	Use of additional allocations [2)]	0	154
0	0	Tax effect of use of additional allocations	0	(43)
870	**834**	**Result**	**834**	**870**

[1)] The discount rate used to calculate recorded pension commitments at end-June 2014 was determined by reference to the estimated yield on covered bonds as at 30 June 2014. There was a reduction in the yield from 31 December 2013. A corresponding reduction has been reflected in the assumptions for salary increases and increases in the National Insurance basic amount. Net actuarial losses at end-June 2014 thus totalled NOK 44 million after tax.

[2)] Use of additional allocations is not permitted in the interim accounts.

BALANCE SHEET

DNB LIVSFORSIKRING GROUP			DNB LIVSFORSIKRING ASA	
30.06.13 [1)]	30.06.14	*Amounts in NOK millions*	30.06.14	30.06.13
		ASSETS IN COMPANY PORTFOLIO		
182	156	Intangible assets	156	182
		Buildings and other real estate		
0	1 062	Investment properties	0	0
		Subsidiaries, associated companies and joint ventures		
3	0	Shares and other equity investments in subsidiaries, associated companies and joint ventures	1 128	51
0	0	Receivables and securities issued by subsidiaries, associated companies and joint ventures	46	0
		Financial assets measured at amortised cost		
0	1 610	Hold to maturity investments	1 610	0
		Financial assets measured at fair value		
706	936	Shares and other equity investments (incl. shares and other equity investments measured at cost)	936	706
17 319	16 783	Bonds and other fixed-income securities	16 783	17 319
97	13	Loans and receivables	13	97
33	0	Financial derivatives	0	33
60	(59)	Other financial assets	(59)	60
18 217	**20 344**	**Investments in company portfolio**	**20 456**	**18 266**
1 578	790	Receivables	738	1 549
837	1 065	Other assets	1 025	777
28	18	Pre-paid expenses and earned, non-received income	18	28
20 842	**22 374**	**Total assets in company portfolio**	**22 394**	**20 801**
		ASSETS IN CUSTOMER PORTFOLIOS		
		Buildings and other real estate		
32 706	30 715	Investment properties	18	48
		Subsidiaries, associated companies and joint ventures		
2 663	2 725	Shares and other equity investments in subsidiaries, associated companies and joint ventures	34 266	31 704
0	0	Receivables and securities issued by subsidiaries, associated companies and joint ventures	909	4 535
		Financial assets measured at amortised cost		
89 441	88 147	Hold to maturity investments	88 147	89 441
		Financial assets measured at fair value		
14 559	12 980	Shares and other equity investments (incl. shares and other equity investments measured at cost)	12 980	14 559
82 123	74 378	Bonds and other fixed-income securities	74 378	80 236
5 888	5 734	Loans and receivables	5 734	5 905
1 289	742	Financial derivatives	614	1 219
2 501	11 864	Other financial assets	10 351	1 028
231 171	**227 286**	**Investments in common portfolio**	**227 397**	**228 674**
		Financial assets measured at fair value		
15 793	20 361	Shares and other equity investments (incl. shares and other equity investments measured at cost)	20 361	15 793
13 209	17 577	Bonds and other fixed-income securities	17 577	13 209
1 603	1 520	Loans and receivables	1 520	1 603
30 604	**39 458**	**Investments in investment choice portfolio**	**39 458**	**30 604**
261 775	**266 744**	**Total assets in customer portfolios**	**266 855**	**259 279**
282 617	**289 118**	**Total assets**	**289 248**	**280 080**

BALANCE SHEET

DNB LIVSFORSIKRING GROUP			DNB LIVSFORSIKRING ASA	
30.06.13 [1]	30.06.14	*Amounts in NOK millions*	30.06.14	30.06.13
		EQUITY AND LIABILITIES		
		Share capital subscribed		
1 621	1 686	Share capital/primary capital certificates/guarantee fund	1 686	1 621
3 875	4 280	Share premium	4 280	3 875
5 496	**5 966**	**Total paid in equity**	**5 966**	**5 496**
0	19	Fund for unrealised profits	19	0
900	1 013	Risk equalisation fund	1 013	900
10 438	11 641	Other accrued earnings	11 641	10 327
11 338	**12 673**	**Total accrued earnings**	**12 673**	**11 227**
1 339	**1 340**	**Subordinated loan capital, etc.**	**1 340**	**1 339**
		Insurance liabilities in life insurance – contractually established obligations		
213 236	211 406	Premium reserve	211 406	213 236
4 666	4 924	Additional statutory reserves	4 924	4 820
1 974	2 004	Market value adjustment reserves	2 004	1 974
2 615	2 676	Claims reserves	2 676	2 615
3 996	2 500	Premium fund, deposit reserve and pensioners' surplus fund	2 500	3 996
521	583	Other technical reserves for property and casualty insurance business	583	521
227 009	**224 093**	**Total insurance liabilities in life insurance – Contractually established obligations**	**224 093**	**227 163**
		Insurance liabilities in life insurance – special investment choice portfolio		
30 028	38 892	Premium reserve	38 892	30 028
15	24	Supplementary provisions	24	15
561	541	Premium fund, deposit reserve and pensioners' surplus fund	541	561
30 604	**39 458**	**Total insurance liabilities in life insurance -–Special investment choice portfolio**	**39 458**	**30 604**
338	936	Reserves for liabilities	1 010	306
		Premiedepot fra gjenforsikringsselskaper		
6 139	4 367	Liabilities	2 227	3 590
0	0	Liabilities to subsidiaries and associated companies	2 197	0
355	285	Accrued expenses and received, non-earned income	285	355
282 617	**289 118**	**Total equity and liabilities**	**289 248**	**280 080**
		Key figures		
		Return on capital in the common portfolio	3.3%	2.0%
		Value-adjusted return from the common portfolio	2.9%	2.4%
		Capital ratio	19.2%	16.9%

For the Group, the eligible primary capital was NOK 17 964 million, risk-weighted volume NOK 89 911 million and the capital adequacy 20.0 per cent.
[1] See accounting principles.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING PRINCIPLES

The interim accounts for DNB Livsforsikring ASA include subsidiaries and associated companies entered in accordance with the equity method. The second quarter accounts have been prepared according to IAS 34 Interim Financial Reporting, unless the regulations on the annual accounts of insurance companies provide otherwise (Annual Accounts Regulations). The interim accounts do not contain all the information that would be included in annual accounts presented in accordance with all relevant IFRS standards.

In preparing the interim accounts estimates and assumptions have been used that affect assets, liabilities, income, costs, note information and information on potential obligations. Actual figures may differ from estimates used.

The annual report for DNB Livsforsikring ASA for 2013 can be obtained on application to DNB Livsforsikring ASA, Solheimsgaten 7C, Bergen or at www.dnb.no. A description of the accounting principles used in the interim accounts can be found in the accounting principles note in the annual report for 2013. For 2014 there has been amendments to IFRS 10 "Consolidated Financial Statement" and to IFRS 11 "Joint Arrangements". The following tables display comparable figures for 2013 with implementation effect on 1 January 2013.

IFRS 10 Consolidated Financial Statements

The standard will replace the parts of IAS 27 which address consolidated financial statements and also include structured units, which were previously addressed in SIC – 12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a control model which applies to all companies. The definition of control is different from that used in IAS 27. Control exists if the investor has power over the investee, is exposed, or has rights, to variable returns from the investee and has the ability to use its power to direct the activities of the investee that significantly affect returns. Potential voting rights, options, convertible debt and other aspects should also be taken into account.

The new standard will require increased judgement when assessing which entities are controlled by the company. Due to the new definition of control, one property fund has been reclassified in the group's balance sheet.

IFRS 11 Joint Arrangements

The standard will replace IAS 31 Interests in Joint Ventures and SIC – 13 Jointly-controlled Entities – Non-monetary Contributions by Venturers, and eliminates proportionate consolidation of joint ventures.

The standard identifies two categories of joint control (joint arrangements): joint ventures and joint operations. When consolidating joint ventures, the equity method should be applied. For joint operations, the parties should recognise their rights to assets and liabilities in their balance sheets and recognise their share of income and costs incurred jointly in their income statements.

Due to the implementation of the new standard certain ownership interests in property has been reclassified from proportionate consolidation to recognition by the equity method in the Group's balance sheet.

Comparable figures for 2013 with implemenation effect on 1 January 2013 due to the implementation of IFRS 10 and IFRS 11:

BALANCE SHEET [1] DNB LIVSFORSIKRING GROUP

	1 January 2014			30 June 2013		
Amounts in NOK millions	Reported	Effect IFRS 10,11	Restated	Reported	Effect IFRS 10,11	Restated
Assets in customer portfolios:						
Investment properties	32 377	(846)	31 531	33 532	(825)	32 707
Shares and other equity investments in subsidiaries, associated companies and joint ventures	17	2 689	2 706	15	2 649	2 664
Loans and receivables	6 355	(43)	6 312	5 905	(17)	5 888
Equity and liabilities						0
Liabilities	2 305	1 800	4 105	4 333	1 806	6 139

1) The new standards have no impact on the group's profit, equity or capital adequacy.

CHANGES IN EQUITY

Amounts in NOK millions	Paid-in capital	Actuarial gain and loss	Retained earnings	Total equity
Balance at 31 December 2012	**5 496**	**(158)**	**10 627**	**15 964**
Result for the period			759	759
Actuarial gains and losses				
Comprehensive income for the period			759	759
Balance at 30 June 2013	**5 496**	**(158)**	**11 386**	**16 722**
Net result from use of additional allocations			111	111
Balance at 30 June 2013 Group	**5 496**	**(158)**	**11 497**	**16 833**
Balance at 31 December 2013	**5 496**	**(164)**	**12 516**	**17 849**
Group contribution			(470)	(470)
Not inscribed capital increase	65		405	470
Result for the period			834	834
Actuarial gains and losses		(44)		(44)
Comprehensive income for the period		(44)	834	790
Balance at 30 June 2014	**5 561**	**(208)**	**13 285**	**18 639**
Net result from use of additional allocations				
Balance at 30 June 2014 Group	**5 561**	**(208)**	**13 285**	**18 639**

	DNB LIVSFORSIKRING ASA		DNB LIVSFORSIKRING GROUP	
CASH FLOW ANALYSIS	1. half 2014	1. half 2013	1. half 2014	1. half 2013
Amounts in NOK millions				
Cash flow from operational activities				
Net receipts from premiums/premium fund	10 476	10 463	10 476	10 463
Net receipts/payments from transfers	(13 916)	(1 787)	(13 916)	(1 787)
Net receipts from investments	6 001	4 141	6 708	4 574
Payment from life insurance with investment choice	115	108	115	108
Other insurance-related receipts	(365)	(720)	(365)	(720)
Compensation payments	(6 811)	(6 745)	(6 811)	(6 745)
A=Net cash flow from operational activities	**(4 500)**	**5 459**	**(3 792)**	**5 892**
Cash flow from investments made				
Net investment in shares and other equity investments	(72 621)	4 065	(70 031)	2 463
Net investment in bonds and loans	69 833	(14 638)	69 833	(14 638)
Net investment in investment contracts	(2 220)	(1 138)	(2 220)	(1 138)
Net investment in other financial assets	3 433	5 115	808	4 776
Net investment in tangible fixed assets and in intangible assets	(14)	(10)	(14)	(10)
B=Net cash flow from investments made	**(1 589)**	**(6 606)**	**(1 624)**	**(8 547)**
Cash flow from financing activities				
Paid dividend/group contributions	0	0	0	0
Changes from other financing activities	293	191	293	191
C=Net cash flow from financing activities	**293**	**191**	**293**	**191**
Net liquidity change (A+B+C)	(5 795)	(955)	(5 123)	(2 464)
Liquidity holding as at 01 January	19 579	5 333	20 278	7 712
Liquidity holding as at 30 June	**13 783**	**4 378**	**15 155**	**5 248**

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