Interim report Storebrand Group

First half 2012

storebrand

2Q

2012

Interim report - 2Q and 1H 2012:

Storebrand Group

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Storebrand Group

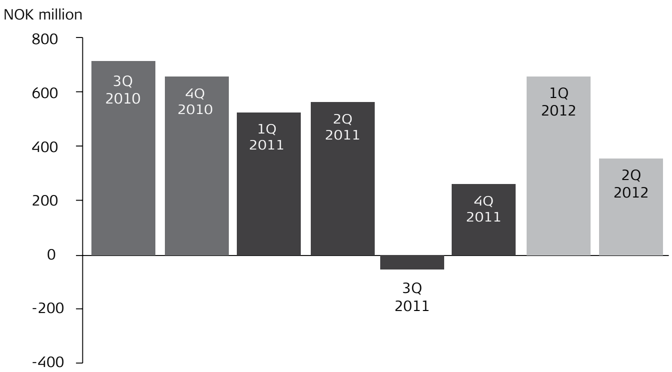
- **Group profit[1)] of NOK 1012 million for the first half year and NOK 346 million for the quarter**
- **14% increase in profits before profit sharing and loan losses for the first half year**
- **Programme adopted to reduce group costs by at least NOK 400 million before 2014**

The Storebrand Group is a leading company in the Norwegian market for life insurance, pensions and long-term savings. The Group consists of the following business areas: life and pensions, asset management, banking and insurance.

Group result

	2Q		01.01 - 30.06		Full year
NOK million	2012	2011	2012	2011	2011
Storebrand Life Insurance	183	167	380	324	481
SPP	43	260	398	525	291
Asset Management	40	53	71	130	293
Bank	57	61	113	112	213
Insurance	104	75	193	108	281
Other activities	-81	-73	-142	-138	-278
Group result before amortisation and write-downs	346	544	1,012	1,060	1,279
Amortisation and write-downs intangible assets	-96	-99	-192	-199	-394
Group pre-tax profit/loss	249	445	821	861	885

Group result before amortisation and write-downs per quarter



Result

Group profit before amortisation and write-downs of intangible assets was NOK 346 million (NOK 544 million) for the quarter and NOK 1,012 million (NOK 1,060 million) for the first half year of 2012. Figures in brackets are for the corresponding period last year.

Storebrand is working actively with adaptations to new solvency regulation, Solvency II. Powerful measures are implemented, among others a cost program, which will reduce the costs in the Group with more than NOK 400 million within 2014. A price increase to customers in the public sector and reduced risk in the investment portfolios are other measures that have been implemented in the quarter.

Despite a turbulent market in Q2 with falling stock markets and volatile interest rate markets, Storebrand delivered robust results driven by fee-based revenues and good development in the insurance business. Profit before profit sharing and loan losses increased according to plan, and was 14% higher than the first half of last year. The returns in Storebrand Life Insurance exceeded the interest rate guarantee in all portfolios, and the returns within defined contribution pensions were competitive.

The financial results in SPP were influenced by weaker stock markets and a fall in Swedish interest rates in Q2. This meant that liabilities increased more than assets in the financial statement, which gave a negative result effect of NOK 48 million. Returns in the customer portfolios provided basis for profit sharing to the owner in the quarter.

The result in the Asset Management business was affected by a weak cycle, with investors taking little risk. Funds under management were reduced by NOK 1.9 billion for the quarter, and comprised NOK 424 billion as at 30 June. Specific measures to cut costs in the asset management business were implemented as part of the group's cost programme.

Profit performance in the bank was stable, and the portfolio quality was good. Sales performance was positive and the company experienced growth in deposits and lending within the private market, although less than market growth.

The results for Storebrand Insurance continue to be positive and reflect healthy underlying risk performance, combined with efficient operations. Combined ratio in the business was 84%.

Operational income statement - Storebrand Group

The operational results in this income statement present the result elements from the business units together, making it easier to differentiate between items which can be directly influenced by Storebrand and items which to a greater degree are influenced by the financial markets.

[1)] *Group result before amortisation and write-downs of intangible assets.*

The result before profit sharing and loan losses shows a positive development for the first half year compared to the same period last year, among others as a result of the improvement in the risk and insurance results. Performance in the quarter is stable compared to the same period last year. Turbulent financial markets negatively affected net profit sharing in Q2.

Operational income statement Storebrand Group[1)]

	2Q		01.01 - 30.06		Full year
NOK million	2012	2011	2012	2011	2011
Fee and admininstration income	1,067	1,004	2,083	1,998	3,952
Operational cost	-726	-690	-1,446	-1,393	-2,800
Fee and admininstration result	341	313	638	605	1,152
Risk and insurance result	173	143	358	252	686
Holding company and company portfolios	-94	-33	-119	-88	-268
Result before profit sharing and loan losses	420	424	876	768	1,570
Net profit sharing and loan losses	-75	120	137	292	-291
Group profit before amortisation and write-downs	346	544	1,012	1,060	1,279
Amortisation and write-downs of intangible assets	-96	-99	-192	-199	-394
Group pre-tax profit/loss	249	445	821	861	885

Result improvement programme

Storebrand has announced a target to reach a result before profit sharing and loan losses of NOK 2.5 billion before the end of 2013. Due to the development in the financial markets, the group is behind schedule on reaching this target. The Board has therefore drawn up a programme to reduce group costs by a further NOK 400 million within 2014. The measures being considered will include increased use of automation and direct distribution, renegotiation of contracts and workforce reductions. The cost program is also an important part of the company's adaptation to Solvency II.

Market and sales performance

The occupational pensions market in Norway continues to be influenced by the transition from defined benefit pensions to defined contribution pensions. There is healthy growth in premium earnings for defined contribution pension schemes, and Storebrand maintains a strong position in this market. Storebrand Life Insurance reported healthy sales for the quarter. Storebrand is working on the product and customer solutions adapted to the new framework conditions for occupational pensions to be launched between now and 2014. A new paid-up policy product with investment choice will be launched in the autumn of 2012.

Sales through SPP's own channels and brokers increased by 12% compared to Q2 last year. Lower sales through the union-based schemes mean that fewer individuals actively select a provider. Unit linked insurance products account for 66% of new sales.

Capital situation

By the end of the quarter the solvency margin in Storebrand Life Insurance group was 152%. In July a capital increase will be implemented for Storebrand Livsforsikring AS of NOK 550 million, through conversion of a loan from Storebrand ASA to Storebrand Holding AB. This will strengthen the solvency margin in Storebrand Life Insurance group with approximately 5 percentage points. If implemented before the end of the quarter, the solvency margin would have been 157%.

As from Q2 2012, Storebrand changed its method of calculating solvency capital to use Swedish solvency rules for SPP when calculating the consolidated solvency margin and capital adequacy. Consequently, fluctuations in SPP's solvency ratio (Swedish interest rates) will result to a greater degree in fluctuations in the group's solvency ratio.

Capital adequacy and core capital adequacy for the Storebrand group at the end of Q2 were 11.9% and 8,4% respectively, a reduction of 2.4 and 2.6 percentage points respectively for the quarter. The reduction is mainly due to the limited period permit to include conditional bonuses in SPP as viable core capital expiring on 1 April, as previously announced.

Key figures

	2Q		01.01 - 30.06		Full year
NOK million	2012	2011	2012	2011	2011
Earnings per share adjusted (NOK)[2)]	0.52	1.38	1.90	2.34	2.39
Return on equity, annualised[2)]	5.1%	13.0%	9,1%	11,7%	6,0%
Equity			19,335	18,736	18,777
Capital adequacy Storebrand Group			11.9%	13.2%	13.9%
Solvency margin Storebrand Life Group			152% [3)]	162%	161%
Core capital adequacy Bank Group			11.3%	10.8%	11.4%

1) The income statement is based on reported IFRS results for the individual companies in the Group. The statement differs from the official financial statements.
2) Adjusted for amortisation and write-downs of intangible assets, after tax.
3) 157% after capital contribution of NOK 550 million from Storeband ASA in July 2012

Storebrand Life Insurance

- **Solvency capital was NOK 3.1 billion higher than at the start of the year, but reduced by NOK 0.5 billion in Q2**
- **Value adjusted return above the average interest rate guarantee in all products for the first half year**
- **Commercial progress and good sales in Q2**

The business area Storebrand Life Insurance[1)] offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Also encompasses BenCo, which offers pension products to multinational companies through Nordben and Euroben.

Result

Financial performance Storebrand Life Insurance including BenCo

	2Q		01.01 - 30.06		Full year
NOK million	2012	2011	2012	2011	2011
Administration result	48	31	68	52	101
Risk result	40	31	90	31	117
Financial result[2)]	-60	-24	-74	-18	-226
Price of interest guarantee and profit risk	138	130	276	265	520
Other	17	-1	19	-6	-32
Pre-tax profit/loss	183	167	380	324	481

Administration result

Administration result performance is satisfactory. Underlying cost trends are good, and the measures introduced are giving an ongoing effect. Portfolio growth - particularly within defined contribution pensions - will drive growth of the administration result in the future. Growth in earnings has been reduced as a result of the fall in the equity markets in Q2.

Risk result

NOK 40 million has been set aside for group pensions in Q2, and the risk equalisation reserve stands at NOK 474 million for the first half year. Good disability result due to increased activation made a contribution of NOK 50 million for the quarter. The risk equalisation reserve for paid-up policies increased by NOK 1 million, which is less than the preceding quarter, and comprised NOK 81 million at the end of the first 6 months. This is due to an increase in reported disability claims during the quarter.

Financial result

The negative financial result for the quarter is mainly due to the result in the company portfolio.

The net profit in the company portfolio in Q2 was minus NOK 51 million (NOK 6 million) and for the first half year, minus NOK 69 million (minus NOK 23 million). Storebrand Life Insurance is normally funded by a combination of equity and subordinated loans. The proportion of subordinated loans is around 30% and interest charges comprise around net NOK 130 million per quarter for the next 12 months. The company portfolio had a gross return of 0.9% (1.5%) in Q2, and 2.4% (1.4%) for the first half year of 2012. Returns for the quarter were affected by weak returns on property investments.

Storebrand has an ongoing plan to increase reserves related to assumptions of lower mortality in the future for individual pension insurance and paid-up policies. According to the plan, provisions of NOK 44 million have been made in Q2 and NOK 86 million for the first half year of 2012. The remaining reported reserves requirement at the end of the first 6 months of 2012 is estimated to be NOK 86 million for individual pension insurance schemes. The reserves will be increased by the end of 2012 according to plan. This build-up of reserves can be covered by positive booked return. If the annual booked return for the individual portfolio is higher than 5.8%, the build-up of reserves will take place at no direct cost to the owner. At the end of the first 6 months of 2012, the reserves are covered by the positive investment result.

Storebrand will prioritise to use profit to strengthen the premium reserve to compensate for expectations of longer life expectancy. As a result of this Storebrand Life Insurance will also set aside a significant portion of the investment result in 2012 to strengthen the premium reserve for group pension insurance and paid-up policies.

The average annual interest rate guarantee for the various customer portfolios is between 3.1 per cent and 3.7 per cent. The guarantee levels for new business have been reduced as a result of the low interest rate level. Booked returns for the first half year for the customer portfolios are largely sufficient to cover the

Return on investment portfolios with an interest rate guarantee

	2Q 2012		2Q 2011		01.01 - 30.06 2012		01.01 - 30.06 2011		Full year 2011	
Portolio	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return
Total	0.5%	0.9%	1.2%	1.2%	2.6%	1.8%	2.7%	2.6%	3.4%	4.6%
Total Group (DB)	0.1%	0.8%	1.1%	1.4%	2.8%	1.8%	2.7%	2.8%	3.0%	4.8%
Paid-up policies	0.9%	1.0%	1.2%	1.1%	2.3%	1.8%	2.6%	2.4%	3.8%	4.7%
Individual	0.6%	1.0%	1.4%	1.1%	2.5%	2.3%	2.9%	2.5%	3.2%	3.6%

1) Includes the companies in the Storebrand Life Insurance Group, except Storebrand Eiendom Group, Storebrand Realinvesteringer AS and Storebrand Holding AB, and personal risk and employee cover in Storebrand Livsforsikring AS.
2) Investment result and profit sharing.

average interest rate guarantee, but NOK 124 million is allocated from the additional statutory reserves to cover insufficient returns in certain sub-portfolios. Booked returns have also given an undistributed profit to customers and the building of a customer buffer of NOK 81 million for Q2, and NOK 361 million for the first half year. This result will be used to reserve for higher expected life expectancy.

Capital return
Turbulent financial markets have negatively affected financial returns for the quarter. The property portfolio was written down by NOK 413 million in Q2, and NOK 554 million for the first half year. The write-down was due to higher requirements for returns on property in non-central areas.

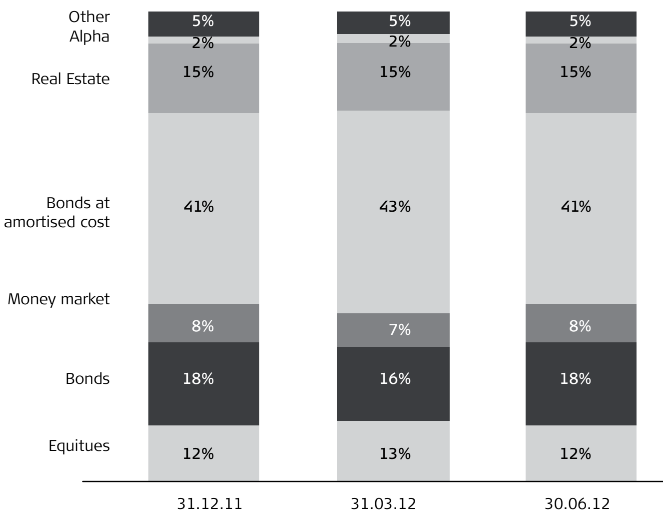
Market return defined contribution pensions

	2Q		01.01 - 30.06		Full year
Profile	2012	2011	2012	2011	2011
Careful profile	0.0%	1.0%	3.5%	1.7%	2.8%
Balanced profile	-2.3%	0.2%	4.6%	1.2%	-1.2%
Aggressive profile	-4.0%	-1.1%	4.9%	0.1%	-5.3%

Price of interest rate guarantee and profit risk
NOK 138 million (NOK 131 million) was recognised as income in Q2 from upfront pricing for interest rate guarantee and profit on the risk from group pensions. At the end of the first 6 months, NOK 276 million (NOK 265 million) was recognised as income.

Balance sheet
There were only minor allocation changes from year end 2011 for customer portfolios with a guarantee.

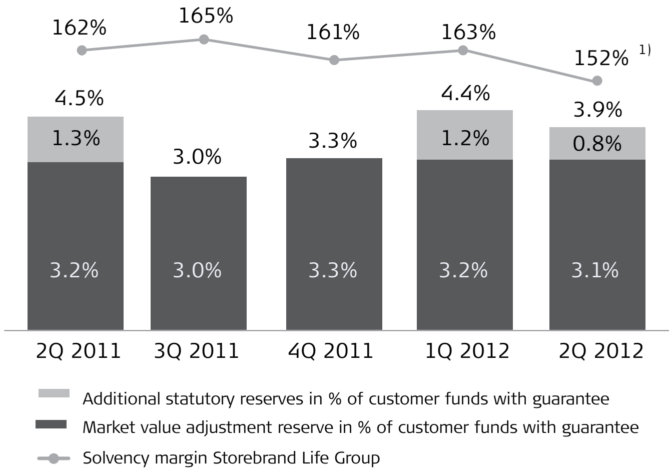
Asset profile for customer portfolios with an interest rate guarantee



There were no major changes in allocation in the company portfolio during the quarter. The portfolio is invested primarily in the money market, held-to-maturity bonds and property.

Customer funds increased by around NOK 2 billion in Q2, and NOK 7 billion in the first 6 months of the year, and comprised NOK 220 billion at the end of the first 6 months.

Financial strength



The market value adjustment reserve was reduced by NOK 0.7 billion during the quarter, and comprised NOK 1.3 billion at the end of the first 6 months. Additional statutory reserves in Q2 remained unchanged at NOK 5.1 billion at the end of the first half year. A previously allocated deduction from the additional statutory reserves was reversed in the quarter, to cover the interest guarantee for customers with over NOK 15 million. Allocated deduction for the first half year comprised NOK 124 billion. The excess value of bonds held at amortised cost increased by NOK 0.7 billion in Q2, and comprised NOK 3.2 billion at the end of the first 6 months. The excess value of bonds held at amortised cost is not included in the financial statements.

Solidity capital[2] comprised NOK 43.2 billion at the end of the first 6 months, a reduction of NOK 0.5 billion for the quarter as a result of reduced customer buffers. Solvency capital increased by NOK 3.1 billion in the first 6 months of 2012.

Capital adequacy for the Storebrand Life Insurance group was reduced by 2.5 percentage points during the quarter to 11.7% at the end of the first half year. The solvency margin for the Storebrand Life Insurance group was reduced by 10 percentage points during the quarter, and comprised 152% after a capital increase of NOK 550 million. A new method for solvency consolidation and capital adequacy was introduced in Q2 in addition to changed method for discounting liabilities in SPP.

1) 157% after capital contribution of NOK 550 million from Storeband ASA in July 2012
2) The term solidity capital encompasses equity, subordinated loan capital, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

Market

Premium income[1)]

NOK million	2Q 2012	2Q 2011	01.01 - 30.06 2012	01.01 - 30.06 2011	Full year 2011
DB (fee based)	1,349	1,564	5,237	5,585	9,147
DC (unit linked based)	1,085	902	2,227	1,878	3,812
Total occupational pension	2,434	2,466	7,464	7,464	12,959
Paid-up policies	12	12	49	83	116
Traditional individual life and pensions	95	134	196	319	584
Unit linked (retail)	180	306	369	577	929
Total individual pension and savings	287	451	613	979	1,629
BenCo	296	199	465	369	700
Total	3,016	3,117	8,542	8,811	15,288

In general, the premium income from group defined benefit pensions will gradually decline due to the transition to defined contribution pensions. The growth in premium income for defined-contribution schemes for companies has been good. No new policies have been sold for traditional guaranteed capital and pensions, which has caused a drop in premium income compared with last year. The decline in premium income for retail unit linked is attributed to the fact that the sale of "guaranteed accounts" from last year was not maintained to the same extent this year, at the same time as there has been an increasing percentage of withdrawals from guaranteed and fund accounts. A reduction in guaranteed savings is in line with the company's plan for alignment with Solvency II.

Sales

Booked net transfer to Storebrand was minus NOK 64 million (minus NOK 896 million) in Q2 and minus NOK 1,077 million (NOK 3,286 million) for the first half year. The booked figures were affected by three municipalities resolving to transfer their pension schemes from Storebrand in 2011, with effect in the accounts as from 1 January 2012. Q2 featured positive net sales of group occupational pensions and group insurance. A number of large tenders for defined contribution pensions were won during the quarter and the first half year. The market has so far seen a transition from defined benefit pensions to defined contribution pensions, and Storebrand has maintained a strong position in the market. Changed conditions for occupational pensions applicable from 2014 with products aligned to the pension reform and Solvency II will eventually give more dynamism in the market, and the need for extensive dialogue and guidance for the customer. Storebrand is working on the development of product and service solutions that are adapted to the new regulatory framework and customer needs. Storebrand has observed less activity in the transfer market for defined benefit pension schemes.

The total value of new premiums (APE)[2)] for the quarter was NOK 173 million (NOK 108 million), and NOK 331 million (NOK 426 million) for the first half year.

[1)] Excluding transfer of premium reserves.
[2)] Annual Premium Equivalent. Current premiums + 10 per cent of single premiums.

SPP

- **Financial result influenced by turbulent financial markets**
- **Unit linked share of premium income 62%**
- **Continued stable development of net premium income within unit-linked insurance**

The SPP business unit[1] offers pension and insurance products and consultancy for enterprises in the highly competitive part of the occupational pensions market. It also offers private pension savings and sickness and health insurance.

Result

Financial performance SPP

	2Q		01.01 - 30.06		Full year
NOK million	2012	2011	2012	2011	2011
Administration result	25	31	66	62	99
Risk result	29	38	75	113	289
Financial result	-48	156	167	277	-226
Other	38	34	91	72	129
Result before amortisation	43	260	398	525	291
Amortisation intangible assets	-88	-90	-177	-181	-358
Pre-tax profit/loss	-44	170	222	342	-67

Administration result

The administration result was NOK 25 million (NOK 31 million) in Q2 and NOK 66 million (NOK 62 million) year to date. Earnings to date have increased by 2%[2] as a result of the increase in customer funds and thus increased fees, but were reduced in the quarter by lower sales within pension administration services. Costs for the year to date are lower than last year, but increased during the quarter as a result of the project to relocate the head office, and costs related to product development.

Risk result

The sickness result, which constitutes the largest part of the risk result, remains good. The release of sickness compensation reserves is lower than last year, as expected.

Financial result

A weak equity market and record-low long-term Swedish bond interest rates gave a higher increase in liabilities than assets in the financial statement in Q2. This has given a negative result effect in the form of increased deferred capital contribution in Q2 of NOK 131 million.

82% of portfolios with guarantee have been placed in interest-bearing securities on average. The drop in interest rates during the quarter gave higher returns to customers, and a profit sharing to the owner totalling NOK 27 million in the quarter. If the assets in the defined benefit portfolio comprise more than 107% in relation to insurance liabilities, an indexing fee can be calculated. Final settlement is performed on 30 September, and final allocation is performed in the second half year. Consolidation as at 30 June was 107.6%, providing the basis for reserving a partial indexing fee of NOK 5 million for the quarter and NOK 32 million year to date.

A hedging portfolio has been established to reduce the effect of falling equity markets. As a result of the falling equity markets, the profit contribution from the hedging portfolio was NOK 23 million for the quarter.

A review of forecasts of mortality rates in the portfolios with guarantee has had a positive effect of NOK 31 million through dissolving deferred capital contribution.

Total return on assets SPP

	2Q		01.01 - 30.06		Full year
Portfolio	2012	2011	2012	2011	2011
Defined Benefit (DB)	0.9%	2.6%	1.5%	3.4%	8.6%
Defined Contribution (DC)					
P250*	0.2%	2.2%	3.1%	2.7%	3.3%
P300*	1.0%	2.6%	1.7%	3.3%	7.6%
P520*	2.3%	3.2%	1.6%	3.7%	12.5%
RP (Retirement Pension)	0.6%	0.8%	0.5%	0.9%	2.8%

** Maximum interest rate guarantee in the portfolios P250, P300 and P520 is 2.5 per cent, 4 per cent and 5.2 per cent respectively.*

Other result

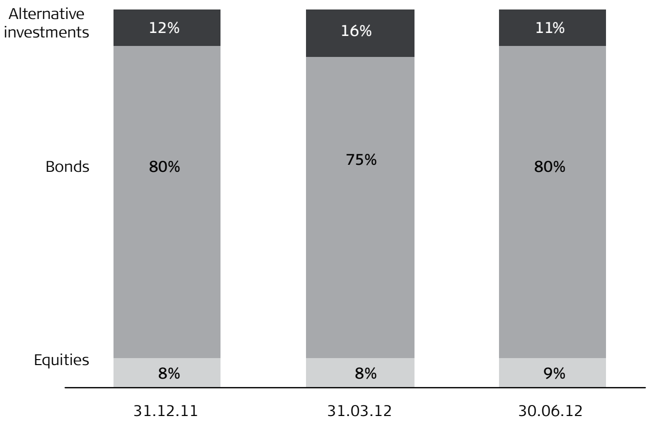
Other results consist primarily of the return on the company portfolio, which is entirely invested in short-term interest-bearing securities. Interest income will be lower than the last quarter as a result of the fall in short-term market interest rates.

Balance sheet

SPP adapts its exposure to equities in accordance with the developments in the market and risk bearing capacity in the portfolios by so-called dynamic risk management. The allocation to equities was reduced during the quarter as a result of the risk-bearing capacity of the portfolios being reduced.

[1] SPP includes all legal entities in Storebrand Holding Group except SPP Fonder, which is included in Asset Management.
[2] All percentage changes are in local currency.

Asset profile for customer portfolios with an interest rate guarantee



Buffer capital was reduced by NOK 0.4 billion for the quarter, and comprised NOK 8.0 billion as at the end of the quarter. The reduction was primarily due to negative movement in the equity market.

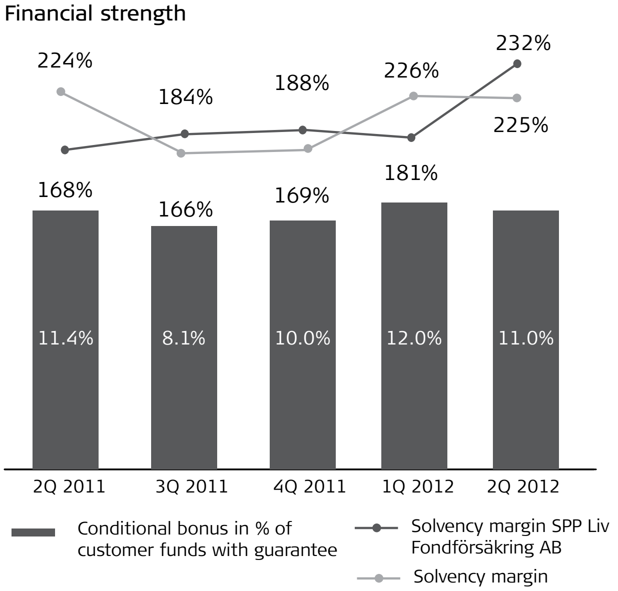
Solvency

The solvency margin in SPP Livförsäkring AB was 225% (226%) and 232% (181%) in SPP Liv Fondförsäkring AB as at the end of the quarter.

The solvency margin calculation method in SPP changed as from Q2 such that the discounting curve for insurance liabilities uses the market interest rate for maturities of up to 30 years. This change of calculation method had a positive effect on the solvency margin and countered the effect of falling interest rates during the quarter.

The Swedish Financial Supervisory Authority decided on a change in the regulations on interest rates on 28 June, which allows companies to use an interest rate level from the end of May if the distribution of capital is limited. This change involves a floor for the discount interest rate for insurance liabilities. SPP has not used this alternative method in its solvency calculation for Q2.

Financial strength



Due to the change in the company structure of SPP, no formal group solvency is reported as previously. The figure above shows the development of solvency in SPP Livförsäkring AB and SPP Liv Fondsförsäkring AB.

Total assets under management comprised NOK 111 billion as at the end of Q2 and remain more or less unchanged for the quarter. Capital within unit linked insurance was NOK 34 billion (NOK 33.8 billion) as at 30 June. Approximately 74% of customers in unit linked insurance are exposed to equities.

Market

Premium income[1)]

	2Q		01.01 - 30.06		Full year
NOK million	2012	2011	2012	2011	2011
Guaranteed products	567	602	1,307	1,289	2,632
Unit linked	1,284	1,301	2,123	2,122	3,633
Total	1,852	1,903	3,430	3,411	6,265

Premium income has increased by NOK 19 million year to date. Unit linked insurance accounted for 62 per cent (53 per cent) of SPP's premium income.

Net premium income (premium income minus insurance claim payments) was still positive within unit linked insurance, comprising NOK 1.5 billion. Similar figures within guaranteed products comprised minus NOK 1.2 billion.

Sales

New sales measured in APE were NOK 238 million (NOK 231 million) for the quarter, an increase of 3% in the same period last year. Direct sales and sales via the broker chain increased by a total of 12% compared with the same period last year. Lower sales within union-based schemes were to a large degree due to fewer individuals making an active choice. Unit linked insurance accounted for 66 per cent (68 per cent) of the total new contracts year to date.

SPP increased its market share over most of its competitors with regards to sales within unit linked insurance. SPP's total market share within unit linked insurance comprised 9.1%.

New communications platform

SPP launched a simplified communications platform during the quarter to make it easier for unit linked insurance customers to make a choice customised to their individual needs. The concept is called "SPP 1-2-3", in which choice of 1, 2, or 3 indicates the customer's own influence on choice of asset allocation. The current standard product in SPP Fonder is generation funds. In the autumn, these will be replaced by a new fund, which allows customers to choose individual products for date of retirement and active management. The new product provides more flexibility for customers, and improved profitability for SPP.

[1)] *Excluding transfer premium reserves*

Asset management

- **Funds under management reduced by NOK 1.9 billion during the quarter**
- **Good sales to institutional customers**
- **SPP Fonder: 25% share of net subscriptions on the market**

The asset management business[1)] in Storebrand provides a full range of savings and investment products for external and internal institutional customers. In addition, the business area offers securities funds to the retail market.

Result

Financial performance Asset management

	2Q		01.01 - 30.06		Full year
NOK million	2012	2011	2012	2011	2011
Operating revenue	173	171	344	336	684
Operating cost	-129	-123	-264	-241	-481
Operating result	44	48	80	95	203
Net performance fees	-5	3	-13	31	79
Net financial income	2	2	5	3	11
Result before amortisation	40	53	71	130	293
Amortisation intangible assets	-1	-2	-2	-5	-9
Pre-tax profit/loss	39	51	69	125	284

The asset management business achieved a result before amortisation of NOK 40 million (NOK 53 million) in Q2 and NOK 71 million (NOK 130 million) for the first half year. Earnings for the quarter increased compared to last year, comprising NOK 173 million (NOK 171 million) for the quarter. The general earnings performance was weaker than expected as a result of market performance. Operating expenses in the quarter increased compared with than the previous year and totalled NOK 129 million (NOK 123 million) for the quarter. Increase in costs due to adaptation to new regulations and expansion of the business on the Swedish market. Extensive measures have been implemented to cut costs in the longer term.

The returns-based result was minus NOK 5 million for Q2, compared to NOK 3 million in 2011. The negative returns-based result is due to reserved bonus costs. One-off costs year to date in 2011 total NOK 35 million. Returns-based earnings are included in the accounts when they are certain, mainly as at 31 December.

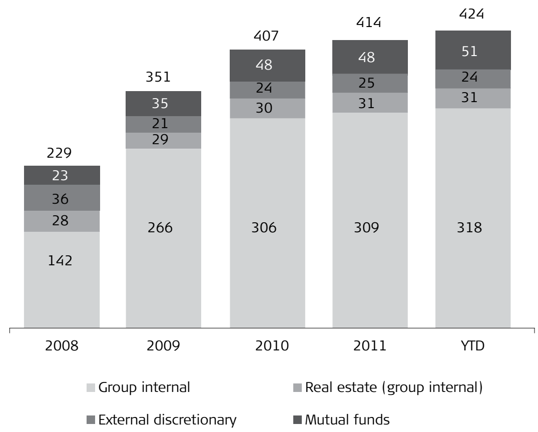
Assets under management

Total assets under management comprised NOK 424 billion (NOK 409 billion) at the end of Q2. This is a reduction of NOK 1.9 billion for the quarter.

- The volume under management from group customers including property remained largely unchanged for the quarter.
- Securities funds reduced by NOK 1 billion during the quarter.
- The volume of assets under management for external discretionary customers was reduced during the quarter by NOK 1 billion.

[1)] The business includes Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, SPP Fonder AB, Storebrand Realinvestering AS and Storebrand Eiendom AS.

Assets under management (NOK billion)



Value creation

Value creation (excess returns in relation to relevant benchmarks) during the quarter was negative, at minus NOK 604 million. Excess returns year to date comprise NOK 540 million (NOK 403 million). Of all equity funds (excluding index funds), 17% (54%) showed a return better than their reference indices in 2012 (calculated before management fees). The fixed income funds have correspondingly had a return that is 92 per cent (73 per cent) better than their benchmark indices at the end of the quarter.

Market

The institutional market continues to be affected by relatively low activity within equities and interest rates, with relatively few mandates changing management. The new sales volume for the asset management business (external discretionary funds and securities funds) was NOK 1.7 billion (NOK 909 million) for the quarter, and NOK 3 billion (NOK 3.5 billion) for the first half year. Net subscription for the quarter was NOK 489 million (NOK 207 million) for the Norwegian business, and subscription of NOK 1,2 billion (NOK 703 million) for the Swedish business. The trend shows weak subscription within equity funds and fixed income funds.

The first half year was rounded off with good sales of products for fund administration/SIOS, and a successful subscription period for Storebrand Eiendomsfond Norge KS. This shows the importance of having a wide spectrum of products and services.

Since the founding of SPP Fonder in March 2009, revenues have increased by almost 70% from MSEK 37 to MSEK 61 as at June 2012. A significant part of this growth came via external distributors. Their share of funds under management quadrupled throughout the period, from 2.5% to almost 10%, and was particularly high over the last year. SPP Fonder has a market share of just over 3% of the Swedish funds market, whilst the company's share of net subscriptions on the market is no less than 25% this year.

Banking

- **Stable results**
- **Good portfolio quality**
- **Application for IRB approval[1] submitted**

Storebrand Bank is a direct bank which offers a broad range of banking services to the retail market. The bank is also a leading provider of consultancy, transaction services and financing for corporate customers within commercial property.

Result

Financial performance Bank[2]

NOK million	2Q 2012	2Q 2011	01.01 - 30.06 2012	01.01 - 30.06 2011	Full year 2011
Net interest income	123	111	236	227	443
Net commission income	19	17	35	37	73
Other income	16	9	31	24	32
Total income	158	137	302	287	548
Operating costs	-95	-80	-189	-175	-345
Result before losses	63	57	113	112	203
Losses on lending/ investment properties	-6	4	0	0	10
Result before amortisation	57	61	113	112	213
Amortisation intangible assets	-6	-4	-10	-8	-22
Pre-tax profit/loss	51	57	103	104	190

The bank group achieved a result before amortisation and write-downs of NOK 57 million (NOK 61 million) in Q2 and NOK 113 million (NOK 112 million) for the first half year of 2012. Net interest income and other income showed positive development whilst other operational costs and losses were higher. There was positive deposit growth for the retail and corporate markets during the quarter, and increased lending to the retail market.

Net interest income totalled NOK 123 million (NOK 111 million) for the quarter and NOK 236 million (NOK 227 million) for the first half year. The interest rate margin developed positively from Q1 to Q2 and is at a higher level than the same period last year. This is mainly due to increased lending margins. Net interest income as a percentage of average total assets was 1.27% (1.12%) during the quarter, and 1.22% (1.17%) for the half year.

Net commission income is stable, and other income developed positively compared to the same periods last year, mainly due to the positive effects of value fluctuations for financial instruments. Operating costs for the banking group comprised NOK 95 million (NOK 80 million) for Q2. The banking business'[3] cost ratio comprised 64% (62%) for the quarter.

International financial unrest has not caused problems for the bank's lending portfolio, and the default rate is low and at the same level as the same period in 2011. NOK 6 million (NOK 4 million recognised as income) has been written off on lending in Q2.

Balance sheet

Gross lending to customers as at the end of the first half year comprises NOK 34.1 billion. This corresponds to a small increase during the quarter. Lending to the retail market comprises 67% of the portfolio. There are few customers in default, and loss level for the portfolio is low. There are minor changes in the default rate in the first half year, and it comprises 1.0% (1.0%) of gross lending.

The bank has set up good liquidity buffers, and puts a lot of emphasis on having a balanced funding structure with maturity dates on various periods and issue on various markets. Credit facilities/agreements have been established with other banks that Storebrand Bank can draw down as required. The deposit-to-loan ratio was 59 per cent at the end of the quarter. This is an increase in relation to the same period last year and year to date.

The banking group issued bonds with preferential rights worth NOK 3.4 billion and senior loans worth NOK 1.2 billion in the first half year.

The banking group's capital adequacy was 12.7 per cent and the core capital ratio was 11.3 per cent at the end of the quarter. The bank submitted an application to the Financial Supervisory Authority to use the IRB method for calculating of capital requirement. Internal models for the retail and corporate markets have been developed. The introduction plan sets targets for use of internal models for the retail market as from 2013 and the corporate market as from 2016. The approval of the application will result in a lower capital requirement for the bank over time.

Market

During the first half of 2012, the bank prioritised improvement in customer perception, especially with regard to setting up a whole customer programme for home loan customers. Sales results are positive and deposits and lending have grown during the quarter on the retail market.

The bank won an award in April for the best web-based service in the annual Gulltaggen awards.

House prices continue to rise, and there are high levels of advance sales for new building projects, whilst rental prices are relatively flat for commercial properties.

[1] IRB approval ("Internal Ratings Based") means that own credit risk models are developed based on the bank's own lending portfolio, which when approved can be used in capital requirement calculations.
[2] Encompasses the Storebrand Bank group.
[3] The banking business consists of Storebrand Bank ASA and Storebrand Boligkreditt AS.

Insurance

- **Good underlying risk performance**
- **Cost-effective operations**
- **6% growth in premium income**

The Insurance business unit is responsible for the group's one-year risk products. These include injury and health insurance[1] and personal risk and employee cover. Through cost-effective distribution and customer-friendly network solutions the unit offers 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 insurance in the Norwegian corporate market.

Financial performance Insurance

NOK million	2Q 2012	2Q 2011	01.01 - 30.06 2012	01.01 - 30.06 2011	Full year 2011
Premiums earned, net	471	466	941	891	1 807
Claims incurred, net	- 308	- 335	- 620	- 671	-1 314
Operating costs	- 86	- 84	- 171	- 164	- 332
Insurance result	78	47	150	56	161
Net financial result	26	28	43	52	119
Result before amortisation	104	75	193	108	281
Amortisation intangible assets	- 1	- 3	- 3	- 5	- 6
Pre-tax profit/loss	102	72	190	103	275

Financial performance in Storebrand Insurance was good in Q2. Profit on insurance business was NOK 78 million (NOK 47 million) for the quarter, and NOK 150 million (NOK 56 million) for the first half year, with a combined ratio of 84% (94%). The insurance result reflects good underlying risk performance in the portfolio combined with effective operation within the organisation. Premium income for our own account grew by 6% compared with last year, and reflects continued stable growth within the unit.

Profit before amortisation was NOK 104 million (NOK 75 million) for the quarter, giving profit for the year to date of NOK 193 million, an increase of NOK 85 million on 2011.

Key figures Insurance

In %	2Q 2012	2Q 2011	01.01 - 30.06 2012	01.01 - 30.06 2011	Full year 2011
Claims ratio[2]	65%	72%	66%	75%	73%
Cost ratio[2]	18%	19%	18%	19%	19%
Combined ratio	84%	91%	84%	94%	91%

Storebrand Insurance had a strong risk result in Q2 with a claim ratio 7 percentage points lower than the same period last year. This gives a claim ratio of 66% year to date.

The claims ratio has improved by 9 percentage points year to date compared to same period last year. The underlying development of risk is good in all product areas. This is the result of continuous development of pricing models combined with specific product initiatives. In addition, there was a low rate of major claims in Q2, which, combined with a mild winter in Q1 helped to further boost the risk result.

Cost ratio comprised 18% (19%) for the quarter, and 18% year to date. The cost base must be rationalised further by increased automation and increased sales via cost-effective and direct-based channels.

Storebrand Insurance's investment portfolio comprises NOK 3.5 billion and is mainly placed in various short and medium term securities. Financial income is lower than last year, influenced by lower interest rates and a turbulent financial market.

Market

Storebrand Insurance offers a broad range of products to the retail and corporate markets. Profitability on the market remains good, but competition is perceived to be growing in the retail market, and is particularly strong within the upper levels of the corporate market. Total written premiums as at the end of Q2 comprise NOK 2.2 billion, of which NOK 1.1 billion come from the retail market and NOK 1.1 billion from the corporate market.

Storebrand has an established position in the retail market for personal insurance and a challenger position for P&C insurance (motor vehicle and property). Growth in personal insurance is table and in accordance with the general market growth. The sale of property and casualty insurance is stable with direct channels as the primary distribution channel. This contributes to a cost-effective distribution model.

The corporate market is in general a mature market with the exception of health insurance, which has an annual growth rate of 20 per cent. Measured in written premiums, Storebrand is a market leader within health insurance, with continued good sales growth in Q2, which reflects focus on health insurance and continued high demand on the market. Storebrand is one of several companies in the other personal insurance segments. Demand for products which link health and personal insurance plus disability cover continues to grow. This is driven by the companies' desire to reduce absence due to illness, increase job satisfaction and reduce the overall insurance costs.

[1] Health insurance is owned 50 per cent each by Storebrand ASA and Munich Re.
[2] For own account.

OTHER ACTIVITIES

Other activities principally consist of the Storebrand Group's parent company, Storebrand ASA, and accounting eliminations.

Result

Financial performance other activities

	2Q		01.01 - 30.06		Full year
NOK million	2012	2011	2012	2011	2011
Storebrand ASA					
Interest income	22	21	43	32	73
Interest expenses	-42	-42	-87	-75	-161
Gains/losses securities	-3	0	2	-4	-8
Other financial items	-4	-8	-9	-9	-16
Net financial items	-26	-30	-51	-56	-113
Operating costs	-55	-43	-91	-83	-165
Pre-tax profit/loss Storebrand ASA[1)]	-81	-73	-142	-138	-278
Eliminations	0	0	0	0	0
Pre-tax profit/loss	-81	-73	-142	-138	-278

Storebrand ASA's result in accordance with IFRS is shown in the table above. The official financial statements are prepared pursuant to Norwegian accounting law and presented in full in the financial statements section.

One-off costs linked to IT and consultancy services negatively affect the operating costs for the quarter.

Balance sheet

Storebrand ASA held liquid assets of NOK 2 billion at the close of the quarter. This is an increase of NOK 0.5 billion for the quarter, due to the issuance of bond loans worth NOK 0.75 billion, receipt of approx. NOK 0.4 billion for repayment of a loan provided to SPP and reduction of a credit facility of approx. NOK 0.6 billion. Liquid assets consist primarily of short-term fixed income securities.

Total interest-bearing debt in Storebrand ASA comprised NOK 3.4 billion as at the end of the quarter. The next maturity date for bond debt is in March 2013.

Storebrand ASA owned 0.69% (3,124,482) of the company's own shares at the end of the quarter.

[1)] Profit and loss, Storebrand ASA, before group contributions.

Outlook

Macroeconomic situation
Q2 was affected by falling equity markets and continued uncertainty surrounding the Euro zone. The debt crisis and subsequent problems for the banking sector in the countries affected create turbulence and reduce the will to invest. The Norwegian economy is progressing well in relation to the rest of Europe. The development is primarily driven by the oil-related part of the market. This progress puts pressure on costs and exchange rates, which can create challenges for the export-led industry. Growth in Europe is expected to be low in the years to come. This will also have an impact on the development of Storebrand's home markets, Norway and Sweden.

The interest level on 10 year Norwegian and Swedish government bonds is extremely low. In the longer term this represents a challenging situation for an insurance company that has to cover an annual interest rate guarantee. At the same time, there are still good investment opportunities in the market with expected returns that exceed the average interest rate guarantee of 3.4 per cent.

Continued growth is expected within Storebrand's core markets, despite difficult times in Europe. Unemployment in Norway fell from an already low level, and salary growth is expected to be close to 4% in 2012. Growth in the life and pensions market is characterized by a shift in demand from defined-benefit pensions with an interest rate guarantee to defined-contribution products without an interest rate guarantee.

Earnings performance
The group's earnings and cash flow will gradually stabilise through the transition to products for which earnings performance is to a lesser degree affected by market fluctuations. Storebrand has announced a target to reach a result before profit sharing and loan losses of NOK 2.5 billion before the end of 2013. The group's results will also be affected by net profit-sharing, returns-based fees and loan losses. The financial market has been extremely volatile, which implies that the group is behind schedule in reaching its target. The Board has therefore drawn up a programme to reduce group costs at least by NOK 400 million within 2014.

Risk
Storebrand is exposed to several types of risk through its business areas. Trends in interest rates levels, the property and equity markets are deemed to be the most important risk factors which can affect the group's results, in addition to the trends in life expectancy and disability. Over time, it is important to be able to deliver returns which exceed the interest rate guarantee attached to the products. Risk management is therefore a prioritised core area for the group.

Regulatory changes in private occupational pensions
The Banking Law Commission's report on paid-up policies and capital requirements, NOU 2012:3, was sent for consultation on 25 April 2012. The report contains proposals that may contribute to a better adaptation of paid-up policies to the capital requirements in accordance with Solvency II. The main elements of the proposals have received broad support in the consultative comments. The Ministry of Finance will introduce a bill to be considered by the Parliament. It is expected that the amendments in NOU 2012:3 will enter into force on 1 January 2013.

The Commission's report, NOU 2012:13, was passed to the Ministry of Finance on 28 June. In its report, the Commission looked at how insurance-based occupational pension schemes could best be adapted to the reformed National Insurance scheme, and trends on the employment and financial markets.

Storebrand is positive to the proposal on new occupational pension products, which are well adapted to the new National Insurance and better adapted to new capital requirements through Solvency II than existing defined benefit-based pensions. The taxation framework allows room for good pension schemes for employees. The proposal provides greater flexibility and more predictable costs for employers compared with current defined benefit schemes. Capital requirements arising from the new products will be risk-manageable. The zero guarantee reduces the returns risk, and the risk of higher life expectancy is significantly reduced as a result of life expectancy adjustment.

The Commission's report will now go to public consultation. The Finance Ministry will then submit a bill to Parliament. The new rules are expected to come into force on 1 January 2014.

The Commission will now begin work on transition rules between the old and new pension schemes. It aims to have the report completed by the winter of 2013. When handing over the report, Finance Minister Sigbjørn Johnsen stated that he hoped Parliament could resolve a complete draft for the new pension product by the summer of 2013.

Storebrand believes it is essential to find good transition solutions to take current products to the new products, and that this phase of the Commission's work will be important for the ability of the Norwegian pension providers to be able to adapt to Solvency II.

Solvency II
The next milestone in the Solvency II process is to implement changes to the Solvency II directive, known as the Omnibus II directive. The proposed amendments are being discussed now jointly by the European Commission, European Council and European Parliament. Important points that are discussed include the transitional provisions and method of determining the risk-free yield curve. One theme of discussion is a possible 7 year transition period in which Solvency I can be used in whole or part for existing guaranteed business. Omnibus II is expected to be implemented in September or October. This entails a significant delay in relation to the original plan, and also delays the process for the implementation provisions (level 2), because Omnibus II must be adopted first. The official timetable is still that Solvency II will come into effect from 1 January 2014.

Storebrand is actively implementing measures to adapt to Solvency II. The cost program is an important component. Several other measures are also being implemented, such as risk reduction in the investment portfolios, review of product portfolio and capital optimization within the group.

Storebrand's target is to manage the transition to Solvency II without raising new equity capital.

Proposal to amend the Norwegian Tax Code

On 1 January 2012 the Ministry of Finance sent a public hearing on a proposal to restrict the exemption method for equitues held in the customer portfolios in life insurance and pension companies. The deadline for comments was 2 April 2012. Storebrand believes that it is very likely that the proposal will be adopted. The government has not yet submitted any proposition to Parliament, and it is not known when this will happen. Storebrand would have a tax expense of up to 28% as a result of the proposed changes. No restrictions in the use of tax loss carry forwards have been proposed, and the Storebrand Group's tax loss carry forwards will, therefore, protect the company from the payment of tax for a period of time.

Future reserves for increased life expectancy

The Financial Supervisory Authority is consulting with the Norwegian financial sector on new life expectancy tables. There is a general need for strengthening of reserves for longevity within group pensions. The final process, level of life expectancy tariffs and reserve requirement will depend on the Banking Law Commission's decision on the structure of a new occupational pension scheme for the private sector. Based on the current product rules for group pensions, the reserve will comprise 3-7% of the premium reserve. The new structure for occupational pensions can have a positive effect on the reserve requirement and time horizon. The reserve strengthening is expected to be mainly covered through financial and risk profits.

Storebrand set aside NOK 1.5 billion in 2010 and 2011 for future reserves for longevity. Customers must also expect that Storebrand Life Insurance will set aside a substantial amount of returns in addition to the interest rate guarantee in 2012 to cover longevity reserving. It is expected that new mortality tables will be available in the autumn of 2012 with introduction from 2014.

Lysaker, 12 July 2012

Storebrand Group

PROFIT AND LOSS ACCOUNT

		2Q		01.01 - 30.06		Full year
NOK mill.		2012	2011	2012	2011	2011
Net premium income		5,783	5,662	14,441	15,248	25,587
Net interest income - banking activities	11	123	111	236	227	443
Net income from financial assets and property for the company:						
- equities and other units at fair value	12	1	5		6	25
- bonds and other fixed-income securities at fair value	12	125	133	324	286	505
- financial derivatives at fair value	12	8	21	16	43	38
- net income from bonds at amortised cost	12	20	12	52	12	49
- net income from real estate	17		25	9	39	82
- result from investments in associated companies		-1	1	-3	3	-4
Net income from financial assets and real estate for the customers:						
- equities and other units at fair value	12	-1,720	-815	3,389	-1,856	-5,998
- bonds and other fixed-income securities at fair value	12	2,543	2,578	4,128	2,683	7,890
- financial derivatives at fair value	12	-1,295	1,080	-1,298	3,485	2,852
- net income from bonds at amortised cost	12	1,002	601	1,426	1,085	2,850
- net interest income lending		24	30	55	59	126
- net income from real estate	17	50	539	252	1,006	1,581
- result from investments in associated companies		23	-8	18	9	72
Other income		514	623	1,030	1,197	2,127
Total income		**7,201**	**10,598**	**24,074**	**23,534**	**38,225**
Insurance claims for own account		-5,060	-5,586	-11,513	-14,070	-25,107
Change in insurance liabilities		-2,038	-3,479	-7,296	-5,431	-11,668
To/from buffer capital		1,414	81	-1,951	-820	4,163
Losses from lending/reversal of previous losses		-6	4		7	14
Operating costs	13	-944	-857	-1,863	-1,705	-3,392
Other costs		-58	-47	-95	-113	-274
Interest expenses		-165	-170	-344	-341	-681
Total costs before amortisation and write-downs		**-6,855**	**-10,054**	**-23,061**	**-22,474**	**-36,946**
Profit before amortisation and write-downs		**346**	**544**	**1,012**	**1,060**	**1,279**
Amortisation and write-downs of intangible assets		-96	-99	-192	-199	-394
Group pre-tax profit		**249**	**445**	**821**	**861**	**885**
Tax cost	3	-110	12	-158	-11	-144
Result after tax sold/wound up business		-2	-10	-2	-12	-60
Profit/loss for the year		**137**	**447**	**661**	**839**	**681**
Profit/loss for the year due to:						
Majority's share of profit		136	445	658	835	674
Minority's share of profit		1	2	3	4	7
Total		**137**	**447**	**661**	**839**	**681**
Earnings per ordinary share (NOK)		0.30	1.00	1.47	1.87	1.51
Average number of shares as basis for calculation (million)				446.6	446.2	446.3
There is no dilution of the shares						

Storebrand Group

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	2Q		01.01 - 30.06		Full year
Million NOK	2012	2011	2012	2011	2011
Profit/loss for the year	137	447	661	839	681
Other result elements					
Change in pension experience adjustments, net of tax	-8		-26	-10	52
Translation differences, after tax	27	-42	-63	-22	117
Adjustment of value of properties for own use, net of tax	34	20	40	32	76
Gains/losses available-for-sale bonds	15	-10	2	-215	-218
Total comprehensive income elements allocated to customers	-49	-10	-42	183	142
Total other result elements	**20**	**-42**	**-89**	**-32**	**169**
Total comprehensive income	**157**	**405**	**572**	**807**	**850**
Total comprehensive income due to:					
Majority's share of total comprehensive income	155	407	571	805	841
Minority's share of total comprehensive income	1	-2	1	2	9
Total	**157**	**405**	**572**	**807**	**850**

Storebrand Group

STATEMENT OG FINANCIAL POSITION

Million NOK	Note	31.06.12	31.12.11
Assets company portfolio			
Deferred tax assets		17	58
Intangible assets		6,313	6,523
Pension assets		46	46
Tangible fixed assets		166	155
Investments in associated companies		121	125
Claims from associated companies		69	69
Financial assets at amortised cost:			
- Bonds		2,425	1,985
- Bonds held to maturity		221	169
- Lending to financial institutions		214	269
- Lending to customers	16	33,956	33,323
Reinsurers' share of technical reserves		175	176
Real estate at fair value	17	1,316	1,325
Real estate for own use	17	63	67
Biological assets		105	64
Accounts receivable and other short-term receivables		2,626	1,803
Financial assets at fair value:	*14*		
- Equities and other units		245	322
- Bonds and other fixed-income securities		20,218	20,059
- Derivatives		1,135	1,291
Bank deposits		3,443	3,924
Assets sold/liquidated business	20	65	35
Total assets company		**72,939**	**71,788**
Assets customer portfolio			
Tangible fixed assets		261	268
Investments in associated companies		90	106
Claims from associated companies		581	428
Financial assets at amortised cost:			
- Bonds		67,228	62,976
- Bonds held to maturity		10,452	7,983
- Lending to customers	16	3,099	3,010
Real estate at fair value	17	27,051	27,471
Real estate for own use	17	1,995	1,393
Biological assets		498	552
Accounts receivable and other short-term receivables		7,363	1,900
Financial assets at fair value:	14		
- Equities and other units		74,056	84,936
- Bonds and other fixed-income securities		138,240	128,034
- Derivatives		2,771	5,149
Bank deposits		6,280	5,447
Total assets customers		**339,964**	**329,654**
Total assets		**412,902**	**401,442**

Continues on next page

Storebrand Group

STATEMENT OF FINANCIAL POSITION CONTINUE

Million NOK	Note	30.06.12	31.12.11
Equity and liabilities			
Paid in capital		11,718	11,717
Retained earnings		7,491	6,929
Minority interests		125	132
Total equity		**19,335**	**18,777**
Subordinated loan capital	15	7,156	7,496
Buffer capital		17,146	15,480
Insurance liabilities		312,264	307,095
Pension liabilities		1,639	1,629
Deferred tax		188	
Financial liabilities:			
- Liabilities to financial institutions	15	2,753	6,016
- Deposits from banking customers	18	20,035	18,477
- Securities issued	15	16,311	13,626
- Derivatives company portfolio		1,232	736
- Derivatives customer portfolio		691	1,983
Other current liabilities		14,083	10,095
Liabilities sold/liquidated business	20	69	30
Total liabilities		**393,568**	**382,665**
Total equity and liabilities		**412,902**	**401,442**

Storebrand Group

RECONCILIATION OF GROUP'S EQUITY

Million NOK	Share capital[1]	Own shares	Share premium reserve	Total paid in equity	Pension experience adjustments	Restatement differences	Other equity[2]	Total retained earnings	Minority interests	Total equity
	Majority's share of equity									
	Paid in capital				Retained earnings					
Equity at 31 December 2010	**2,250**	**-19**	**9,485**	**11,715**	**-801**	**101**	**7,230**	**6,530**	**172**	**18,417**
Profit for the period							674	674	7	681
Change in pension experience adjustments					52			52		52
Translation differences						115		115	2	117
Total other result elements					**52**	**115**		**167**	**2**	**169**
Total comprehensive income for the period					**52**	**115**	**674**	**841**	**10**	**851**
Equity transactions with owners:										
Own shares		2		2			19	19		21
Share issue							-491	-491	-3	-494
Purchase of minority interests							38	38	-48	-10
Other							-9	-9	1	-8
Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-749**	**216**	**7,461**	**6,929**	**132**	**18,777**
Profit for the period							658	658	3	661
Change in pension experience adjustments					-26			-26		-26
Translation differences						-61		-61	-2	-63
Total other result elements					**-26**	**-61**		**-87**	**-2**	**-89**
Total comprehensive income for the period					**-26**	**-61**	**658**	**571**	**1**	**572**
Equity transactions with owners:										
Own shares				2			22	22		24
Provision for dividend									-8	-8
Purchase of minority interests							-4	-4		-4
Other							-27	-27		-28
Equity at 30 June 2012	**2,250**	**-16**	**9,485**	**11,718**	**-775**	**155**	**8,111**	**7,491**	**125**	**19,335**

[1] 449,909,891 shares with a nominal value of NOK 5.
[2] Includes undistributable funds in the risk equalisation fund amounting to NOK 556 million and security reserves amounting NOK 238 million.

Equity changes with the result for the individual period, equity transactions with the owners and items recognised in the total result Share capital, the share premium fund and other equity is evaluated and managed together. The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

The own shares column shows the nominal values of the holding of own shares. The amount paid in excess of the equity's nominal value is booked as a reduction in other equity, such that the entire cost price for own shares is deducted from the Group's equity. A positive amount on the "own shares" line is due to own shares being used in the shares scheme for employees.

Storebrand pays particular attention to the active management of equity in the Group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the Group's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new equity, this is procured by the holding company Storebrand ASA, which is listed on the stock exchange and the Group's parent company.

Storebrand is a financial group subject to statutory requirements regarding primary capital under both the capital adequacy regulations and the solvency margin regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand, these legal requirements carry the greatest significance in its capital management.

The Group's goals are to achieve a core (tier 1) capital ratio in the bank of more than 10 per cent and a solvency margin in life and pensions of more than 150 per cent over time. In general, the equity of the Group can be managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity. Capital can be transferred foreign legal entities with the consent of local supervisory authorities.

For further information on the Group's fulfillment of the capital requirements, see note 21.

Storebrand Group

CASH FLOW ANALYSIS

	01.01 – 30.06	
Million NOK	2012	2011
Cash flow from operational activities		
Net receipts - insurance	10,483	11,438
Net payments compensation and insurance benefits	-7,942	-8,619
Net receipts/payments - transfers	-1,683	-3,674
Receipts - interest, commission and fees from customers	815	795
Payments - interest, commission and fees to customers	-268	-236
Payment of income tax	-5	-4
Payments relating to operations	-1,575	-1,399
Net receipts/payments - other operational activities	-928	1,495
Net cash flow from operations before financial assets and banking customers	**-1,103**	**-205**
Net receipts/payments - lending to customers	-690	812
Net receipts/payments - deposits bank customers	1,545	408
Net receipts/payments - mutual funds	2,662	454
Net receipts/payments - real estate investments	580	-534
Net change in bank deposits insurance customers	-1,882	653
Net cash flow from financial assets and banking customers	**2,215**	**1,793**
Net cash flow from operational activities	**1,112**	**1,588**
Cash flow from investment activities		
Net payments - sale/capitalisation of group companies		36
Net receipts/payments - sale/purchase of property and fixed assets	6	-148
Net receits/payments - sale/purchase of fixed assets	-98	-25
Net receits/payments - purchase/capitalization of associated companies and joint ventures	-100	
Net cash flow from investment activities	**-192**	**-137**
Cash flow from financing activities		
Payments - repayments of loans	-885	-1,643
Receipts - new loans	3,595	2,795
Payments - interest on loans	-387	-358
Receipts - subordinated loan capital	149	
Payments - repayment of subordinated loan capital	-250	
Payments - interest on subordinated loan capital	-444	-454
Net receipts/payments - deposits from Norges Bank and other financial institutions	-3,269	-986
Receipts - issuing of share capital	11	16
Payments - repayment of share capital		-455
Receipts - group contribution as a capital injection	41	
Payments - dividends	-17	
Net cash flow from financing activities	**-1,455**	**-1,085**
Net cash flow for the period	**-536**	**365**
- of which net cash flow in the period before financial assets and banking customers	-2,750	-1,428
Net movement in cash and cash equivalents	-536	365
Cash and cash equivalents at start of the period for new companies		1
Cash and cash equivalents at start of the period	4,192	3,143
Currency translation differences	-1	
Cash and cash equivalents at the end of the period [1]	**3,656**	**3,509**
1) Consist of:		
Lending to financial institutions	214	413
Bank deposits	3,443	3,096
Total	**3,656**	**3,509**

The cash flow analysis shows the Group's cash flows for operational, investment and financial activities pursuant to the direct method. The cash flows show the overall change in means of payment over the year.

Operational activities

A substantial part of the activities in a financial group will be classified as operational. All receipts and payments from insurance activities are included from the life insurance companies, and these cash flows are invested in financial assets that are also defined as operational activities. One subtotal is generated in the statement that shows the net cash flow from operations before financial assets and banking customers, and one subtotal that shows the cash flows from financial assets and banking customers. This shows that the composition of net cash flows from operational activities for a financial group includes cash flows from both operations and investments in financial assets. The life insurance companies' balance sheets include substantial items linked to the insurance customers that are included on the individual lines in the cash flow analysis. Since the cash flow analysis is intended to show the change in cash flow for the company, the change in bank deposits for insurance customers is included on its own line in operating activities to neutralise the cash flows associated with the customer portfolio in life insurance.

Investment activities

Includes cash flows for holdings in group companies and tangible fixed assets.

Financing activities

Financing activities include cash flows for equity, subordinated loans and other borrowing that helps fund the Group's activities. Payments of interest on borrowing and payments of share dividends to shareholders are financial activities.

Cash/cash equivalents

Cash/cash equivalents are defined as claims on central banks and claims on financial institutions without notice periods for the company portfolio. The amount does not include claims on financial institutions linked to the insurance customers portfolio, since these are liquid assets that not available for use by the Group.

Notes to the interim accounts Storebrand Group

NOTE 1: ACCOUNTING POLICIES

The Group’s interim financial statements include Storebrand ASA, subsidiaries and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

The Group has not made any significant changes to the accounting policies applied in 2012. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2011 annual report.

Storebrand Livsforsikring AS, Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, Storebrand Bank ASA and Storebrand Forsikring AS are significant subsidiaries owned by Storebrand ASA. Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Livförsäkring AB. On acquiring the Swedish activities in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009 Storebrand has submitted an application to maintain the current group structure, and it is of the opinion that it is natural to see possible changes in the group structure in light of the upcoming solvency framework (Solvency II)

NOTE 2: ESTIMATES

In preparing the interim accounts, Storebrand has made assumptions and used estimates that affect reported amounts of assets, liabilities, revenues, costs and information in the notes to the financial statements, as well as the information provided on contingent liabilities. A certain degree of uncertainty is associated with estimates and assumptions and actual figures may deviate from the estimates used.

The Financial Supervisory Authority is consulting with the Norwegian financial sector on new life expectancy tables. There is a general need for reserves to boost provisions for longer life expectancy within collective pensions. The final process, level of life expectancy tariffs and reserve requirement will depend on Banklovkommisjonens (the commission on banking law) decision on the format of a new occupational pension scheme for the private sector. Based on the current product rules for collective pensions, the reserve will comprise 3-7 % of the premium reserve. The new structure for occupational pensions can have a positive effect on the reserve requirement and time horizon. The reserve is expected to be mainly covered through financial and risk profits.

Storebrand set aside NOK 1.5 billion in 2010 and 2011 for future reserves for long life expectancy. Customers must also expect that Storebrand Livsforsikring will once again set aside a considerable amount of returns in addition to the interest rate guarantee in 2012 to cover projected longer life expectancy. It is expected that new mortality tables will be available in the autumn of 2012 with introduction from 2014. Build-up of a reserve will probably start some time after that date.

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 judgments 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 refer to note 6 Insurance risk in the 2011 annual report.

Please also refer to the discussions in notes 3 and 11 of the 2011 annual report.

NOTE 3: TAX

On 1 January 2012, the Ministry of Finance distributed, for consultation purposes, its proposal to limit the exemption method for shares etc. owned by life insurance companies and pension companies. This refers primarily to shares that are included in the Norwegian life insurance companies’ customer portfolios. Under the proposal, any amendment to the legislation will have effect from 1.1.2012. The exemption method for shares as currently formulated, including the deduction for provisions to the insurance reserve, implies that life insurance companies may have a profit for tax purposes in the case of a decline in values and a loss for tax purposes in the case of an increase in value of shares within the EEC area. Not all aspects of the proposed amendments are clear as yet and the proposal has not yet been adopted.

Proposed amendments to tax legislation are not applied in the accounts as of the first half year of 2012, as the proposals cannot be considered to be adopted or largely adopted. Tax costs in the first half year are estimated based on an expected effective tax rate for

2012. Some uncertainty is related to the estimates, and this particularly applies to the size of income/costs related to the exemption method for shares. Based on existing rules, there still may be significant changes in tax positions as a result of a fall or rise in the equity market and significant currency fluctuations.

NOTE 4: INFORMATION ABOUT CLOSE ASSOCIATES

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 24 and 55 in the 2011 annual report.

Storebrand had not carried out any material transactions with close associates at the close of 2Q.

NOTE 5: SHARES FOR EMPLOYEES

In March, Storebrand's employees received an offer to purchase Storebrand ASA shares at a discount. The purchase price was based on the weighted market price in the period 21 – 23 March. The discount granted to the employees was 20 per cent of this price. Senior employees, when bonuses were paid in March, purchased shares in Storebrand ASA in accordance with the declaration on senior employees' remuneration that is reported in note 24 of the Groups 2011 annual report. In 2012, 380,172 shares were sold from the company's holding of own shares (treasury shares).

The share purchase scheme for own employees shall be accounted for using fair values. The sale of shares to employees increased the share capital by NOK 11 million.

NOTE 6: FINANCIAL RISK

Financial risk is described in the annual report for 2011 in notes 3 (Important accounts estimates and projections), 7 (Financial market risk), 8 (Liquidity risk) and 9 (Credit risk).

The upswing on the financial markets in Q1 was largely reversed throughout Q2, which has had a negative effect on the results and increased the company's financial risk. The problems faced by the Eurozone countries with high national debt and interest rates continue to affect the financial markets in Q2. The new election in Greece reduced the fear of the country dropping out of the Euro. Thereafter, the problems in Spain and its banking industry came more into focus. Halfway through the year, the fears have receded a little with the Spanish rescue package and news of direct bank recapitalisation from the rescue fund. The structural budget deficits in many Eurozone countries will still have to be addressed, and the more long-term problems and budget cutbacks will curtail economic growth in the medium-term. The news from the USA indicates that the American economy continues to suffer, but there is still financial growth. Employment figures in particular have been disappointing recently, whilst private consumption is more stable. Activity levels in China have also fallen, but belt-tightening measures are now being switched to stimulation measures. The central banks have also stepped up unconventional stimulation measures.

Direct exposure to selected countries		
NOK mill.	30.06.12	31.12.11
Greece	6	13
Italy	3,816	4,208
Portugal	642	863
Ireland	2,703	2,392
Spain	3,545	4,657
Total[1)]	**10,712**	**12,133**

[1)] Decrease in exposure in the first half of 2012 is mainly due to realization.

In early June, long-term interest rates in Norway and Sweden were at record low levels, and at the end of Q2 continue to be much lower than at the end of Q1. However, compared to the end of 2011, there are only slight changes in interest rate levels in Sweden, whilst Norwegian long rates have dropped significantly in the same period. Also the U.S. and German interest rates have fallen in the 1st half year. After the steep fall in rates early in June, the Swedish Financial Supervisory Authority introduced the opportunity to temporarily use the market interest rate from 31 May as the benchmark for market evaluation of insurance obligations for solvency purposes. The scheme will remain in force for one year, and gave an immediate strong boost to long-term Swedish interest rates. The stock markets have generally taken a downturn in Q2, but the most important ones for Storebrand have still shown growth so far this year. Shareholdings have been reduced significantly throughout Q2, and are also lower than at the end of 2011.

The fall in interest rates in Q2 has ensured good returns for customers, and so far this year, the stock market has made a positive contribution to returns in customer portfolios. Even so, low interest rates are a risk factor for the business. Both in Norway and Sweden major portions of insurance liabilities are subject to a nominal interest rate guarantee. Lower interest rates increase the likelihood of a drain on equity capital to meet customer interest guarantees. Future insurance payments in the Swedish life business are projected at market value (ref. note 1 in the annual report), which means that a fall in interest rates increases the value of our insurance liabilities. A fall in interest rates also increases the value of securities in the customer portfolios, which counters the effect on liabilities in the financial accounts. For solvency purposes, the value of insurance liabilities is projected in such a manner that means greater sensitivity to interest rates than in the financial accounts, and this extra sensitivity is counterbalanced by assets. The fall in interest rates has meant increased interest risk and weakened solvency in Sweden throughout Q2, but solvency capital has nevertheless increased since the end of 2011 – as a result of changes in the corporate structure and changed criteria for calculating liabilities. Projected payments in the Norwegian life business are discounted at a mandatory fixed interest rate for products with an interest rate guarantee. Consequently, neither the insurance liability in the financial accounts nor the solvency capital requirements are affected by changes in market rates. The liabilities for the life group will be affected by the change in Swedish market interest rates by the proportion accounted for by the Swedish business.

The credit risk of Storebrand Bank was gradually reduced throughout 2011. Growth continued in early 2012, and the volume of lending in default - with and without loss of value - seems to have stabilised at a low level in Q2 2012.

The capital requirements applied by Solvens II (the Solvency II package) are expected to continue to apply as from 1.1.2014. Solvens II entails the calculation of capital requirements for all major risks the business is exposed to, from investment and as a result of insurance liabilities incurred. This could mean a total capital requirement higher than current minimum requirements under Solvens I. Meanwhile, calculation of solvency capital will be changed. Under Solvens II, assets and insurance liabilities will be valued at actual value, and vary according to fluctuations in the interest rate level for the Norwegian business (for the purpose of calculating solvency) and as a main principle, the difference between the value of assets and liabilities will be included in solvency capital. The introduction of market value valuation of insurance liabilities also means that the value will vary with fluctuations in interest rates. This can imply an increased interest rate risk in solvency calculation. Given the current investment portfolio, a fall in interest rates will give a fall in the solvency margin under Solvens II. Towards the end of June, information was received that the EU is considering a gradual transition to the Solvens II rules over a 7 year period, starting 1.1.2014 for existing insurance contracts.

The Banklovkommisjonen (commission on banking law) published a white paper on 28 June on occupational pensions to replace the current performance-linked occupational pensions in the private sector. The proposed new scheme will mean less risk for pension providers from market risk and the increase in lifespan. It will only apply to new premiums as from 1.1.2014 according to plan. The commission will start work on transitional schemes for existing policies in the autumn of 2012.

NOTE 7: SOLVENCY II

Please refer to note 5 in the 2011 annual report for a discussion on Solvency II. Internationally the next milestone in the Solvency II process is to adopt amendments to the Solvency II directive. Important items under discussion are transitional provisions and the method to determine the risk-free interest rate curve.

Notes to the interim accounts Storebrand Group

NOTE 8: SEGMENTS - RESULT BY BUSINESS AREA

Storebrand's activities are operationally divided into five business areas: life and pensions, asset management, bank and P&C insurance.

Storebrand Life Insurance
Includes the companies in the Storebrand Life Insurance Group, except Storebrand Eiendom AS, Storebrand Realinvesteringer AS and Storebrand Holding AB, and personal risk and employee cover in Storebrand Livsforsikring AS. Storebrand Life Insurance offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Storebrand Life Insurance's branch in Sweden provides occupational pensions products based on Norwegian law in the Swedish market. BenCo is also included and offers pension products to multinational companies via Nordben and Euroben.

SPP
Consists of the companies in the SPP Group (Storebrand Holding Group excluding SPP Fonder AB). SPP offers a wide range of pension solutions to companies, organisations and private individuals in Sweden. SPP holds a particularly strong position in traditional products - policies with guaranteed interest rates - in the Swedish corporate market.

Asset management
Storebrand's asset management activities include the companies Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, Storebrand Eiendom AS, and Storebrand Realinvesteringer AS and SPP Fonder AB. All the management activities have a guaranteed socially responsible profile. Storebrand offers a wide range of mutual funds to retail customers and institutions under the Delphi and Storebrand Fondene brand names. Storebrand Eiendom is one of Norway's largest real estate companies and manages real estate portfolios both in Norway and abroad.

Bank
Storebrand Bank offers traditional banking services such as accounts and loans in the retail market and project financing to selected corporate customers.

Insurance
The insurance segment comprises the companies Storebrand Forsikring AS, Storebrand Helseforsikring AS (50 per cent stake) and P&C insurance in Storebrand Livsforsikring AS. Storebrand Insurance AS offers standard insurance products in the Norwegian retail market, and some corporate insurance in the SMB market. Storebrand Health Insurance AS offers treatment insurance in the Norwegian and Swedish corporate and retail markets. It also includes personal risk insurance in the Norwegian retail market and employee insurance in the corporate market in Norway, which is included in Storebrand Livsforsikring AS.

Other
Other activities consist of activities in the Group that are not included in the five listed business areas above. Consists of the holding company Storebrand ASA, which invests in and manages subsidiaries. It also includes eliminations from intragroup transactions, which are included in the other segments.

	2Q		1.1 - 30.06		Year
NOK mill.	2012	2011	2012	2011	2011
Storebrand Life Insurance	183	167	380	324	481
SPP	43	260	398	525	291
Asset management	40	53	71	130	293
Storebrand Bank	57	61	113	112	213
Insurance	104	75	193	108	281
Other activities	-81	-73	-142	-138	-278
Group result before amortization and write-downs	**346**	**544**	**1,012**	**1,060**	**1,279**
Write-down and amortisation of intangible assets	-96	-99	-192	-199	-394
Group pre-tax profit	**249**	**445**	**821**	**861**	**885**

Notes to the interim accounts Storebrand Group

Segment information as of 2Q

NOK million	Storebrand Life Insurance [1] 2012	Storebrand Life Insurance [1] 2011	SPP[1] 2012	SPP[1] 2011	Asset management 2012	Asset management 2011	Banking 2012	Banking 2011
Revenue from external customers	4 270	5 772	2 257	3 316	136	136	157	136
Revenue from other group companies [2]		9			50	48	1	1
Group result before amortisation and write-downs of intangible assets	183	167	43	260	40	53	57	61
Amortisation and write-downs			- 88	- 90	- 1	- 2	- 6	- 4
Group pre-tax profit	**183**	**167**	**- 44**	**170**	**39**	**51**	**51**	**57**

NOK million	Insurance 2012	Insurance 2011	Other 2012	Other 2011	Eliminations 2012	Eliminations 2011	Storebrand Group 2012	Storebrand Group 2011
Revenue from external customers	422	426	- 455	-1 137	414	1 950	7 201	10 598
Revenue from other group companies [2]			474	1 158	- 524	-1 215		
Group result before amortisation and write-downs of intangible assets	104	75	- 80	- 73	- 1		346	544
Amortisation and write-downs	- 1	- 3					- 96	- 99
Group pre-tax profit	**102**	**72**	**- 80**	**- 73**	**- 1**		**249**	**445**

Segment information as of 01.01 - 30.06

NOK million	Storebrand Life Insurance [1] 2012	Storebrand Life Insurance [1] 2011	SPP[1] 2012	SPP[1] 2011	Asset management 2012	Asset management 2011	Banking 2012	Banking 2011
Revenue from external customers	15,628	15,592	6,657	6,037	256	287	300	279
Revenue from other group companies [2]		17			98	100	2	2
Group result before amortisation and write-downs of intangible assets	380	324	398	525	71	130	113	112
Amortisation and write-downs			-177	-181	-2	-5	-10	-8
Group pre-tax profit	**380**	**324**	**222**	**344**	**69**	**125**	**103**	**104**
Assets	233,259	224,915	132,717	124,645	923	883	39,665	39,321
Liabilities	223,856	213,520	126,051	119,585	626	545	37,334	37,044

NOK million	Insurance 2012	Insurance 2011	Other 2012	Other 2011	Eliminations 2012	Eliminations 2011	Storebrand Group 2012	Storebrand Group 2011
Revenue from external customers	1,307	1,207	45	28	-119	104	24,074	23,534
Revenue from other group companies [2]			474	1,158	-573	-1,276		
Group result before amortisation and write-downs of intangible assets	193	108	333	1,019	-475	-1,158	1,012	1,060
Amortisation and write-downs	-3	-5					-192	-199
Group pre-tax profit	**190**	**103**	**333**	**1,019**	**-475**	**-1,158**	**821**	**861**
Assets	4,005	3,504	20,080	19,481	-17,747	-11,308	412,902	401,442
Liabilities	3,484	3,198	3,712	3,945	-1,495	4,827	393,568	382,665

[1] Income from external customers includes the total premium income including savings premiums and transferred premium fund from other companies, net financial return and other income.

[2] Income from other group companies: Storebrand Kapitalforvaltning AS manages financial assets for other group companies. Asset management fees are made up of fixed management fees and performance-related fees. Performance-based fees apply to the portfolios qualifying for such fees at any given time, and are recognised as income when they are assured. Storebrand Livsforsikring AS earns revenue from other group companies for product sales and management. These services are priced on commercial terms.

Notes to the interim accounts Storebrand Group

NOTE 9: KEY FIGURES BY BUSINESS AREA - CUMULATIVE FIGURES

NOK million	2Q 2012	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2010	4Q 2010	3Q 2010
Group								
Earnings per ordinary share	0.30	1.17	1.51	1.47	1.87	0.87	3.30	1.16
Equity	19,335	19,202	18,777	18,555	18,736	18,832	18,417	17,755
Capital adequacy [1)]	11.9%	14.3%	13.9%	14.0%	13.2%	12.8%	13.1%	13.0%
Storebrand Life Insurance								
Premium income after reinsurance	8,542	5,526	15,288	12,368	8,811	5,694	15,174	12,420
Net inflow of premium reserves	-1,077	-1,013	-4,690	-4,049	-3,286	-2,390	1,857	1,543
Policyholders' fund incl. accrued profit	212,363	211,864	206,339	201,092	204,154	203,558	201,265	198,708
- of which products with guaranteed return	172,192	171,300	170,012	169,099	168,807	167,805	166,509	167,469
Market return customer funds with guarantee	2.6%	2.1%	3.4%	1.7%	2.7%	1.5%	6.1%	4.1%
Booked investment yield customer funds with guarantee	1.8%	0.9%	4.6%	3.0%	2.6%	1.3%	4.9%	3.2%
Investment yield company portfolio	2.4%	1.5%	5.1%	3.8%	3.0%	1.4%	5.8%	4.1%
Solvency capital (Storebrand Life Insurance Group) [2)]	43,210	43,687	40,109	40,326	44,543	43,375	42,710	40,413
Capital adequacy (Storebrand Life Insurance Group) [1)]	11.7%	14.2%	13.8%	14.6%	13.6%	13.3%	13.6%	13.8%
Solvency margin (Storebrand Life Insurance Group) [1)]	152%	163%	161%	165%	162%	161%	164%	158%
SPP								
Premium income after reinsurance	3,442	1,578	6,049	4,714	3,411	1,507	6,418	5,084
Net inflow of premium reserves	-592	-320	-802	-634	-377	-176	-829	-485
Policyholders' fund incl. accrued profit (excl. conditional bonus)	105,830	105,028	105,857	101,528	99,881	101,124	100,987	102,466
- of which products with guaranteed return	71,799	71,160	73,880	71,911	67,668	68,780	68,870	72,249
Return Defined Benefit	1.5%	0.6%	8.6%	6.0%	3.4%	0.8%	6.0%	7.1%
Return Defined Contribution	2.0%	0.8%	8.0%	5.6%	3.3%	0.5%	5.1%	6.2%
Conditional bonus	7,966	8,393	7,417	6,788	9,059	9,159	8,504	7,460
Deferred capital contribution	2,755	2,642	2,905	2,671	2,105	2,139	2,233	2,569
Solvency margin (SPP Life Insurance AB) [3)]	225%	226%	169%	166%	224%	256%	263%	214%
Asset management								
Total funds under management	423,872	425,816	413,950	405,215	409,477	408,376	406,922	396,326
Funds under management for external clients	75,340	77,463	73,665	70,260	71,224	72,834	71,657	64,980
Costs/AuM bp [4)]	12.2	12.0	12.0	12.2	12.1	11.9	11.6	11.2
Banking								
Net interest income as a percentage of average total assets	1.22%	1.18%	1.13%	1.16%	1.17%	1.21%	1.10%	1.09%
Costs/income % (banking) [5)]	65%	65%	66%	66%	63%	64%	68%	67%
Deposits from and due customers as % of gross lending	59%	54%	55%	56%	58%	54%	55%	54%
Gross defaulted and loss-exposed loans as % of gross lending	1.0%	1.0%	1.0%	1.1%	1.1%	1.2%	2.0%	1.6%
Gross lending	34,100	33,642	33,475	32,869	33,185	34,229	34,460	34,282
Core (tier 1) capital ratio	11.3%	11.6%	11.4%	10.9%	10.8%	10.3%	10.6%	10.9%
Insurance								
Claims ratio	66%	66%	73%	73%	75%	79%	77%	78%
Cost ratio	18%	19%	19%	19%	19%	19%	21%	21%
Combined ratio	84%	85%	91%	92%	94%	98%	98%	99%

[1)] In previous quarters, Storebrand has included accounting equity for the Swedish activity as a basis for calculating solvency and capital adequacy. As of the second quarter of 2012, Storebrand has changed the method by including solvency capital, which is calculated pursuant to Swedish capital adequacy rules, in the calculation of the consolidated solvency margin and consolidated capital adequacy. The Swedish subsidiary SPP AB has previously used a 10-year yield curve (government interest rate and housing interest rate) for the discounting of insurance obligations. SPP has used a 30-year yield curve as a basis as of the second quarter of 2012, in relation to the calculation of solvency margin as at 1 half of 2012 the solvency capital when using accounting equity for the Swedish operation would be 163%, while it would be 138% using the 10 - year yield curve. In connection with Storebrand Life Insurance's 2007 acquisition of SPP, the Financial Supervisory Authority of Norway placed a condition on its approval by giving a time limited approval to include parts of the conditional bonus as primary capital. This approval ends on 1.4.2012.
The key figures for capital adequacy and solvency for previous periods have not been restated. They are shown in the tables above such as they were originally calculated.
[2)] Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, unrealised gains, bonds at amortised cost, additional statutory reserves, conditional bonus and accrued profit.
[3)] Consists of the company SPP Livförsäkring AB due to changes in the company structure of SPP Livförsäkring Group. Previous quarters are accordingly revised.
[4)] Costs and AuM are 12 month rolling figures. Previous quarters are revised. AuM = Assets under Management (total assets under management), bp = basis points.
[5)] Consists of the companies Storebrand Bank ASA and Storebrand Boligkreditt AS

Notes to the interim accounts Storebrand Group

NOTE 10: PROFIT AND LOSS BY QUARTER

NOK million	2Q 2012	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010	3Q 2010
Total income	7,201	16,873	12,759	1,931	10,598	12,935	11,491	13,767
Total costs	-6,855	-16,206	-12,491	-1,980	-10,054	-12,419	-10,822	-13,061
Group pre-tax profit	249	571	170	-146	445	416	568	607
Profit for the period before other comprehensive income	137	524	18	-175	447	392	960	589
Profit by business area								
Storebrand Life Insurance	183	197	139	18	167	156	273	274
SPP	43	355	-14	-220	260	265	202	287
Asset management	40	31	90	73	53	77	168	69
Banking	57	56	51	50	61	51	40	57
Insurance	104	89	77	95	75	33	50	74
Other acitvities	-81	-61	-75	-65	-73	-66	-62	-55
Profit before amortisation and write-downs	**346**	**667**	**268**	**-49**	**544**	**516**	**669**	**706**
Amortisation and write-downs of intangible assets	-96	-95	-99	-97	-99	-100	-101	-99
Group pre-tax profit	**249**	**571**	**170**	**-146**	**445**	**416**	**568**	**607**

NOTE 11: NET INTEREST INCOME - BANKING

NOK million	2Q 2012	2011	1.1 - 30.06 2012	2011	Year 2011
Total interest income	386	401	785	776	1,537
Total interest expenses	-263	-290	-550	-549	-1,094
Net interest income	**123**	**111**	**236**	**227**	**443**

NOTE 12: NET INCOME ANALYSED BY CLASS OF FINANCIAL INSTRUMENTS

				2Q		1.1 - 30.06		Year
NOK million	Dividend/ interest income	Net gain/ losses on disposals	Net unrealised gains/ losses	2012	2011	2012	2011	2011
Net income from equities and units	346	1,318	-3,383	-1,719	-809	3,388	-1,850	-5,972
Net income from bonds, bond funds and other fixed-income securities	1,006	1,029	633	2,668	2,712	4,452	2,969	8,393
Net income from financial derivatives, FVO [1]	29	-921	-396	-1,288	1,101	-1,282	3,528	2,890
Net income and gains from financial instruments at fair value	**1,381**	**1,426**	**-3,146**	**-338**	**3,003**	**6,558**	**4,648**	**5,310**
Net income from bonds at amortised cost	**939**	**83**		**1,022**	**613**	**1,478**	**1,098**	**2,901**

[1] *Mainly forward exchange contracts.*

Notes to the interim accounts Storebrand Group

NOTE 13: OPERATING COSTS

	2Q		1.1 - 30.06		Year
NOK million	2012	2011	2012	2011	2011
Personnel costs	-553	-486	-1,076	-997	-1,964
Amortisation	-31	-21	-63	-45	-108
Other operating costs	-360	-350	-723	-664	-1,320
Total operating costs	**-944**	**-857**	**-1,863**	**-1,705**	**-3,392**

NOTE 14: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The Storebrand Group carries out a comprehensive process to ensure that the values established for financial instruments are as in line with the market as possible. Listed financial instruments are valued on the basis of official closing prices on stock exchanges obtained via Reuters and Bloomberg. Fund units are generally stated at the updated official NAV prices where these exist. As a rule, bonds are valued based on prices from Reuters and Bloomberg. Bonds that are not quoted regularly will normally be valued based on recognised theoretical models. The latter is particularly true for bonds denominated in NOK. Such valuations are based on discount rates consisting of swap interest rates plus a credit premium. The credit premium will often be issuer specific and normally based on a consensus of credit spreads quoted by a selected brokerage house.

Unlisted derivatives, including primarily interest rate and currency instruments, are also valued theoretically. The money market rates, swap rates, exchange rates, and volatilities that provide the basis for valuations are obtained from Reuters, and Bloomberg.

The company continuously performs checks to ensure the quality of the market data obtained from external sources. Generally, such checks involve comparing multiple sources, checking, and assessing the reasonableness of abnormal changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail in the annual report of 2011. The levels express the differing degree of liquidity, price uncertainty and different measuring methods. Significant market volatility during the year, where one can periodically register significant price divergences between the various sources, and bigger bid-ask spread in general, imply, seen in isolation, more uncertainty regarding the valuation of some classes of assets. Because of the market unrest, the company has carried out a thorough valuation of all types of securities, based on classification. representative picture of the market as a whole.

Notes to the interim accounts Storebrand Group

NOK mill.	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	30.06.12	31.12.11
Assets:					
Equities and units					
- Equities	11,429	462	3,059	14,950	26,261
- Fund units		48,244	1,853	50,097	49,263
- Private equity fund investments		1,101	5,715	6,816	6,839
- Hedge fund		951	27	978	919
- Indirect real estate fund		15	1,446	1,461	1,976
Total equities and units	**11,429**	**50,773**	**12,099**	**74,300**	
Total equities and units 2011	22,647	50,054	12,557		85,258
Lending to customers		**1,022**		**1,022**	
Lending to customers 2011		788			788
Bonds and other fixed-income securities					
- State and state guaranteed bonds	23,970	23,049		47,020	47,051
- Financial and corporate bonds		20,731	1,256	21,987	21,333
- Asset backed securities	65	38,122		38,187	34,562
- Supranational organisations		2,507		2,507	2,212
- Bond funds		48,758		48,758	42,935
Total bonds and other fixed-income securities	**24,035**	**133,167**	**1,256**	**158,458**	
Total bonds and other fixed-income securities 2011	23,372	122,717	2,002		148,092
Derivatives:					
- Interest rate derivatives		2,191		2,191	4,668
- Currency derivatives		-208		-208	-949
- Credit derivatives					2
Total derivatives		**1,983**		**1,983**	**3,721**
- of which derivatives with a positive market value		3,905		3,905	
- of which derivatives with a negative market value		-1,923		-1,923	
Total derivatives 2011		3,721			3,721
Liabilities:					
Liabilities to financial institutions		1,984		1,984	3,497
Liabilities 2011		3,497		3,497	3,497

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	120	18

Level 1 encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approx. MNOK 20 or more. 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 Storebrand Group

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

NOK million	Equities	Fund units	Private equity fund	Hedge fund	Indirect real estate fund	Financial and corporate bonds	Asset backed securities
Book value 01.01	**3,112**	**2,224**	**5,226**	**27**	**1,969**	**1,213**	**790**
Net gains/losses on financial instruments	-115	44	217		-179	152	547
Supply/disposal	41	135	328		36	368	10
Sales/due settlements	16	-539	-51		-380	-475	-1,346
Transferred to quoted prices from observable assumptions	14						
Translation differences	5					2	
Balanse 30.06.12	**3,059**	**1,853**	**5,715**	**27**	**1,446**	**1,256**	**0**

NOTE 15: LIQUIDITY RISK

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	116
Storebrand Bank ASA	168	NOK	Variable	2014	169
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,501
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,328
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,702
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,039
Dated subordinated loan capital					
Storebrand Bank ASA	150	NOK	Variable	2012	150
Storebrand Bank ASA	150	NOK	Variable	2017	151
Total subordinated loans and hybrid tier 1 capital 30.06.12					**7,156**
Total subordinated loans and hybrid tier 1 capital 31.12.11					7,496

Specification of liabilities to financial institutions

NOK million	Book value 30.06.12	Book value 31.12.11
Call date		
2012	19	1,769
2013	1,741	3,258
2014	993	988
Total liabilities to financial institutions	**2,753**	**6,016**

Notes to the interim accounts Storebrand Group

Specification of securities issued

	Book value	
NOK million	30.06.12	31.12.11
Call date		
2012	302	2,083
2013	1,377	2,031
2014	3,572	3,583
2015	3,074	1,466
2016	3,361	3,369
2017	3,213	
2019	1,411	1,095
Total securities issued	**16,311**	**13,626**

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevants covenants in 2012. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement was 109.5 per cent fulfilled. As per 30 June 2012, Storebrand Bank ASA had only one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010. The credit facility agreement for NOK 750 million contains certain special covenants. In 2012, Storebrand Bank ASA fulfilled all the terms and conditions of the agreement.

NOTE 16: LEANDING

NOK million	30.06.12	31.12.11
Corporate market	14,290	14,201
Retail market	22,915	22,289
Gross lending	**37,205**	**36,490**
Write-down of lending losses	-150	-157
Net lending	**37,055**	**36,333**

Non-performing and loss-exposed loans

NOK million	30.06.12	31.12.11
Non-performing and loss-exposed loans without identified impairment	195	159
Non-performing and loss-exposed loans with identified impairment	162	171
Gross non-performing loans	**357**	**330**
Individual write-downs	-103	-103
Net non-performing loans	**254**	**227**

NOTE 17: REAL ESTATE

The following amounts are booked in the profit and loss account:

	2Q		1.1 - 30.06		Year
NOK million	2012	2011	2012	2011	2011
Rent income from real estate [1]	553	436	1,011	846	1,815
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period [2]	-107	-89	-192	-181	-408
Result minority defined as liabilitites	-46		-58	-32	-71
Total	**400**	**347**	**760**	**634**	**1,336**
Realised gains/losses	16	4	1	2	82
Change in fair value	-366	213	-500	410	245
Total income real estate	**50**	**564**	**261**	**1,046**	**1,663**
Distribution by company and customers:					
Company		25	9	39	82
Customer	50	539	252	1,006	1,581
Total income from real estate	**50**	**564**	**261**	**1,046**	**1,663**
1) Of which real estate for own use	19	18	37	37	73
2) Of which real estate for own use	-1	-1	-2	-3	-6

Change in value real estate investments

	2Q		1.1 - 30.06		
NOK million	2012	2011	2012	2011	2011
Wholly owned real estate investments - investment real estate	-366	213	-500	417	249
Real estate equities and units in Norway [1]	-43	9	-49	20	73
Real estate units abroad [1]	-31	8	-17	121	131
Total changes in value investment real estate	**-440**	**230**	**-565**	**559**	**453**
Real estate for own use	22	-8	15	-8	27
Total changes in value in real estate	**-418**	**223**	**-550**	**551**	**480**
Realised gains/losses sold real estate	**16**	**4**	**1**	**2**	**82**

[1] *Are in the statement of financial position classified as equities and other units*

Book value of investment properties

NOK million	30.06.12	31.12.11
Book value 01.01	28,796	27,141
Supply due to purchases	225	2,078
Supply due to additions	431	582
To owner used real estate	-560	
Disposals	-12	-1,272
Net write-ups/write-downs	-500	261
Exchange rate changes	-14	5
Book value	**28,367**	**28,796**

Notes to the interim accounts Storebrand Group

Property type

NOK mill.	30.06.12	31.12.11	30.06.12 Duration of lease (years)	m22)	Leased amount in % 1)
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	6,239	6,044	7	141	95
Rest of Greater Oslo	8,698	7,746	5	243	92
Rest of Norway	2,675	2,719	11	198	98
Shopping centres (including parking and storage)	9,301	10,321	3	547	100
Multi-storey car parks	662	654	4	27	100
Office buildings in Sweden	354	853	8	24	100
Cultural/conference centres in Sweden	389	399	20	19	100
Other real estate	49	49			
Taken over real estate		12			
Total investment real estate	**28,367**	**28,796**		**1,199**	
Real estate for own use	2,059	1,460	7	71	94
Total real estate	**30,426**	**30,256**		**1,269**	

[1)] *The leased amount is calculated in relation to floor space.*
[2)] *Figures in NOK thousand*

Geographical location:

NOK million	30.06.12	31.12.11
Oslo - Vika/Fillipstad Brygge	6,901	6,698
Rest of Greater Oslo	10,493	9,664
Rest of Norway	11,556	12,594
Sweden	1,426	1,252
Other	49	49
Total real estate	**30,426**	**30,256**

There are no further property purchase in 2Q 2012 beyond what has been completed and taken into account as of 30 June 2012. NOK 297 million in Storebrand and SEK 180 million in SPP have been committed but not drawn on in international real estate funds.

Calculation of fair value for real estate

Investment real estate are valued at fair value. Fair value is the amount an asset could be sold for in a transaction at arm's length between well informed, voluntary parties.

Cash flow

An internal cash flow model is used to calculate fair value. The individual real estate' net cash flows are discounted by an individual required rate of return. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rents and normal operating costs for the real estate. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future changes in market rents. Storebrand's average occupancy rate in its office portfolio is 95-98 per cent. Most contracts are for 5 or 10 years. The cash flows from these tenancy agreements (contractual rent) are included in the valuations.
A forecast model has been developed to estimate long-term, future non-contractual rent. The model takes into consideration historical observations from Dagens Næringsliv's property index (adjusted by CPI) as well as market estimates. A long-term, time-weighted average is calculated for the annual observations in which the oldest observations are afforded the least weight. Short-term, non-contractual rent forecasts are based on current market rents and conditions.

Notes to the interim accounts Storebrand Group

Required rate of return
An individual required rate of return is set for each real estate. The required rate of return should be viewed in relation to the cash flow. Cash flows are determined on the basis of data about the market's required rate of return, including transactions and valuations.

Composition of the required rate of return:
Risk free interest rate
Risk markup, adjusted for:
- Type of real estate
- Location
- Structual standard
- Environmental standard
- Contract duration
- Quality of tenant
- All other information about real estate values, the market and the individual real estate

In the case of shopping centres, the real estate's value is calculated based on a market yield. In cases where it is known significant changes will occur to the expected cash flow in later years, this is taken account of in the valuation.

External valuations:
To ensure that every real estate will be taxated as a minimum every third year, there is a methodic approach in order to choose a selection of real estate to taxate every quarter. As of 30 June 2012, valuations had been obtained for approximately 50 per cent of Storebrand's real estate portfolio in Norway.

The real estate are valued on the basis of the following effective required rate of return (incl. 2.5 per cent inflation):

	Required rate of return		Fair value (NOK million)	
Segment	30.06.12	31.12.11	30.06.12	31.12.11
Office buildings (including parking and storage):				
Oslo-Vika/Filipstad Brygge	7,20-8,70	7,20 - 8,70	6,901	6,698
Rest of Greater Oslo	7,40-9,72	7,70 - 9,79	10,074	9,206
Rest of Norway	8,05-9,70	8,40 - 9,75	2,675	2,719
Shopping centre portfolio	7,60-10,2	7,74 - 9,25	9,301	10,321
Office buildings Sweden	7,00-9,00	7,00 - 9,00	1,037	853
Culture and conference Sweden	7,00-9,00	7,00 - 9,00	389	399
Other				340

Sensitivities
Valuations are particularly sensitive to changes in the required rate of return and assumed future cash flows. A change of 0.25 per cent in the required rate of return, where everything else remains the same, would result in a change in value in the real estate portfolio of approximately 1 billion. Around 25 per cent of a real estate's cash flow is linked to signed leases. This means that changes in the uncertain components of the cash flow of 1 per cent result in a change in value of 0.75 per cent.

NOTE 18: DEPOSITS FROM BANKING CUSTOMERS

NOK million	30.06.12	31.12.11
Corporate market	8,084	6,956
Retail market	11,951	11,521
Total	**20,035**	**18,477**

Notes to the interim accounts Storebrand Group

NOTE 19: CONTINGENT LIABILITIES

NOK million	30.06.12	31.12.11
Guarantees	304	294
Unused credit limit lending	6,030	5,697
Uncalled residual liabilities re limited partnership	4,971	5,898
Other liabilities/lending commitments	1,612	1,409
Total contingent liabilities	**12,917**	**13,297**

Guarantees principally concern payment guarantees and contract guarantees.
Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

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

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 Board resolution on such index regulation. The plaintiffs also allege that SPP is obliged to index-regulate paid-up contract pensions (fribrevsuppräkna) for the period 2003 – 2006 in accordance with what Alecta has done (but which SPP has not done). The Stockholm District Court passed its judgement on 9 March 2012. The Court found for SPP, and awarded it costs of SEK 10.4 million plus interest from the time of the judgement and until payment is made. The judgement is unanimous.

On 29 March 2012, Svenskt Näringsliv et.al. appealed the judgement to the Svea Court of Appeal, with a concurrent application for a permit to have the case be fully tested by the appeals court. On 24 April 2012, the Appeals Court notified the appellants that the case has been granted a hearing. The appeal is expected to be heard during the first half of 2013. The appeal is focused on questions of principle that are important beyond the case in question, and a negative outcome is assumed to have a significant economic effect on the portfolio. Based on an overall assessment of the case, 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.

structured savings products
Storebrand Bank was in 2009 sued for damages based on economic loss from two customers' investment in one of Storebrand Banks structured savings products. The bank won both in the local and district court and the case has been appealed to the Norwegian High Court, due to the case's principle question. The High Court passed centence on 28 February 2012 where the appeal was overruled. Due to the case's principled decision the Storebrand Bank did not recover legal costs. The customers have subsequently honored all liability with the Storebrand Bank.

Kaupting Bank
Storebrand Luxembourg SA (Storebrand) is being sued by the bankruptcy estate of Kaupthing Bank HF with a demand for payment of USD 11,812,109 plus interest and costs. Storebrand received the writ of summons on 25 June 2012. The claim is primarily against Guy Butler Ltd., secondarily against RBC Europe Limited, and thereafter against Storebrand. The case pertains to a sale of bonds with a nominal value of USD 11,000,000 issued by Kaupthing Bank HF (US48632FAC59), which was performed by Storebrand Active Credit Fund in September 2008. The complainant submits that Kaupthing Bank HF was the real or final buyer of the bonds and that this is therefore a case of forced repayment of a debt that can be reversed. The proceedings are in an early phase, and no reason has as yet been found to make provisions in the accounts.

NOTE 20: SOLD/LIQUIDATED BUSINESS

Storebrand Bank ASA have decided to exit estate agency business and the Ring Eiendomsmegling AS Group will be liquidated or sold. As a consequence the annual result, assets and liabilities are classified as hold for sale in the Group accounting. The 2011 corresponding figures have accordingly been revised.

NOTE 21: CAPITAL REQUIREMENTS AND SOLVENCY REQUIREMENTS

The Storebrand Group is a cross-sectoral financial group subject to capital requirements pursuant to Basel I/II (capital adequacy) and the solvency rules on a consolidated basis. Pursuant to the solvency rules, solvency margin requirements are calculated for the insurance companies' in the Group, while for the other companies a capital requirement pursuant the capital adequacy regulations is calculated. The calculations in the tables below conform to the regulations relating to the application of the solvency rules on a consolidate basis, etc., Section 7.

Primary capital consists of core (tier 1) capital and supplementary capital. Pursuant to the regulations for calculating primary capital, core (tier 1) capital is materially different to equity in the financial statements. The table below shows a reconciliation of core (tier 1) capital in relation to equity. Issued hybrid tier 1 capital can account for 15 per cent of the core (tier 1) capital, while any overshoot can be included in the tier 2 capital. Core capital is adjusted for the value assessments that form the basis for solvency calculations at the national level for foreign companies (solvency regulations, section 4, 7th paragraph). For Storebrand Holding AB this will be an adjustment in SPP AB's estimated insurance liabilities involving the use of a different interest rate curve in the solvency calculation than that are used in the financial statements. Tier 2 capital which consists of subordinated loans cannot exceed more than 100 per cent of the core (tier 1) capital, while dated subordinated loan capital cannot exceed more than 50 per cent of the core (tier 1) capital.

Pursuant to Basel II the capital requirement for primary capital is 8 per cent of the basis for calculating the credit risk, market risk and operational risk. The insurance companies in the Group are included in capital adequacy with a capital requirement pursuant to the regulations in Basel I.

In a cross-sectoral financial group the sum of the primary capital and other solvency margin capital shall cover the sum of the solvency margin requirements for the insurance activities and the requirements for primary capital of financial institutions and securities firms.

In the solvency margin requirement that is used for the insurance companies, this requirement is calculated as 4 per cent of the gross insurance fund. This applies to both the Norwegian and Swedish businesses. In Sweden the requirement also includes 1 per cent of the conditional bonus and 0.1-0.3 per cent of mortality risk in unit linked insurance. The solvency margin capital in insurance differs slightly from primary capital which is used in capital adequacy. Primary capital includes a proportion of conditional bonuses, but this capital cannot be included in the solvency margin capital. A proportion of additional statutory reserves and the risk equalisation fund are also included in the solvency margin capital.

NOK million	30.06.12	31.12.11
Share capital	2,250	2,250
Other equity	17,085	16,528
Equity	**19,335**	**18,777**
Hybrid tier 1 capital	1,779	1,779
Conditional bonus [1]		3,024
Interest rate adjustment of insurance obligations [1]	-1,409	
Goodwill and other intangible assets	-6,426	-6,635
Deferred tax assets	-15	-58
Risk equalisation fund	-556	-469
Deductions for investments in other financial institutions	-2	-3
Security reserves	-259	-238
Minimum requirement reassurance allocation	-7	-7
Capital adequacy reserve	-103	-121
Other	-123	132
Core (tier 1) capital	**12,214**	**16,181**
Perpetual subordinated capital	4,963	5,024
Ordinary primary capital	299	400
Deductions for investments in other financial institutions	-2	-3
Capital adequacy reserve	-103	-121
Tier 2 capital	**5,158**	**5,300**
Net primary capital	**17,371**	**21,482**

Notes to the interim accounts Storebrand Group

Minimum requirements primary capital in capital adequacy

NOK million	30.06.12	31.12.11
Credit risk		
Of which by business area:		
Capital requirements insurance	9,881	10,653
Capital requirements banking	1,633	1,598
Capital requirements securities undertakings	11	9
Capital requirements other	45	48
Total minimum requirements credit risk	**11,570**	**12,308**
Operational risk/settlement risk	118	118
Deductions	-21	-24
Minimum requirements primary capital	**11,667**	**12,401**
Capital adequacy ratio	**11.9 %**	**13.9 %**
Core (tier 1) capital ratio	**8.4 %**	**10.4 %**

Solvency requirements for cross-sectoral financial groups

NOK million	30.06.12	31.12.11
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	11,667	12,401
- capital requirements insurance companies	-9,881	-10,653
Capital requirements pursuant to capital adequacy regulations	1,787	1,748
Requirements re solvency margin capital insurance	11,497	11,500
Total requirements re primary capital and solvency capital	**13,283**	**13,249**
Primary capital and solvency capital		
Net primary capital	17,371	21,482
Change in solvency capital for insurance in relation to primary capital		
Conditional bonus - not approved as solvency capital 1)		-3,024
Other solvency capital	2,968	3,060
Total primary capital and solvency capital	**20,339**	**21,519**
Surplus solvency capital	**7,056**	**8,270**

[1] In previous quarters, Storebrand has included accounting equity for the Swedish activity as a basis for calculating solvency and capital adequacy. As of the second quarter of 2012, Storebrand has changed the method by including solvency capital, which is calculated pursuant to Swedish capital adequacy rules, in the calculation of the consolidated solvency margin and consolidated capital adequacy. The Swedish subsidiary SPP AB has previously used a 10-year interest rate (government interest rate and housing interest rate) for the calculation of solvency capital. SPP has used a 30-year interest rate as a basis as of the second quarter of 2012.

For Storebrand Group the capital adequacy ratio as of 30.06.2012 would have been 12.9 % if you use the accounting equity for the Swedish business, and 10,9 % if you use 10-year interest rate curve.

In connection with Storebrand Life Insurance's 2007 acquisition of SPP, the Financial Supervisory Authority of Norway placed a condition on its approval by giving a time limited approval to include parts of the conditional bonus as primary capital. This approval ends on 1.4.2012.

Storebrand ASA

PROFIT AND LOSS ACCOUNT

	2Q		1.1 - 30.06		Full year
NOK mill.	2012	2011	2012	2011	2011
Operating income					
Income from investments in subsidiaries					474
Net income and gains from financial instruments:					
- bonds and other fixed-income securities	7	11	20	38	73
- financial derivatives/other financial instruments	12	8	24	-12	-12
Other financial instruments		2		2	4
Operating income	**19**	**20**	**45**	**28**	**539**
Interest expenses	-42	-42	-87	-75	-161
Other financial expenses	-4	-8	-9	-9	-16
Operating costs					
Personnel costs	-7	-8	-13	-16	-31
Amortisation			-1	-1	-1
Other operating costs	-47	-35	-77	-66	-133
Total operating costs	**-55**	**-43**	**-91**	**-83**	**-165**
Total costs	**-100**	**-93**	**-187**	**-166**	**-343**
Pre-tax profit	**-81**	**-73**	**-142**	**-138**	**196**
Tax	23		40		504
Profit for the period	**-58**	**-73**	**-102**	**-138**	**700**

Storebrand ASA

STATEMENTS OF FINANCIAL POSITION

NOK million	30.06.12	31.12.11
Fixed assets		
Deferred tax assets	671	632
Pension assets	46	46
Tangible fixed assets	32	32
Shares in subsidiaries	16,662	16,658
Total fixed assets	**17,411**	**17,368**
Current assets		
Owed within group		474
Lending to group companies	549	986
Other current receivables	11	5
Investments in trading portfolio:		
- bonds and other fixed-income securities	1,941	1,268
- financial derivatives/other financial instruments	86	53
Bank deposits	57	126
Total current assets	**2,644**	**2,912**
Total assets	**20,055**	**20,280**
Equity and liabilities		
Share capital	2,250	2,250
Own shares	-16	-18
Share premium reserve	9,485	9,485
Total paid in equity	**11,718**	**11,717**
Other equity	4,624	4,718
Total equity	**16,343**	**16,434**
Non-current liabilities		
Pension liabilities	195	195
Securities issued	3,441	3,544
Total non-current liabilities	**3,636**	**3,739**
Current liabilities		
Financial derivatives	7	23
Debt within group	13	46
Other current liabilities	56	39
Total current liabilities	**76**	**107**
Total equity and liabilities	**20,055**	**20,280**

Storebrand ASA

CASH FLOW STATEMENT

	01.01 - 30.06	
NOK million	2012	2011
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	42	55
Net receipts/payments - securities at fair value	-665	-1,284
Payments relating to operations	-104	-111
Net receipts/payments - other operational activities	474	1,158
Net cash flow from operational activities	**-253**	**-183**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	376	-59
Net receipts/payments - sale/purchase of property and fixed assets		11
Net cash flow from investment activities	**376**	**-48**
Cash flow from financing activities		
Payments - repayments of loans	-852	-218
Receipts - new loans	748	997
Payments - interest on loans	-98	-89
Receipts - issuing of share capital	11	16
Payments - dividends		-455
Net cash flow from financing activities	**-192**	**252**
Net cash flow for the period	**-69**	**21**
Net movement in cash and cash equivalents	-69	21
Cash and cash equivalents at start of the period	126	74
Cash and cash equivalents at the end of the period	**57**	**95**

Notes to the financial statements Storebrand ASA

NOTE 1: ACCOUNTING POLICIES

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2011. The accounting policies are described in the 2011 annual report. Storebrand ASA does not apply IFRS to the parent company's financial statements.

NOTE 2: ESTIMATES

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

NOTE 3: EQUITY

					Equity	
NOK million	Share capital 1)	Own shares	Share premium	Other equity	30.06.12	31.12.11
Equity as per 1 January	**2,250**	**-18**	**9,485**	**4,718**	**16,434**	**15,634**
Profit for the year				-102	-102	700
Experience pension						86
Own share bought back[2]		2		22	24	21
Employee share is[2]				-13	-13	-6
Total equity	**2,250**	**-16**	**9,485**	**4,624**	**16,343**	**16,434**

[1] 449,909,891 shares with a nominal value of NOK 5
[2] In 2012, 380 172 of our own shares were sold to our own employees.
Holding of own shares as per 30 June 2012 was 3 124 482.

NOTE 4: BONDS ISSUED

NOK million	Interest rate	Currency	Net nominal value	30.06.12	31.12.11
Bond loan 2009/2012	Variable	NOK	282		282
Bond loan 2010/2013[1]	Fixed	NOK	200	205	211
Bond loan 2010/2013	Variable	NOK	400	336	400
Bond loan 2009/2014[1]	Fixed	NOK	550	587	582
Bond loan 2009/2014[1])	Fixed	NOK	550	563	570
Bond loan 2011/2016	Variable	NOK	1000	998	997
Bond loan 2012/2017	Variable	NOK	750	752	
Total bond loan				**3,441**	**3,042**
Bank loan 2011/2013	Variable	NOK	507		502
Total[2]				**3,441**	**3,544**

[1] Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
[2] Loans are booked at amortised cost and include earned not due interest. Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements. Storebrand ASA has an unused drawing facility for EUR 210 million.

Storebrand ASA and the Storebrand Group

– Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the half-yearly report and half-yearly financial statements for Storebrand ASA and the Storebrand Group for the first half of 2012 (interim report for 1H 2012).

The half-yearly interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as approved by the EU, and the additional Norwegian requirements in the Norwegian Securities Trading Act.

In the best judgment of the Board and the CEO, the half-yearly financial statements for 2012 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as per 30 June 2012. In the best judgment of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand ASA and the Storebrand Group. In the best judgment of the Board of Directors and the CEO, the descriptions of the most important risk and uncertainty factors the Group will face in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 12. July 2012
The Board of Directors of Storebrand ASA

Birger Magnus
Chairman of the Board

Birgitte Nilsen	Jon Arnt Jacobsen	Halvor Stenstadvold
Heidi Skaaret	John S. Dueholm	Monica Caneman
Knut Dyre Haug	Kirsti Valborgland	Ann-Mari Gjøstein

Odd Arild Grefstad
acting CEO

Deloitte.

Deloitte AS
Karenslyst allé 20
Postboks 347 Skøyen
NO-0213 Oslo
Norway

Tel: +47 23 27 90 00
Fax: +47 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the board of Storebrand ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of financial position of Storebrand ASA (the Group) as of 30 June 2012, and the related statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the six-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard No 34 "Interim Financial Reporting" 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 condensed interim financial information for the Group is not prepared, in all material aspects, in accordance with International Accounting Standard No 34 "Interim Financial Reporting" adopted by EU.

Oslo, 12 July 2012
Deloitte AS

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

Offices in Norway (incl. agents)

Tromsø, Trondheim, Kristiansund, Bergen, Stavanger, Kristiansand, Bø, Porsgrunn, Sandefjord, Tønsberg, Drammen, Asker, Sandvika, Oslo, Hønefoss, Hamar, Lillehammer, Jessheim, Sarpsborg, Fredrikstad, Molde, Ålesund, Lysaker, Ski.

Offices in Sweden

Göteborg, Linköping, Malmö, Stockholm, Sundsvall, Örebro.

HEADQUARTERS:

Storebrand ASA
Professor Kohts vei 9
P.O. Box 500
N-0114 Oslo, Norway
Tel.: + 47 22 31 50 50
www.storebrand.no

Call center:
+47 08880

OTHER GROUP COMPANIES:

SPP Livförsäkring AB
Torsgatan 14
S-10539 Stockholm, Sweden
Tel.: +46 8 451 7000
www.spp.se

Storebrand Livsforsikring AS,
- Swedish branch
Torsgatan 14
Box 5541
S-114 85 Stockholm, Sweden
Tel.: + 46 8 700 22 00
www.storebrand.se

Storebrand Kapitalforvaltning AS
- Swedish branch
Torsgatan 14
Postboks 5541
S-114 85 Stockholm, Sweden
Tel.: +46 8 614 24 00
www.storebrand.se

Storebrand Helseforsikring AS
Filipstad Brygge 1
Postboks 1382 Vika
N-0114 Oslo, Norway
Tel.: +47 22 31 13 30
www.storebrandhelse.no

Storebrand Helseforsikring AS
- Swedish branch
Rålambsvägen 17, 14tr, DN huset
Box 34242
S-100 26 Stockholm, Sweden
Tel.: +46 8 619 62 00
www.dkvhalsa.se

Oslo Reinsurance Company AS
Ruseløkkveien 14
Postboks 1753 Vika
N-0122 Oslo, Norway
Tel.: +47 22 31 50 50
www.oslore.no

Financial calender 2012

14 February	Results 4Q 2011
7 March	Embedded Value 2011
18 April	Annual General Meeting
19 April	Ex dividend date
3 May	Results 1Q
13 July	Results 2Q
24 October	Results 3Q
February 2013	Results 4Q 2012

Investor Relations contacts

Trond Finn Eriksen	Head of IR	trond.finn.eriksen@storebrand.no	+47 9916 4135
Kjetil Ramberg Krøkje	IR Officer	kjetil.r.krokje@storebrand.no	+47 9341 2155
Tone Indrebø Næs	IR Officer	tone.indrebo.nas@storebrand.no	+47 9590 5514
Sigbjørn Birkeland	Finance Director	sigbjorn.birkeland@storebrand.no	+47 9348 0893
Lars Løddesøl	CFO/COO	lars.loddesol@storebrand.no	+47 2231 5624

Address

Storebrand ASA

P.O Box 500, N-1327 Lysaker, Norway

Visiting address: Professor Kohts vei 9, Lysaker

Telephone: +47 22 31 50 50

www.storebrand.com/ir

MILJØMERKET 241 Trykkeri 674

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