Interim report Storebrand Group

1st quarter 2012

storebrand

1Q

2012

Interim report - 1st quarter 2012:

Storebrand Group

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Storebrand Group

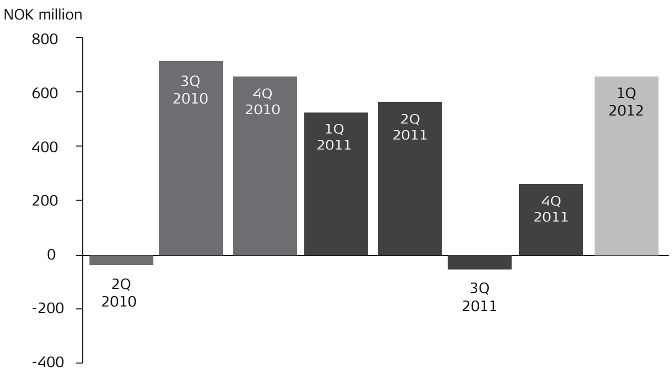
- **Group result[1] of NOK 667 million for 1Q 2012**
- **Strengthened buffer capital and financial strength: Solvency margin of 163% for Storebrand Life Insurance Group**
- **Strong investment returns for life and pensions customers**
- **11% premium growth and 85% Combined ratio in the insurance business**

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

NOK million	1Q 2012	1Q 2011	Full year 2011
Storebrand Life Insurance	197	156	481
SPP	355	265	291
Asset Management	31	77	293
Bank	56	51	213
Insurance	89	33	281
Other activities	-61	-66	-278
Group result before amortisation and write-downs	667	516	1,279
Amortisation and write-downs intangible assets	-95	-100	-394
Group pre-tax profit/loss	571	416	885

Group result before amortisation and write-downs per quarter



Result

Group result before amortisation and write-downs of intangible assets of NOK 667 million (NOK 516 million) for the quarter. The figures in brackets show the situation for the same period last year.

Storebrand Life Insurance has delivered strong investment returns for life and pensions customers. Storebrand has achieved a good investment return for defined-contribution pensions, and Storebrand Balanced Pension reported a return of 6.9 per cent. The market return for the group portfolios in Norway was 2.1 per cent for the quarter. The buffer capital has been strengthened by a total of NOK 2.6 billion during the quarter through higher market value adjustment reserves and unrealised gains in bonds held at amortised cost.

For SPP the quarter has been marked by rising equity markets and higher interest rates. The return for the new subscription portfolio with an annual guaranteed return of 0.5 per cent was 2.8 per cent for the quarter. Rising interest rate levels and credit spread contraction has reduced the liabilities in the accounts and given positive financial results through profit sharing and reversal of deferred capital contribution (DCC). The operational performance of SPP is positive and the administration result has increased by NOK 10 million compared with the same period last year.

Assets under management in Storebrand Asset Management increased by NOK 11.8 billion during the quarter. The operating expenses are somewhat higher than the previous year due to the expansion of the operations in the Swedish market and investments in improved reporting solutions and increased automation.

The development in Storebrand Bank is stable. Good development for losses provided grounds for the reversal of loss provisions.

Storebrand Insurance reported a continued good earnings performance for the quarter with a combined ratio of 85 per cent. The market performance is also positive, and the premium income increased by 11 per cent.

Operational income statement - Storebrand Group

Storebrand introduced an alternative income statement in 2011. In this income statement the result elements from the business areas are stated together, which makes it easier to differentiate between result items that can be directly influenced by Storebrand and result items that are to a greater extent affected by the financial markets.

The result before profit sharing and loan losses increased by NOK 111 million compared to the corresponding period last year. The earnings improvement is attributed primarily to the good risk results in Storebrand Insurance and a higher return on the company portfolios.

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

Operational income statement Storebrand Group[1)]

	1Q		Full year
NOK million	2012	2011	2011
Fee and admininstration income	1,016	994	3,952
Operational cost	-720	-703	-2,800
Fee and admininstration result	**296**	**291**	**1,152**
Risk and insurance result	185	108	686
Holding company and company portfolios	-26	-56	-268
Result before profit sharing and loan losses	**455**	**344**	**1,570**
Net profit sharing and loan losses	211	173	-291
Group profit before amortisation and write-downs	**667**	**516**	**1,279**
Amortisation and write-downs of intangible assets	-95	-100	-394
Group pre-tax profit/loss	**571**	**416**	**885**

Result improvement programme

Storebrand has announced a goal of improving its result before profit sharing and loan losses by around NOK 2.5 billion in 2013. As a result of the turbulent financial markets the company is behind on its plan to reach its result target in 2013. The increase in revenues is lower than expected in the plan. This is the result of lower than expected customer assets due to falling equity markets throughout 2011. This has been compensated to some extent by the upswing in the market in the first quarter. The implemented cost measures are progressing according to plan.

Market and sales performance

The occupational pension market in Norway is marked by the transition from defined-benefit pensions to defined-contribution pensions. Storebrand has a strong position in this market, and there is good growth in premium income from companies with defined-contribution pension schemes.

SPP was named the "Insurance Company of the Year" by Söderberg & Partners for the fourth year in a row. The premium income has shown a positive development. New sales were somewhat lower in the quarter as a result of fewer individuals making active choices. Own sales and sales through brokers have increased somewhat compared with the previous year.

Capital situation

SPP's strengthened solvency as a result of rising market interest rates and a positive trend in the equity markets have provided grounds for repayment of a SEK 500 million loan to Storebrand ASA. This will be carried out in the second quarter.

By the end of the first quarter, the solvency margin of Storebrand Life Insurance Group was 163 per cent and the capital adequacy ratio was 14.2 per cent. The solvency margin strengthened by 2 percentage points during the quarter. The stronger solvency is attributed primarily to the year-to-date result. SPP Life Insurance's solvency margin was 226 per cent at the end of the quarter. The Storebrand Group has a capital adequacy ratio of 14.3 per cent.

In connection with the acquisition of SPP in 2007, Storebrand Livsforsikring AS was granted a time-limited permit, based on terms stipulated by the Financial Supervisory Authority of Norway, to include the conditional bonus in SPP as core capital in connection with the calculation of capital adequacy. This permit expires on 1 April 2012. With the conditional bonus the Storebrand Group's capital adequacy would have been 2 percentage points weaker at the end of the first quarter. Correspondingly, the capital adequacy and core capital ratio of the Storebrand Life Insurance Group would have been 2.4 percentage points lower.

Key figures

	1Q		Full year
NOK million	2012	2011	2011
Earnings per share adjusted (NOK)[2)]	1.38	1.10	2.39
Return on equity, annualised[2)]	13.9 %	11.5 %	6.0 %
Equity	19,202	18,832	18,777
Capital adequacy Storebrand Group	14.3%	12.8%	13.9%
Solvency margin Storebrand Life Group	163%	161%	161%
Core capital adequacy Bank Group	11.6 %	10.3 %	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.

Storebrand Life Insurance

- **Good return and buffer capital strengthened by NOK 2.6 billion during the quarter**
- **Positive risk result development**
- **Portions of the return above the interest rate guarantee will be used to strengthen the longevity reserves in 2012**

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

	1Q		Full year
NOK million	2012	2011	2011
Administration result	20	20	101
Risk result	50	0	117
Financial result[2]	-14	6	-226
Price of interest guarantee and profit risk	138	134	520
Other	2	-5	-32
Pre-tax profit/loss	197	156	481

Administration result

Portfolio growth and a higher percentage of defined-contribution pensions, combined with strict cost control, drives the development of the administration result. Reduced assets under management for unit linked as a result of the market unrest in the autumn of 2011 lowers the administration income somewhat for the quarter. The cost performance is good and additional measures are implemented on an ongoing basis.

Risk result

The risk result for the quarter was NOK 50 million, compared with NOK 0 for the corresponding quarter in 2011, but 1Q 2011 was a particularly weak quarter. All the subsectors showed good risk results, due, among others, to the new tariffs. For group pensions, NOK 29 million was set aside in the first quarter for the risk equalisation reserve, which totalled NOK 434 million at the end of the quarter. The risk equalisation reserve for paid-up policies increased from NOK 65 to 80 million at the end of the first quarter.

Financial result

The high level of uncertainty and volatility that marked the markets in the second half of 2011 has declined in 1Q 2012. Norwegian and global shares showed positive development during the quarter. Norwegian and international interest rates have been stable at a low level throughout the quarter. This has resulted in a modest return on global and Norwegian government bonds. A greater willingness to accept risk has also marked the credit market, and this has contributed to somewhat lower credit spreads. Lower credit spreads have a positive impact on the return. Additional return in relation to relevant benchmarks was NOK 289 million (134 million) in the quarter.

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. The booked return for the customer portfolios, with the exception of paid-up policies, is adequate year-to-date to cover the average annual interest rate guarantee. The booked return has also resulted in undistributed profits for customers and the build-up of customer buffers totalling NOK 280 million.

Storebrand has an ongoing plan to increase reserves related to assumptions of a lower mortality in the future for individual pension insurance and paid-up policies. In accordance with this plan, NOK 42 million was set aside in 1Q 2012. The remaining reported need to increase reserves at the end of 1Q 2012 is estimated to be around NOK 125 million for individual pension insurance. The reserves will be increased by the end of 2012 according to plan. This build-up of reserves can be covered by return above the interest rate guarantee. If the annual booked return for the individual portfolio is higher than 5.8 per cent, the build-up of reserves will take place at no direct cost to the owner. At the end of 1Q 2012 the build-up of reserves is covered by return above the interest rate guarnatee.

Market return defined contribution pensions

	1Q		Full year
Profile	2012	2011	2011
Careful profile	3.5 %	0.7 %	2.8 %
Balanced profile	6.9 %	1.0 %	-1.2 %
Aggressive profile	8.9 %	1.2 %	-5.3 %

Return on investment portfolios with an interest rate guarantee

	1Q 2012		1Q 2011		Full year 2011	
Portolio	Market return	Booked return	Market return	Booked return	Market return	Booked return
Total Group (DB)	2.7 %	0.9 %	1.5 %	1.4 %	3.0 %	4.8 %
Paid-up policies	1.5 %	0.7 %	1.4 %	1.3 %	3.8 %	4.7 %
Individual	1.9 %	1.3 %	1.5 %	1.4 %	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.

In a letter of December 2011 the Financial Supervisory Authority of Norway has requested that the life insurance companies give priority to strengthening the premium reserves to counteract an assumed higher life expectancy (see also Outlook). As a result of this Storebrand Life Insurance will also set aside a significant portion of the return above the interest rate guarantee in 2012 to strengthen the premium reserve for collective pension insurance and paid-up policies.

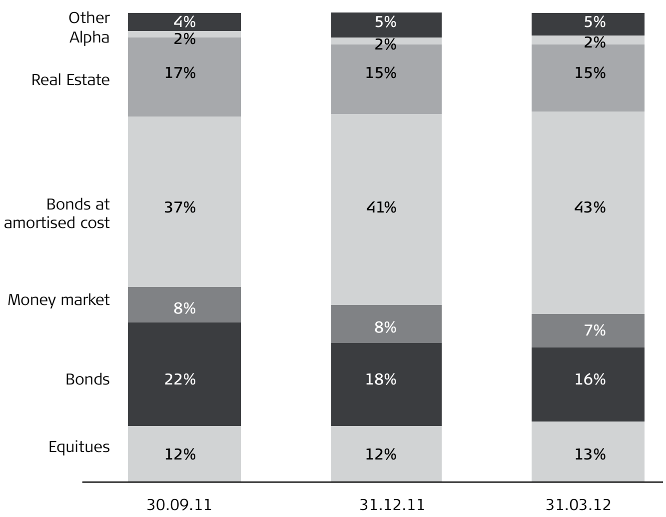
Storebrand Life Insurance is normally funded by a combination of equity and subordinated loans. The proportion of subordinated loans is around 30 per cent and amounted to NOK 6.6 billion at the end of 1Q 2012. The interest costs on subordinated loans will amount to a net amount of around NOK 130 million per quarter for the next 12 months. The company portfolio reported a gross return of 1.5 per cent (1.4 per cent) in 1Q 2012. Lower credit spreads in the Norwegian banking sector had a positive impact on the return for the quarter. The company portfolio reported a net result for the quarter of minus NOK 18 million (minus NOK 29 million).

Price of interest rate guarantee and profit risk
In the first quarter NOK 138 million (134 million) was recognised as income from upfront pricing of the interest rate guarantee and profit from risk for group pensions.

Balance sheet

For customer portfolios with a guarantee, the allocation to bonds held at amortised cost has increased somewhat during the first quarter. The allocation to short-term bonds has correspondingly declined somewhat.

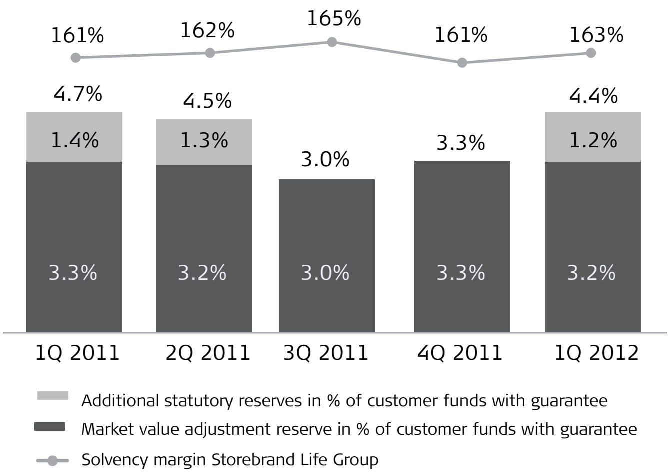
Asset profile for customer portfolios with an interest rate guarantee



There have been no significant changes to the company portfolio allocations during the quarter. The portfolio is invested primarily in the money market, bonds held at amortised cost and real estate.

The assets under management increased by NOK 5 billion in the first quarter and totalled NOK 218 billion at the end of quarter. This increase has been driven by a positive return.

Financial strength



Market value reserves were built up in the first quarter and the market value adjustment reserve totals NOK 2.0 billion at the end of the first quarter, compared with NOK 0 at the start of the year. The additional statutory reserves declined by NOK 0.2 billion in the first quarter and totalled NOK 5.2 billion at the end of 1Q 2012. Deductions from the additional statutory reserves for paid-up policy portfolios to cover the interest rate guarantee for customers calculated for the quarter totalled NOK 139 million. The excess value of bonds held at amortised cost increased by NOK 0.8 billion in 1Q and totalled NOK 2.6 billion at the end of the quarter. The excess value of bonds held at amortised cost is not included in the financial statements. The solidity capital[1)] was NOK 43.7 billion at the end of the first quarter, which is an increase of NOK 3.4 billion during the quarter as a result of an increase in the customer buffers.

The Storebrand Life Insurance Group's capital adequacy ratio increased by 0.4 percentage points during the quarter and was 14.2 per cent at the end of the first quarter. The solvency margin for the Storebrand Life Insurance Group increased by 2 percentage points during the quarter and was 163 per cent at the end of the first quarter. The capital adequacy and solvency margin were affected by the positive result for the quarter. The solvency margin was also affected by the net deductions from the additional statutory reserves for the quarter.

1) 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	1Q 2012	1Q 2011	Full year 2011
DB (fee based)	3,888	4,021	9,147
DC (unit linked based)	1,142	976	3,812
Total occupational pension	5,030	4,997	12,959
Paid-up policies	37	71	116
Traditional individual life and pensions	101	185	584
Unit linked (retail)	189	271	929
Total individual pension and savings	327	527	1,629
BenCo	170	170	700
Total	5,526	5,695	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. The premium income from defined-contribution pensions was affected in the first quarter due to the transition from annual to monthly invoicing from May 2011. This means that the premium income is distributed more evenly throughout the year. New contracts are no longer being sold for traditional guaranteed capital and pensions, and this has resulted in a continuous decline in premium income compared with the previous year. The decline in premium income for 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, and at the same time there has been an increasing percentage of withdrawals from guaranteed and fund accounts.

Storebrand has decided to stop accepting transfers of paid-up policies to the company. This will take effect from the 3rd of May. The Government Law Commission's consultation paper (NOU 2012:3) has pointed to the fact that the capital requirement for paid-up policies will increase significantly under Solvency II. The insurance companies will have to adapt to Solvency II by reducing the risk in the paid-up policy portfolios, such that the customers can no longer expect to receive return above the guaranteed rate. Storebrand views the new proposal for regulation of paid-up policies with investment choice, which is expected to be in force from next year, and the work to offer both old and new paid-up policy customers attractive products within the new product regulation, positively.

Sales

Reported net sales for group occupational pensions showed a positive development in the first quarter. The market is marked by a transition from defined-benefit to defined-contribution pensions, and Storebrand is maintaining a strong position in the market. The new regulatory framework for defined-benefit pensions and the expectation of higher contribution rates will reinforce this. Storebrand is working on the development of product and service solutions that are adapted to the new regulatory framework and customer needs.

In 2011, three local authorities decided to transfer their pension schemes from Storebrand with accounting effect from 1 January 2012. The net booked transfer to Storebrand was minus NOK 1,013 million (minus NOK 2,390 million) for the first quarter.

Storebrand has implemented a new, offensive strategy for the retail market and has worked on a number of measures to support this new focus. Storebrand has a targeted focus on offering favourable products and solutions to the employees of our corporate customers. The goal is to improve customer satisfaction, increase the number of customers and customers with multiple product links.

New premiums (APE)[2)] totalling NOK 157 million (NOK 315 million) were signed in 1Q 2012. This decline is attributed primarily to a lower APE for group defined-benefit pensions.

- Guaranteed products: NOK 69 million (NOK 224 million) for 1Q 2012.
- Unit linked insurance: NOK 84 million (NOK 82 million) for 1Q 2012.
- BenCo: NOK 4 million (NOK 9 million) for 1Q 2012.

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

SPP

- **Named the "Insurance Company of the Year" by Söderbergh & Partners for the fourth year in a row**
- **Strengthened solvency – solvency margin of 226 per cent for SPP Life Insurance**
- **Premium income from unit linked insurance increased by 2 per cent**

The business area SPP[1] offers pension and insurance solutions, as well as advice to companies in the competitive segment of the occupational pensions market. The company also offers private pension savings, as well as sickness and health insurance.

Result

Financial performance SPP[2]

NOK million	1Q 2012	1Q 2011	Full year 2011
Administration result	41	31	99
Risk result	45	75	289
Financial result	215	121	-226
Other	54	38	129
Result before amortisation	355	265	291
Amortisation intangible assets	-89	-91	-358
Pre-tax profit/loss	266	174	-67

Administration result

The administration income increased by 4 per cent[3] in 1Q 2012 compared with the previous year. Increased assets under management has resulted in higher fees in relation to the previous year. The costs[3] remained unchanged during the quarter.

Risk result

The overall risk and mortality result is positive and on par with previous years. The sickness result, which constitutes the largest part of the risk result, remains good. The dissolution of reserves for sickness compensation are as expected lower than the previous year.

Financial result

The quarter has been marked by rising equity markets and higher market interest rates. For the new subscription portfolio P250, which has the highest percentage of equities, the return was 2.8 per cent. This resulted in profit sharing. In the portfolio with the lowest percentage of equities, P520, the return was weakly negative. In the first quarter NOK 27 million was recognised as income in the defined-benefit portfolio as indexation fee.

Rising interest rate levels and credit spread contraction reduces the liabilities in the accounts. This has had a positive impact on the result in the form of a reversal of the deferred capital contribution (DCC) by NOK 205 million.

A hedging portfolio has been established to reduce the effect of falling equity markets. Due to the rising equity markets in the first quarter, the value of the portfolio declined by NOK 63 million.

Total return on assets SPP

Portfolio	1Q 2012	1Q 2011	Full year 2011
Defined Benefit (DB)	0.64%	0.83%	8.60%
Defined Contribution (DC)			
P250*	2.84%	0.44%	3.30%
P300*	0.74%	0.69%	7.60%
P 520*	-0.72%	0.45%	12.50%
RP (Retirement Pension)	-0.10%	0.06%	2.80%

** 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.*

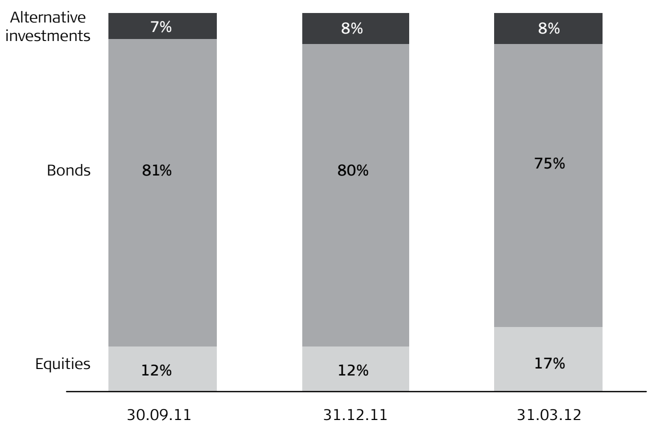
Other result

Other results consists primarily of the return on the company portfolio, which is entirely invested in short-term interest-bearing securities. The rising market interest rates and a positive development in the credit markets contributed to an improved result.

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. In accordance with the risk-bearing capacity, the equity percentage in portfolios with an interest rate guarantee has increased somewhat during the first quarter.

Asset profile for customer portfolios with an interest rate guarantee



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

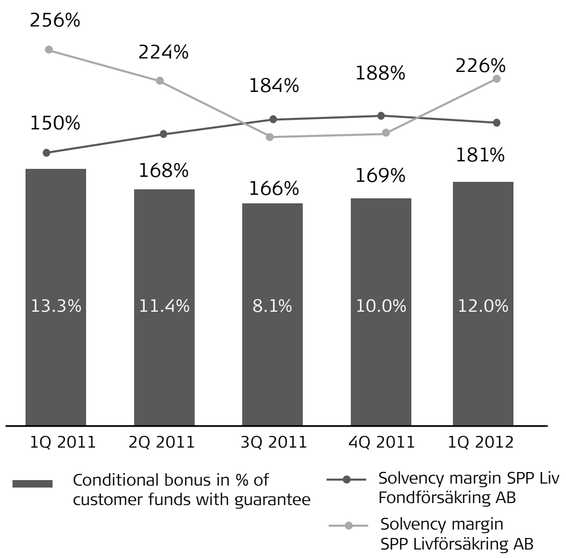
The buffer capital (conditional bonus) increased by NOK 1 billion during the quarter and totalled NOK 8.4 billion at the end of March. This increase is attributed primarily to rising equity markets and higher interest rates.

Solvency

The corporate structure of SPP has been restructured during the quarter. SPP Liv Fondförsäkring AB is no longer a subsidiary of SPP Livförsäkring AB, but a sister company. There is therefore no longer a formal group solvency corresponding to what has been reported previously. At the end of the quarter the solvency of SPP Livförsäkring AB was 226 per cent and the solvency of SPP Liv Fondförsäkring AB was 181 per cent. As at 31 December 2011 the solvency was 169 and 188 per cent, respectively.

The solvency increased during the quarter as a result of rising market interest rates and the positive performance of the equity markets. This strong solvency as a result of rising interest rates and a positive trend in the equity markets provides a basis for a loan repayment of SEK 500 million to Storebrand ASA. For solvency calculations in Sweden, insurance liabilities are discounted by the market interest rate.

Financial strength



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

Assets under management were NOK 111 billion at the end of the quarter, compared with NOK 108 billion at the end of 2011. During the quarter the capital increased by NOK 3 billion as a result of the rising equity markets. Around 70 per cent of the customer assets in unit linked are exposed to equities.

Market

Premium income[1)]

	1Q		Full year
NOK million	2012	2011	2011
Guaranteed products	739	687	2 632
Unit linked	839	821	3 633
Total	1,578	1,507	6,265

Premium income showed a positive trend and increased by NOK 71 million. For unit linked insurance the premium income was 2 per cent higher than the corresponding period last year. Unit linked insurance accounted for 53 per cent (54 per cent) of SPP's premium income.

Sales

New sales measured in APE amounted to NOK 298 million (NOK 323 million), which represents a decline of 7 per cent. Own sales and sales through the broker channel have increased compared with the previous year. This reduction is attributed to fewer individuals making active choices. Unit linked insurance accounted for 67 per cent (69 per cent) of the total new contracts in 2011. SPP has been named Sweden's best unit linked insurance provider for the fourth year in a row by the independent pension advisor Söderberg & Partners.

New premiums (APE):

- Guaranteed products: NOK 95 million (NOK 95 million) for the quarter.
- Unit linked insurance: NOK 199 million (NOK 223 million) for the quarter.
- Other: NOK 4 million (NOK 4 million) for the quarter.

1) Excluding transfer of premium reserves.

Asset management

- **Assets under management increased by NOK 11.8 billion during the quarter**
- **Good management results give an additional return of NOK 1.1 billion**
- **Net new sales of NOK 1.3 billion – decline from the previous year**

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

Result

Financial performance asset management

NOK million	1Q 2012	1Q 2011	Full year 2011
Operating revenue	164	166	684
Operating cost	-128	-118	-481
Operating result	36	48	203
Net performance fees	-8	28	79
Net financial income	3	1	11
Result before amortisation	31	77	293
Amortisation intangible assets	-1	-2	-9
Pre-tax profit/loss	30	74	284

The asset management business achieved a result before amortisation of NOK 31 million (NOK 77 million) in the first quarter. Last year's figure was especially good as a result of return-based non-recurring income of NOK 35 million. The underlying result for the quarter was nevertheless weaker than in 2011, primarily as a result of cost increases driven by the adaptation of new regulatory requirements and an expansion of the business in the Swedish market. Operating expenses in the quarter increased compared with than the previous year and totalled NOK 128 million (NOK 118 million) for the quarter. In addition, the income performance was somewhat weaker than last year as a result of the market performance throughout 2011. However, assets under management showed good growth, which provides a foundation for higher results in the future.

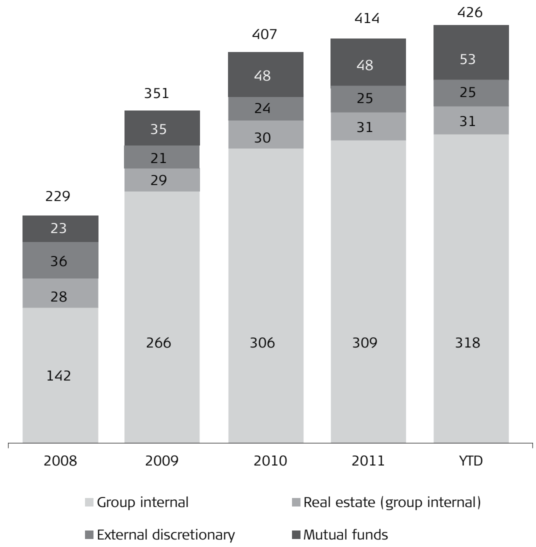
The return-based result was minus NOK 8 million in the first quarter, compared with NOK 28 million in 2011 (non-recurring effects). Return-based income is not recognised as income until it is certain, usually on 31 December. Return above relevant benchmarks increases the provisions for the return-based bonus. This takes place on an ongoing basis throughout the year.

Assets under management

Assets under management totalled NOK 426 billion (NOK 407 billion) at the end of the first quarter. This represents an increase of NOK 11.8 billion during the quarter.

- The management volume from intragroup customers, including real estate, increased by NOK 8 billion during the quarter.
- Securities funds increased by NOK 4 billion during the quarter, as a result of a good level of new subscriptions in SPP Funds and Storebrand Funds.
- The management volume for external discretionary customers has been stable during the quarter.

Assets under management (NOK billion)



Value creation

Value creation during the quarter was positive, Total additional return (return in relation to the relevant benchmarks) was NOK 1,140 million (NOK 206 million) for the first quarter. Of all the equity funds (excluding index funds) 95 per cent (40 per cent) had a return that is better than their benchmark indices (calculated before management fees). The fixed income funds have correspondingly had a return that is 91 per cent (89 per cent) better than their benchmark indices at the end of the quarter.

Market

After a turbulent 2011, 2012 started with greater optimism in the markets. The institutional investors, however, are still marked by a hesitant and cautious attitude. Traditionally the start of the year has been marked by low sales in the institutional market.

The net new sales volume in the asset management business (external discretionary funds and securities funds) totalled NOK 1.3 billion (NOK 2.6 billion) for the quarter. In the first quarter there were subscriptions for NOK 190 million (NOK 2.7 billion) in the Norwegian business and subscriptions of NOK 1.1 billion (NOK 82 million) in the Swedish business. The trend is towards subscriptions for equity funds and redemptions for fixed income funds. The trend shows signs of a greater willingness to accept risk, but investors are still cautious.

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

Banking

- **Stable result development**
- **Reversal of loan loss provisions**
- **New mobile bank and upgraded online bank introduced**

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 advice, transaction services, and financing for corporate customers within commercial real estate.

Result

Financial performance Bank[1)]

NOK million	1Q 2012	1Q 2011	Full year 2011
Net interest income	113	116	443
Net commission income	16	20	73
Other income	15	15	32
Total income	144	150	548
Operating costs	-94	-95	-345
Result before losses	50	55	203
Losses on lending/investment properties	6	-4	10
Result before amortisation	56	51	213
Amortisation intangible assets	-4	-4	-22
Pre-tax profit/loss	51	47	190

The banking group's result of NOK 56 million for the first quarter is attributed primarily to good underlying operations, positive changes in value and the recognition of income on the losses line.

Net interest income totalled NOK 113 million (NOK 116 million) for the quarter. After a rising trend in the money market rates towards the end of 2011, the fixed income market quickly turned around in the direction of lower interest rates after Norges Bank's most recent reductions in its benchmark rate. This has resulted in higher lending margins and placed pressure on the deposit margins. The net interest income as a percentage of the average total assets was 1.18 per cent (1.21 per cent) for the quarter.

An accounting gain of NOK 8 million (NOK 3 million) related to changes in the value of financial instruments had a positive impact on other income in the first quarter. The main reason behind the positive result effect in the quarter was an early repayment of loan in the swap facility with Norges Bank, which gave a positive accounting effect of NOK 6 million.

Operating expenses in the banking group totalled NOK 94 million (NOK 95 million) for the first quarter. Expenses increased sowewhat compared to the previous quarter as a result of marketing expenses and the reclassification of net interest income. The banking business's[2)] cost percentage was 65 per cent for the quarter (64 per cent).

International financial instability has not lead to problems in the bank's lending portfolio to date and the total volume of non-performing loans is low and less than it was during the corresponding period in 2011. NOK 6 million has been recognised as income (losses of NOK 4 million) for write-downs on loans in the first quarter. Group write-downs are lower due to improved portfolio quality.

Balance sheet

Gross lending to customers totalled NOK 34 billion at the end of 1Q. This corresponds to a small increase during the quarter. Corporate market lending accounts for 33 per cent of the portfolio. There are few customers who have defaulted and the portfolio's loss level is low.

The volume of non-performing loans was practically unchanged during the first quarter and accounted for 1.0 per cent (1.0 per cent) of gross lending.

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure with various maturities and issuances in 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 54 per cent at the end of the quarter. This is on par with the corresponding point in time last year. Storebrand Boligkreditt AS issued a NOK 2,750 million bond on the market in the first quarter. The funds have been used, among others, for the early repayment of loans in the swap facility maturing in the autumn of 2013 so that the remaining financing through Norges Bank's swap facility is less than NOK 2 billion.

The banking group's capital adequacy was 13.9 per cent and the core capital ratio was 11.6 per cent at the end of the quarter.

Market

The bank launched a new mobile bank that was positively received in March, and the online bank was integrated with the other online solutions in April. The online solution was upgraded with a new menu structure at the same time, which is well adapted to tablets and smart phones.

1) Encompasses Storebrand Bank Group
2) Banking activities consist of Storebrand Bank ASA and Storebrand Boligkreditt AS.

Insurance

- **Strong risk result**
- **Cost-effective operations**
- **11 per cent growth in premium income**

The Insurance business area is responsible for the group's one-year risk products. These include P&C and health insurance[1], as well as 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

	1Q		Full year
NOK million	2012	2011	2011
Premiums earned, net	470	424	1 807
Claims incurred, net	- 312	- 335	-1 314
Operating costs	- 86	- 80	- 332
Insurance result	**72**	**10**	**161**
Net financial result	17	24	119
Result before amortisation	**89**	**33**	**281**
Amortisation intangible assets	- 1	- 2	- 6
Pre-tax profit/loss	**88**	**31**	**275**

The profit performance of Storebrand Insurance was good in the first quarter. The insurance result was NOK 72 million (NOK 9 million) with an overall combined ratio of 85 per cent (98 per cent). The insurance result reflects a strong risk result and a cost-effective organisation. Premium income for own account was up 11 per cent compared with last year and reflects continued stable growth in the unit.

The result before amortisation was NOK 89 million for the quarter and represents an result improvement of NOK 56 million from 2011.

Key figures Insurance

	1Q		Full year
In %	2012	2011	2011
Claims ratio[2]	66%	79%	73%
Cost ratio[2]	19%	19%	19%
Combined ratio	85%	98%	91%

Storebrand Insurance had a strong risk result for the first quarter with a claims ratio that was 13 percentage points lower than the corresponding period last year. This result improvement is attributed primarily to low winter-related claims and few major claims during the period. The underlying development of risk is good in all product areas. This is a result of continuous development of the pricing models in the unit in combination with specific product measures.

The cost percentage totalled 19 per cent (19 per cent), and the cost base will be further streamlined through increased automation and increased sales via cost-effective and direct channels.

The investment portfolios of Storebrand Insurance total NOK 3.7 billion and are primarily invested in various fixed income securities with a short to medium term duration. Finance income is lower than last year and marked by low interest rates.

Market

Storebrand Insurance offers a broad range of products to the retail and corporate markets. It is felt that the competition is increasing in the retail market and that it is particularly strong in the upper end of the corporate market. The annual premium at the end of the first quarter was NOK 2.1 billion, NOK 1 billion of which was from the retail 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 stable 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 premiums written Storebrand has a market-leading position in health insurance with good sales growth for the quarter. The demand is increasing for product solutions that link health and personal insurance together, as well as disability cover. 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 holding company, Storebrand ASA, and accounting eliminations.

Result

Financial performance other activities

	1Q		Full year
NOK million	2012	2011	2011
Storebrand ASA			
Interest income	21	11	73
Interest expenses	-46	-32	-161
Gains/losses securities	5	-4	-8
Other financial items	-5	-1	-16
Net financial items	-25	-26	-113
Operating costs	-36	-40	-165
Pre-tax profit/loss Storebrand ASA[1)]	-61	-66	-278
Eliminations	0	0	0
Pre-tax profit/loss	-61	-66	-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.

Balance sheet

Storebrand ASA held liquid assets of NOK 1.5 billion at the close of the quarter. This represents an increase of NOK 0.1 billion since the start of the year. The company received group contributions totalling NOK 446 million during the quarter. The company also redeemed a loan of NOK 282 million. Liquid assets consist primarily of short-term fixed income securities.

Storebrand ASA's total interest-bearing liabilities were NOK 3.3 billion at the end of the quarter. The next maturity date for bond debt is in March 2013.

Storebrand ASA owned 0.69 per cent (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
The international financial markets have improved during the quarter and measures from the European Central Bank resulted in better liquidity and a reduction in the risk premium for the banking sector. Access to financing improved, however, unrest in the financial markets increased again towards the end of the quarter and throughout April. There is still a great deal of uncertainty surrounding the development of the economy in Europe, and growth is expected to be low in the coming years. This will also have an impact on the development of Storebrand's home markets, Norway and Sweden.

The interest rate on Norwegian and Swedish ten-year government bonds rose throughout the quarter from a low level in the middle of January, before falling somewhat again recently. The interest rate level is historically low. In the longer term this represents a challenging situation for an insurance company that has to cover an annual interest 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.

Growth is still expected in Storebrand's core markets. Wage inflation in Norway is strong and expected to be around 3.5 per cent in 2012. Growth in the life and pensions market is marked 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 result and cash flow will gradually improve through a transition to products in which the financial performance is less influenced by market fluctuations. Storebrand's goal is to achieve a result before profit sharing and loan losses of NOK 2.5 billion by the end of 2013, but are behind in achieving the goal due to the market unrest in 2011.

The Group result will also be affected by net profit sharing, return-based fees and loan losses. These are elements that are influenced to a greater extent by market performance. Unrest in the financial markets throughout 2011 has resulted in lower customer assets and consequently lower than expected income. Developments in the first quarter have reduced the gap, but we are still working on compensatory cost measures.

Risk
Storebrand is exposed to several types of risk through its business areas. The development of interest rates and the real estate and equity markets are regarded as the most important risk factors that may affect the group's result, in addition to trends in life expectancy and sickness benefits. The level of investment return is important with respect to being able to deliver a return that exceeds the interest rate guarantee for products over time. Risk management is a prioritised core area in the Group. After the financial crisis in 2008, Storebrand has actively built up buffer capital in order to cope with the type of market unrest that is currently being experienced.

Proposal to amend the Norwegian Tax Code
On 1 January 2012 the Ministry of Finance invited interested parties to submit comments on a proposal to restrict the exemption method for shares 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 the parliament, and it is not known when this will happen. Storebrand would have a tax expense of up to 28 per cent as a result of the proposed amendment. 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.

Solvency II
The Banking Law Commission's report on paid-up policies and capital requirements (NOU 2012:3) has been distributed for consultative comments until 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 most important proposal is to allow the conversion of paid-up policies to paid-up policies with investment choice, without a guarantee. In addition, companies may also be allowed to convert multiple small policies into individual pension agreements without a guarantee and to shorten the payment period for small paid-up policies. 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.

Changes to the Norwegian regulatory framework are required to ensure that there is a good, stable occupational pension system for companies and their employees under Solvency II. Storebrand is positive towards the proposed measures, but points out that they are not sufficient to resolve the challenges related to the introduction of Solvency II under the current Norwegian regulations.

The Banking Law Commission continues to work on new regulations for insurance-based occupational pension schemes adapted to the pension reform, altered market conditions and new capital adequacy requirements. The official statement NOU 2012:3 states that the Banking Law Commission intends to put forward proposals for new, insurance-based pension schemes in May/June 2012. The progress schedule for the work is maintained with the intention that the work of investigation shall be completed before summer, but the aim is now for publication after the summer holiday, in August 2012. Storebrand is monitoring these regulative processes closely and has a constructive dialogue with the authorities with regard to these questions.

Internationally, the next milestone in the Solvency II process will be the adoption of amendments to the Solvency II Directive. These amendments are often referred to as Omnibus II. 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. The Omnibus II resolution is expected in September. 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 schedule still states that Solvency II will be implemented on 1 January 2014.

Future reserves for higher life expectancy
The Norwegian FSA is working, together with the financial industry, to update the Norwegian mortality tables. There is a general need for strengthening of the longevity reserves for the collective portfolios. Depending on assumptions about future mortality, it is expected that the strengthening will be approximately 3-7 percent of premium reserves for the collective portfolios. It is also expected that the reserving can be made from returns above the interest rate guarantee for the customer portfolios.

Possible reserving needs should be viewed in combination with the ongoing changes in Norwegian legislation for occupational pensions and the introduction of life expectancy adjustment, which is expected from the Government Law Commission this summer. A new product structure for occupational pensions can positively affect both the need for future reserves and the time line. Storebrand has reserved NOK 1.5 billion during 2010 and 2011 for future longevity reserves. Customers have to take into account that Storebrand Life Insurance also in 2012 will use most of the returns above the interest rate guarantee to strengthen the longevity reserves.

Lysaker, 02 May 2012

Storebrand Group

PROFIT AND LOSS ACCOUNT

		1Q		Full year
Million NOK	Note	2012	2011	2011
Net premium income		8,658	9,586	25,587
Net interest income - banking activities	11	113	116	443
Net income from financial assets and property for the company:				
- equities and other units at fair value	12	-2		25
- bonds and other fixed-income securities at fair value	12	198	153	505
- financial derivatives at fair value	12	8	22	38
- net income from bonds at amortised cost	12	32	1	49
- net income from properties	17	9	15	82
- result from investments in associated companies		-2	2	-4
Net income from financial assets and real estate for the customers:				
- equities and other units at fair value	12	5,109	-1,041	-5,998
- bonds and other fixed-income securities at fair value	12	1,585	105	7,890
- financial derivatives at fair value	12	-3	2,406	2,852
- net income from bonds at amortised cost	12	424	484	2,850
- net interest income lending		31	29	126
- net income from properties	17	202	467	1,581
- result from investments in associated companies		-6	17	72
Other income		516	575	2,127
Total income		**16,873**	**12,935**	**38,225**
Insurance claims for own account		-6,453	-8,484	-25,107
Change in insurance liabilities		-5,258	-1,952	-11,668
To/from buffer capital		-3,364	-901	4,163
Losses from lending/reversal of previous losses		6	3	14
Operating costs	13	-919	-849	-3,392
Other costs incl. currency bank		-37	-65	-274
Interest expenses		-179	-171	-681
Total costs before amortisation and write-downs		**-16,206**	**-12,419**	**-36,946**
Profit before amortisation and write-downs		**667**	**516**	**1,279**
Amortisation and write-downs of intangible assets		-95	-100	-394
Group pre-tax profit		**571**	**416**	**885**
Tax cost	3	-47	-23	-144
Result after tax sold/wound up business			-2	-60
Profit/loss for the year		**524**	**392**	**681**
Profit/loss for the year due to:				
Majority's share of profit		523	390	674
Minority's share of profit		1	2	7
Total		**524**	**392**	**681**

Earnings per ordinary share (NOK)	1,17	0,87	1,51
Average number of shares as basis for calculation (million)	446,4	446,1	446,3
There is no dilution of the shares			

Storebrand Group

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Q1		Full year
Million NOK	2012	2011	2011
Profit/loss for the year	524	392	681
Other result elements			
Change in pension experience adjustments, net of tax	-18	-10	52
Translation differences, after tax	-91	20	117
Adjustment of value of properties for own use, net of tax	6	12	76
Gains/losses available-for-sale bonds	-13	-205	-218
Total comprehensive income elements allocated to customers	7	193	142
Total other result elements	**-109**	**10**	**169**
Total comprehensive income	**415**	**402**	**850**
Total comprehensive income due to:			
Majority's share of total comprehensive income	416	398	841
Minority's share of total comprehensive income	-1	4	9
Total	**415**	**402**	**850**

Storebrand Group

STATEMENT OG FINANCIAL POSITION

Million NOK	Note	31.3.12	31.12.11
Assets company portfolio			
Deferred tax assets		26	58
Intangible assets		6,379	6,523
Pension assets		46	46
Tangible fixed assets		143	132
Investments in associated companies		122	125
Claims from associated companies		69	69
Financial assets at amortised cost:			
- Bonds		2,411	1,985
- Bonds held to maturity		223	169
- Lending to financial institutions		322	269
- Lending to customers	16	33,499	33,323
Reinsurers' share of technical reserves		177	176
Real estate at fair value	17	1,332	1,347
Properties for own use	17	68	335
Biological assets		106	64
Accounts receivable and other short-term receivables		2,084	1,803
Financial assets at fair value:	*14*		
- Equities and other units		314	322
- Bonds and other fixed-income securities		19,818	20,059
- Derivatives		1,377	1,291
Bank deposits		4,125	3,924
Assets sold/liquidated business	20	20	35
Total assets company		**72,659**	**72,056**
Assets customer portfolio			
Investments in associated companies		90	106
Claims from associated companies		496	428
Financial assets at amortised cost:			
- Bonds		66,621	62,976
- Bonds held to maturity		10,540	7,983
- Lending to customers	16	3,164	3,010
Real estate at fair value	17	27,813	27,740
Properties for own use	17	1,405	1,125
Biological assets		501	552
Accounts receivable and other short-term receivables		2,690	1,900
Financial assets at fair value:	*14*		
- Equities and other units		84,756	84,936
- Bonds and other fixed-income securities		126,479	128,034
- Derivatives		4,317	5,149
Bank deposits		5,508	5,447
Total assets customers		**334,379**	**329,386**
Total assets		**407,038**	**401,442**

Continues on next page

Storebrand Group

STATEMENT OF FINANCIAL POSITION CONTINUE

Million NOK	Note	31.3.12	31.12.11
Equity and liabilities			
Paid in capital		11,718	11,717
Retained earnings		7,350	6,929
Minority interests		134	132
Total equity		**19,202**	**18,777**
Subordinated loan capital	15	7,602	7,496
Buffer capital		18,498	15,480
Insurance liabilities		310,046	307,095
Pension liabilities		1,654	1,629
Deferred tax		53	
Financial liabilities:			
- Liabilities to financial institutions	15	3,681	6,016
- Deposits from banking customers	18	18,106	18,477
- Securities issued	15	15,933	13,626
- Derivatives company portfolio		529	736
- Derivatives customer portfolio		1,470	1,983
Other current liabilities		10,242	10,095
Liabilities sold/liquidated business	20	21	30
Total liabilities		**387,836**	**382,665**
Total equity and liabilities		**407,038**	**401,442**

Storebrand Group

RECONCILIATION OF GROUP'S EQUITY

	Majority's share of equity									
	Paid in capital				Retained earnings					
NOK million	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
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							523	523	1	524
Change in pension experience adjustments					-18			-18		-18
Translation differences						-89		-89	-2	-91
Total other result elements					**-18**	**-89**		**-107**	**-2**	**-109**
Total comprehensive income for the period					**-18**	**-89**	**523**	**416**	**-1**	**415**
Equity transactions with owners:										
Own shares		2		2			22	22		24
Provision for dividend										
Purchase of minority interests							-4	-4		-4
Other							-13	-13	2	-12
Equity at 31 March 2012	**2,250**	**-16**	**9,485**	**11,718**	**-767**	**128**	**7,989**	**7,350**	**134**	**19,202**

1) 449,909,891 shares with a nominal value of NOK 5.
2) Includes undistributable funds in the risk equalisation fund amounting to NOK 514 million and security reserves amounting NOK 235 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 fulfilment of the capital requirements, see note 21.

Storebrand Group

CASH FLOW ANALYSIS

	01.01 – 31.03	
Million NOK	2012	2011
Cash flow from operational activities		
Net receipts - insurance	4,660	6,085
Net payments compensation and insurance benefits	-3,980	-4,340
Net receipts/payments - transfers	-1,336	-2,572
Receipts - interest, commission and fees from customers	394	272
Payments - interest, commission and fees to customers	-153	-119
Payment of income tax	-2	-3
Payments relating to operations	-797	-697
Net receipts/payments - other operational activities	-563	288
Net cash flow from operations before financial assets and banking customers	**-1,777**	**-1,085**
Net receipts/payments - lending to customers	-9	412
Net receipts/payments - deposits bank customers	-373	-149
Net receipts/payments - mutual funds	3,122	1,280
Net receipts/payments - real estate investments	288	-141
Net change in bank deposits insurance customers	-35	885
Net cash flow from financial assets and banking customers	**2,992**	**2,287**
Net cash flow from operational activities	**1,215**	**1,202**
Cash flow from investment activities		
Net receipts/payments - sale/purchase of property and fixed assets	-6	-22
Net receits/payments - sale/purchase of fixed assets	-58	-9
Net receits/payments - purchase/capitalization of associated companies and joint ventures	-17	
Net cash flow from investment activities	**-81**	**-31**
Cash flow from financing activities		
Payments - repayments of loans	-2,582	-883
Receipts - new loans	3,853	699
Payments - interest on loans	-192	-92
Payments - interest on subordinated loan capital	-63	-61
Net receipts/payments - lending to and claims from other financial institutions	-1,910	-415
Receipts - issuing of share capital	11	15
Net cash flow from financing activities	**-882**	**-737**
Net cash flow for the period	**252**	**433**
- of which net cash flow in the period before financial assets and banking customers	-2,740	-1,854
Net movement in cash and cash equivalents	256	433
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
Cash and cash equivalents at the end of the period [1)]	**4,447**	**3,577**
1) Consist of:		
Lending to financial institutions	322	371
Bank deposits	4,125	3,207
Total	**4,447**	**3,577**

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.

Storebrand continuously builds up reserves to new tariffs in connection with increased life expectancy, and the building up of reserves in a time-limited period can be charged to the running return. Any deficient future return in connection with this may reduce the profit allocated to the owner. The Norwegian FSA is working, together with the financial industry, to update the Norwegian mortality tables. There is a general need for strengthening of the longevity reserves for the collective portfolios. Depending on assumptions about future mortality, it is expected that the strengthening will be approximately 3-7 percent of premium reserves for the collective portfolios. It is also expected that the reserving can be made from returns above the interest rate guarantee for the customer portfolios. There is uncertainty associated with this.

Possible reserving needs should be viewed in combination with the ongoing changes in Norwegian legislation for occupational pensions and the introduction of life expectancy adjustment, which is expected from the Government Law Commission this summer. A new product structure for occupational pensions can positively affect both the need for future reserves and the time line. Storebrand has reserved 1.5 billion NOK during 2010 and 2011 for future longevity reserves. Customers have to take into account that Storebrand Life Insurance also in 2012 will use most of the returns above the interest rate guarantee to strengthen the longevity reserves.

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.

Notes to the interim accounts Storebrand Group

Proposed amendments to tax legislation are not applied in the accounts as of the first quarter of 2012, as the proposals cannot be considered to be adopted or largely adopted. Tax costs in the first quarter 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 1Q.

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 2011 annual report in notes 3 (Critical accounting estimates and judgements), 7 (Financial market risk), 8 (Liquidity risk) and 9 (Credit risk).

In general, the most important financial markets have developed favourably in the first quarter, and this has had positive significance for the company's result and risk situation. However, at the end of the quarter and subsequently financial market unrest has increased.

The Euro countries' challenges in terms of high national debt and high interest rates in the so-called PIIGS countries – Portugal, Italy, Ireland, Greece and Spain – have continued to affect international developments in the first quarter. A debt deal for Greece adopted by the EU in March, as well as the European Central Bank's lending measures to the banks, appears to have settled the markets in the short term and given the most exposed countries some breathing space. The structural budget deficits still need to be addressed, and the more long-term challenges and budget cuts will lead to high unemployment and reduce economic growth in the medium term.

Throughout 2011 credit risk in Storebrand Bank has been gradually reduced. This development has continued in the first quarter of 2012, and the non-performing lending volume, both with and without impairment, is at a low level.

Despite significant movement during the first quarter, the interest rate level in Norway at the end of the quarter was approximately the same as at the end of 2011. In Sweden interest rates have increased during the first quarter, and this has reduced interest rate risk. Both in Norway and Sweden major portions of insurance liabilities are subject to a nominal interest rate guarantee. Higher interest rates increase the probability that customers' interest rate guarantees can be met without depleting equity.

In general, the equity markets have developed favourable in the first quarter, and the most important equity markets for Storebrand have provided returns of close to 10% for the period. This has provided lower risk even though the equity percentage has increased somewhat through dynamic risk management.

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. Two result areas are reported for life and pensions: Life and Pensions Norway (LPN) and Life and Pensions Sweden (LPS). Storebrand is the Nordic region's leading provider of life insurance and pensions, and offers a comprehensive range of products to retail customers, local authorities, and the public sector.

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.

	1Q		Year
NOK million	2012	2011	2011
Storebrand Life Insurance	197	156	481
SPP	355	265	291
Asset management	31	77	293
Storebrand Bank	56	51	213
Insurance	89	33	281
Other activities	-61	-66	-278
Group result	**667**	**516**	**1,279**
Write-down and amortisation of intangible assets	-95	-100	-394
Group pre-tax profit	**571**	**416**	**885**

Notes to the interim accounts Storebrand Group

Segment information as of 1Q

	Storebrand Life Insurance [1]		SPP [1]		Asset management		Banking	
NOK million	31.3.12	31.3.11	31.3.12	31.3.11	31.3.12	31.3.11	31.3.12	31.3.11
Revenue from external customers	11,358	9,821	4,400	2,721	120	151	143	142
Revenue from other group companies [2]		8			48	52	1	1
Group result before amortisation and write-downs of intangible assets	197	156	355	265	31	77	56	51
Amortisation and write-downs			-89	-91	-1	-2	-4	-4
Group pre-tax profit	**197**	**156**	**266**	**173**	**30**	**74**	**51**	**47**
Assets	229,187	223,535	133,008	127,989	743	928	38,317	38,842
Liabilities	218,109	212,134	128,094	123,346	545	677	36,021	36,565

	Insurance		Other		Eliminations		Storebrand Group	
NOK million	31.3.12	31.3.11	31.3.12	31.3.11	31.3.12	31.3.11	31.3.12	31.3.11
Revenue from external customers	885	781	499	1,165	-532	-1,846	16,873	12,935
Revenue from other group companies [2]					-49	-61		
Group result before amortisation and write-downs of intangible assets	89	33	413	1,092	-474	-1,158	667	516
Amortisation and write-downs	-1	-2					-95	-100
Group pre-tax profit	**88**	**31**	**413**	**1,092**	**-474**	**-1,158**	**571**	**416**
Assets	3,981	3,399	19,901	19,193	-18,099	-12,443	407,038	401,442
Liabilities	3,482	3,102	3,500	3,120	-1,914	3,719	387,836	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	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010	3Q 2010	Q2 2010
Group								
Earnings per ordinary share	1.17	1.51	1.47	1.87	0.87	3.30	1.16	-0.16
Equity	19,202	18,777	18,555	18,736	18,832	18,417	17,755	17,154
Capital adequacy	14.3%	13.9%	14.0%	13.2%	12.8%	13.1%	13.0%	13.0%
Storebrand Life Insurance								
Premium income after reinsurance	5,526	15,288	12,368	8,811	5,694	15,174	12,420	9,297
Net inflow of premium reserves	-1,013	-4,690	-4,049	-3,286	-2,390	1,857	1,543	1,962
Policyholders' fund incl. accrued profit	211,864	206,339	201,092	204,154	203,558	201,265	198,708	194,488
- of which products with guaranteed return	*171,300*	*170,012*	*169,099*	*168,807*	*167,805*	*166,509*	*167,469*	*166,581*
Market return customer funds with guarantee	2.1%	3.4%	1.7%	2.7%	1.5%	6.1%	4.1%	1.6%
Booked investment yield customer funds with guarantee	0.9%	4.6%	3.0%	2.6%	1.3%	4.9%	3.2%	1.6%
Investment yield company portfolio	1.5%	5.1%	3.8%	3.0%	1.4%	5.8%	4.1%	2.2%
Solvency capital (Storebrand Life Insurance Group)[1]	43,687	40,109	40,326	44,543	43,375	42,710	40,413	36,102
Capital adequacy (Storebrand Life Insurance Group) [2]	14.2%	13.8%	14.6%	13.6%	13.3%	13.6%	13.8%	14.9%
Solvency margin (Storebrand Life Insurance Group) [2]	163%	161%	165%	162%	161%	164%	158%	159%
SPP								
Premium income after reinsurance	1,578	6,049	4,714	3,411	1,507	6,418	5,084	3,705
Net inflow of premium reserves	-320	-802	-634	-377	-176	-829	-485	-224
Policyholders' fund incl. accrued profit (excl. conditional bonus)	105,028	105,857	101,528	99,881	101,124	100,987	102,466	96,959
- of which products with guaranteed return	*71,160*	*73,880*	*71,911*	*67,668*	*68,780*	*68,870*	*72,249*	*69,053*
Return Defined Benefit	0.6%	8.6%	6.0%	3.4%	0.8%	6.0%	7.1%	3.3%
Return Defined Contribution	0.8%	8.0%	5.6%	3.3%	0.5%	5.1%	6.2%	3.2%
Conditional bonus	8,393	7,417	6,788	9,059	9,159	8,504	7,460	6,192
Deferred capital contribution	2,642	2,905	2,671	2,105	2,139	2,233	2,569	2,671
Solvency margin (SPP Life Insurance AB) [3]	226%	169%	166%	224%	256%	263%	214%	211%
Asset management								
Total funds under management	425,816	413,950	405,215	409,477	408,376	406,922	396,326	383,590
Funds under management for external clients	77,463	73,665	70,260	71,224	72,834	71,657	64,980	61,891
Costs/AuM bp [4]	12.0	12.0	12.2	12.1	11.9	11.6	11.2	11.5
Banking								
Net interest income as a percentage of average total assets	1.18%	1.13%	1.16%	1.17%	1.21%	1.10%	1.09%	1.08%
Costs/income % (banking) [5]	65%	66%	66%	63%	64%	68%	67%	70%
Deposits from and due customers as % of gross lending	54%	55%	56%	58%	54%	55%	54%	55%
Gross defaulted and loss-exposed loans as % of gross lending	1.0%	1.0%	1.1%	1.1%	1.2%	2.0%	1.6%	1.6%
Gross lending	33,642	33,475	32,869	33,185	34,229	34,460	34,282	35,005
Core (tier 1) capital ratio	11.6%	11.4%	10.9%	10.8%	10.3%	10.6%	10.9%	10.4%
Insurance								
Claims ratio	66%	73%	73%	75%	79%	77%	78%	81%
Cost ratio	19%	19%	19%	19%	19%	21%	21%	22%
Combined ratio	85%	91%	92%	94%	98%	98%	99%	103%

[1] 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.
[2] Storebrand Livsforsikring AS has some 10 to 15 per cent ownership interests in undertakings that invest in real estate. A capital adequacy reserve of 100 per cent of the carrying amount has previously been allocated in primary capital for these investments. An authority approved calculation method was adopted as per the close of 3Q in which proportional consolidation is used for these investments. The new calculation method provides a more comprehensive picture of the underlying risk.
[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	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010	3Q 2010	Q2 2010
Total income	16,873	12,759	1,931	10,599	12,935	11,491	13,767	5,852
Total costs	-16,206	-12,491	-1,980	-10,056	-12,419	-10,822	-13,061	-5,891
Group pre-tax profit	571	170	-146	445	416	568	607	-136
Profit for the period before other comprehensive income	524	40	-175	447	392	960	589	-254
Profit by business area								
Storebrand Life Insurance	197	139	18	167	156	273	274	73
SPP	355	-14	-220	260	265	202	287	-181
Asset management	31	90	73	53	77	168	69	42
Banking	56	51	50	61	51	40	57	35
Insurance	89	77	95	75	33	50	74	47
Other acitvities	-61	-75	-65	-73	-66	-62	-55	-54
Profit before amortisation and write-downs	**667**	**268**	**-49**	**544**	**516**	**669**	**706**	**-39**
Amortisation and write-downs of intangible assets	-95	-99	-97	-99	-100	-101	-99	-96
Group pre-tax profit	**571**	**170**	**-146**	**445**	**416**	**568**	**607**	**-136**

NOTE 11: NET INTEREST INCOME - BANKING

NOK million	1Q 2012	2011	Year 2011
Total interest income	399	375	1,537
Total interest expenses	-286	-259	-1,094
Net interest income	**113**	**116**	**443**

NOTE 12: NET INCOME ANALYSED BY CLASS OF FINANCIAL INSTRUMENTS

				1Q		
NOK million	Dividend/ interest income	Net gain/losses on disposals	Net unrealised gains/losses	2012	2011	Year 2011
Net income from equities and units	223	-798	5,682	5,107	-1,040	-5,972
Net income from bonds, bond funds and other fixed-income securities	1,076	122	586	1,784	258	8,393
Net income from financial derivatives, FVO	67	1,510	-1,571	5	2,427	2,890
Net income and gains from financial instruments at fair value	**1,366**	**834**	**4,697**	**6,896**	**1,644**	**5,310**
Net income from bonds at amortised cost[1)]	**767**	**-312**		**456**	**485**	**2,901**

[1)] *Inclusive actual profit from issued bonds at amortised cost.*

NOTE 13: OPERATING COSTS

NOK million	1Q 2012	1Q 2011	Year 2011
Personnel costs	-524	-511	-1,964
Amortisation	-32	-24	-108
Other operating costs	-364	-314	-1,320
Total operating costs	**-919**	**-849**	**-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 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. Naturally, the principles applied for the classification of corporate bonds have been considered in this connection. Inasmuch as the company has established models that gather information from a wide range of well-informed brokerage houses in our valuations, we have come to the conclusion that we have managed to remove most of the uncertainty. We can assume that the sources we use, overall, carry out the majority of the transactions in the primary and secondary market so that our valuation nevertheless provides a representative picture of the market as a whole.

Notes to the interim accounts Storebrand Group

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	31.3.12	31.12.11
Assets:					
Equities and units					
- Equities	21,727	611	3,090	25,428	26,261
- Fund units		47,862	2,157	50,019	49,263
- Private equity fund investments		1,481	5,508	6,989	6,839
- Hedge fund		653	25	678	919
- Indirect real estate fund		15	1,941	1,956	1,976
Total equities and units	**21,727**	**50,621**	**12,722**	**85,070**	
Total equities and units 2011	22,647	50,054	12,557		85,258
Lending to customers		**944**		**944**	
Lending to customers 2011		788			788
Bonds and other fixed-income securities					
- State and state guaranteed bonds	22,228	22,233		44,460	47,051
- Financial and corporate bonds		18,632	1,215	19,847	21,333
- Asset backed securities	64	34,352	120	34,535	34,562
- Supranational organisations		2,212		2,212	2,212
- Bond funds		45,243		45,243	42,935
Total bonds and other fixed-income securities	**22,292**	**122,671**	**1,335**	**146,297**	
Total bonds and other fixed-income securities 2011	23,372	122,717	2,002		148,092
Derivatives:					
- Interest rate derivatives		3,174		3,174	4,668
- Currency derivatives		523		523	-949
- Credit derivatives		-3		-3	2
Total derivatives		**3,695**		**3,695**	**3,721**
- of which derivatives with a positive market value		5,716		5,716	
- of which derivatives with a negative market value		-2,021		-2,021	
Total derivatives 2011		3,721			3,721
Liabilities:					
Liabilities to financial institutions					3,497
Deposits from and debt to customers		**1,976**		**1,976**	
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	43,089	68,378

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	-146	-65	134	-1	-28	-30	-1,836
Supply/disposal	21	5	126			36	9
Sales/due settlements	97	6	28			1	1,157
Transferred to quoted prices from observable assumptions	22						
Translation differences	-16	-13	-6			-5	
Book value 31.3.12	**3,090**	**2,157**	**5,508**	**25**	**1,941**	**1,215**	**120**

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

NOTE 15: LIQUIDITY RISK

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Carrying amount
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	114
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	2,516
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,703
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,122
Dated subordinated loan capital					
Storebrand Bank ASA	250	NOK	Variable	2012	178
Storebrand Bank ASA	150	NOK	Variable	2012	150
Storebrand Bank ASA	150	NOK	Variable	2017	149
Total subordinated loans and hybrid tier 1 capital 31.03.12					**7,602**
Total subordinated loans and hybrid tier 1 capital 31.12.11					**7,496**

Specification of liabilities to financial institutions

NOK million	Book value 31.03.12	Book value 31.12.11
Call date		
2012	955	1,769
2013	1,742	3,258
2014	984	988
Total liabilities to financial institutions	**3,681**	**6,016**

Specification of securities issued

NOK million	Book value 31.03.12	Book value 31.12.11
Call date		
2012	849	2,083
2013	1,973	2,031
2014	3,741	3,583
2015	2,835	1,466
2016	3,373	3,369
2017	2,056	
2019	1,107	1,095
Total securities issued	**15,933**	**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 31 March 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.

Notes to the interim accounts Storebrand Group

NOTE 16: LEANDING

NOK million	31.3.12	31.12.11
Corporate market	14,362	14,201
Retail market	22,449	22,289
Gross lending	**36,811**	**36,490**
Write-down of lending losses	-148	-157
Net lending	**36,663**	**36,333**

Non-performing and loss-exposed loans

NOK million	31.3.12	31.12.11
Non-performing and loss-exposed loans without identified impairment	163	159
Non-performing and loss-exposed loans with identified impairment	160	171
Gross non-performing loans	**323**	**330**
Individual write-downs	-102	-103
Net non-performing loans	**221**	**227**

NOTE 17: REAL ESTATE

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

	1Q		Year
NOK million	2012	2011	2011
Rent income from properties [1]	458	411	1,815
Operating costs (including maintenance and repairs) relating to properties that have provided rent income during the period [2]	-86	-93	-408
Result minority defined as liabilitites	-12	-31	-71
Total	**360**	**287**	**1,336**
Realised gains/losses	-15	-2	82
Change in fair value	-134	197	245
Total income real estate	**211**	**482**	**1,663**
Distribution by company and customers:			
Company	9	15	82
Customer	202	467	1,581
Total income from real estate	**211**	**482**	**1,663**
[1] Of which properties for own use	19	18	73
[2] Of which properties for own use	-1	-1	-6

Notes to the interim accounts Storebrand Group

Change in value real estate investments

	1Q		
NOK million	2012	2011	2011
Wholly owned real estate investments - investment properties	-134	204	249
Property equities and units in Norway[1]	-5	11	73
Property units abroad [1]	14	114	131
Total changes in value investment properties	**-125**	**329**	**453**
Properties for own use	-6		27
Total changes in value in real estate	**-132**	**329**	**480**
Realised gains/losses sold real estate	**-15**	**-2**	**82**

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

Book value of investment properties[1]

NOK million	31.3.12	31.12.11
Book value 01.01	29,087	27,391
Supply due to purchases		2,078
Supply due to additions	237	624
Disposals	-17	-1,284
Net write-ups/write-downs	-140	261
Taken over properties[2]		12
Exchange rate changes	-22	5
Book value	**29,144**	**29,087**

[1] Consists of investment properties in Storebrand Life Insurance Group and taken over properties in Storebrand Bank Group
[2] Storebrand Bank Group has taken over properties in connection with defaulted loans.
The properties are valued individually on the basis of the estimated income and costs associated with the completion/sale of the property projects.

Property type

			31.3.12		
NOK million	31.3.12	31.12.11	Duration of lease (years)	m2[2]	Leased amount in %[1]
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	6,166	6,044	7	141	95
Rest of Greater Oslo	8,481	7,746	5	242	94
Rest of Norway	2,696	2,719	12	198	98
Shopping centres (including parking and storage)	9,533	10,321	3	547	100
Multi-storey car parks	657	654	5	27	100
Office buildings in Sweden	891	853	8	40	60
Cultural/conference centres in Sweden	393	399	20	19	100
Other property	328	340			
Taken over properties		12			
Total investment properties	**29,144**	**29,087**		**1,215**	
Properties for own use	1,472	1,460	7	54	95
Total properties	**30,617**	**30,547**		**1,269**	

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

Notes to the interim accounts Storebrand Group

Geographical location:

NOK million	31.3.12	31.12.11
Oslo - Vika/Fillipstad Brygge	6,823	6,698
Rest of Greater Oslo	10,401	9,664
Rest of Norway	11,781	12,594
Sweden	1,284	1,252
Other	328	340
Total properties	**30,617**	**30,547**

A further NOK 250 million was agreed for property purchases in 1Q 2012, but the assumption of the risk and final conclusion of contracts will occur in 2Q 2012. NOK 297 million in Storebrand and SEK 188 million in SPP have been committed but not drawn on in international real estate funds.

Calculation of fair value for real estate
Investment properties 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 properties' 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 property. 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 properties portfolio is 94-98 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 is based on 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.

Required rate of return
An individual required rate of return is set for each property. The required rate of return should be viewed in relation to the property's 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 property
- Location
- Structual standard
- Environmental standard
- Contract duration
- Quality of tenant
- All other information about property values, the market and the individual property

In the case of shopping centres, the property'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 property will be taxated as a minimum every third year, there is a methodic approach in order to choose a selection of property to taxate every quarter. As per 31 March 2012, valuations had been obtained for approximately 17 per cent of Storebrand's property portfolio in Norway.

The properties 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	31.3.12	31.12.11	31.3.12	31.12.11
Office buildings (including parking and storage):				
Oslo-Vika/Filipstad Brygge	7,12 - 8,70	7,20 - 8,70	6,823	6,698
Rest of Greater Oslo	7,35 - 10,20	7,70 - 9,79	9,954	9,206
Rest of Norway	7,60 - 10,20	8,40 - 9,75	2,696	2,719
Shopping centre portfolio	7,70 - 10,25	7,74 - 9,25	9,533	10,321
Office buildings Sweden	7,00 - 9,00	7,00 - 9,00	891	853
Culture and conference Sweden	7,00 - 9,00	7,00 - 9,00	393	399
Other			328	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 property'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 mill.	31.3.12	31.12.11
Corporate market	6,487	6,956
Retail market	11,619	11,521
Total	**18,106**	**18,477**

Notes to the interim accounts Storebrand Group

NOTE 19: CONTINGENT LIABILITIES

NOK million	31.3.12	31.12.11
Guarantees	296	294
Unused credit limit lending	5,631	5,697
Uncalled residual liabilities re limited partnership	5,227	5,898
Other liabilities/lending commitments	1,460	1,409
Total contingent liabilities	**12,615**	**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.

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.

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.

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 profit and loss accounts, assets and liabilities are classified as hold for sale in the Group accounting. The 2011 corresponding figures have accordingly been revised.

Notes to the interim accounts Storebrand Group

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. A percentage of the conditional bonus is included in the core (tier 1) capital pursuant to the conditions stipulated by Finanstilsynet and this applies to that part of the insurance capital that is not guaranteed in SPP. 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	31.3.12	31.12.11
Share capital	2,250	2,250
Other equity	16,952	16,528
Equity	**19,202**	**18,777**
Hybrid tier 1 capital	1,779	1,779
Conditional bonus	3,098	3,024
Goodwill and other intangible assets	-6,489	-6,635
Deferred tax assets	-26	-58
Risk equalisation fund	-514	-469
Deductions for investments in other financial institutions	-15	-3
Security reserves	-245	-238
Minimum requirement reassurance allocation	-8	-7
Capital adequacy reserve	-115	-121
Other	-10	132
Core (tier 1) capital	**16,658**	**16,181**
Perpetual subordinated capital	4,979	5,024
Ordinary primary capital	476	400
Deductions for investments in other financial institutions	-15	-3
Capital adequacy reserve	-115	-121
Tier 2 capital	**5,325**	**5,300**
Net primary capital	**21,983**	**21,482**

Notes to the interim accounts Storebrand Group

Minimum requirements primary capital in capital adequacy

NOK million	31.3.12	31.12.11
Credit risk		
Of which by business area:		
Capital requirements insurance	10,554	10,653
Capital requirements banking	1,674	1,598
Capital requirements securities undertakings	9	9
Capital requirements other	-41	48
Total minimum requirements credit risk	**12,195**	**12,308**
Operational risk/settlement risk	118	118
Deductions	-25	-24
Minimum requirements primary capital	**12,288**	**12,401**
Capital adequacy ratio	**14.3 %**	**13.9 %**
Core (tier 1) capital ratio	**10.8 %**	**10.4 %**

Solvency requirements for cross-sectoral financial groups

NOK million	31.3.12	31.12.11
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	12,288	12,401
- capital requirements insurance companies	-10,554	-10,653
Capital requirements pursuant to capital adequacy regulations	1,734	1,748
Requirements re solvency margin capital insurance	11,473	11,500
Total requirements re primary capital and solvency capital	**13,207**	**13,249**
Primary capital and solvency capital		
Net primary capital	21,983	21,482
Change in solvency capital for insurance in relation to primary capital		
Conditional bonus - not approved as solvency capital[1)]	-3,098	-3,024
Other solvency capital	2,988	3,060
Total primary capital and solvency capital	**21,873**	**21,519**
Surplus solvency capital	**8,666**	**8,270**

[1)] 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 capital adequacy ratio and core (tier 1) capital ratio as of 31.03.2012 would have been 12.3 % and 8.8 % respectively when the conditional bonus is excluded. This will not affect the Group's solvency capital or the solvency margin of Storebrand Life Insurance.

Storebrand ASA

PROFIT AND LOSS ACCOUNT

	1Q		Full year
NOK million	2012	2011	2011
Operating income			
Income from investments in subsidiaries			474
Net income and gains from financial instruments:			
- bonds and other fixed-income securities	14	27	73
- financial derivatives/other financial instruments	12	-20	-12
Other financial instruments		1	4
Operating income	**26**	**8**	**539**
Interest expenses	-46	-32	-161
Other financial expenses	-5	-1	-16
Operating costs			
Personnel costs	-6	-8	-31
Amortisation			-1
Other operating costs	-30	-32	-133
Total operating costs	**-36**	**-40**	**-165**
Total costs	**-87**	**-73**	**-343**
Pre-tax profit	**-61**	**-65**	**196**
Tax	17		504
Profit for the period	**-44**	**-65**	**700**

Storebrand ASA

STATEMENTS OF FINANCIAL POSITION

NOK million	31.03.12	31.12.11
Fixed assets		
Deferred tax assets	649	632
Pension assets	46	46
Tangible fixed assets	32	32
Shares in subsidiaries	16,662	16,658
Total fixed assets	**17,388**	**17,368**
Current assets		
Owed within group	36	474
Lending to group companies	983	986
Other current receivables	7	5
Investments in trading portfolio:		
- bonds and other fixed-income securities	1,363	1,268
- financial derivatives/other financial instruments	36	53
Bank deposits	128	126
Total current assets	**2,554**	**2,912**
Total assets	**19,942**	**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	4,683	4,718
Total equity	**16,401**	**16,434**
Non-current liabilities		
Pension liabilities	195	195
Securities issued	3,271	3,544
Total non-current liabilities	**3,466**	**3,739**
Current liabilities		
Financial derivatives		23
Debt within group	41	46
Other current liabilities	33	39
Total current liabilities	**75**	**107**
Total equity and liabilities	**19,942**	**20,280**

Storebrand ASA

CASH FLOW STATEMENT

NOK million	01.01 - 31.03 2012	2011
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	14	4
Net receipts/payments - securities at fair value	-75	231
Payments relating to operations	-68	-45
Net receipts/payments - other operational activities	447	210
Net cash flow from operational activities	**318**	**401**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	-6	-7
Net receipts/payments - sale/purchase of property and fixed assets		1
Net cash flow from investment activities	**-6**	**-6**
Cash flow from financing activities		
Payments - repayments of loans	-281	-218
Payments - interest on loans	-39	-22
Receipts - issuing of share capital	11	15
Net cash flow from financing activities	**-310**	**-225**
Net cash flow for the period	**2**	**170**
Net movement in cash and cash equivalents	2	170
Cash and cash equivalents at start of the period	126	74
Cash and cash equivalents at the end of the period	**128**	**244**

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

NOK million	Share capital[1]	Own shares	Share premium	Other equity	Equity 31.03.12	Equity 31.12.11
Equity as per 1 January	2,250	-18	9,485	4,718	16,434	15,634
Profit for the year				-44	-44	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**	**4,683**	**16,401**	**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 31 March 2012 was 3 124 482.

NOTE 4: BONDS ISSUED

NOK million	Interest rate	Currency	Net nominal value	31.03.12	31.12.11
Bond loan 2009/2012	Variable	NOK	282		282
Bond loan 2010/2013 [1]	Fixed	NOK	200	203	211
Bond loan 2010/2013	Variable	NOK	400	400	400
Bond loan 2009/2014 [1]	Fixed	NOK	550	591	582
Bond loan 2009/2014 [1]	Fixed	NOK	550	577	570
Bond loan 2011/2016	Variable	NOK	1,000	997	997
Total bond loan				**2,768**	**3,042**
Bank loan 2011/2013	Variable	NOK	507	503	502
Total [2]				**3,271**	**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 145 million.

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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 March 31, 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 three-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, May 2, 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.

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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

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