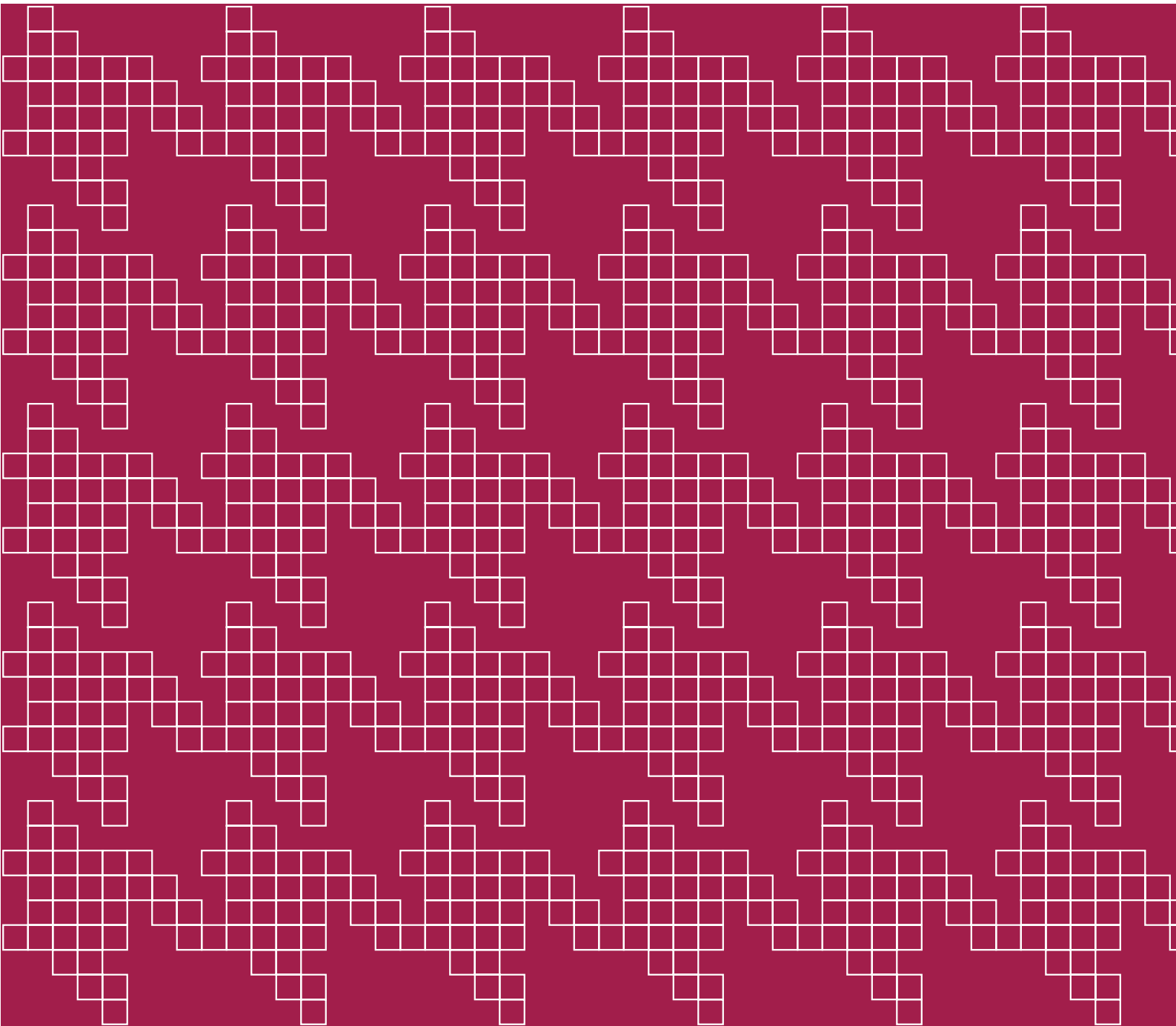


# Interim Report

2nd Quarter 2003

 storebrand

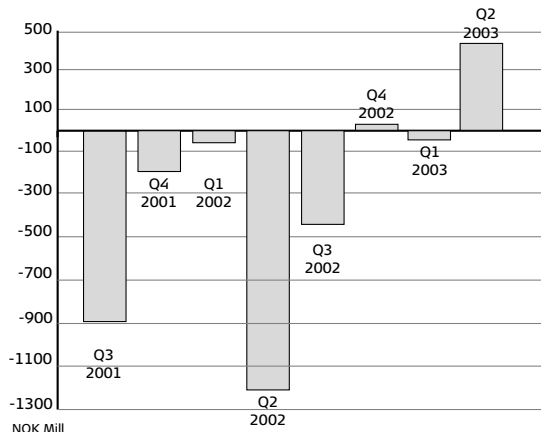


# Interim results for the Storebrand group - second quarter 2003

## Main features:

- Storebrand reports a group profit of NOK 448 million in Q2 as compared to a loss of NOK 1,223 million for the same period last year.
- The life insurance company generated good earnings for its owner and customers, and further strengthened its risk capital.
- Good sales of life insurance products to the corporate market gave an overall positive inflow of NOK 866 million from transfers of business in Q2.
- Fall in the volume of non-performing and loss exposed loans at Storebrand Bank.
- Continuing improvement in If, where Storebrand has a 22.47% shareholding. Combined ratio of 101% in Q2.

## Group profit by quarter



The group's result, which represents the shareholders' share of operating profit, showed a profit of NOK 448 million in Q2 (loss of NOK 1,223 million), giving a profit for the first six months of NOK 400 million (loss of NOK 1,285 million). Q2 produced an operating profit of NOK 945 million (loss of NOK 2,291 million), giving an operating profit for the first six months of NOK 997 million (loss of NOK 2,196 million). (Figures for the corresponding period in 2002 shown in brackets.)

The quarter's results reflect a strong improvement in equity market conditions and good overall sales in the life insurance area. Cost saving measures are producing results in line with expectations, and the group's financial situation has strengthened.

Storebrand Life Insurance reported a profit for its owner of NOK 286 million in Q2, giving a profit for the first six months of NOK 364 million. The life company's value adjusted investment return was 4.2% after the first six months, with a booked return of 3.2%. The improvement seen in the value of investments held as current assets includes unrealised gains of NOK 1,083 million, which are added to the market value adjustment reserve. Investments in bonds classified as hold to maturity show an unrealised gain relative to book value of NOK 3,160 million. A high proportion of hold to maturity bonds secures a high and stable interest income going forward.

Storebrand Life Insurance generated good sales to the corporate market. Sales to the retail market in Q2 were ahead of the same period last year. Storebrand Helseforsikring reported continuing strong performance, with a 78% increase in total premium income in Q2 compared to the same quarter last year.

Storebrand Investments generated a good relative investment return on its products. Figures for the year to date show that 74% of the mutual funds and external discretionary portfolios managed by Storebrand have produced a better return than their benchmark indices.

Considerable effort is being committed to improving Storebrand's distribution to the retail market. A separate unit, Retail Sales, has been established as part of Storebrand Bank. The unit is Storebrand's main distribution channel in the retail market. Market conditions for sales of savings products remain weak, but sales of personal risk products and life insurance savings products have shown an improvement since the start of the year.

Storebrand Bank reported a reduction in the volume of non-performing and loss exposed loans from Q1 to Q2, but the overall level remains high.

The improving earnings trend at If continued in the second quarter. If's combined ratio was 101.0% in Q2 and 103.0% for the first six months.

## LIFE INSURANCE

### Storebrand Livsforsikring (Storebrand Life Insurance)

Storebrand Life Insurance reported a Q2 profit for its owner of NOK 286 million (loss of NOK 476 million), giving a profit for the first six months of NOK 364 million (loss of NOK 365 million). Operating profit in Q2 was NOK 788 million (loss of NOK 1,544 million) and NOK 961 million for the first six months (loss of NOK 1,277 million). The more favourable conditions seen in financial markets were the main cause of the improvement in earnings reported for Q2. In view of the improvement in investment return in Q2, the previously announced model for the allocation of profit between owner and policyholders can be applied in full for the period. Disability reserves were strengthened to NOK 485 million at the close of Q2 as planned.

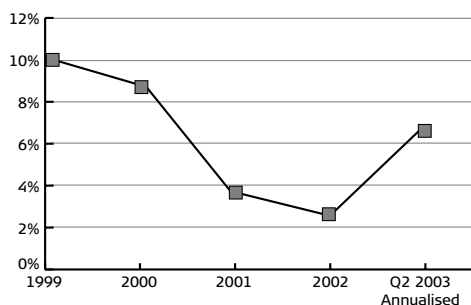
The life company's value adjusted investment return for the first six months was 4.2% (0.2%), with a booked investment return of 3.2% (1.0%). The improvement seen in the value of investments held as current assets includes unrealised gains of NOK 1,083 million, which is added to the market value adjustment reserve. Investments in bonds classified as hold to maturity show an unrealised gain relative to book value of NOK 3,160 million. A high proportion of hold to maturity bonds secures a high and stable interest income going forward.

Storebrand Life Insurance continues to pay particular attention to risk management. The company's asset allocation reflects its objectives of stabilising earnings performance, building buffer capital and securing a robust position to meet the volatile conditions seen in fixed income markets.

The life company's investment portfolio had an 11% exposure to equities (including derivatives) at the end of Q2, an increase from 9% at the close of Q1. Bonds classified as hold to maturity incre-

ased from 40% to 42% of the portfolio, while the weighting of interest-bearing current assets was reduced.

### Booked investment return



Storebrand generated good sales to the corporate market, both for defined benefit pension schemes and group life insurance. Sales to the retail market showed an improvement from Q2 last year. Total premium income, excluding transfers of reserves, was 9% higher in Q2 than for the same period last year. Transfers between companies in Q2, including unit linked policies, produced a net inflow of transferred premium reserves of NOK 866 million, bringing the net inflow for the first six months to NOK 1,275 million (NOK 583 million).

Life insurance products not subject to profit sharing with policyholders generated a profit of NOK 34 million in Q2 as compared to NOK 9 million in the same period last year.

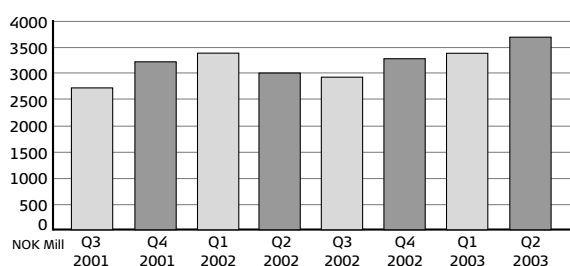
Following the profit earned in Q2 and the increases seen in unrealised gains, the life insurance company's risk capital increased to NOK 6.7 billion. This does not include the unrealised gain of NOK 3.2 billion on bonds classified as hold to maturity.

### Storebrand Fondsforsikring

Storebrand Fondsforsikring reported a Q2 loss of NOK 8 million (loss of NOK 11 million), bringing the loss for the first six months to NOK 18 million (loss of NOK 21 million). Total funds under management in respect of unit linked and defined contribution pension products increased from NOK 3.4 billion to NOK 3.7 billion in Q2.

Total premium income, including transfers of reserves, was NOK 107 million (NOK 209 million). The market for defined contribution occupational pension products continues to grow. A total of 93 new defined contribution pension schemes were established in Q2, bringing the total number of defined contribution pension schemes set up by Storebrand Fondsforsikring to 516. Sales to larger companies showed a positive trend. Sale of unit linked products to the retail market was weak through Q2, which explains the decline in total premium income in the quarter.

### Assets under management Storebrand Fondsforsikring



### Other life insurance activities

Storebrand Helseforsikring reported a Q2 operating profit of NOK 3 million (loss of NOK 7 million). Storebrand has a 50% interest in this company, which provides health insurance products for the corporate and retail markets in Norway and Sweden. Premium income reached NOK 22 million in Q2, up by 78% from the same period last year.

Agreement has been reached for the sale of Storebrand's 50% shareholding in Euroben. The sale will be accomplished in Q3. The changes now expected in the Norwegian regulations will reduce the need to offer supplementary pension arrangements from Ireland. Storebrand will continue to distribute Euroben's products in the Norwegian market.

### ASSET MANAGEMENT ACTIVITIES

Q2 produced a profit of NOK 5 million (loss of NOK 3 million), bringing the profit for the first six months to NOK 11 million (NOK 7 million).

Assets under management totalled NOK 149.5 billion at the close of Q2, representing an increase of NOK 8.1 billion for the quarter. This was principally the result of growth in the life company's equity portfolio and an increase in funds under management for If. Net sales amounted to NOK 2.6 billion in Q2 and NOK 3.1 billion for the first six months (of which If accounts for NOK 2.7 billion). If appointed Storebrand as its main manager for the Norwegian fixed-income portfolio in June.

The focus on cost savings continues in the asset management business area. Operating costs for the first six months totalled NOK 115 million, representing a saving of NOK 14 million (11%) compared to the same period last year.

Storebrand Investments generated a good relative investment return on its products. Figures for the first six months show that 74% of the mutual funds and external discretionary portfolios managed by Storebrand have produced a better return than their benchmark indices.

### Market share of mutual funds measured in %

8,9	9,4	9,2	9,2	8,5	Nordea
9,4	7,6	7,4	7,4	8,0	Odin
10,3	10,2	10,8	11,0	11,8	Storebrand
20,3	20,9	20,1	20,1	20,2	Avanse
24,1	24,4	24,2	23,9	22,9	DnB Inkluder Skandia for the entire period
Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	

### BANKING ACTIVITIES

Storebrand Bank reported a Q2 profit before loan losses and provisions of NOK 28 million (pro forma NOK 20 million). Net loan loss provisions increased by NOK 33 million in the quarter (pro forma NOK 336 million). Q2 therefore produced a pre-tax loss of NOK 5 million (pro forma loss of NOK 359 million) bringing the loss for the first six months to NOK 40 million (pro forma loss of NOK 341 million).

Net interest income amounted to NOK 125 million in Q2 (pro forma NOK 161 million) and NOK 256 million for the first six

months (pro forma NOK 323 million). This represents a net interest margin calculated on average total assets of 1.83% for Q2 and 1.87% for the first six months. Net interest income was weaker as a result of lower lending volumes and a high volume of loans on which interest is no longer accrued.

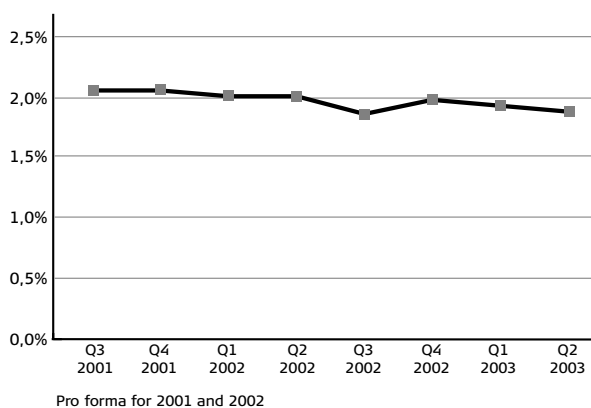
Operating costs for the year to date totalled NOK 345 million (pro forma NOK 404 million). This represents a reduction in the overall cost base of NOK 59 million (15%) relative to 2002, principally as a result of the merger of Storebrand Bank AS and Finansbanken ASA. This positive trend for cost savings is expected to continue in the second half of the year.

New loan loss provisions of NOK 33 million were recognised in Q2 as compared to NOK 65 million in Q1. No material changes were made to general loan loss provisions. Non-performing and loss exposed loans totalled NOK 2,382 million at the close of Q2, representing a reduction of NOK 257 million in the quarter. The bank's loan loss provisions totalled NOK 843 million at the close of Q2, of which specified loan loss provisions account for NOK 530 million. Lower interest rates and more favourable conditions in financial markets serve to improve the opportunities to find satisfactory solutions for problem loans.

The bank's total assets were stable in Q2 and totalled NOK 27.0 billion at the close of the quarter. The deposit-to-loan ratio was 56.6%, representing an increase of 3.0 percentage points in Q2. Storebrand Bank's net primary capital amounted to NOK 2.1 billion, giving a capital ratio of 11.4% and a core capital ratio of 9.1%.

Considerable effort is being committed to improving Storebrand's distribution to the retail market. A separate unit, Retail Sales, has been established as part of Storebrand Bank. Market conditions for sales of savings products remain weak, but sales of personal risk insurance and life insurance savings products have shown an improvement since the start of the year.

### Net Interest Margin Storebrand Bank



## OTHER ACTIVITIES

### Storebrand's non-life insurance activities

Storebrand's non-life insurance activities include ownership interests in If (22.47%) and Fair Forsikring (50%). In addition non-life includes the business of Storebrand Skadeforsikring AS and its subsidiary Oslo Reinsurance ASA, which no longer writes new business (company in run-off). Non-life insurance activities produced an overall operating profit for Q2 of NOK 160 million (loss of NOK 161 million) and NOK 187 million for the first six months (loss of NOK 247 million).

The improving trend seen for If continued in Q2. If reported a

combined ratio for Q2 of 101.0% (104.4%) and 103.0% (107.8%) for the first six months. The value-adjusted investment return was 2.8% for the first six months. Storebrand's share in If's results represented a profit in Q2 of NOK 141 million (loss of NOK 171 million) and NOK 141 million (loss of NOK 249 million) for the first six months.

Storebrand's share in Fair Forsikring's results represented a loss for Q2 of NOK 6 million (loss of NOK 10 million). Run-off activities contributed NOK 25 million to Q2 results (NOK 21 million).

### Storebrand ASA

The holding company Storebrand ASA reported a pre-tax profit for Q2 of NOK 4 million (loss of NOK 204 million) and a pre-tax loss for the first six months of NOK 101 million (loss of NOK 301 million).

Operating costs in Q2 were NOK 32 million, and the cost saving measures implemented are producing the planned results. Operating costs for the same period last year was NOK 82 million of which NOK 34 million came as a result of the DnB process. Net financial items represented a profit of NOK 36 million in Q2 (loss of NOK 123 million) of which unrealised gains on holdings of Orkla shares accounted for NOK 65 million.

Storebrand ASA held liquid assets totalling NOK 1.3 billion at the close of Q2 2003, including NOK 540 million in shares.

A placement of shares with Storebrand employees increased the number of shares issued by 268,100 giving an increase in share capital of NOK 1,340,500. The shares were issued at a subscription price of NOK 16.72.

Oslo, 12 August 2003

The Board of Directors of Storebrand ASA

### 20 largest shareholders, last updated August 8, 2003

Shareholders	% of total
Shareholders	9.98
Folketrygdfondet	9.96
Skandia Life Insurance	9.94
Orkla ASA	9.90
Den norske Bank ASA	6.29
Steen & Strøm Drammen AS	3.59
Canica AS	3.40
Fidelity Funds-Europe	2.56
Ferd Invest	2.54
JPMorgan Chase Bank Fidelity L. (NOM)	2.41
State Street Bank & Co. (NOM)	2.01
JPMorgan Chase Bank Client (NOM)	1.79
Deutsche Bank Trust (NOM)	1.15
Deutsche Bank AG London (NOM)	1.14
Fidelity Funds-Nordic	0.93
Euroclear Bank S.A. (NOM)	0.83
Verdipapirfondet Avanse	0.79
Gjensidige NOR Sparebank	0.76
DnB Norge	0.70
Deutsche Bank AG (NOM)	0.60
KLP Forsikring Liv	
Foreign ownership	36.16 %

## Storebrand Group: Profit and loss account 1 January - 30 June

NOK million	H1 2003	H1 2002	Q2 2003	Q2 2002	31.12.2002
Insurance premiums for own account	7 210.0	5 935.9	2 496.6	1 518.7	10 170.1
Interest and related income - banking	1 036.3	1 362.5	485.0	749.5	2 599.5
Financial income - insurance	10 028.3	12 890.6	6 079.5	7 927.9	20 713.3
Financial income - other activities	131.9	86.3	100.0	49.3	128.8
Share of profits in If	140.5	-249.1	141.3	-171.2	-243.7
Other income	189.1	139.9	35.9	16.3	342.2
<b>Total operating income</b>	<b>18 736.1</b>	<b>20 166.1</b>	<b>9 338.3</b>	<b>10 090.5</b>	<b>33 710.2</b>
Insurance claims for own account	-4 499.8	-4 349.0	-1 865.3	-2 099.9	-8 803.5
Change in insurance reserves - life insurance	-4 802.8	-2 718.6	-1 795.5	311.6	-3 423.3
Interest and related expense - banking	-780.3	-1 040.5	-360.0	-588.1	-1 996.7
Loan losses and provisions - banking	-97.4	-368.4	-32.2	-336.0	-411.8
Financial expense - insurance	-5 133.6	-13 184.0	-2 675.2	-9 789.4	-19 401.2
Financial expense - other activities	-164.7	-236.3	-57.8	-148.4	-640.5
Operating costs	-1 019.3	-1 135.4	-459.2	-607.7	-2 242.4
Other costs	-158.0	-173.8	-65.4	-80.2	-347.4
<b>Total costs</b>	<b>-16 655.9</b>	<b>-23 206.0</b>	<b>-7 310.6</b>	<b>-13 338.1</b>	<b>-37 266.8</b>
To/from market value adjustment reserve	-1 082.9	843.9	-1 082.9	957.1	843.9
<b>Operating profit/loss</b>	<b>997.3</b>	<b>-2 196.0</b>	<b>944.8</b>	<b>-2 290.5</b>	<b>-2 712.7</b>
To/from additional statutory reserves - life insurance		911.5		911.5	1 011.7
Funds allocated to policyholders - life insurance	-597.1		-497.3	156.3	
<b>Group profit/loss</b>	<b>400.2</b>	<b>-1 284.5</b>	<b>447.5</b>	<b>-1 222.7</b>	<b>-1 701.0</b>
Changes in security reserve etc. - non life insurance	34.3	41.8	23.5	28.1	199.2
<b>Profit/loss before extraordinary items</b>	<b>434.5</b>	<b>-1 242.7</b>	<b>471.0</b>	<b>-1 194.6</b>	<b>-1 501.8</b>
Tax payable	-101.8	265.6	-108.1	239.2	611.9
Minority interests' share of profit	-0.7	-1.6	-0.3	-1.6	-2.5
<b>Profit/loss for the period</b>	<b>332.0</b>	<b>-978.8</b>	<b>362.6</b>	<b>-957.0</b>	<b>-892.4</b>
<b>Earnings per ordinary share</b>	<b>1.11</b>	<b>-3.63</b>	<b>1.25</b>	<b>-3.52</b>	<b>-3.73</b>

## Storebrand Group: Balance sheet at 30 June

NOK million	30.06.03	30.06.02	31.12.02
<b>Assets</b>			
Deferred tax assets	470.2	302.2	650.7
Intangible assets	592.7	645.8	617.4
Properties and real estate	9 854.6	10 838.9	9 850.2
Interests in associated companies	3 731.9	3 097.1	3 296.3
Shares and other equity investments - long term holdings	34.4	34.7	37.2
Bonds held to maturity	44 143.2	24 950.5	40 022.6
Net loans to and other claims on customers	24 750.1	28 598.2	26 160.4
Other long term financial assets	1 162.6	3 658.2	953.1
Shares and other equity investments	15 404.3	16 463.3	11 301.9
Bonds	14 599.8	29 358.4	16 579.8
Short-term debt instruments	22 937.5	15 505.8	23 465.5
Other financial current assets	6 106.8	8 915.8	9 035.8
<b>Total financial assets</b>	<b>142 725.2</b>	<b>141 420.9</b>	<b>140 702.8</b>
Receivables	2 595.2	1 605.1	1 209.2
Other assets	2 803.5	4 505.2	2 275.9
Prepaid pension	591.9	553.3	590.8
Prepaid expenses and accrued income	2 134.7	1 869.2	2 504.5
<b>Total assets</b>	<b>151 913.4</b>	<b>150 901.7</b>	<b>148 551.3</b>
<b>Equity capital and liabilities</b>			
Paid in capital and retained earnings	9 093.8	8 509.2	8 534.5
Minority interests	1.7	2.5	1.1
<b>Total equity capital</b>	<b>9 095.5</b>	<b>8 511.7</b>	<b>8 535.6</b>
Subordinated loan capital	2 956.8	3 546.3	2 994.4
Market value adjustment reserve	1 082.9		
Insurance reserves - life insurance	107 233.9	102 900.3	102 548.7
Premium and claims reserves - non life insurance	540.1	493.3	506.9
Security reserves etc. - non life insurance	306.3	490.5	338.7
<b>Total technical (insurance) reserves</b>	<b>108 080.3</b>	<b>103 884.1</b>	<b>103 394.3</b>
Reserves for other risks and costs	83.0	189.5	77.8
Pension liabilities	456.7	493.5	456.1
Liabilities to other financial institutions	3 738.2	3 668.7	4 290.6
Deposits from and due to customers	13 654.4	14 050.9	13 198.9
Securities issued	6 277.7	9 941.2	7 895.9
Other liabilities	5 755.9	5 654.7	7 011.9
Accrued costs and deferred income	732.0	961.1	695.8
<b>Total equity capital and liabilities</b>	<b>151 913.4</b>	<b>150 901.7</b>	<b>148 551.3</b>

# Notes to the profit and loss account and balance sheet

## 1 Accounting principles

With effect from 1 January 2003 the amortised discount on zero coupon securities is classified as interest income, whereas in the 2002 accounts it was classified as an unrealised gain.

Otherwise the accounting principles applied to the interim quarterly accounts are the same as those used in the Annual Accounts for 2002.

## 2 Analysis of profit and loss by business area

NOK million	2003	H1 2002	Year 2002
Life insurance	346	-397	-304
Asset management *)	11	7	-13
Storebrand Bank **)	-54	-355	-476
Non-life insurance	187	-247	-250
Other activities	-89	-293	-658
<b>Group profit/loss</b>	<b>400</b>	<b>-1 285</b>	<b>-1 701</b>

\*) Includes NOK 1.1 million for minority interests at 30 June 2003.

\*\*) Profit is stated after depreciation of group goodwill. Figures for prior periods are stated on a pro forma basis for the merged bank. This applies to notes 2, 3 and 4.

## 3 Profit and loss by quarter

NOK million	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001
Total operating income	9 338	9 398	7 759	5 785	10 091	10 073	6 273	6 427
Total costs	-7 311	-9 345	-6 922	-7 139	-13 338	-9 865	-4 195	-9 577
Operating profit	945	53	837	-1 353	-2 291	95	1 234	-3 150
Group profit	448	-47	29	-446	-1 223	-62	-196	-891
Pre-tax profit	471	-37	168	-427	-1 195	-48	-51	-864
Profit for the period	363	-31	361	-275	-957	-22	-23	-696
<b>Profit by business area</b>								
Life insurance	279	67	191	-99	-495	98	88	-407
Asset management	5	6	-11	-9	-3	10	2	9
Storebrand Bank	-12	-43	-107	-15	-366	11	47	-7
Non-life insurance	160	27	58	-61	-161	-86	-277	-318
Other activities	16	-105	-103	-262	-199	-94	-56	-167
<b>Group profit</b>	<b>448</b>	<b>-47</b>	<b>29</b>	<b>-446</b>	<b>-1 223</b>	<b>-62</b>	<b>-196</b>	<b>-891</b>

## 4 Key figures by business area - cumulative figures

NOK million	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001
<b>Group</b>								
Earnings per ordinary share	1.11	-0.14	-3.73	-4.67	-3.63	-0.11	-4.15	-3.70
Equity	9 096	8 663	8 536	8 210	8 512	9 590	9 617	9 589
Capital ratio	15.3%	15.5%	16.0%	14.9%	13.1%	12.1%	12.9%	12.9%
<b>Life insurance</b>								
<b>Storebrand Livsforsikring</b>								
Premiums for own account	6 658	4 444	8 916	7 163	5 410	4 150	8 506	6 871
Policyholders' funds inc. accrued profit	103 066	101 440	99 108	98 460	99 722	101 267	99 201	98 017
Investment yield I *) annualised	6.5%	5.5%	2.7%	1.2%	1.9%	5.5%	3.6%	1.4%
Investment yield II *) year to date	4.2%	1.4%	1.9%	0.2%	0.2%	1.4%	1.5%	-1.7%
Capital ratio (Storebrand Life group)	18.0%	19.4%	18.4%	16.5%	13.3%	11.1%	12.0%	11.6%
Operating costs as% of policyholders' funds	0.97%	0.97%	0.92%	0.90%	0.95%	0.97%	0.88%	0.87%
<b>Storebrand Fondsforsikring</b>								
Premiums for own account	272	165	1 071	740	424	215	974	709
Policyholders' funds	3 706	3 369	3 259	2 912	3 008	3 385	3 213	2 695
<b>Storebrand Bank</b>								
Interest margin%	1.87%	1.94%	1.98%	1.85%	2.06%	2.01%	2.05%	2.06%
Costs/income%	86%	86%	141%	85%	91%	78%	75%	84%
Non-interest income/total income%	37%	34%	23%	31%	34%	30%	54%	34%
Net lending	23 269	23 962	25 035	26 428	27 327	27 566	27 729	27 630
Capital ratio	11.4%	11.2%	11.4%	11.0%	9.5%	11.0%	10.6%	10.3%
<b>Storebrand Investments (Asset management)</b>								
Total funds under management	149 500	141 400	139 700	137 200	140 500	145 100	144 600	141 000
Funds under mgmt. for ext. clients **) (inc. lf)	40 700	33 400	33 700	32 300	34 200	36 000	37 200	35 500
<b>Storebrand Skadeforsikring - key figures for lf</b>								
Key figures for lf								
Claims ratio f.o.a.	83%	85%	86%	85%	86%	88%	92%	88%
Cost ratio f.o.a.	20%	20%	21%	21%	22%	23%	23%	22%
Combined ratio f.o.a.	103%	105%	106%	106%	108%	111%	115%	110%
Share of results from lf on the equity meth.	141	-1	-244	-306	-249	-78	-769	-507

\*) Investment yield I: Realised financial income including revaluations (positive or negative) of real estate.

Investment yield II: As Investment yield I but including change in unrealised gains on financial current assets.

\*\*) Mutual funds and portfolios under discretionary management for external clients.

## 5 Reconciliation of Group equity

NOK million	30.06.03	30.06.02	31.12.02
Equity at 01.01	8 535.6	9 616.7	9 616.7
Profit/loss for the period	332.0	-978.8	-892.4
Employee share issue	5.5		5.9
Other changes (currency, etc.)	221.8	-128.7	-195.7
Change in minority interests	0.6	2.5	1.1
Equity at end of period	9 095.5	8 511.7	8 535.6