

## Interim results for the Storebrand Group: First quarter 2001

The Storebrand group reports an operating profit of NOK 102 million for the first quarter of 2001. After a calculated allocation of NOK 291 million to life insurance customers, the group result for the quarter was a loss of NOK 189 million. Group profit for the equivalent period last year was NOK 296 million, but the fourth quarter of 2000 saw a group loss of NOK 410 million.

Falls in stock markets have had a major effect on the first quarter's results. Weaker market conditions caused a reduction in financial income, and this is also the main reason for a weaker result from Storebrand's interest in If Skadeforsikring. Turbulent stock market conditions have also affected sales, but despite this Storebrand strengthened its market share of inflows to securities funds, particularly equity funds, and was the leading player for unit linked products in the first quarter.

The market value adjustment reserve, which stood at NOK 2,998 million at the start of the year, was reduced to zero by 31 March 2001. The reserve has since increased to NOK 1,180 million as at 7 May 2001.

The group's primary capital at the end of the quarter amounted to NOK 10,299 million. The capital ratio stood at 12% at the end of the quarter as compared to 12.7% at the close of 2000. The reduction reflects the group loss for the quarter and an increase in risk weighted assets.

Earnings per share for the quarter represented a loss of NOK 0.74 as compared to a profit of NOK 0.84 for the first quarter of last year.

### Life insurance

Storebrand Livsforsikring  
 Storebrand Livsforsikring reported an operating profit of NOK 420 million. The share of profit attributable to policyholders is calculated at NOK 291 million, with a calculated NOK 129 million allocated to the shareholder. The equivalent allocations for the first quarter of last year were NOK 2,148 million and NOK 270 million respectively.

The book investment return for the quarter was 1.4%, equivalent to 5.9% on an annualised basis, as compared to 3.3% and 13.7% respectively for the first quarter of last year. The value adjusted return, excluding investments held to maturity, was a negative return of 1.3% as compared to a positive return of 2% for the same period last year.

Premiums written increased by 3% relative to the same period last year, and amounted to NOK 3,176 million at 31 March 2001. Sales to the corporate market were at a good level in the quarter, particularly in the case of sales to larger corporate customers.

Transfers of premium reserves from Storebrand Livsforsikring AS to Storebrand Fondsforsikring AS amounted to

NOK 250 million in the first quarter. In addition to this, the accounts show a further negative net transfer of reserves out of the company of NOK 470 million.

Transfers of reserves are recognised for accounting purposes at the time the risk insured by the policies being transferred moves to the company taking over the business. There can accordingly be some delay between the decision to transfer a policy and the accounting implementation of the transfer. At the end of the first quarter the company had been notified of net inflows from transfers totalling NOK 190 million which had not been implemented for accounting purposes at that date.

The company's operating costs were at the same level as the same period last year, and costs amounted to 0.91% of average policyholders' funds.

The falls seen in stock markets have caused the market value adjustment reserve to be exhausted, and risk capital as a percentage of policyholders' funds excluding additional statutory reserves fell from 9.2% at the start of the year to 5.9% at the end of the first quarter. These figures do not include un-allocated profit for the year to date. The company's investment policy continues to place central importance on risk management, and investments are continuously monitored in relation to developments in financial markets. Over the course of the first quarter the proportion of investments allocated to equities was reduced

## Profit and loss by quarter

NOK mill.	Q 1 2001	Q 4 2000	Q 3 2000	Q 2 2000	Q 1 2000	Full year 2000
Total operating income	11 399	6 993	8 490	9 899	11 949	37 331
Total costs	-14 295	-10 222	-7 786	-9 796	-10 651	-38 455
Operating profit	102	-1 533	1 799	1 765	2 444	4 475
Group profit	-189	-410	373	265	296	523
Pre-tax profit	-116	-314	506	378	290	860
Profit for the period	-153	-106	350	232	229	705
<b>Group profit by business area</b>						
Life insurance	117	-66	363	270	263	830
Non-life insurance	-202	-152	12	-3	71	-72
Asset management	8	8	22	18	19	67
Storebrand Bank group	-4	-15	45	20	2	53
Finansbanken	30	-74	-19	13	70	-10
Other activities	-137	-112	-51	-53	-129	-345

from 31% to 29%, and the effective allocation to equities was further reduced to 25% with the help of derivative contracts. The reallocation of funds has principally been towards bonds held as current assets and money market investments.

#### Storebrand Fondsforsikring AS

The first quarter produced an operating loss of NOK 7 million as compared to a loss of NOK 1 million for the same period last year. The operating loss for the quarter was caused by investment of NOK 8 million in product development. Storebrand Fondsforsikring expanded its product range during the course of the first quarter to include defined contribution pension products. The market for defined contribution pension products is expected to have the potential for rapid growth, and will therefore be an important area of future focus.

Sales of unit-linked products were higher in the first quarter than in the fourth quarter of last year, and by a narrow margin Storebrand Fondsforsikring won the largest market share of sales in this area for the first quarter at 20.3% (in terms of premium written including transfers of reserves).

#### Other life insurance activities

Interest in health insurance is on the increase, and sales in the first quarter represented a good improvement on the same period of last year. Euroben, the Dublin-based life insurance company owned jointly by Storebrand and the Swedish company SPP, is now fully operational and has sold its first policies to both Swedish and Norwegian customers.

Other life insurance activities represented a charge to profit and loss of NOK 5 million for the first quarter of 2001.

#### Asset management

The combined pre-tax profit reported by the group's asset management activities amounted to NOK 8 million in the first quarter as compared to NOK 19 million in the same period of last year. The fall in profit is mainly the result of lower performance-related fee income for Storebrand Kapitalforvaltning ASA and lower sales of fund units, together with the effect of falls in stock markets.

Storebrand Fondene reported a profit of NOK 2 million, and Storebrand Kapitalforvaltning ASA produced a profit of NOK 8 million. Storebrand Kapitalforvaltning Holding AS incurred a loss of NOK 2 million.

Lower share prices caused a fall in the value of funds under management for external clients from NOK 23.8 million to NOK 22.5 million in the first quarter. The funds managed by Storebrand Fondene AS fell in value by NOK 1.2 billion.

Net new inflows of funds to Storebrand Fondene amounted to NOK 653 million in the quarter, equivalent to 17.4% of total net inflows to securities funds in the Norwegian market. In a quarter when many investment managers experienced net withdrawals from equity funds, Storebrand Fondene can

report a positive net inflow to equity funds of NOK 450 million. Total funds under management amounted to NOK 11.6 billion at 31 March 2001, equivalent to a market share of 8.5%. If Delphi Fondsforvaltning is included in the figures the market share increases to 9.5%, which is unchanged from the start of the year.

#### Storebrand Bank

Falling prices in the financial markets caused a drop in sales of fund investments, unit linked products and equity index bonds, and non-interest income was accordingly lower.

The first quarter showed a loss of NOK 4 million as compared to a profit of NOK 2 million in same quarter of last year, whilst the final quarter of 2000 showed a loss of NOK 15 million.

The parent bank reported a pre-tax loss of NOK 20 million for the first quarter, whilst Storebrand Finans AS produced a profit of NOK 16 million for the quarter. The total assets of Storebrand Bank AS were NOK 12.1 billion at 31 March 2001, representing an increase of NOK 0.5 billion from the close of 2000. Net lending increased by NOK 0.5 billion over the quarter, and deposits increased by NOK 0.3 billion. Storebrand Bank is devoting considerable effort to its Advisory Bank concept, and this includes marketing and the launch of new products and customer loyalty programs. Storebrand Bank intends to become a leading supplier of personal financial advice to individuals with capacity for and interest in savings.

#### Finansbanken

The Finansbanken group reported a profit before loan losses and provisions of NOK 60 million for the first quarter. January and February were generally weak months for the group, whilst March showed a positive trend in terms of both net interest income and non-interest income.

The first quarter produced a somewhat weaker net interest margin than the same period of last year. Non-interest income was also weaker, principally as result of conditions in financial markets. Operating expenses reflect an increased commitment to the Private Banking area, with increases in both the sales force and support functions. In addition Finansbanken has developed a new corporate profile. Loan losses and provisions amounted to NOK 23 million, and the profit for the quarter after loan losses and provisions amounted to NOK 37 million as compared to NOK 77 million in the same quarter of last year. After taking into account the write-down of goodwill in Storebrand, profit after loan losses and provisions was NOK 30 million. Net lending amounted to NOK 16.6 billion at the end of the quarter, little changed from the previous year-end, whilst deposits were marginally lower at NOK 7.8 billion. Total assets amounted to NOK 20.9 billion at 31 March 2001.

#### Non-life insurance

##### Storebrand Skadeforsikring

The company's operating result for the first quarter was a loss of NOK 191 million. This represents a deterioration of NOK 262 million from the equivalent period last year, due largely to losses at If Skadeforsikring. Storebrand Skadeforsikring AS distributed a group contribution to Storebrand ASA of NOK 1.2 billion in March, and prior to making this payment the company held relatively large investments in interest-bearing securities that served to strengthen its results. The Oslo Reinsurance Group made a positive contribution with an operating profit of NOK 4 million.

Storebrand's interest in the results of If is recognised on the equity method and represented a charge of NOK 225 million for the first quarter.

The falling prices seen in equity markets resulted in a negative investment result for If over the first three months of the year. If's technical insurance results continue to show a weakly positive trend. The combined ratio showed an improvement in the first quarter as compared to the same period last year.

##### Fair Forsikring

Storebrand has a 50% interest in Fair Forsikring, which operates non-life insurance business for the Danish retail market. The operating result for the first quarter was a loss of NOK 11 million. Fair Forsikring was not recognised in the group's accounts for 2000 until the second quarter.

#### Other activities

##### Storebrand ASA

Storebrand ASA was re-focused as a holding company in 2000. Central staff functions that were not of strategic importance for the company have been spun-off into a separate company, and IT operations were outsourced to IBM with effect from summer 2000. These changes have permitted a major reduction in staff levels, and pave the way for a more cost-effective holding company in the future.

The first quarter accounts show that these changes are beginning to have an effect. Operating costs were NOK 20 million lower than in the first quarter of last year at NOK 40 million. The pre-tax loss for the quarter was NOK 132 million as compared to a loss of NOK 130 million in the first quarter of 2000. This reflects the weak conditions in financial markets that caused the recognition of an unrealised loss on securities of NOK 54 million in the first quarter. The unrealised loss on securities is largely caused by a fall in the value of equities held as current assets.

*Oslo, 8 May 2001*

The Board of Directors of Storebrand ASA



**Storebrand Group: Profit and Loss Account** 1 January - 31 March

NOK million	Q 1		Full years
	2001	2000	2000
Insurance premiums for own account	3 874,3	4 018,0	9 595,9
Interest and related income - banking	672,9	415,2	2 270,2
Financial income - insurance	6 884,6	7 276,5	24 974,1
Financial income - other activities	26,6	33,2	96,6
Share of profits in if...	-224,7	44,9	-306,9
Other income	164,9	161,4	701,8
<b>Total operating income</b>	<b>11 398,6</b>	<b>11 949,2</b>	<b>37 331,7</b>
Insurance claims for own account	-16,4	-2 693,1	-10 326,5
Change in insurance reserves - life insurance	-4 253,9	-2 277,2	-1 821,5
Interest and related expense - banking	-545,4	-287,4	-1 691,3
Financial expense - insurance	-8 685,8	-4 682,9	-21 592,3
Financial expense - other activities	-127,1	-63,3	-337,7
Operating costs	-526,9	-492,0	-2 111,9
Other costs	-139,3	-155,5	-573,9
<b>Total costs</b>	<b>-14 294,8</b>	<b>-10 651,4</b>	<b>-38 455,1</b>
To (from) market value adjustment reserve	2 998,1	1 146,1	5 598,2
<b>Operating profit</b>	<b>101,9</b>	<b>2 443,9</b>	<b>4 474,8</b>
Conditional additional statutory allocations - life insurance			-450,9
Funds allocated to policyholders - life insurance	-290,9	-2 147,8	-3 500,5
<b>Group profit</b>	<b>-189,0</b>	<b>296,1</b>	<b>523,4</b>
Changes in security reserve etc. - non life insurance	73,2	-6,4	335,7
<b>Profit before extraordinary items</b>	<b>-115,8</b>	<b>289,7</b>	<b>859,1</b>
Tax payable	-36,7	-58,9	-152,3
Minority interests' share of profit	-0,3	-1,4	-1,1
<b>Profit for the period</b>	<b>-152,8</b>	<b>229,4</b>	<b>705,7</b>
<b>Earnings per ordinary share</b>	<b>-0,74</b>	<b>0,84</b>	<b>1,67</b>

**Storebrand Group: Balance Sheet at 31 March**

	31.03.01	31.03.00	31.12.00
<b>Assets</b>			
Intangible assets	717,8	655,5	705,0
Properties and real estate	11 029,8	10 738,0	10 994,8
Interests in associated companies	3 341,0	5 223,0	3 445,5
Shares and other equity investments - long term holdings	35,3	40,7	36,0
Bonds held to maturity	27 197,1	24 764,4	27 402,3
Net loans to and other claims on customers	26 241,7	22 838,6	27 697,0
Other long term financial assets	6 625,5	2 710,9	4 525,0
Shares and other equity investments	32 053,0	39 680,3	36 287,6
Bonds	32 438,2	36 449,2	32 070,9
Certificates	7 001,2	3 245,1	5 432,3
Other financial current assets	73,1	1 465,4	1 520,0
<b>Total financial assets</b>	<b>146 035,9</b>	<b>147 155,6</b>	<b>149 411,4</b>
Receivables	1 517,6	2 835,2	892,3
Other assets	3 610,1	2 006,0	3 079,8
Prepaid pension	524,3	180,0	526,3
Prepaid expenses and accrued income	1 777,5	1 510,4	2 129,2
<b>Total assets</b>	<b>154 183,2</b>	<b>154 342,8</b>	<b>156 744,1</b>
<b>Equity capital and liabilities</b>			
Equity capital	10 299,2	10 414,4	10 533,2
Minority interests' share in equity	11,9	18,6	11,6
Subordinated loan capital	4 015,9	4 673,4	4 041,0
Market value adjustment reserve		7 450,2	2 998,1
Insurance reserves - life insurance	103 807,5	103 390,0	103 596,3
Premium and claims reserves - non life insurance	723,0	820,6	747,5
Security reserve etc. - non life insurance	734,4	1 121,6	779,1
<b>Total technical (insurance) reserves</b>	<b>105 264,9</b>	<b>105 332,2</b>	<b>105 122,9</b>
Reserves for other risks and costs	90,2	146,6	123,7
Pension liability	542,4	370,1	542,2
Deferred tax	161,1	214,3	125,1
Liabilities to financial institutions	5 027,3	3 129,6	4 280,5
Deposits from and due to customers	13 752,6	11 602,1	14 047,0
Securities issued	9 566,8	5 854,5	10 808,6
Other liabilities	4 446,4	4 334,3	3 202,9
Accrued costs and deferred income	1 004,5	802,5	907,3
<b>Total equity capital and liabilities</b>	<b>154 183,2</b>	<b>154 342,8</b>	<b>156 744,1</b>
<b>Reconciliation of movement in equity</b>			
Equity at 01.01	10 533,2	10 112,5	10 112,5
Profit for the period	-152,8	229,4	705,7
Other changes (currency, equity capital transactions etc.)	-81,2	72,5	20,3
Provision for dividend			-305,3
<b>Equity at 31.03</b>	<b>10 299,2</b>	<b>10 414,4</b>	<b>10 533,2</b>

**Notes**

**1. Accounting principles** The accounting principles applied in the quarterly interim accounts are unchanged from the principles used in the Annual Accounts for 2000.

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