Interim report Storebrand Livsforsikring

1st quarter 2012

storebrand

Interim report Storebrand Livsforsikring Group
– Q1 2012

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's Q1 result please refer to the Storebrand Group's interim report for the Q1 of 2012.

The official financial statements of the Storebrand Group are prepared in accordance with the International Financial Reporting Standards (IFRS), while the official consolidated financial statements of Storebrand Livsforsikring AS are prepared in accordance with the Annual Accounts Regulations for Insurance Companies.

The tables below summarises the information in the consolidated financial statements for Storebrand Livsforsikring AS based on IFRS principles.

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 period. This will also have an impact on the development of Storebrand's home markets, Norway and Sweden.

The interest rate on ten-year government bonds rose throughout the quarter from a low level in the middle of January, before falling somewhat again now. The interest rate level is generally 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, Storebrand feels 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.

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. 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 Storting. 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.

RESULT

The presentation of Storebrand Livsforsikring and SPP is exclusive internal transactions.

Result Storebrand Livsforsikring Group according to IFRS principles

	01.01 - 31.03		Full year 2011
NOK million	2012	2011	
Storebrand Life Insurance	197	156	481
Insurance	73	29	223
SPP	355	265	291
Asset Management	24	20	89
Profit before amortisation	649	471	1,083
Amortisation intangible assets	-89	-92	-361
Pre-tax profit/loss	**560**	**378**	**722**
Tax	-48	0	-730
Profit/loss	512	379	-8

The next pages refers to the development in results for Storebrand Life Insurance, SPP and Insurance. Amounts in brackets show the result for 1Q 2011.

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.

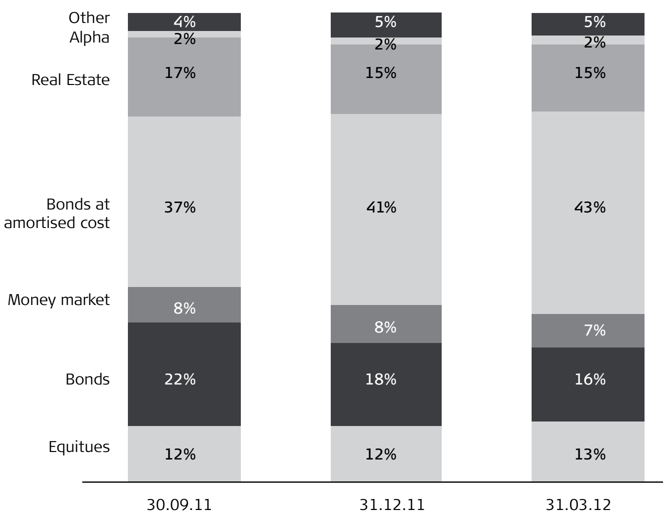
In a letter of December 2011 the Financial Supervisory Authority of Norway has requested that the life insurance companies give priority to strengthening the premium reserves to counteract an assumed higher life expectancy (see also Outlook). As a result of this Storebrand Life Insurance will also set 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.

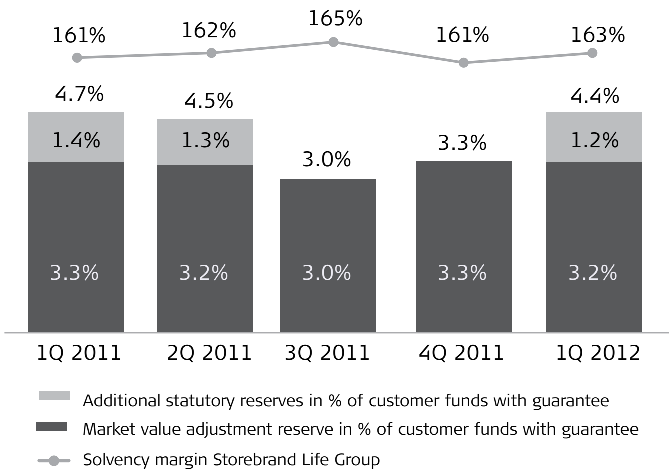
Asset profile for customer portfolios with an interest rate guarantee



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)]

	1Q		Full year
NOK million	2012	2011	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)]

	1Q		Full year
NOK million	2012	2011	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

	1Q		Full year
Portfolio	2012	2011	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.*

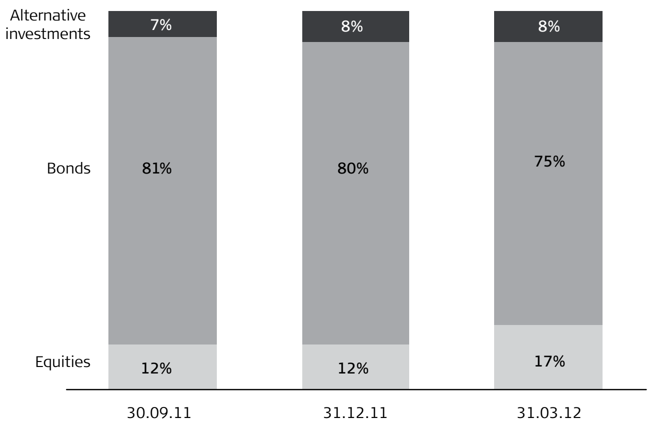
Other result

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.

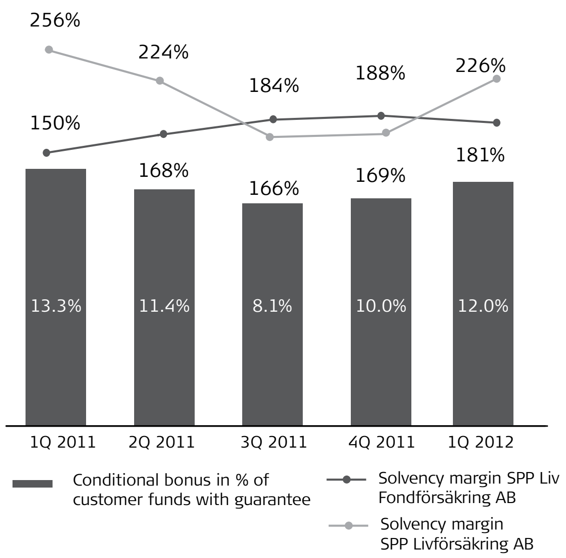
The buffer capital (conditional bonus) increased by NOK 1 billion during the quarter and totalled NOK 8.4 billion at the end of March. This increase is attributed primarily to rising equity markets and higher interest rates.

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.

INSURANCE

- **Impared risk result**

The business area offers personal risk products in the Norwegian retail market, and employee cover in the corporate market in Norway.

Result

Financial performance Insurance

	01.01 - 31.03		
NOK million	2012	2011	Full year 2011
Premiums earned, net	295	271	1 149
Claims incurred, net	-181	-218	-833
Operating costs	-50	-43	-193
Insurance result	**64**	**10**	**124**
Net financial result	9	20	93
Result before amortisation	**73**	**29**	**217**
Amortisation intangible assets			
Profit before tax	**73**	**29**	**217**

	01.01 - 31.03		
	2012	2011	Full year 2011
Claims ratio	61 %	80 %	72 %
Cost ratio	17 %	16 %	17 %
Combined ratio	78 %	96 %	89 %

New subscriptions

- Risk products: NOK 54 million (31 million) in 1Q 2012.

RECONCILIATION TABLES TOWARDS PROFIT AND LOSS ACCOUNT

The following table shows reconciliation between the profit and loss tables in this interim report showing Storebrand Livsforsikring Group according to IFRS, and profit and loss to local Annual Accounts Regulations for Insurance Companies (NGAAP). The official financial statements for Storebrand Livsforsikring AS are prepared in accordance with local Annual Accounts Regulations for Insurance Companies (NGAAP).

NOK million	31.03.12	31.03.11	31.12.11
Profit and Loss	560	379	722
Charge from the additional statutory reserves	-139		
Change in security reserves p&c insurance	-3	-4	30
Profit and loss Storebrand Livsforsikring Group before tax	**418**	**375**	**751**

Lysaker, 2. May 2012

The Board of Directors of Storebrand Livsforsikring AS

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

NOK million	01.01 - 31.03 2012	2011	Full year 2011
TECHNICAL ACCOUNT:			
Gross premiums written	6,029	6,160	15,801
Reinsurance premiums ceded	-8	-39	-68
Premium reserves transferred from other companies	712	1,592	2,317
Premiums for own account	**6,733**	**7,713**	**18,050**
Income from investments in subsidiaries, associated companies and joint-controlled companies	69	566	1,784
of which from investment in real estate companies	81	564	1,779
Interest income and dividends etc. from financial assets	1,152	1,130	5,213
Changes in investment value	2,095	113	-2,181
Realised gains and losses on investments	137	634	662
Total net income from investments in the collective portfolio	**3,453**	**2,443**	**5,478**
Income from investments in subsidiaries, associated companies and joint-controlled companies	8	42	133
of which from investment in real estate companies	9	42	132
Interest income and dividends etc. from financial assets	26	44	655
Changes in investment value	1,191	-72	-1,638
Realised gains and losses on investments	232	226	459
Total net income from investments in the investment selection portfolio	**1,457**	**240**	**-390**
Other insurance related income	**44**	**39**	**162**
Gross claims paid	-2,732	-2,607	-10,560
Claims paid - reinsurance	2	5	18
Gross change in claims reserve	-10	31	28
Premium reserves etc. transferred to other companies	-1,728	-3,988	-7,050
Claims for own account	**-4,468**	**-6,558**	**-17,564**
To (from) premium reserve, gross	-2,028	-325	-1,202
To/from additional statutory reserves in connection with claims/repurchase	55	84	-98
Change in value adjustment fund	-2,004	-257	1,971
Change in premium fund, deposit fund and the pension surplus fund	-24	-30	-95
To/from technical reserves for non-life insurance business	-83	-60	-44
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	4	5	42
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-4,079**	**-582**	**576**
Change in premium reserve	-2,472	-1,823	-3,445
Change in other provisions			2
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-2,472**	**-1,823**	**-3,443**
Profit on investment result			-256
The risk profit allocated to the insurance agreements			-163
Other allocation of profit			-90
Unallocated profit	-145	-886	
Funds allocated to insurance contracts	**-145**	**-886**	**-510**

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

	01.01 - 31.03		
NOK million	2012	2011	Full year 2011
Management expenses	-33	-31	-126
Selling expenses	-50	-86	-334
Insurance-related administration expenses (incl. commissions for reinsurance received)	-285	-225	-910
Insurance-related operating expenses	**-368**	**-342**	**-1,370**
Other insurance related expenses after reinsurance share	**-26**	**-50**	**-186**
Technical insurance result	**129**	**195**	**802**
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	3	29	153
of which from investment in real estate companies	4	29	91
Interest income and dividends etc. from financial assets	166	154	738
Changes in investment value	46	8	-27
Realised gains and losses on investments	21	15	83
Net income from investments in company portfolio	**236**	**206**	**947**
Other income	**5**		**2**
Management expenses	-2	-3	-10
Other costs	-134	-139	-530
Total management expenses and other costs linked to the company portfolio	**-136**	**-142**	**-540**
Profit or loss on non-technical account	**106**	**65**	**409**
Profit before tax	**234**	**259**	**1,211**
Tax costs	**-50**		**-811**
Profit before other comprehensive income	**184**	**259**	**400**
Acturial gains and losses on defined benefit pensions - benefits to employees			-72
Tax on other comprehensive income			116
Other comprehensive income and costs			**44**
COMPREHENSIVE INCOME	**184**	**259**	**443**

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

NOK million	01.01 - 31.03 2012	2011	Full year 2011
TECHNICAL ACCOUNT:			
Gross premiums written	7,771	7,892	22,799
Reinsurance premiums ceded	-2	-94	-317
Premium reserves transferred from other companies	766	1,682	2,637
Premiums for own account	**8,535**	**9,481**	**25,120**
Income from investments in subsidiaries, associated companies and joint-controlled companies	-6	16	72
Interest income and dividends etc. from financial assets	1,939	1,798	8,248
Net operating income from real estate	307	255	1,190
Changes in investment value	1,453	322	414
Realised gains and losses on investments	275	670	2,314
Total net income from investments in the collective portfolio	**3,968**	**3,062**	**12,238**
Interest income and dividends etc. from financial assets	53	69	1,427
Net operating income from real estate	37	19	87
Changes in investment value	3,087	-687	-4,948
Realised gains and losses on investments	219	-141	452
Total net income from investments in the investment selection portfolio	**3,396**	**-740**	**-2,982**
Other insurance related income	**284**	**268**	**995**
Gross claims paid	-4,212	-4,162	-16,574
Claims paid - reinsurance	1	13	83
Gross change in claims reserve	-8	34	37
Premium reserves etc. transferred to other companies	-2,102	-4,254	-8,172
Claims for own account	**-6,322**	**-8,369**	**-24,626**
To (from) premium reserve, gross	-155	773	-7,767
To/from additional statutory reserves in connection with claims/repurchase	55	84	-98
Change in value adjustment fund	-2,004	-257	1,971
Change in premium fund, deposit fund and the pension surplus fund	-24	-30	-95
To/from technical reserves for non-life insurance business	-83	-60	-44
Change in conditional bonus	-1,558	-733	2,182
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	4	5	42
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-3,765**	**-217**	**-3,807**
Change in premium reserve	-4,894	-1,594	-3,135
Change in other provisions			2
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-4,894**	**-1,594**	**-3,133**
Profit on investment result			-256
The risk profit allocated to the insurance agreements			-163
Other allocation of profit			-90
Unallocated profit	-145	-886	
Funds allocated to insurance contracts	**-145**	**-886**	**-510**

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	01.01 - 31.03 2012	2011	Full year 2011
Management expenses	-78	-76	-313
Selling expenses	-96	-132	-516
Change in pre-paid direct selling expenses	14	16	53
Insurance-related administration expenses (incl. commissions for reinsurance received)	-447	-394	-1,608
Reinsurance commissions and profit participation	6	61	291
Insurance-related operating expenses	**-601**	**-525**	**-2,093**
Other insurance related expenses after reinsurance share	**-32**	**-59**	**-239**
Technical insurance result	**424**	**421**	**962**
NON-TECHNICAL ACCOUNT			
Income from investments in subsidiaries, associated companies and joint-controlled companies	-2	2	-4
Interest income and dividends etc. from financial assets	140	108	518
Net operating income from real estate	16	13	59
Changes in investment value	55	28	21
Realised gains and losses on investments	-1	20	51
Net income from investments in company portfolio	**208**	**170**	**645**
Other income	**114**	**138**	**558**
Management expenses	-8	-7	-29
Other costs	-321	-347	-1,385
Management expenses and other costs linked to the company portfolio	**-328**	**-354**	**-1,414**
Profit or loss on non-technical account	**-6**	**-46**	**-211**
Profit before tax	**418**	**375**	**751**
Tax costs	**-48**		**-730**
Profit before other comprehencive income	**370**	**375**	**22**
Actuarial gains and losses on defined benefit pensions - benefits to employees	-18	-233	-118
Change in value adjustment reserve own buildings	6	-57	76
Re-statement differences	-91	29	117
Adjustment of insurance liabilities	-6	57	-76
Tax on other comprehensive income			122
Other comprehensive income and costs	**-109**	**-204**	**121**
COMPREHENSIVE INCOME	**261**	**171**	**142**
PROFIT IS DUE TO:			
Minority share of profit	1	2	8
Majority share of profit	369	373	14
COMPREHENSIVE INCOME IS DUE TO:			
Minority share of profit		-1	10
Majority share of profit	262	172	132

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.2011	31.03.2012	NOK million	31.03.2012	31.12.2011
		ASSETS		
		ASSETS IN COMPANY PORTFOLIO		
745	736	Goodwill		
5,182	5,036	Other intangible assets	99	91
5,926	**5,772**	**Total intangible assets**	**99**	**91**
1,335	1,332	Real estate at fair value		
67	68	Real estate for own use		
125	122	Equities and units in subsidiaries, associated companies and joint-controlled companies	8,620	8,633
		of which investment in real estate companies	1,528	1,541
69	69	Loans to and securities issued by subsidiaries, associated companies	8,363	8,342
5	5	Loans	5	5
169	223	Bonds held to maturity	223	169
1,334	1,412	Bonds at amortised cost	1,412	1,334
312	300	Equities and other units at fair value	167	170
15,006	15,461	Bonds and other fixed-income securities at fair value	4,725	4,769
316	420	Derivatives at fair value	420	316
192	641	Other financial assets	469	139
18,931	**20,052**	**Total investments**	**24,403**	**23,879**
203	**200**	**Reinsurance share of insurance obligations**	**200**	**203**
1,177	1,546	Receivables in connection with direct business transactions	1,538	1,125
118	9	Receivables in connection with reinsurance transactions	9	9
24	8	Receivables with group company	10	91
1,418	2,089	Other receivables	791	567
2,737	**3,653**	**Total receivables**	**2,349**	**1,792**
76	82	Plants and equipment	60	60
2,897	3,009	Cash, bank	1,207	1,377
26	26	Tax assets		
616	607	Other assets designated according to type		
3,615	**3,723**	**Total other assets**	**1,268**	**1,438**
406	414	Pre-paid direct selling expenses		
79	142	Other pre-paid costs and income earned and not received	54	29
485	**556**	**Total pre-paid costs and income earned and not received**	**54**	**29**
31,896	**33,956**	**Total assets in company portfolio**	**28,373**	**27,431**
25,805	24,881	Real estate at fair value		
1,291	1,297	Real estate for own use		
106	90	Equities and units in subsidiaries, associated companies and joint-controlled companies	29,880	30,152
		of which investment in real estate companies	29,410	29,669
428	496	Loans to and securities issued by subsidiaries, associated companies		
7,983	10,540	Bonds held to maturity	10,540	7,983
62,976	66,621	Bonds at amortised cost	66,621	62,976
2,896	3,044	Loans	3,044	2,896
46,776	46,439	Equities and other units at fair value	23,882	25,857
107,175	101,513	Bonds and other fixed-income securities at fair value	35,584	37,532
5,136	4,260	Financial derivatives at fair value	648	208
4,542	4,884	Other financial assets	1,531	1,036
265,114	**264,064**	**Total investments in collective portfolio**	**171,730**	**168,640**

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION CONTINUE

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.2011	31.03.2012	NOK million	31.03.2012	31.12.2011
1,935	2,932	Real estate at fair value		
102	108	Real estate for own use		
		Equities and units in subsidiaries, associated companies and joint-controlled companies	2,384	2,317
		of which investment in real estate companies	2,366	2,299
114	119	Loans	119	114
38,160	38,317	Equities and other units at fair value	13,970	12,203
20,858	24,967	Bonds and other fixed-income securities at fair value	14,130	13,447
14	57	Financial derivatives at fair value	57	14
905	598	Other financial assets	502	841
62,088	**67,098**	**Total investments in investment selection portfolio**	**31,162**	**28,936**
327,202	**331,162**	**Total assets in customer portfolio**	**202,891**	**197,576**
359,098	**365,118**	**TOTAL ASSETS**	**231,265**	**225,007**
		EQUITY AND LIABILITIES		
3,430	3,430	Share capital	3,430	3,430
9,271	9,271	Share premium reserve	9,271	9,271
12,701	**12,701**	**Total paid in equity**	**12,701**	**12,701**
469	514	Risk equalisation fund	514	469
2,153	2,045	Other earned equity	3,115	3,115
	325	Earned profit	139	
177	176	Minority's share of equity		
2,799	**3,061**	**Total earned equity**	**3,768**	**3,584**
5,311	5,341	Perpetual subordinated loan capital	5,341	5,311
1,502	1,501	Perpetual capital	1,501	1,502
6,813	**6,842**	**Total subordinate loan capital etc.**	**6,842**	**6,813**
239,842	238,753	Premium reserves	156,975	154,956
5,208	5,078	Additional statutory reserves	5,078	5,208
	2,004	Market value adjustment reserve	2,004	
774	782	Claims allocation	699	689
3,640	2,957	Premium fund, deposit fund and the pension surplus fund	2,957	3,640
10,038	11,248	Conditional bonus		
	132	Unallocated profit to insurance contracts	132	
648	728	Other technical reserve	728	648
260,151	**261,682**	**Total insurance obligations in life insurance - contractual obligations**	**168,574**	**165,142**
61,452	65,746	Premium reserve	30,678	28,207
1	1	Claims allocation	1	1
233	308	Additional statutory reserves	308	233
289	443	Premium fund, deposit fund and the pension surplus fund	443	289
	13	Unallocated profit to insurance contracts	13	
61,974	**66,509**	**Total insurance obligations in life insurance - investment portfolio separately**	**31,442**	**28,730**

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION CONTINUE

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.2011	31.03.2012	NOK million	31.03.2012	31.12.2011
1,077	1,102	Pension liabilities etc.	820	820
830	961	Period tax liabilities	745	695
108	79	Other provisions for liabilities	46	62
2,016	**2,142**	**Total provisions for liabilities**	**1,611**	**1,577**
1,600	1,988	Liabilities in connection with direct insurance	1,120	1,066
1	5	Liabilities in connection with reinsurance	5	1
2,197	1,509	Financial derivatives	602	1,518
1,187	985	Liabilities to group companies	19	235
7,345	7,284	Other liabilities	4,325	3,454
12,329	**11,772**	**Total liabilities**	**6,071**	**6,274**
315	409	Other accrued expenses and received, unearned income	256	187
315	**409**	**Total accrued expenses and received, unearned income**	**256**	**187**
359,098	**365,118**	**TOTAL EQUITY AND LIABILITIES**	**231,265**	**225,007**

Storebrand Livsforsikring

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital[1]	Share premium reserves	Total paid in equity	Risk equalisation fund[2]	Other equity	Total equity
Equity at 31.12.2011	**3,430**	**9,271**	**12,701**	**469**	**3,115**	**16,285**
Profit				45	139	184
Comprehensive income:						
Re-statement differences						
Pension experience adjustments						
Total revenue and costs for the period				**45**	**139**	**184**
Equity at 31.03.12	**3,430**	**9,271**	**12,701**	**514**	**3,254**	**16,469**

1) 34.304.200 shares of NOK 100 par value.
2) Restricted equity NOK 514 million.

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

	Majority's share of equity						
NOK million	Share capital	Share premium reserves	Total paid in equity	Risk equalisation fund[1]	Other equity	Minority interests	Total equity
Equity at 31.12.2011	**3,430**	**9,271**	**12,701**	**469**	**2,153**	**177**	**15,500**
Profit				45	324	1	370
Comprehensive income:							
Re-statement differences					-89	-2	-91
Pension experience adjustments					-18		-18
Total revenue and costs for the period				**45**	**217**	**0**	**261**
Equity at 31.03.12	**3,430**	**9,271**	**12,701**	**514**	**2,370**	**176**	**15,762**

1) Restricted equity NOK 514 million.

Storebrand Livsforsikring

CASH FLOW ANALYSIS

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.03.2011	31.03.2012	NOK million	31.03.2012	31.03.2011
		Cash flow from operational activities		
5,916	4,469	Net received - direct insurance	3,095	4,353
-4,245	-3,857	Net claims/benefits paid - direct insurance	-2,705	-3,349
-2,572	-1,336	Net receipts/payments - policy transfers	-1,017	-2,396
-525	-601	Net receipts/payments - other operational activities	-368	-342
202	-583	Net receipts/payments operations	896	-10
-1,224	**-1,908**	**Net cash flow from operational activities before financial assets**	**-98**	**-1,744**
99	-153	Net receipts/payments - lendings to customers	-153	99
1,277	2,685	Net receipts/payments - financial assets	835	361
-164	279	Net receipts/payments - real estate activities		
885	-35	Net change bank deposits insurance customers	-156	1,373
2,097	**2,775**	**Net cash flow from operational activities from financial assets**	**525**	**1,832**
873	**867**	**Net cash flow from operational activities**	**428**	**89**
		Cash flow from investment activities		
-52	-17	Net payments - purchase/capitalisation of subsidiaries and associated companies		
-3	-34	Net receipts/payments - sale/purchase of fixed assets	-13	10
-55	**-50**	**Net cash flow from investment activities**	**-13**	**10**
		Cash flow from financing activities		
-55	-55	Payments - interest on subordinated loan capital	-55	-55
	-200	Payments - group contribution dividends	-200	
-55	**-255**	**Net cash flow from financing activities**	**-255**	**-55**
764	**562**	**Net cash flow for the period**	**160**	**44**
-1,333	-2,213	of which net cash flow for the period before financial assets	-98	-1,789
764	562	Net movement in cash and cash equivalent assets	160	44
1,922	3,088	Cash and cash equivalent assets at start of the period	1,517	742
2,686	**3,650**	**Cash and cash equivalent assets at the end of the period**	**1,677**	**785**

Notes to the interim accounts

NOTE 1: ACCOUNTING POLICIES

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries and associated companies. The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of insurance companies."

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 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

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 PARTIES

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 21 and 45 in the 2011 annual report.

Storebrand had not carried out any material transactions with close associates at the close of 1Q.

NOTE 5: 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.

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.

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.

Notes to the interim accounts

NOTE 7: SEGMENT INFORMATION - ANALYSIS OF PROFIT AND LOSS BY BUSINESS AREA

	Storebrand Life Insurance		SPP		Asset mangement		Insurance		Storebrand Livsforsikring Group	
NOK million	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Revenue	11,358	9,829	4,400	2,721	58	52	701	624	16,518	13,226
Profit before tax	55	153	266	173	24	19	73	29	418	375
Assets	229,224	216,831	133,008	127,989	140	179	2,746	2,438	365,118	347,436
Liabilities	218,408	205,974	128,094	123,346	109	124	2,746	2,438	349,356	331,882

Revenue includes the total premium income including savings premiums and transferred premium reserve from other companies, net financial return and other income.

Storebrand Life Insurance
Includes the companies in the Storebrand Livsforsikring 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. Includes also Benco as via Nordben and Euroben offers pension products to multinational companies.

SPP
Includes companies in 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 Eiendom AS (property management), Storebrand Realinvesteringer AS and SPP Fonder AB (fund management).

Insurance
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.

NOTE 8: 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 recognized 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 note 11 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 Livsforsikring AS

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	31.03.12	31.12.11
Assets					
Equities and units					
- Equities	7,049	299	1,464	**8,813**	11,038
- Fund units		21,236	1,184	**22,420**	20,254
- Hedge fund		653	25	**678**	682
- Private Equity fund investments		1,209	4,899	**6,108**	6,256
Total equities and units	**7,049**	**23,397**	**7,573**	**38,019**	
Total equities and units 2011					**38,230**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	2,650	1,658		**4,308**	3,651
- Credit bonds		6,789	794	**7,582**	8,810
- Mortage and asset backed bonds		7,711	110	**7,822**	8,021
- Bond funds		34,727		**34,727**	35,266
Total bonds and other fixed income securities	**2,650**	**50,885**	**904**	**54,439**	
Total bonds and other fixed income securities 2011					**55,748**
Derivatives:					
- Interest rate derivatives		1,137		**1,137**	31
- Currency derivatives		4,117		**4,117**	-1,012
- Credit derivatives		-32		**-32**	2
Total derivatives		**5,223**		**5,223**	
- derivatives with a positive market value		1,124		**1,124**	
- derivatives with a positive market value		-602		**-602**	
Total derivatives 2011					**-980**

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	16	11

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.

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

NOK million	Equities	Fund units	Hedge fund	Private equity fund investments	Credit bonds	Mortage and asset backed bonds
Balance 01.01.12	1,526	1,204	27	4,643	819	790
Net profit/loss at financial instruments	-93	-30	-1	126	-27	-1,836
Additions/purchases	2	3		102		
Sales/overdue/settlement	23	6		28	1	1,157
To quoted prices and observable assumptions	6					

Balance 31.03.12	**1,464**	**1,184**	**25**	**4,899**	**794**	**110**

Storebrand Livsforsikring Group

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	31.03.12	31.12.11
Assets					
Equities and units					
- Equities	21,727	606	3,090	**25,422**	26,256
- Fund units		47,853	2,157	**50,011**	49,259
- Hedge fund		1,481	5,508	**6,989**	6,839
- Private Equity fund investments		653	25	**678**	919
- Indirect real estate fund		15	1,941	**1,956**	1,976
Total equities and units	**21,727**	**50,608**	**12,722**	**85,056**	
Total equities and units 2011					**85,248**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	22,033	21,803		**43,836**	46,270
- Credit bonds		17,579	1,215	**18,794**	19,872
- Mortage and asset backed bonds		31,845	120	**31,964**	31,907
- Supranational and agency		2,201		**2,201**	2,202
- Bond funds		45,144		**45,144**	42,789
Total bonds and other fixed income securities	**22,033**	**118,572**	**1,335**	**141,940**	
Total bonds and other fixed income securities 2011					**143,040**
Derivatives:					
- Equity derivatives					
- Interest rate derivatives		2,684		**2,684**	4,191
- Currency derivatives		547		**547**	-924
- Credit derivatives		-3		**-3**	2
Total derivatives		**3,227**		**3,227**	
- derivatives with a positive market value		4,736		**4,736**	
- derivatives with a positive market value		-1,509		**-1,509**	
Total derivatives 2011					**3,269**

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	68

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.

Notes to the interim accounts

On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

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

NOK million	Equities	Fund units	Hedge fund	Private equity fund investments	Indirect real estate fund	Credit bonds	Mortage and asset backed bonds
Balance 01.01.12	3,111	2,224	5,226	27	1,969	1,213	790
Net profit/loss at financial instruments	-146	-65	134	-1	-28	-30	-1,836
Additions/purchases	21	5	126			36	9
Sales/overdue/settlement	97	6	28			1	1,157
From quoted prices and observable assumptions	22						
Re-statement differences	-16	-13	-6			-5	
Balance 31.03.12	**3,090**	**2,157**	**5,508**	**25**	**1,941**	**1,215**	**120**

NOTE 9: NET INCOME FROM REAL ESTATE

NOK million	31.03.12	31.03.11	31.12.11
Rent income from real estate[1]	458	411	1,815
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income[2]	-86	-93	-408
Profit minority defined as debt	-12	-31	-71
Net operating income from real estate	**360**	**287**	**1,336**
Realised gains/losses	-15	-2	82
Change in fair value of properties	-134	204	249
Total income from real estate	**211**	**489**	**1,667**

1) Real estate for own use	*19*	*18*	*73*
2) Real estate for own use	*-1*	*-1*	*-6*

Changes in value real estate investments

NOK million	31.03.12	31.03.11	31.12.11
Wholly owned real estate investments	-134	204	249
Real estate equities and units in Norway and Sweden[1]	-5	11	73
Real estate units abroad[1]	14	114	131
Total value changes investment real estate	**-125**	**329**	**453**
Real estate for own use	-6		27
Total value changes real estate investment	**-132**	**329**	**480**
Realised gains/losses sold real estate	**-15**	**-2**	**82**

1) Is classified as equities and units in the statement of financial position and considered Storebrand 's total real estate exposure.

Notes to the interim accounts

NOTE 10: REAL ESTATE

Book value of investment real estate in the statement of financial position[1]

NOK million	31.03.12	31.12.11
Carrying amount as per 1 Jan	29,075	27,347
Supply due to purchases		2,078
Supply due to additions	237	624
Disposals	-5	-1,244
Net write-ups/write-downs	-140	265
Exchange rate changes	-22	5
Carrying amount	**29,144**	**29,075**

[1] *Consists of real estate in Storebrand Livsforsikring Group*

Real estate type

NOK million	31.03.12	31.12.11	Diration of lease (years)	m²	Leased amount in %[1]
Office buildings (including parking and storage):					
- Oslo- Vika/Fillipstad Brygge	6,166	6,044	7	140,843	95
- Rest of Greater Oslo	8,481	7,746	5	242,373	94
- Rest of Norway	2,696	2,719	12	197,941	98
Shopping centres (including parking and storage)	9,533	10,321	3	547,400	100
Multi-storey car parks	657	654	5	27,393	100
Office buildings in Sweden	891	853	8	40,426	60
Cultural/conference centres in Sweden	393	399	20	18,690	100
Other real estate	328	340			
Total investment real estate	**29,144**	**29,075**		**1,215,066**	
Real estate for own use other	1,472	1,460		53,810	95
Total real estate	**30,617**	**30,535**		**1,268,876**	

[1] *The leased amount is calculated in relation to floor space.*

Geographical location:

NOK million	31.03.12	31.12.11
Oslo- Vika/Fillipstad Brygge	6,823	6,698
Rest of Greater Oslo	10,401	9,652
Rest of Norway	11,781	12,594
Sweden	1,284	1,252
Other	328	340
Total real estate	**30,617**	**30,535**

A further NOK 250 million was agreed for real estate purchases in Q1 2012, but the assumption of the risk and final conclusion of contracts will occur later in 2012 and NOK 297 million in Storebrand and SEK 188 million in SPP has 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. Investment real estate consist primarily of office properties and shopping centers.

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 fore-cast 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.

The required rate of return is divided into the following components:
Risk free interest rate
Risk markup, adjusted for:
- Type of property
- Location
- Environment 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% inflation):

	Required rate of return %		Fair value (NOK million)	
Segment	31.03.12	31.12.11	31.03.12	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	339

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 aprox 1 billion, which is equivalent to 3.42 per cent. 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 11: FINANCIAL LIABILITES AND SPESIFICATION OF BORROWING

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Booked value
Issuer					
Hybrid tier 1 capital					
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
Total subordinated loan capital and hybrid tier 1 capital 31.03.2012					**6,842**
Total subordinated loan capital and hybrid tier 1 capital 31.12.2011					**6,813**

NOTE 12: CONTIGENT LIABILITIES

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.03.12	31.12.11	31.03.12	31.12.11
Undrawn amounts of committed lending facilities	1,836	1,990	1,836	1,990
Uncalled residual liabilities concerning Limitied Partnership	3,601	3,597	5,227	5,898
Total contigent liabilities	**5,438**	**5,587**	**7,064**	**7,888**

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.

Notes to the interim accounts

NOTE 13: CAPITAL ADEQUACY

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.03.12	31.12.11	31.03.12	31.12.11
Share capital	3,430	3,430	3,430	3,430
Other equity	13,039	12,854	12,331	12,070
Equity	**16,469**	**16,285**	**15,762**	**15,500**
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Conditional bonus			3,098	3,024
Goodwill and other intangible assets	-99	-91	-5,882	-6,062
Risk equalisation fund	-514	-469	-514	-469
Capital adequacy reserve			-115	-121
Deduction for investments in other financial institutions	-25	-13	-15	-3
Other	40	-7	-22	66
Core (tier 1) capital	**17,371**	**17,205**	**13,812**	**13,435**
Hybrid tier 1 capital				
Perpetual subordinated loan capital	4,979	5,024	4,979	5,024
Dated subordinated loan capital				
Capital adequacy reserve			-115	-121
Deductions for investments in other financial institutions	-25	-13	-15	-3
Tier 2 capital	**4,954**	**5,012**	**4,849**	**4,901**
Net primary capital	**22,325**	**22,216**	**18,661**	**18,336**
Risk weighted calculation base	**106,069**	**108,574**	**131,507**	**132,787**
Capital adequacy ratio	**21.0 %**	**20.5 %**	**14.2 %**	**13.8 %**
Core (tier 1) capital ratio	**16.4 %**	**15.8 %**	**10.5 %**	**10.1 %**

[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 01.04.2012. The capital adequacy ratio and core (tier 1) capital ratio as of 31.03.2012 would have been 11.8 % and 8.2 % respectively when the conditional bonus is excluded. This will not affect the Group's solvency capital or the solvency margin of Storebrand Life Insurance.*

[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 2011 in which proportional consolidation is used for these investments. The new calculation method provides a more comprehensive picture of the underlying risk.*

Notes to the interim accounts

NOTE 14: SOLVENCY MARGIN

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.03.12	31.12.11	31.03.12	31.12.11
Solvency margin requirements	7,331	7,198	11,346	11,376
Solvency margin capital	23,947	23,800	18,498	18,322
Solvency margin	**326.7 %**	**330.7 %**	**163.0 %**	**161.1 %**

Specification of solvency margin capital

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK mill.	31.03.12	31.12.11	31.03.12	31.12.11
Net primary capital	22,325	22,216	18,661	18,336
50% of additional statutory reserves	2,623	2,721	2,623	2,721
50% of risk equalisation fund	257	235	257	235
Counting security reserve	55	54	55	54
Conditional bonus			-3,098	-3,024
Reduction in Tier 2 capital eligible for inclusion i n solvency capital	-1,313	-1,425		
Solvency capital	**23,947**	**23,800**	**18,498**	**18,322**

See footnote 2 in note 13.

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Translation from the original Norwegian version

To the board of Storebrand Livsforsikring AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated balance sheet of Storebrand Livsforsikring AS (the Group) as of March 31, 2012, and the related statement of 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 the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway. 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 the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway.

Oslo, May 2, 2012
Deloitte AS

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