Interim report Storebrand Group

4th quarter 2011

(unaudited)

storebrand

4Q

2011

Interim report - 4th quarter 2011:

Storebrand Group

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Storebrand Group

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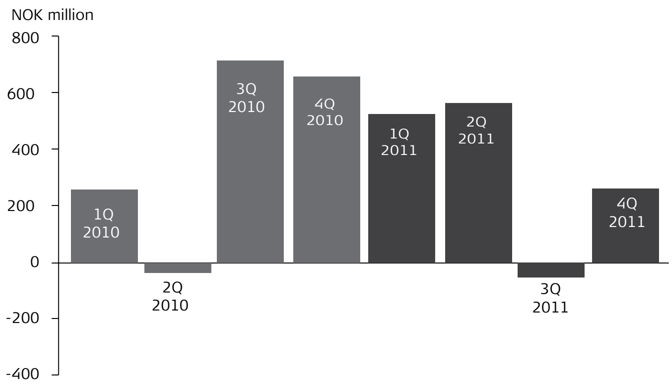
- **The Board proposes no dividend for 2011**

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

Group result

	4Q		Full year	
NOK million	2011	2010	2011	2010
Storebrand Life Insurance	139	273	481	783
SPP	-14	202	291	410
Asset Management	90	168	293	333
Bank	51	40	213	162
Insurance	77	50	281	155
Other activities	-75	-62	-278	-231
Group result before amortisation	268	669	1,279	1,612
Write-downs and amortisation intangible assets	-98	-101	-394	-390
Group pre-tax profit/loss and sold/discontinued business	170	568	885	1,223

Group result before amortisation and write-downs per quarter



Result

Group result before write-downs and amortisation of intangible assets of NOK 1,279 million (NOK 1,612 million) for the year and minus NOK 268 million (NOK 669 million) for 4Q. The figures in brackets show the situation for the same period last year.

The group has delivered competitive investment returns for life and pensions customers in Norway and Sweden. The strong return permits a significant strengthening of customer buffers (NOK 600 million in Norway and NOK 600 million in Sweden) and longevity reserves of NOK 1.1 billion.

The year 2011 has been marked by weak equity markets and low interest rates. This has resulted in lower than expected growth in assets under management, which has in turn weakened the group's earnings. The efficiency and cost reductions are improving the quality of the group's underlying earnings. The group's shift towards less capital intensive products continues, and in total there was a 10 per cent increase in premiums for unit linked insurance in in 2011.

Turbulent financial markets weakened the financial result of SPP, while the risk result was strong due to a good sickness result. The operational performance is positive and the administration result improved by 30 per cent throughout the year.

In Storebrand Asset Management the market development resulted in a lower growth in assets under management during the three first quarters of the year, which led to a lower growth in earnings than expected. Assets under management increased with NOK 8.7 billion in 4Q.

Storebrand Bank improved its result by NOK 51 million compared with 2010, primarily as a result of an increase in other income and low losses. The banking group decided to discontinue the ownership of Ring Eiendomsmegling real estate agency business in 2011.

Storebrand Insurance improved its result for both the quarter and full year. This development has been driven by a stronger risk result and higher cost effectiveness for the area. Throughout last year the combined ratio improved from 98 to 91 per cent.

Storebrand had an income tax expense of NOK 120 million in 4Q and NOK 144 million for 2011. The tax is not payable. The tax loss carryforward has been reduced as a result of the fall in the equity market. There has also been a change in the temporary tax differences, which have entailed overall that a deferred tax asset of NOK 58 million has been set aside at the end of 2011.

Operational income statement - Storebrand Group

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

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

Operational income statement Storebrand Group[1)]

	4Q		Full year	
NOK million	2011	2010	2011	2010
Fee and admininstration income	973	963	3,952	3,783
Operational cost	-732	-733	-2,800	-2,673
Fee and admininstration result	**241**	**231**	**1,152**	**1,110**
Risk and insurance result	243	90	686	597
Holding company and company portfolios	-80	-86	-268	-253
Result before profit sharing and loan losses	**404**	**235**	**1,570**	**1,454**
Net profit sharing and loan losses	-136	434	-291	158
Group profit before amortisation	**268**	**669**	**1,279**	**1,612**
Write-downs and amortisation of intangible assets	-98	-102	-394	-390
Group pre-tax profit/loss	**170**	**568**	**885**	**1,223**

The result before profit sharing and loan losses shows a growth of NOK 116 million throughout the year in spite of the turbulent financial markets. This is a lower growth than expected, but reflects an increased robustness in the group`s earnings power. Compared with last year the profit sharing in the life insurance business is lower as a result of the market performance. Return-based income in asset management was reduced in 2010.

Result improvement programme

Storebrand has announced a goal of achieving a result before profit sharing and loan losses of NOK 2.5 billion in 2013. As a result of the turbulent financial markets, Storebrand is at the end of 2011 behind on its plan to reach its result target in 2013. The implemented cost measures are progressing according to plan. The increase in revenues is lower than expected in the plan due to lower customer funds than expected as a result of the falling equity markets throughout 2011. In order to compensate for weaker than expected earnings growth, cost measures are being implemented earlier than planned to a greater extent.

Market and sales performance

Premium income and sales in the life insurance companies reflect the shift away from traditional guaranteed business to fund-based business without an interest rate guarantee. This trend expected to be reinforced based on higher saving rates and a change in the regulatory framework for defined benefit pensions. Premium growth for defined-contribution pensions for the Norwegian life company was 12 per cent in 2011. SPP’s premium income in unit linked based insurance increased by 7 per cent compared with the corresponding period in 2010. Unit linked insurance represents 58 (53) per cent of SPP’s total premium income.

In the asset management business subscriptions in equity funds has been low and the development is marked by a shift towards safer investments such as banks and fixed income funds. In 2011 the bank strengthened its position and was named the third best full service bank by Norsk Familieøkonomi. The insurance business has experienced good sales growth for health insurance during the quarter, while growth in personal insurance remains stable.

Capital situation

Storebrand Group’s financial position was good at the close of the quarter. Storebrand Life Insurance Group’s (Storebrand Life Insurance and SPP) solvency margin was 161 per cent at the end of the year, and capital adequacy was 13.8 per cent. The solvency margin weakened by 4 percentage points during the quarter. This is attributed to a great extent the income tax expense in Storebrand Life Insurance. The SPP Group’s solvency margin was 141 per cent at the end of the quarter. As of 10 February the solvency margin in SPP was 157 per cent. Storebrand Group has a capital adequacy of 13.9 per cent.

In connection with the acquisition of SPP in 2007, Storebrand Life Insurance was granted a time-limited permit, based on terms stipulated by the Financial Supervisory Authority of Norway, to include the conditional bonus in SPP as core (tier 1) capital in connection with the calculation of capital adequacy. This permit expires on 1 April 2012. Without the conditional bonus the Storebrand Group’s capital adequacy would have been 2 percentage points weaker at the end of 2011. Correspondingly, the capital adequacy and core capital ratio of the Storebrand Life Insurance Group would have been 2.3 percentage points lower.

The Board of Directors has decided to propose to the Annual General Meeting that the entire annual result for 2011 will be used to strengthen the company´s equity and that no dividend will be paid. The Board`s statement on dividend can be found on page 13.

Key Figures

	4Q		Full year	
NOK million	2011	2010	2011	2010
Earnings per share adjusted (NOK)[2)]	0.21	2.37	2.39	4.17
Return on equity, annualised[2)]	2.6%	26.9%	6.0%	10.8%
Equity			18,777	18,417
Capital adequacy Storebrand Group			13.9%	13.1%
Solvency margin Storebrand Life Group			161%	164%
Core capital adequacy Bank Group			11.4%	10.6%

1) The income statement is based on reported IFRS results for the individual companies in the Group. The statement differs from the official financial statements.
2) Adjusted for write-downs and amortisation of intangible assets, after tax.

Storebrand Life Insurance

- **Strong return relative to competitors enables the building up of buffers and longevity reserves**
- **Stable development of administration and risk results during the quarter**
- **12 per cent growth in premium income for defined-contribution pensions in 2011**

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.

Result

Financial performance Storebrand Life Insurance including BenCo*

NOK million	4Q 2011	4Q 2010	Full year 2011	Full year 2010
Administration result	21	17	101	58
Risk result	36	-2	117	152
Financial result[2]	-38	115	-226	58
Price of interest guarantee and profit risk	125	142	520	557
Other	-5	1	-32	-43
Pre-tax profit/loss	139	273	481	783

* *See page 6 for more information.*

Administration result

Administration income was negatively affected during the quarter by the fall in the equity markets in 2Q and 3Q. This decline reduced the assets under management for defined-contribution pensions. The implemented efficiency measures and focus on costs contributed to an improvement in the administration result for the full year 2011.

Risk result

The risk result for the year is lower than in 2010. This is attributed to the fact that the disability reserves were strengthened in 2011. The reserves were strengthened primarily during the first three quarters of the year, and this helps explain why the risk result in 4Q is better than in the corresponding quarter in 2010. A total of NOK 21 million was set aside in the risk equalisation fund in 4Q and NOK 167 million was set aside for the full year.

Financial result

The quarter was marked by great deal of turbulence in the financial markets. Long-term rates fell significantly during the quarter, while the uncertainty associated with the financial markets resulted in wider credit spreads. Lower interest rates have a positive effect on returns in the short-term, while wider credit spreads have a negative effect on returns. The equity markets rose during the quarter, but they fell in Norway and internationally for the year as a whole.

Market return defined contribution pensions

Profile	4Q 2011	4Q 2010	Full year 2011	Full year 2010
Careful profile	2.7%	2.5%	2.8%	6.7%
Balanced profile	4.9%	5.8%	-1.2%	10.3%
Aggressive profile	6.6%	9.0%	-5.3%	13.4%

The booked return for customer portfolios, with the exception of a group of individual and collective pension portfolios with a multi-year interest rate guarantee, was sufficient to cover the average interest rate guarantee and provide undistributed profits for customers of NOK 0.5 billion. 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 to 2.5 per cent as a result of the low interest rate level.

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. As a result of this Storebrand Life Insurance set aside NOK 1.1 billion in 2011 to strengthen the premium reserve for collective pension insurance and paid-up policies.

In addition to this, Storebrand has an ongoing plan to increase reserves related to assumptions of lower mortality in the future for individual pension insurance and paid-up policies. In accordance with this plan, NOK 92 million was set aside in 4Q and NOK 323 million for the full year 2011. The total negative result impact for the owner of building up reserves for individual pension insurance was NOK 180 million in 2011.

The remaining reported need to increase reserves at the end of 2011 is estimated to be around NOK 170 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 positive booked return. 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.

Return on investment portfolios with an interest rate guarantee

Portolio	4Q 2011 Market return	4Q 2011 Booked return	4Q 2010 Market return	4Q 2010 Booked return	Full year 2011 Market return	Full year 2011 Booked return	Full year 2010 Market return	Full year 2010 Booked return
Total Group (DB)	1.8%	1.9%	2.2%	1.5%	3.0%	4.8%	6.4%	4.6%
Paid-up policies	1.5%	1.5%	1.9%	1.7%	3.8%	4.7%	6.0%	4.9%
Individual	1.6%	1.6%	2.1%	2.6%	3.2%	3.6%	6.0%	6.0%

[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.*

Profitability in the business is satisfactory despite the weak value-adjusted return due to the previous build-up of buffer capital and good risk management. 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 2011. 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 experienced a gross return of 1.3 per cent (1.7 per cent) in 4Q and 5.1 per cent for the year 2011. The return was negatively affected by wider credit spreads in the banking sector. The company portfolio reported a net result of minus NOK 41 million (minus NOK 36 million) for the quarter and minus NOK 120 million (minus NOK 55 million) for the full year.

Price of interest rate guarantee and profit risk

NOK 125 million was recognised as income from upfront pricing of the interest rate guarantee and profit from risk for group defined benefit in 4Q, which was a reduction of NOK 17 million compared with the same period last year. NOK 520 million was recognised as income for the full year 2011, which is a reduction of NOK 37 million from the corresponding period last year. The reduction for the year is attributed to communicated and implemented price changes, in addition to net business transferred out.

Intragroup transaction – BenCo

An intragroup transaction was carried out in the group whereby SPP Livförsäkring AB's ownership interest in BenCo Holding (parent company of Euroben and Nordben) was sold to Storebrand Livsforsikring AS. The purpose of the transaction was to create a simpler ownership structure for BenCo in the group by combining the shared ownership between SPP and Storebrand Life Insurance in Storebrand Life Insurance. In addition, the transaction contributed to strengthening the capital and solvency situation in the SPP Group. Storebrand Life Insurance now owns 90 per cent of the shares in BenCo. The remaining shares are owned by Mandatum and Varma. BenCo is now reported as part of Storebrand Life Insurance and has been incorporated into the historic figures.

Balance sheet

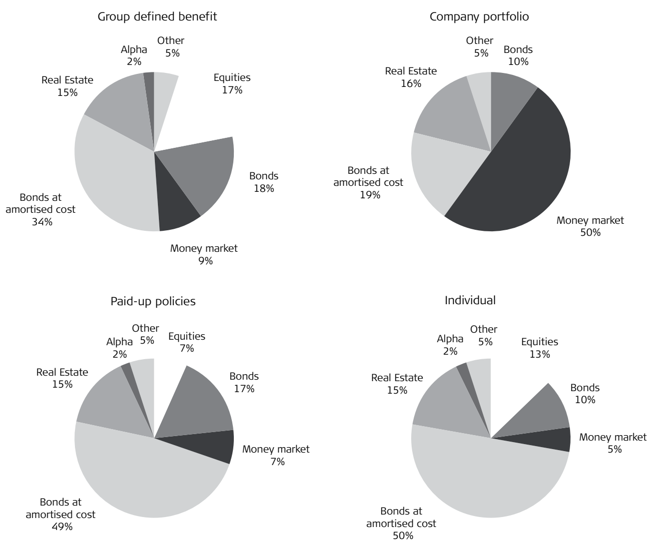
The equity allocation for customer portfolios with an interest rate guarantee was in 2011 reduced in favour of an increase in bonds held at amortised cost.

Equity proportion customer portfolios with an interest guarantee

Portfolio	31.12.11	30.06.11	31.12.10
Aggressive profile	21%	20%	25%
Standard profile	17%	15%	18%
Careful profile	9%	9%	9%
Paid-up policies	7%	9%	11%
Individual	13%	13%	12%

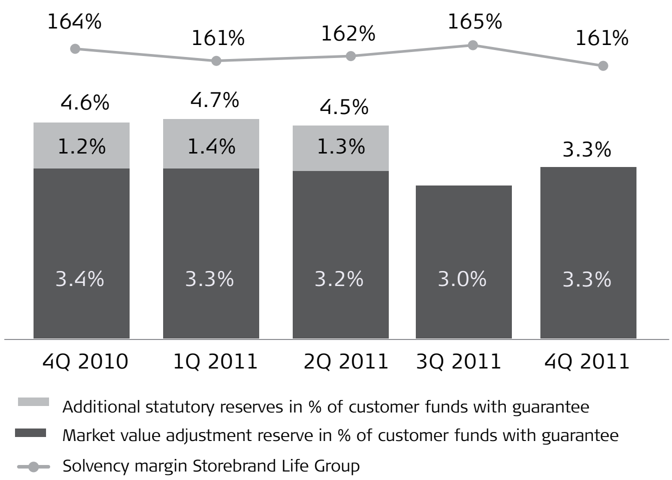
In the company portfolio the allocation to bonds held at amortised cost increased and the money market exposure was reduced correspondingly.

Asset profile



Assets under management in 4Q and for the full year increased by around NOK 3 billion. Assets under management totalled NOK 213 billion at the end of 2011. This increase has been driven by a positive return, but the net transfer out of customer assets has a negative effect.

Solvency



The Storebrand Life Insurance Group's capital adequacy was reduced by 0.8 percentage points and ended up at 13.8 at the end of 2011. The Storebrand Life Insurance Group's solvency margin was reduced by 4 percentage points during the quarter and totalled 161 per cent at the end of 2011. The capital adequacy and solvency margin during the quarter were affected, among others, by the estimated tax expense. It is not expected any payable tax. The net allocations to additional statutory reserves also had a positive effect on the solvency margin.

The additional statutory reserves increased by NOK 0.6 billion in 4Q and totalled NOK 5.4 billion at the end of 2011. In 4Q calculated deductions from the additional statutory reserves of NOK 0.2 billion to cover the interest rate guarantee for customers were reversed. In addition, NOK 0.4 billion was allocated to the additional statutory reserves.

Due to the change in interest rates, the excess value of bonds held at amortised cost was reduced by NOK 0.6 billion in 4Q and totalled NOK 1.8 billion at the end of 2011. The excess value of bonds held at amortised cost is not included in the financial statements. Solidity capital[1)] decreased by NOK 0.2 billion in 4Q, as a result of the income tax expense, among others, and totalled NOK 40.1 billion at the end of 2011. The solidity capital was reduced by NOK 2.6 billion in 2011.

Market

Premium income[2)]

	4Q		Full year	
NOK million	2011	2010	2011	2010
DB (fee based)	1,485	1,062	9,147	8,154
DC (unit linked based)	947	776	3,812	3,409
Total occupational pension	2,432	1,838	12,959	11,563
Paid-up policies	15	20	116	98
Traditional individual life and pensions	140	158	584	761
Unit linked (retail)	173	552	929	1,993
Total individual pension and savings	328	730	1,629	2,852
Benco	160	186	700	759
Total	2,920	2,754	15,288	15,174

In general the premium income from group defined benefit pensions will gradually be reduced due to the transition to defined contribution pensions. The increase in 2011 was due to factors such as wage inflation. The growth in premium income for defined-contribution schemes for companies has been good. The change in premium income for defined-contribution pensions in 4Q compared with last year has been affected by a change in the invoicing from annual to monthly. New subscriptions are no longer being sold for traditional individual life and pensions, and this has decreased premium income compared with the previous year. The decline in premium income for unit linked is attributed to the fact that the sale of "guarantee accounts" from last year was not maintained to the same extent this year.

Sales

In 2010, three local authorities decided to transfer their pension schemes from Storebrand with accounting effect from 1 January 2011. The net booked transfer to Storebrand was minus NOK 641 million (NOK 298 million) for 4Q and minus NOK 4,690 million (NOK 1,859 million) for the full year.

The occupational pension market in the private sector has been marked by a strong transition from defined benefit pensions to defined contribution pensions, and this trend is expected to continue in 2012. The change in the regulatory framework for defined benefit pensions and the expectation of higher contribution rates will reinforce this trend, and Storebrand is working on the development of product and service solutions that are adapted to the new regulatory framework and customer needs.

Total sales for 2011 were lower than expected. The sale of fund products in particular has been lower than expected, which is attributed to the performance of the equity market.

Storebrand has implemented a new, offensive strategy for the retail market and has a number of measures under implementation to support this new focus throughout 2011. Storebrand has an clear focus on offering favourable products and solutions for employees of our corporate customers, and this market showed a positive performance throughout 2011. The goal is to improve customer satisfaction, increase the number of customers and customers with multiple product links.

New premiums (APE[3]) totalling NOK 107 million (NOK 243 million) were signed in Q4 and NOK 658 million (NOK 1,476 million) were signed in 2011. The decline is attributed primarily to a lower APE for group defined benefit pensions and defined contribution pensions, but also unit linked to some extent.

New premiums (APE):

- Guaranteed products: NOK 25 million (NOK 124 million) for the quarter and NOK 325 million (NOK 778 million) for the full year 2011.
- Unit linked insurance: NOK 75 million (NOK 114 million) for the quarter and NOK 299 million (NOK 499 million) for the full year 2011.
- BenCo: NOK 7 million (NOK 5 million) for the quarter and NOK 34 million (NOK 37 million) for the full year 2011.

1) The term solidity capital encompasses equity, subordinated loan capital, the market value adjustment reserve, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.
2) Excluding transfer of premium reserves.
3) Annual Premium Equivalent: Running premiums + 10 per cent of single premiums.

SPP

- **Administration result increased by 30 per cent throughout the year, but weakened in 4Q due to cost provisions of NOK 27 million**
- **Weakened financial result**
- **Premium income from unit linked insurance increased by 7 per cent in 2011**

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]

	4Q		Full year	
NOK million	2011	2010	2011	2010
Administration result	5	8	99	76
Risk result	130	43	289	290
Financial result	-182	135	-226	11
Other	33	16	129	34
Result before amortisation	**-14**	**202**	**291**	**410**
Amortisation intangible assets	-89	-90	-358	-348
Pre-tax profit/loss	**-100**	**112**	**-67**	**63**

Administration result

The administration result amounted to NOK 5 million (NOK 8 million) for 4Q and NOK 99 million (NOK 76 million) for 2011. Income increased by 7[3] per cent in 2011 due to growth in assets under management and a higher percentage of fee-based income. The increase in costs was 5[3] per cent in 2011 and is attributed primarily to higher commission expenses because of increased sales. The operating expenses for the quarter were weakened by provisions of NOK 27 million for expenses, which are primarily related to developments associated with outsourced activities. Exclusive the cost provision and increased commission expenses the costs declined by 1 per cent in 4Q.

Risk result

The risk result was NOK 130 million (NOK 43 million) for 4Q and NOK 289 million (NOK 290 million) for 2011. The sickness result, which constitutes the largest part of the risk result, remains good. The reinsurance agreement for risk business was terminated in December, which resulted in a positive non-recurring effect of NOK 85 million. A new reinsurance agreement has been negotiated and will take effect as of 1 January 2012. The new agreement limits SPP's exposure to the disability and death risk of certain individuals.

Financial result

The financial result was minus NOK 182 million (NOK 135 million) for 4Q and minus NOK 226 million (NOK 11 million) for 2011.

Rising equity markets and lower market interest rates in 4Q provided a good return for the customers. The returns exceeded the interest rate guarantee for all portfolios in 4Q and resulted in profit sharing. The duration of the liabilities is on average matched out in the investment portfolios. However, contracts with a relative long time to maturity have a larger than average duration. Liabilities in these contracts have increased more than assets. This has a negative result effect in the form of increased deferred capital contribution (DCC). In total DCC for 2011 is minus NOK 741 million including a one-off effect of around NOK 100 million from updated calculations concerning future management costs for insurance liabilities. Given a strong return, the DCC can be reversed at a later stage. A hedging portfolio has been established to reduce the effect of falling equity markets. This hedging portfolio generated a loss in 4Q due to the rising equity markets.

Total return on assets SPP

	4Q		Full year	
Portfolio	2011	2010	2011	2010
Defined Benefit (DB)	2.4%	3.6%	8.6%	7.1%
Defined Contribution (DC)				
P250*	2.9%	3.7%	3.3%	5.3%
P300*	2.2%	3.2%	7.6%	6.0%
P520*	1.9%	2.1%	12.5%	7.1%
RP (Retirement Pension)	0.7%	0.1%	2.8%	0.2%

** 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

The other result was NOK 33 million (NOK 16 million) for 4Q and NOK 129 million (NOK 34 million) for 2011. This result primarily consists of the return on the company portfolio, which is entirely invested in short-term interest-bearing securities.

Balance sheet

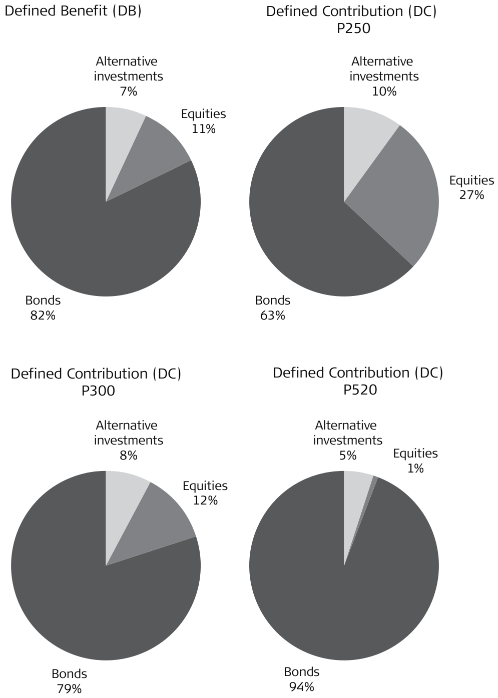
SPP adapts its exposure to equities in accordance with the developments in the market and risk bearing capacity in the portfolios by so-called dynamic risk management. The allocation to equities in the portfolios was reduced throughout the year. Like Storebrand Life Insurance, the interest rate guarantee for new sales was reduced as a result of the low interest rate level. From 1 January 2012 the interest rate guarantee is in the range of 0 to 0.5 per cent.

Equity proportion in portfolios with a guaranteed return

Portfolio	31.12.11	30.06.11	31.12.10
Defined Benefit	11%	11%	28%
DC P250	30%	27%	46%
DC P300	11%	12%	28%
DC P520	1%	1%	5%

[1] SPP encompasses the companies that are part of the Storebrand Holding Group, excluding SPP Fonder, which is reported as a part of Asset Management.
[2] All numbers are exclusive BenCo.
[3] Percentage change is measured in the local currency.

Asset profile customer portfolios with a guarantee

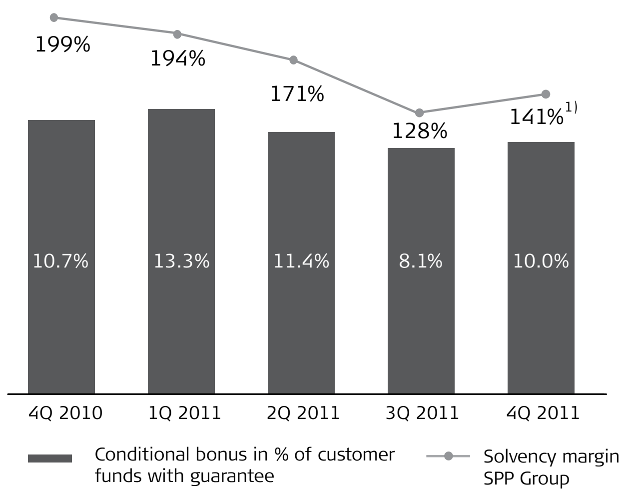


The buffer capital (conditional bonus) increased by NOK 0.6 billion in the quarter and totalled NOK 7.4 billion at the end of the year. This is attributed primarily to rising equity markets.

Solvency

SPP's solvency margin at the close of the quarter was 141 per cent. In solvency calculations in Sweden, insurance liabilities are discounted by a market interest rate. As of 10 February 2012 the solvency margin has increased to 157 per cent.

Solidity



Total assets were NOK 110 billion (NOK 107 billion) at the end of the quarter, an increase of NOK 4 billion during the quarter. Falling market interest rates and rising equity markets have had a positive effect on the capital. Around 70 per cent of the customer assets in unit linked are exposed to equities.

Market

Premium income[2)]

	4Q		Full year	
NOK million	2011	2010	2011	2010
Guaranteed products	639	640	2,632	3,030
Unit linked	749	694	3,633	3,388
Total	1,388	1,334	6,265	6,418

The shift from guaranteed to unit linked business is continuing. Premium income totalled NOK 1.4 billion (NOK 1.3 billion) in the quarter and NOK 6.3 billion (NOK 6.4 billion) in 2011. This reduction was attributed entirely to a decline in guaranteed business. Premium income from unit linked insurance continues to increase and was 7 per cent higher than in the same period last year. Unit linked insurance accounted for 58 per cent (53 per cent) of SPP's premium income. In 2011 SPP was awarded best unit linked insurance provider by the insurance brokerage Söderberg & Partners.

In 2011, SPP has continued to strengthen its position in the Swedish occupational pension market for unit linked. SPP's market share for unit linked rose from 13 to 15 per cent in the competitive part of the occupational pension market. Net cash flow (premium income less payment for insurance claims) and transfers increased from 2,358 million to 2,634 million in 2011. For traditional pension, net cash flow in 2011 was minus 2,220 versus minus 1,502 in 2010.

New subscriptions

New sales measured in APE amounted to NOK 255 million (NOK 250 million) for the quarter. New sales amounted to NOK 1,034 million (NOK 984 million) for the year, an increase of 5 per cent due to increased own sales and sales via the broker channel. Unit linked insurance accounted for 68 per cent (70 per cent) of the total new contracts in 2011.

New premiums (APE):

- Guaranteed products: NOK 86 million (NOK 82 million) for the quarter and NOK 323 million (NOK 291 million) for the full year 2011.
- Unit linked insurance: NOK 165 million (NOK 165 million) for the quarter and NOK 695 million (NOK 683 million) for the full year 2011.
- Other: NOK 4 million (NOK 4 million) for the quarter and NOK 16 million (NOK 10 million) for the full year 2011.

1) BenCo is included in the numbers excluding for 4Q 2011
2) Excluding transfer of premium reserves.

Asset management

- **Income growth reduced in 2011**
- **Turbulent financial markets have negative impact on sales**
- **Assets under management increased by NOK 8.7 billion during the quarter**

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

Result

Financial performance Asset management

	4Q		Full year	
NOK million	2011	2010	2011	2010
Operating revenue	163	165	684	645
Operating cost	-122	-138	-481	-450
Operating result	41	27	203	195
Net performance fees	44	133	79	122
Net financial income	5	8	11	16
Result before amortisation	90	168	293	333
Amortisation intangible assets	-2	-1	-9	-6
Pre-tax profit/loss	88	166	284	327

Asset management reported a profit before amortisation of NOK 90 million (NOK 168 million) for 4Q and NOK 293 million (NOK 333 million) for 2011. Income in the quarter of NOK 163 million is somewhat lower than the previous year and quarters. Growth in income was lower than expected due to weaker growth in assets under management as a result of the fall in the equity market.

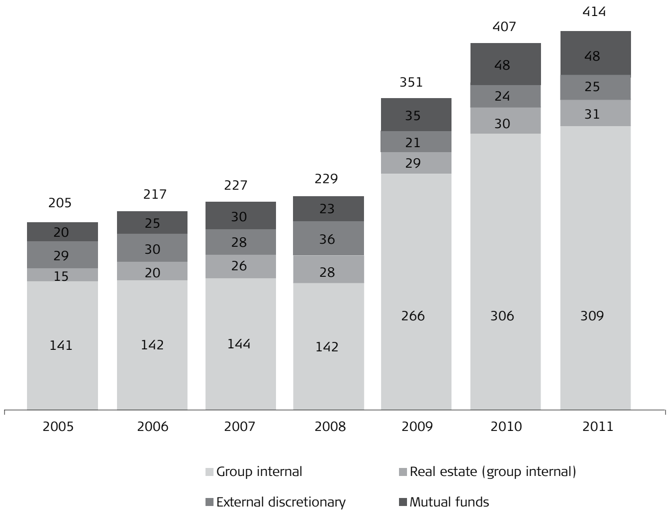
Operating expenses in the quarter were lower than the previous year and totalled NOK 122 million (NOK 138 million) in the quarter. The decline in the quarter is due to non-recurring effects related to lower bonus costs compared with last year and accruals. The cost level has, however, flattened out, and the combined operating expenses totalled NOK 481 million (NOK 450 million) in 2011. Cost growth throughout the year is attributed to expansion of business in the Swedish market and investments in Norway associated with improved reporting solutions and a higher degree of automation.

Assets under management

Assets under management totalled NOK 414 billion (NOK 407 billion) at the end of the year. This represents an increase of NOK 8.7 billion during the quarter.

- The management volume from intragroup customers, including property, increased by NOK 5.3 billion during the quarter.
- Securities funds increased by NOK 2.5 billion during the quarter, primarily as the result of subscriptions for SPP Funds.
- Management for external discretionary customers increased by NOK 0.9 billion in the quarter.

Assets under management (NOK billion)



Value creation in the quarter and year as a whole was negative. This reduces the performance fees and bonus expenses in relation to 2010.

Market

The turbulent financial markets resulted in a weak development for managed funds throughout the year and significantly weaker sales than expected, particularly in the institutional markets. Net new sales in the asset management business area (external discretionary assets and securities funds) totalled NOK 393 million (NOK 8 billion) for the quarter and NOK 5.5 billion (NOK 13.5 billion) for the full year. In 4Q there were redemptions of minus NOK 144 million (subscriptions of NOK 5.2 billion) in the Norwegian business and subscriptions of NOK 537 million (NOK 2.9 billion) in the Swedish business. The level of subscriptions in securities funds was low, and equity funds in particular saw redemptions in the quarter. This trend suggests that investors may be seeking safer investments such as bank deposits and fixed income funds in a period of volatile equity markets.

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

Banking

- **Core capital ratio of 11.4 per cent**
- **Positive development in lending volume**
- **Discontinuation of the ownership of Ring Eiendomsmegling**

Storebrand Bank is a no fees, direct bank which offers a broad range of banking services to the retail market. The bank is also a leading provider of advice, transaction services, and financing for corporate customers within commercial real estate.

Result

Financial performance Bank[1)]

	4Q		Full year	
NOK million	2011	2010	2011	2010
Net interest income	104	113	443	457
Net commission income	18	19	73	74
Other income	7	15	32	12
Total income	129	146	548	543
Operating costs	-79	-89	-345	-352
Result before losses	50	57	203	191
Losses on lending/investment properties	0	-17	10	-29
Result before amortisation	51	40	213	162
Amortisation intangible assets	-8	-8	-22	-28
Pre-tax profit/loss	43	32	190	135

The banking group reported a profit before amortisation and write-downs of NOK 51 million (NOK 40 million) for 4Q and NOK 213 million (NOK 162 million) for 2011. The result improved by NOK 51 million in relation to 2010. This is attributed primarily to an increase in other income and low lending losses.

Storebrand Bank continues to perform well and the banking business results have improved in a number of areas compared with 2010. The banking group decided to discontinue the ownership of Ring Eiendomsmegling real estate agency business in 2011. The result after tax for the sold/discontinued business in Ring Eiendomsmegling was minus NOK 32 million (minus NOK 6 million) in 4Q and minus NOK 60 million (minus NOK 5 million) for 2011.

Net interest income was NOK 104 million (NOK 113 million) for 4Q and NOK 443 million (NOK 457 million) for the year. Compared with 2010 the development throughout the year was marked by lower home mortgage loan margins and higher funding costs, but with improved deposit margins. Net interest income as a percentage of average total assets was 1.06 per cent (1.14 per cent) for the quarter and 1.13 per cent (1.10 per cent) for the year.

Other income amounted to NOK 7 million (NOK 15 million) for 4Q and NOK 32 million (NOK 12 million) for the year. Other income has been stable throughout the year. The increase in 2011 is attributed to an accounting gain of NOK 8 million from the sale of a shareholding in a property development company in 1Q. In earlier years the result for this business area has also included Ring Eiendomsmegling AS.

Operating expenses totalled NOK 79 million (NOK 89 million) for 4Q and NOK 345 million (NOK 352 million) for the year. The cost percentage for the banking business[2)] was 64 per cent in the quarter (70 per cent) and 66 per cent (68 per cent) year-to-date.

The international financial turbulence has not yet caused any problems in the bank's lending portfolio. The volume of non-performing loans is low and at a lower level than the corresponding period in 2010. There were no (NOK 17 million) write-downs on loans in 4Q.

Balance sheet

In the retail market there has been increased home mortgage loan sales and an improved volume trend in the last three quarters of the year. The corporate market portfolio showed an increase in 4Q. Gross lending to customers totalled NOK 34 billion at the end of 4Q. This is an increase of NOK 0.6 billion in 4Q and a reduction of NOK 1 billion compared with the end of 2010. Corporate market lending accounts for 33 per cent of the portfolio. There are few customers who have defaulted and the portfolio's loss level is low.

The volume of non-performing loans declined in 2011. The combined volume of non-performing loans accounted for 1.0 per cent (2.0 per cent) of gross lending. This development is a result of continuous improvement in the portfolio quality, and a review and identification of commitments subject to long-term monitoring.

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure in relation to the various maturities and issuances in various markets. Credit facilities/agreements have been established with other banks that Storebrand Bank can draw down as required. The deposit-to-loan ratio was 55 per cent at the end of the year and remained unchanged compared with the corresponding point in time last year.

Storebrand Boligkreditt AS issued a NOK 500 million bond in the market in 4Q. The banking group's capital adequacy was 13.3 per cent and the core (tier 1) capital ratio was 11.4 per cent at the end of the year.

Market

The bank has strengthened is competitive position in the retail market in 2011 and was awarded the third best full service bank by Norsk Familieøkonomi in 2011, an improvement of 82 places from 2010.

The interest rate market has been volatile in the quarter with rising money market rates until December and a decline after Norges Bank lowered the benchmark rate 0.5 percentage points. Lending and deposit rates increased from the end of November. The lending margins have therefore improved at the start of 2012.

1) Encompasses Storebrand Bank Group and is exclusive Ring Eiendomsmegling.
2) The banking business consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS under liquidation.

Insurance

- **Stronger risk results**
- **Greater cost effectiveness**
- **9 per cent growth in premium income for the year**

The Insurance business area is responsible for the group's one-year risk products. These include P&C and health insurance[1], as well as personal risk and employee cover. Through cost-effective distribution and customer-friendly network solutions the unit offers treatment insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee insurance in the Norwegian corporate market.

Financial performance Insurance

	4Q		Full year	
NOK million	2011	2010	2011	2010
Premiums earned, net	457	427	1,807	1,651
Claims incurred, net	- 327	- 323	-1,314	-1,278
Operating costs	- 84	- 85	- 332	- 331
Insurance result	45	19	161	42
Net financial result	32	31	119	113
Result before amortisation	77	50	281	155
Amortisation intangible assets	- 1	- 2	- 6	- 9
Pre-tax profit/loss	76	47	275	146

Storebrand Insurance reported a positive result before amortisation of NOK 77 million (NOK 50 million) for the quarter and a result of NOK 281 million (NOK 155 million) for the year. The insurance result in particular improved. This has been driven by a stronger risk result and higher cost effectiveness in the organisation. Premium income for own account was up 9 per cent compared with last year and reflects stable growth.

Key figures Insurance

	4Q		Full year	
In %	2011	2010	2011	2010
Claims ratio[2]	72%	76%	73%	77%
Cost ratio[2]	19%	20%	19%	21%
Combined ratio[2]	90%	96%	91%	98%

Storebrand Insurance has a good risk result with a lower claims ratio for both the quarter and the year. The underlying development of risk is good in all product areas. The Dagmar storm has only a moderate impact on the risk result. The risk result improvement is attributed primarily to a lower incidence of winter-related damage compared with last year and a greater degree of price differentiation in all product areas.

The cost percentage totalled 19 per cent (20 per cent) for the quarter and 19 per cent (21 per cent) for the year. The cost base will be further streamlined through a programme for continuous improvement, automation of work processes and increased sales by means of direct channels.

The investment portfolios of Storebrand Insurance total just over NOK 3 billion and are primarily invested in various fixed income securities with a short to medium term duration. The financial income is on par with last year and marked by enduring low interest rates.

Market

Storebrand Insurance offers a broad range of products to the retail and corporate markets. Competition is increasing in the retail market and is particularly strong in the upper end of the corporate market. The annual premium at the end of the year was NOK 2.1 billion, of which NOK 1 billion was from the retail market.

Storebrand has an established position in the retail market for personal insurance and a challenger position for P&C insurance (motor vehicle and property). Growth in personal insurance is stable and in accordance with the general market growth. The sale of P&C insurance is still increasing, and sales take place primarily through direct channels. This contributes to a cost-effective distribution model.

The corporate market is in general a mature market with the exception of health insurance, which has an annual growth rate of 20 per cent. Measured in premiums earned Storebrand has a established a market-leading position in the health insurance market with good sales growth in the quarter. Storebrand is one of several companies in the other personal insurance segments. There is an increased demand for product solutions that link health and personal insurance together, as well as disability cover. This is driven by the companies' desire to reduce absence due to illness, increase job satisfaction and reduce the overall insurance costs.

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

OTHER ACTIVITIES

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

Result

Financial performance other activities

	4Q		Full year	
NOK million	2011	2010	2011	2010
Storebrand ASA				
Interest income	21	12	73	45
Interest expenses	-45	-33	-161	-131
Gains/losses securities	-1	-2	-8	-7
Other financial items	-4	-430	-16	-433
Net financial items	-29	-454	-113	-526
Operating costs	-45	-34	-165	-131
Pre-tax profit/loss Storebrand ASA[1)]	-75	-488	-278	-656
Eliminations	0	425	0	425
Pre-tax profit/loss	-75	-62	-278	-231

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

Storebrand ASA (parent company) achieved a result before group contributions of minus NOK 75 million (minus NOK 488 million) for 4Q. Operating expenses totalled NOK 45 million (NOK 34 million) for the quarter.

Balance sheet

Storebrand ASA held liquid assets of NOK 1.4 billion at the close of the quarter. This represents an increase of NOK 0.4 billion during the quarter. Due to the turbulence in the financial markets and a desire for a more robust liquidity situation the company decided to use EUR 65 million of the credit facility in December. In addition to its liquidity reserves, the company still has EUR 145 million remaining on its credit facility. The first loan instalment of NOK 282 million in Storebrand ASA falls due in March 2012. Liquid assets consist primarily of short-term fixed income securities with good credit rating.

Storebrand ASA's total interest-bearing liabilities were NOK 3.5 billion as at 31 December 2011.

Storebrand ASA owned 0.78 per cent (3,504,654) of the company's own shares at the end of the quarter.

Dividend and allocation of the annual result

Storebrand's target for result before profit sharing and loan losses implies an increased operating cash flow. Growth in operating profit and cash flow will lead to an upward revision of dividend policy.

Considering dividend for 2011, the Board of Directors has emphasized:

- Necessary changes in Norwegian product rules to Solvency II are still unresolved
- New mortality assumptions expected
- Historical low interest rate levels in Norway and Sweden

The Board of Directors has decided to propose for the Annual General Meeting that the result for 2011 is used to strengthen the company's equity and reduce net debt in Storebrand ASA.

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

Outlook

Macroeconomic situation
The year 2011 was marked by turbulent financial markets. At the start of 2012 there is still a great deal of turbulence in the financial markets and the potential impact of international financial developments is still great. Several Southern European countries are struggling with high debt levels. Growth estimates for Europe are low, and there is a great deal of uncertainty in the market related to the European authorities' management of the difficult economic situation. Economic growth in Storebrand's home markets, Norway and Sweden, will also be weakened due to the downturn internationally.

The interest rates on ten-year government bonds fell a great deal in the second half of 2011 and are historically low in both Norway and Sweden. 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 guarantee of 3.4 per cent.

In spite of the weak macroeconomic situation in the eurozone and the ripple effects of this on the Nordic countries, continued growth is still expected within 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 will be affected by the shift in demand from defined-benefit pensions with an interest rate guarantee to defined-contribution products without an interest rate guarantee. Low growth in assets under management is expected for defined-benefit products, while the growth in defined-contribution pensions will be maintained.

Earnings performance
The group's result and cash flow will gradually improve through a transition to products in which the financial performance is less influenced by market fluctuations. Storebrand's goal is to achieve a result before profit sharing and lending losses of 2.5 billion by the end of 2013. Measures have been implemented to increase fixed earnings elements and adapt the level of costs. The group result will also be affected by net profit sharing, return-based fees and lending losses. These are elements that are to a greater extent influenced by market performance. As a result of the turbulent financial markets, Storebrand is approximately 12 months behind on its plan to reach its target in 2013 at the end of 2011. In order to compensate for weaker than expected earnings growth, certain cost measures are being implemented earlier than planned and in a greater scope.

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 guarantee in the 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 instability 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. As a result of how the proposal has been formulated, however, Storebrand's tax loss carryforward can be maintained and shield the company for the payment of tax for a period of time.

In the long-term the proposal to restrict the exemption method will have a negative impact on earnings in the life insurance business and the value of the insurance contracts (embedded value). The proposed change will have a corresponding positive impact since it will reduce the potential tax expense associated with falling equity prices. The impact will be dependent on the equity percentage, performance of the equity market and use of the tax loss carryforward.

Solvency II
The Banking Law Commission's report on paid-up policies and capital requirements, Norwegian Public Report (NOU) 2012:3 was submitted to the Ministry of Finance on 17 January 2012. In NOU 2012:3 the Banking Law Commission proposes amendments that may contribute to a better adaptation of paid-up policies to the capital requirements in accordance with Solvency II. The main elements in the proposal submitted by the Banking Law Commission entail a conversion of paid-up policies to paid-up policies with investment options, 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.

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 will pursue work on new regulations for insurance-based occupational pension schemes adapted to the pension reform, altered market conditions and new capital adequacy requirements. It has been announced that the report on this work will be released in May/June 2012. Storebrand is monitoring these regulative processes closely and has a constructive dialogue with the authorities with regard to these questions.

Future reserves for a higher expected life expectancy
The Financial Supervisory Authority has requested that the Norwegian Financial Services Association complete its work on the new mortality tables. The Financial Supervisory Authority will assess the need for additional longevity reserves for the life insurance companies.

Lysaker, 13 February 2012

Storebrand Group

PROFIT AND LOSS ACCOUNT

Million NOK	Note	4Q 2011	4Q 2010	01.01 - 31.12 2011	01.01 - 31.12 2010
Net premium income		4,854	5,457	25,587	28,661
Net interest income - banking activities	15	104	113	443	457
Net income from financial assets and property for the company:					
- equities and other units at fair value	16	30	44	26	64
- bonds and other fixed-income securities at fair value	16	143	61	503	265
- financial derivatives at fair value	16	-26	30	38	221
- net income from bonds at amortised cost	16	16	5	50	15
- net income from properties	21	30	21	82	52
- result from investments in associated companies		-7	-2	-4	2
Net income from financial assets and real estate for the customers:					
- equities and other units at fair value	16	5,004	6,279	-5,998	9,031
- bonds and other fixed-income securities at fair value	16	1,736	-2,122	7,890	3,197
- financial derivatives at fair value	16	-869	-196	2,852	2,494
- net income from bonds at amortised cost	16	768	543	2,850	2,069
- net interest income lending		37	32	126	114
- net income from properties	20	253	486	1,581	1,389
- result from investments in associated companies		39	50	72	58
Other income		647	690	2,127	2,003
Total income		**12,759**	**11,491**	**38,225**	**50,093**
Insurance claims for own account		-5,406	-5,991	-25,107	-21,956
Change in insurance liabilities		-4,878	-562	-11,668	-17,140
To/from buffer capital		-1,087	-3,154	4,163	-5,132
Losses from lending/reversal of previous losses		-4	-15	14	-15
Operating costs	17	-845	-856	-3,392	-3,294
Other costs		-87	-88	-274	-294
Interest expenses		-183	-156	-681	-648
Total costs before amortisation and write-downs		**-12,491**	**-10,822**	**-36,946**	**-48,480**
Profit before amortisation and write-downs		**268**	**669**	**1,279**	**1,612**
Amortisation and write-downs of intangible assets		-99	-102	-394	-390
Group pre-tax profit		**170**	**568**	**885**	**1,223**
Tax cost		-120	441	-144	300
Result after tax sold/wound up business		-32	-48	-60	-43
Profit/loss for the year		**18**	**960**	**681**	**1,480**
Profit/loss for the year due to:					
Majority's share of profit		16	955	674	1,471
Minority's share of profit		2	6	7	9
Total		**18**	**960**	**681**	**1,480**
Earnings per ordinary share (NOK)		0.04	2.14	1.51	3.30
Average number of shares as basis for calculation (million)				446.2	446.0
There is no dilution of the shares					

Storebrand Group

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	4Q		01.01 - 31.12	
Million NOK	2011	2010	2011	2010
Profit/loss for the year	**18**	**960**	**681**	**1,480**
Other result elements				
Change in pension experience adjustments, net of tax	46	-338	52	-327
Translation differences, after tax	118	57	117	59
Adjustment of value of properties for own use, net of tax	53	-93	76	-57
Gains/losses available-for-sale bonds	-47	-100	-218	-52
Total comprehensive income elements allocated to customers	-6	193	142	110
Total other result elements	**164**	**-281**	**169**	**-268**
Total comprehensive income	**182**	**679**	**850**	**1,212**
Total comprehensive income due to:				
Majority's share of total comprehensive income	177	678	841	1,207
Minority's share of total comprehensive income	5	1	9	5
Total	**182**	**679**	**850**	**1,212**

Storebrand Group

STATEMENT OG FINANCIAL POSITION

Million NOK	Note	31.12.11	31.12.10
Assets company portfolio			
Deferred tax assets		58	117
Intangible assets		6,523	6,807
Pension assets		46	30
Tangible fixed assets		132	190
Investments in associated companies		125	148
Claims from associated companies		69	39
Financial assets at amortised cost:			
- Bonds		1,985	299
- Bonds held to maturity		169	
- Lending to financial institutions		269	675
- Lending to customers	19	33,323	34,209
Reinsurers' share of technical reserves		176	185
Real estate at fair value	20	1,276	1,231
Properties for own use	20	407	352
Other assets		616	589
Accounts receivable and other short-term receivables		1,803	1,892
Financial assets at fair value:	*18*		
- Equities and other units		322	351
- Bonds and other fixed-income securities		20,059	19,013
- Derivatives		1,291	1,285
Bank deposits		3,924	2,472
Assets sold/liquidated business		35	158
Total assets company		**72,608**	**70,041**
Assets customer portfolio			
Investments in associated companies		106	60
Claims from associated companies		428	227
Financial assets at amortised cost:			
- Bonds		62,976	47,895
- Bonds held to maturity		7,983	
- Lending to customers	19	3,010	3,219
Real estate at fair value	20	27,471	25,871
Properties for own use	20	1,393	1,316
Accounts receivable and other short-term receivables		1,900	1,964
Financial assets at fair value:	*18*		
- Equities and other units		84,936	92,492
- Bonds and other fixed-income securities		128,034	137,732
- Derivatives		5,149	3,679
Bank deposits		5,447	5,918
Total assets customers		**328,834**	**320,372**
Total assets		**401,442**	**390,414**

Continues on next page

Storebrand Group

STATEMENT OF FINANCIAL POSITION CONTINUE

Million NOK	Note	31.12.11	31.12.10
Equity and liabilities			
Paid in capital		11,717	11,715
Retained earnings		6,929	6,530
Minority interests		132	172
Total equity		**18,777**	**18,417**
Subordinated loan capital	7	7,496	7,606
Buffer capital		15,480	18,913
Insurance liabilities		307,095	297,371
Pension liabilities		1,629	1,456
Deferred tax			169
Financial liabilities:			
- Liabilities to financial institutions	7	6,016	8,053
- Deposits from banking customers	21	18,477	18,799
- Securities issued	7	13,626	11,623
- Derivatives company portfolio		736	401
- Derivatives customer portfolio		1,983	851
Other current liabilities		10,095	6,681
Liabilities sold/liquidated business		30	73
Total liabilities		**382,665**	**371,997**
Total equity and liabilities		**401,442**	**390,414**

Storebrand Group

RECONCILIATION OF GROUP'S EQUITY

	Majority's share of equity									
	Paid in capital				Retained earnings					
NOK million	Share capital[1]	Own shares	Share premium reserve	Total paid in equity	Pension experience adjustments	Restatement differences	Other equity[2]	Total retained earnings	Minority interests	Total equity
Equity at 31 December 2009	**2,250**	**-20**	**9,485**	**11,714**	**-473**	**37**	**5,765**	**5,329**	**174**	**17,217**
Profit for the period							1,471	1,471	9	1,480
Change in pension experience adjustments					-328			-328		-328
Translation differences						64		64	-4	59
Total other result elements					**-328**	**64**		**-264**	**-4**	**-268**
Total comprehensive income for the period					**-328**	**64**	**1,471**	**1,207**	**5**	**1,212**
Equity transactions with owners:										
Own shares		1		1			14	14		15
Share issue									5	5
Purchase of minority interests							9	9	-11	-2
Other							-29	-29		-29
Equity at 31 December 2010	**2,250**	**-19**	**9,485**	**11,715**	**-801**	**101**	**7,230**	**6,530**	**172**	**18,417**
Profit for the period							674	674	7	681
Change in pension experience adjustments					52			52		52
Translation differences						115		115	2	117
Total other result elements					**52**	**115**		**167**	**2**	**169**
Total comprehensive income for the period					**52**	**115**	**674**	**841**	**10**	**851**
Equity transactions with owners:										
Own shares		2		2			19	19		21
Provision for dividend							-491	-491	-3	-494
Purchase of minority interests							38	38	-48	-10
Other							-9	-9	1	-8
Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-749**	**216**	**7,461**	**6,929**	**132**	**18,777**

[1] 449,909,891 shares with a nominal value of NOK 5.
[2] Includes undistributable funds in the risk equalisation fund amounting to NOK 469 million and security reserves amounting NOK 225 million.

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

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

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

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

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

For further information on the Group's fulfilment of the capital requirements, see note 24.

Storebrand Group

CASH FLOW ANALYSIS

Million NOK	01.01 - 31.12 2011	2010
Cash flow from operational activities		
Net receipts - insurance	24,316	20,918
Net payments compensation and insurance benefits	-17,330	-18,092
Net receipts/payments - transfers	-5,535	1,007
Receipts - interest, commission and fees from customers	1,595	1,719
Payments - interest, commission and fees to customers	-498	-474
Payment of income tax		-5
Payments relating to operations	-2,812	-2,902
Net receipts/payments - other operational activities	3,269	627
Net cash flow from operations before financial assets and banking customers	**3,006**	**2,798**
Net receipts/payments - lending to customers	1,192	2,092
Net receipts/payments - deposits bank customers	-306	473
Net receipts/payments - mutual funds	-600	1,027
Net receipts/payments - real estate investments	-415	-1,468
Net change in bank deposits insurance customers	497	562
Net cash flow from financial assets and banking customers	**369**	**2,685**
Net cash flow from operational activities	**3,375**	**5,484**
Cash flow from investment activities		
Net receipts/payments - sale/purchase of property and fixed assets	-14	-113
Net receits/payments - sale/purchase of fixed assets	-110	-120
Net receits/payments - purchase/capitalization of associated companies and joint ventures	-217	
Net cash flow from investment activities	**-341**	**-233**
Cash flow from financing activities		
Payments - repayments of loans	-2,355	-4,612
Receipts - new loans	4,306	2,709
Payments - interest on loans	-743	-769
Payments - repayment of subordinated loan capital	-100	-175
Payments - interest on subordinated loan capital	-574	-558
Net receipts/payments - deposits from Norges Bank and other financial institutions	-2,044	-2,163
Receipts - issuing of share capital	17	9
Payments - dividends	-491	
Net cash flow from financing activities	**-1,984**	**-5,559**
Net cash flow for the period	**1,050**	**-308**
- of which net cash flow in the period before financial assets and banking customers	681	-5,164
Net movement in cash and cash equivalents	1,050	-308
Cash and cash equivalents at start of the period for new companies	-4	-126
Cash and cash equivalents at start of the period	3,146	3,580
Cash and cash equivalents at the end of the period [1)]	**4,192**	**3,146**
1) Consist of:		
Lending to financial institutions	269	675
Bank deposits	3,924	2,472
Total	**4,192**	**3,146**

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

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

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

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

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

Notes to the interim accounts Storebrand Group

NOTE 1: ACCOUNTING POLICIES

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

The Group has not made any substantial changes to the accounting policies applied in 2011. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2010 annual report.

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

In 2011, SPP Livförsäkring AB's stake in the subsidiary Benco was sold to Storebrand Livsforsikring AS.

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.

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, 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. Reference is made to note 5 of the 2010 annual report, where adequacy tests for the insurance liabilities including value in-force are described.

Please also refer to the discussions in notes 3 and 9 of the 2010 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. In the event that the proposed amendment is implemented, new calculations will be made of the Norwegian group's tax positions. Not all aspects of the proposed amendments are clear as yet and the proposal has not yet been adopted. The current tax regulations have been applied when preparing the accounts that are presented at 31.12.2011.

The Storebrand Group has a significant tax-related deficit linked to the Norwegian life insurance activities. This is because there are major differences between income and losses for accounting purposes and for tax purposes associated with investments in equities within the EEC area. Under Norwegian tax regulations, realised gains are virtually tax free, whilst realised losses are not deductible for taxation purposes. However, an increase or reduction in insurance provisions allows tax deductions or represents taxable income. In 2011, the carryforward tax losses were reduced, inter alia because of a loss on the share portfolios and as a result of other temporary differences between recorded values and values for taxation purposes. The Group's tax-increasing temporary differences also include temporary differences linked to the Group's investment properties. These properties are for the most part recorded in the Norwegian life insurance company's customer portfolios and recorded in the accounts of Storebrand Eiendom Holding AS, which is owned by Storebrand

Notes to the interim accounts Storebrand Group

Livsforsikring AS. Even though these property companies are included in the customer portfolio, and can be sold virtually free of tax, the tax-increasing temporary differences linked to the underlying properties are included in the Group's temporary differences, where deferred tax is calculated at a 28 per cent nominal tax rate. As a result of changes in temporary differences, and the effect of permanent differences for accounting and taxation purposes, and the fact that that tax-increasing temporary differences relating to the investment properties referred to are included in the basis on which deferred tax is calculated, a tax charge has arisen for the Group in 2011, comprising changes in deferred tax. The calculation of tax is based on estimates. Actual figures may differ from the estimates used in the calculation of tax. The value of the Group's existing tax-related deficit is included in the calculation of deferred tax.

NOK million	2011	2010
Total tax increasing temporary differences [1]	11,107	11,858
Total tax reducing temporary differences [1]	-3,609	-4,765
Net temporary differences [1]	**7,498**	**7,093**
Losses carried forward	-6,914	-10,451
Allowances carried forward	-773	-1,057
Total losses and allowances carried forward	**-7,687**	**-11,507**
Basis for net deferred tax/tax assets	**-189**	**-4,414**
Write-down of basis for deferred tax assets	-19	4,600
Net basis for deferred tax/tax assets [2]	**-208**	**186**
Net deferred tax asset/liability in the balance sheet	**-58**	**52**
Booked in the balance sheet		
Deferred tax assets	58	117
Deferred tax	0	169

1) Tax increasing and tax reducing temporary differences related to investment property and other items for 2010, are adjusted compared to the annual report of 2010. This resulted in a net increase in tax increasing temporary differences of 1.3 billion NOK compared to previous presented figures.
2) Net basis for deferred tax/tax assets also include items from the total comprehensive income.

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 22 and 54 in the 2010 annual report above and beyond normal commercial transactions.

Storebrand had not carried out any material transactions with close associates at the close of 4Q.

NOTE 5: SOLVENCY II

Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and the EEC area. Under the current schedule, the regulations shall take effect from 2013, but transitional arrangements have been heralded which imply that the capital requirements will apply from 1 January 2014.

The capital requirements shall reflect all significant risks, including financial market risk, insurance risk, counter-party risk, and operational risk. The ultimate formulation of the capital requirements, including transitional arrangements, is scheduled for some time in 2012, but it is likely that the capital requirements will be higher than the capital requirement under Solvency I.

Calculating solvency capital will be based on the fair value of both assets and liabilities. This implies that the value of insurance liabilities will vary depending on the interest rate level. Under current investment adjustment and product regulations, interest rate sensitivity is considerably higher for insurance liabilities than it is for assets. This implies that a fall in interest rates weakens the solvency position. This effect gets stronger as interest rates fall. Paid-up policies and traditional individual insurance products with guarantees present the greatest risk, because the premium has been fully paid.

The Solvency II framework builds, inter alia, on the assumption that companies can manage the interest risk by investing in assets with an interest rate sensitivity that is similar to that of the insurance liabilities. Norwegian pension schemes are prevented from doing this due to the lack of assets available in the Norwegian market with long-term fixed interest rates, as well as the risk linked to the annual return guarantee (the requirement that the excess return must at the least be equivalent to the basis interest that is irrevocably credited to the customer annually).

The risk entailed in the annual return guarantee arises because it relates only to the asset side. By increasing interest rate sensitivity, the fluctuations in the annual return on assets increase and a risk management dilemma arises. High interest rate sensitivity represents a small risk to the company's solvency position, but a large risk of a negative return in the case of a rise in interest rates. Low interest rate sensitivity represents a small risk to the result but a major risk to solvency in the event of a decline in interest rates.

The Norwegian authorities are aware of the problems. The Banking Law Commission has been requested by the Ministry of Finance to propose amendments to Norwegian product legislation, including how current premium reserves for current private pension schemes can be adapted to the new framework regulations without triggering paid-up policies. Furthermore, there will be a need for amendments that allow for dealing with the interest rate risk linked to existing paid-up policies and individual contracts. In the report, NOU 2012-3, the Norwegian Banking Law Commission proposes, inter alia, that customers may voluntarily opt to convert the old age pension part of the paid-up policy into a paid-up policy with investment alternatives. This is positive, but not sufficient to solve the challenge related to the interest rate risk for paid-up policies. The proposal is now submitted for consultation. It is uncertain what amendments can be implemented and how much risk can be reduced.

NOTE 6: FINANCIAL MARKET RISK

Market risk is the risk of incurring losses on open positions in financial instruments due to changes in market variables and/or market conditions within a specified time horizon. Therefore, market risk is the risk of price changes in the financial markets, including changes in interest rates, and in the currency, equity, property or commodity markets, affecting the value of the company's financial instruments. Storebrand continuously monitors market risk using a range of evaluation methods. The potential for losses in the investment portfolio on a one-year horizon is calculated and the portfolios are stress tested pursuant to the statutorily defined stress tests as well as internal models.

Storebrand Life Insurance Norge
The largest contributions to short-term, result-related market risk for the Norwegian life insurance business are falls in the value of equities and real estate, increased risk for corporate bonds and rapid increases in interest rates. In the longer term, low market interest rates over time represent a significant market risk for the company. The current formulation of the regulations means that technical insurance reserves in Storebrand Life Insurance are not affected by changes in market interest rates. Solvency II is expected to be introduced in 2014, and this may result in the reserves being evaluated at market value also for the Norwegian activities.

SPP
SPP is largely exposed to the same market risk factors as Storebrand Life Insurance, but differences in product design, general framework conditions and asset allocation nonetheless result in some differences in the contributions for different types of market risk. In the short-term, the market risk from equities is relatively greater in SPP than in Storebrand Life Insurance, but at the same time, the company is exposed to little risk from the asset class real estate. SPP is also exposed to market risk from increased risk on corporate bonds. However, as far as the result is concerned, the short-term risk from changes in interest rates is small in SPP because of the adjustment of the assets' interest rate sensitivity (duration) in relation to the liabilities' interest rate sensitivity. However, the current regulatory requirements mean the company cannot have low interest rate sensitivity in the profit and loss account and in the solvency account at the same time, and falling interest rates will have a negative effect on the solvency ratio. Persistent low interest rates also represent a substantial risk for SPP as well, both for the financial result and for the solvency margin percentage.

Bank activities
Storebrand Bank manages its interest rate risk through interest rate swap agreements to minimise the effect of a change in interest rates on its deposits and lending. Market risk represents a minor part of the bank activities' total risk.

Other subsidiaries
The other subsidiaries in the Group are not particularly exposed to market risk.

Sensitivity analyses
The assets and liabilities side (funding and insurance liabilities in Sweden) have been stress tested in order to show how much this can affect the owners' result in relation to the expectations for 2012. An estimated normalised return is included in estimated effects throughout the year, based on uncertain assumptions about future returns and other uncertain factors and uncertain assumptions. The stress tests were applied to the investment portfolio on 31 December 2011 and the outcome shows the estimated effect on profits for the year as a whole. The stresses that have been applied are equities +/-20 per cent, interest +/-150 basis points and real estate +/-12 per cent. With respect to currency risks, the investment portfolios are essentially fully hedged, and changes in exchange rates will have little effect on the companies' expected results for 2012.
For changes in market risk that arise during the course of 1 year, the effect on the result and equity will be as presented below, based on

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the balance sheet at 31 December 2011

Change in market value

NOK million	2011	2010
Equities -20 %	-6,373	-9,300
Equities +20 %	6,373	9,299
Interest rate -1,5 %	9,365	8,157
Interest rate +1,5 %	-8,873	-6,935
Real estate -12 %	-3,615	-3,667
Real estate +12 %	3,615	3,667

Effects on result/equity

NOK million	2011	2010
Equities -20 %	-948	-855
Equities +20 %	294	527
Interest rate -1,5 %	-121	39
Interest rate +1,5 %	-327	-168
Real estate -12 %	-1,043	-430
Real estate +12 %	498	610

This note applies to: Storebrand Livsforsikring, SPP, BenCo, Storebrand Bank, Storebrand Forsikring, Storebrand Helseforsikring og Storebrand ASA.

Life insurance
Since market changes are shown in the note above, dynamic risk management will not affect the outcome. If it is assumed that the market changes will occur over a period of time, then dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive.

Storebrand Life Insurance Norway
The stress tests have been carried out on all investment profiles with guaranteed return, and the effects of each stress test reduce or increase the expected return for each profile. For the negative stress tests (equities down, interest rates up and property down) the return in some individual profiles falls below the guarantee. The guarantee- and buffer situation for each contract will then determine how much equity the company may have to use if the return stays at this level for 2012. Beyond the need for utilising equity to cover returns below the guarantee, it is changes in the profit sharing for paid-up policies and individual contracts, as well as returns and interest expenses in the company portfolio that deviate from the expected result for 2012 to the greatest extent. Compared with equivalent sensitivity a year ago, the effect of the stress tests has decreased. The effects of the negative stress tests have slightly increased from last year. This is mainly due to reduced quotation reserves entering 2012 and expected return closer to the guaranteed return due to lower market interests.

The stress tests were applied individually. If several of the negative stress tests were to occur simultaneously, the negative effect on the result would be greater than simply the sum of the two individual effects alone (a larger proportion of gross stresses would be retained by the owner). In addition to the negative result effect for the owner, the expected building up of buffer capital will, to a substantial degree, fall away in the negative stress tests. In the case of the positive stress tests, greater building up of buffer capital is also assumed, in addition to the positive result effects for the owner in the form of the market value adjustment reserve and additional statutory reserves.

The result effects from products without a guaranteed return, mainly the defined contribution scheme and unit linked, are not included in the analysis. The marked risk lies with the customer with an unsubstantial effect in the owners result.

SPP
The note that shows the effect on the result/equity shows the effect on the financial result excluding profit sharing. Not all changes in market value affect the financial result. The part of a change in market value that affects the result is the part that cannot be offset against conditional bonuses.

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Bank activities

The table includes the accounting effect over a 12-month period of an immediate parallel change in interest rates of +1.5 percentage points and -1.5 percentage points respectively. Account is taken of the one-time effect such an immediate interest rate change has on the items recognised at fair value and hedging value, and on the effects the interest rate change has on the result for the remainder of the interest rate duration before the interest rate change has income and costs-related effects.

Items affected by one-time effects and which are recognised at fair value are primarily the investment portfolio, fixed rate lending with funding via the government swap scheme, deposits with equity returns, and derivatives.

Exposure to selected countries

The financial market unrest continued in 4Q. There is a great deal of uncertainty as to whether certain Euro countries will be able to service their national debt. The situation is most critical for Greece, but also Portugal and the Irish Republic have to pay high interest rates. It is also feared that Italy and Spain are in an exposed position. One direct result of payment problems will be that the banking sector will be affected because of its large loans to the exposed countries. An indirect consequence will be that essential economic austerity measures will have an impact on economic growth and thus corporate earnings. The European problems come in addition to the weak economic prospects in the USA. The table below show the direct exposure towords selected countries at fair value.

Direct exposure towords selected countries per 31.12.2011

NOK million	Shares	Bonds	Total
Greece			
Banks	4		4
Other	9		9
Total	13		13
Italy			
Government		3,277	3,277
Banks	48	492	541
Other	333	297	630
Total	381	4,066	4,447
Portugal			
Government		709	709
Banks	2	133	135
Other	22		22
Total	24	842	866
Ireland			
Government		441	441
Banks	9	152	162
Other	413	1,511	1,923
Total	422	2,104	2,526
Spain			
Government		2,775	2,775
Banks	167	472	639
Other	298	1,118	1,416
Total	465	4,366	4,830
Total	**1,306**	**11,377**	**12,683**

Notes to the interim accounts Storebrand Group

NOTE 7: LIQUIDITY RISK

Liquidity risk is the risk that the company will not have sufficient liquidity to meet its payment obligations when they fall due, or that the company will not be able to sell securities at acceptable prices. Storebrand Life Insurance's and SPP's insurance liabilities are long-term and are usually known long before they fall due, but a solid liquidity buffer is still important for withstanding unforeseen events.

Separate liquidity strategies have been drawn up for several of the subsidiaries, in line with statutory requirements. These strategies specify limits and measures for ensuring good liquidity and a minimum allocation to assets that can be sold at short notice. The strategies define limits for allocations to various asset types and mean the companies have money market investments, bonds, equities and other liquid investments that can be disposed of as required.

Liquidity risk is one of the most important risk factors in banking activities. The company's risk strategy establishes general limits for how much liquidity risk the bank group is willing to accept. A policy has been drawn up specifying principles for liquidity management, minimum liquidity reserves and financing indicators for measuring liquidity risk. In addition to this, an annual funding strategy and funding plan are drawn up that set out the overall limits for the bank's funding activities.

In addition to clear strategies and the risk management of liquidity reserves in each subsidiary, the Group's holding company has established a liquidity buffer. The development of the liquidity reserves is monitored continuously at the corporate level in relation to internal limits. Committed credit lines from banks have also been established, which the companies can draw on if necessary.

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Carrying amount
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	113
Storebrand Bank ASA	168	NOK	Variable	2014	169
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,515
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,703
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,094
Dated subordinated loan capital					
Storebrand Bank ASA	250	NOK	Variable	2012	251
Storebrand Bank ASA	150	NOK	Variable	2012	150
Total subordinated loans and hybrid tier 1 capital 31.12.11					**7,496**
Total subordinated loans and hybrid tier 1 capital 31.12.10					**7,606**

Specification of liabilities to financial institutions

	Carrying amount	
NOK million	31.12.2011	31.12.2010
Call date		
2011		2,949
2012	1,769	1,362
2013	3,258	2,752
2014	988	990
Total liabilities to financial institutions	**6,016**	**8,053**

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Specification of securities issued

	Balanseført verdi	
NOK million	31.12.2011	31.12.2010
Call date		
2011		1,813
2012	2,083	2,087
2013	2,031	1,327
2014	3,583	3,053
2015	1,466	1,442
2016	3,369	865
2019	1,095	1,037
Total securities issued	**13,626**	**11,623**

Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements. According to established covered bond programme the company's requirement to over-collateralisation of 109.5 per cent is fulfilled.

NOTE 8: CREDIT RISK

Credit risk is the risk of incurring losses due to a counterparty's unwillingness or inability to meet his obligations. Maximum limits for credit exposure to individual debtors and for overall credit exposure to rating categories are set by the boards of the individual companies in the Group. Particular attention is paid to ensuring diversification of credit exposure in order to avoid concentrating credit exposure on any particular debtors or sectors. Changes in the credit standing of debtors are monitored and followed up. Storebrand Life Insurance and SPP use published credit ratings wherever possible, supplemented by the company's own credit evaluation when there are no published ratings. The Group has entered into framework agreements with all counterparties to reduce the risk inherent in outstanding derivative transactions. These regulate, inter alia, how collateral is to be pledged against changes in market values which are calculated on a daily basis.

Credit risk and liquidity risk are the two most important forms of risk for banking activities. The bank's risk strategy establishes overall limits for how much credit risk the bank group is willing to assume. The willingness to accept risk is adjusted to the bank's risk appetite and target risk profile, capital adequacy and growth. Credit policies establish general principles for granting credit. The bank group's routines for credit management are set forth in special credit handbooks. The most important control of credit risk is carried out and administered by the Credit Control unit.

Credit exposure lending

Loans to the corporate market total almost NOK 14 billion. Furthermore, we have approximately NOK 600 million in undrawn credit lines and almost NOK 300 million in guarantees. About 80 per cent of the loans relate to income-generating properties. Just under 20 per cent relate to building projects. Less than 5 per cent of the corporate market portfolio is secured by collateral other than mortgages on property. The portfolios' collateral is for the most part in commercial properties. Property loans are characterised by a good, diversified tenant profile and good lease durations. The company is secured a cash flow from tenants and has security in the properties per se. Tenant diversification ensures corresponding diversification of cash flows, which significantly reduces the overall risk inherent in the portfolio.

In the retail market, most of the loans are secured by way of home mortgages. Approximately NOK 22 billion has been lent in home loans, with additionally almost NOK 2 billion in undrawn credit facilities. The total exposure to the housing sector is therefore approximately NOK 24 billion. Customers are checked in accordance with policies, and their ability and willingness to service the loan is evaluated using a liquidity calculation and a risk classification model.

The average weighted loan-to-value ratio (LVR) in the bank group is approximately 55 per cent for housing loans, and approximately 94 per cent of the housing loans re within an 80 per cent LVR. About 97 per cent are within 90 per cent LVR. In the bank group, about 58 per cent of the housing commitments have a 60 per cent LVR. The portfolio is considered to have a low risk.

NOTE 9: OPERATIONAL RISK

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. This includes both risks for losses and declining profitability associated with, inter alia, economic fluctuations and changes in framework conditions, changed customer behaviour, and the risk of losses as a result of inadequate or failed internal processes, control routines, systems, human error or external events.

The Group seeks to reduce operational risk through effective internal control with clear routines, unambiguous descriptions of responsibilities, and documented powers of attorney/authority. Risks are followed up through management's quarterly risk reviews, with documentation of risks and measures, as well as current reporting from the line, registration, and following up of events. In addition, Internal Audit carries out an independent control in accordance with audit projects adopted by the Board.

Contingency plans have been prepared to deal with serious events in the business-critical processes, and these are the responsibility of people with special security responsibilities. Storebrand's control function also involves people with particular responsibility for controlling operational risk.

NOTE 10: SHARES TO EMPLOYEES

In March, Storebrand's employees received an offer to purchase Storebrand ASA shares at a discount. The purchase price was based on the weighted market price in the period 17 – 21 March. The discount granted to the employees was 20 per cent of this price. Senior employees, when bonuses were paid in March, purchased shares in Storebrand ASA in accordance with the declaration on senior employees' remuneration that is reported in note 22 of the 2010 annual accounts for the Group. In 2011, 334 278 shares were sold from the company's holding of own shares (treasury shares).

The share purchase scheme for own employees shall be accounted for using fair values. The sale of shares to employees increased the share capital by NOK 15 million.

NOTE 11: SHARE DIVIDEND DISTRIBUTED

In May, Storebrand ASA distributed a share dividend of NOK 1.10 per share for the 2010 accounting year. The share dividend amounted to NOK 491 million and was charged to the Group's equity.

NOTE 12: SEGMENTS - RESULT BY BUSINESS AREA

Storebrand's activities are operationally divided into five business areas: life and pensions, asset management, bank and P&C insurance. Two result areas are reported for life and pensions: Life and Pensions Norway (LPN) and Life and Pensions Sweden (LPS). Storebrand is the Nordic region's leading provider of life insurance and pensions, and offers a comprehensive range of products to retail customers, local authorities, and the public sector.

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

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

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

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

Notes to the interim accounts Storebrand Group

Insurance

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

Other

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

	4Q		Year	
NOK million	2011	2010	2011	2010
Storebrand Life Insurance	139	273	481	784
SPP	-14	202	291	410
Asset management	90	168	293	333
Storebrand Bank	51	40	213	162
Insurance	77	50	281	155
Other activities	-75	-62	-278	-231
Group result	**268**	**669**	**1,279**	**1,612**
Write-down and amortisation of intangible assets	-98	-101	-394	-390
Group pre-tax profit	**170**	**568**	**885**	**1,223**

Segment information as of 4Q

	Storebrand Life Insurance [1]		SPP [1]		Asset management		Banking	
NOK million	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	7,408	8,433	4,743	2,335	149	215	130	144
Revenue from other group companies [2]	9	9			55	149	3	
Group result before amortisation and write-downs of intangible assets	139	273	-14	202	90	168	51	40
Amortisation and write-downs			-88	-90	-2	-1	-8	-8
Group pre-tax profit	**139**	**273**	**-102**	**112**	**88**	**166**	**43**	**32**

	Insurance		Other		Eliminations		Storebrand Group	
NOK million	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	353	319	20	11	-44	34	12,759	11,491
Revenue from other group companies [2]					-67	-158		
Group result before amortisation and write-downs of intangible assets	77	50	-75	-488		425	268	669
Amortisation and write-downs	-1	-3				1	-99	-102
Group pre-tax profit	**76**	**47**	**-75**	**-488**		**426**	**170**	**568**

Notes to the interim accounts Storebrand Group

Segment information as of 01.01 - 31.12

	Storebrand Life Insurance[1]		SPP [1]		Asset management		Banking	
NOK million	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	24,111	33,658	11,187	13,618	590	538	541	524
Revenue from other group companies [2]	32	31			188	315	3	5
Group result before amortisation and write-downs of intangible assets	481	784	291	410	293	333	213	162
Amortisation and write-downs			-358	-348	-8	-5	-22	-28
Group pre-tax profit	**481**	**784**	**-67**	**62**	**284**	**327**	**190**	**135**
Assets	223,161	219,822	133,354	125,394	965	1,026	38,718	39,371
Liabilities	212,222	207,794	128,505	120,900	608	651	36,413	37,110

	Insurance		Other		Eliminations		Storebrand Group	
NOK million	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	1,914	1,783	65	47	-182	-76	38,225	50,092
Revenue from other group companies [2]			1,158	835	-1,381	-1,186		
Group result before amortisation and write-downs of intangible assets	280	155	880	179	-1,158	-410	1,279	1,612
Amortisation and write-downs	-6	-9					-394	-390
Group pre-tax profit	**275**	**146**	**880**	**179**	**-1,158**	**-410**	**885**	**1,223**
Assets	3,532	2,914	19,854	18,121	-18,141	-16,235	401,442	390,414
Liabilities	3,046	2,620	3,805	3,129	-1,934	-208	382,665	371,997

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

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

Notes to the interim accounts Storebrand Group

NOTE 13: KEY FIGURES BY BUSINESS AREA - CUMULATIVE FIGURES

NOK million	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010	3Q 2010	Q2 2010	Q1 2010
Group								
Earnings per ordinary share	1.51	1.47	1.87	0.87	3.30	1.16	-0.16	0.41
Equity	18,777	18,555	18,736	18,832	18,417	17,755	17,154	17,460
Capital adequacy	13.9%	14.0%	13.2%	12.8%	13.1%	13.0%	13.0%	13.4%
Storebrand Life Insurance								
Premium income after reinsurance	15,288	12,368	8,811	5,694	15,174	12,420	9,297	6,143
Net inflow of premium reserves	-4,690	-4,049	-3,286	-2,390	1,857	1,543	1,962	1,653
Policyholders' fund incl. accrued profit	206,339	201,092	204,154	203,558	201,265	198,708	194,488	194,261
- of which products with guaranteed return	*170,965*	*170,005*	*169,752*	*168,747*	*167,438*	*167,469*	*166,581*	*165,069*
Market return customer funds with guarantee	3.4%	1.7%	2.7%	1.5%	6.1%	4.1%	1.6%	1.8%
Booked investment yield customer funds with guarantee	4.6%	3.0%	2.6%	1.3%	4.9%	3.2%	1.6%	1.1%
Investment yield company portfolio	5.1%	3.8%	3.0%	1.4%	5.8%	4.1%	2.2%	1.0%
Solvency capital [1]	40,109	40,326	44,543	43,375	42,710	40,413	36,102	38,510
Capital adequacy (Storebrand Life Insurance Group) [2]	13.8%	14.6%	13.6%	13.3%	13.6%	13.8%	14.9%	14.3%
Solvency margin (Storebrand Life Insurance Group) [2]	161%	165%	162%	161%	164%	158%	159%	167%
SPP								
Premium income after reinsurance	6,049	4,714	3,411	1,507	6,418	5,084	3,705	1,630
Net inflow of premium reserves	-802	-634	-377	-176	-829	-485	-224	-115
Policyholders' fund incl. accrued profit (excl. conditional bonus)	105,857	101,528	99,881	101,124	100,987	102,466	96,959	88,531
- of which products with guaranteed return	*73,880*	*71,911*	*67,668*	*68,780*	*68,870*	*72,249*	*69,053*	*63,862*
Return Defined Benefit	8.6%	6.0%	3.4%	0.8%	6.0%	7.1%	3.3%	3.3%
Return Defined Contribution	8.0%	5.6%	3.3%	0.5%	5.1%	6.2%	3.2%	2.9%
Conditional bonus	7,417	6,788	9,059	9,159	8,504	7,460	6,192	6,980
Deferred capital contribution	2,905	2,671	2,105	2,139	2,233	2,569	2,671	2,816
Solvency margin (SPP Life Insurance Group)	141%	139%	187%	213%	208%	180%	176%	200%
Asset management								
Total funds under management	413,950	405,215	409,477	408,376	406,922	396,326	383,590	378,446
Funds under management for external clients	73,665	70,260	71,224	72,834	71,657	64,980	61,891	55,756
Costs/AuM bp [3]	12.0	12.2	12.1	11.9	11.6	11.2	11.5	11.6
Banking								
Net interest income as a percentage of average total assets	1.13%	1.16%	1.17%	1.21%	1.10%	1.09%	1.08%	1.02%
Costs/income % (banking) [4]	66%	66%	63%	64%	68%	67%	70%	73%
Deposits from and due customers as % of gross lending	55%	56%	58%	54%	55%	54%	55%	53%
Gross defaulted and loss-exposed loans as % of gross lending	1.0%	1.1%	1.1%	1.2%	2.0%	1.6%	1.6%	2.3%
Gross lending	33,475	32,869	33,185	34,229	34,460	34,282	35,005	35,696
Core (tier 1) capital ratio	11.4%	10.9%	10.8%	10.3%	10.6%	10.9%	10.4%	10.3%
Insurance								
Claims ratio	72.7%	73.0%	75.0%	78.8%	77.4%	78.0%	80.9%	88.4%
Cost ratio	18.7%	18.8%	19.0%	19.2%	20.6%	20.6%	22.3%	22.7%
Combined ratio	91.4%	91.8%	94.0%	98.0%	98.0%	98.6%	103.2%	111.0%

[1] Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, unrealised gains, bonds at amortised cost, additional statutory reserves, conditional bonus and accrued profit.
[2] Storebrand Livsforsikring AS has some 10 to 15 per cent ownership interests in undertakings that invest in real estate. A capital adequacy reserve of 100 per cent of the carrying amount has previously been allocated in primary capital for these investments. An authority approved calculation method was adopted as per the close of 3Q in which proportional consolidation is used for these investments. The new calculation method provides a more comprehensive picture of the underlying risk. The change results in a marginal improvement in capital adequacy and an improvement of 5 per cent in the solvency margin in the figures as per 30 December 2011 compared with the previously used method.
[3] Costs and AuM are 12 month rolling figures. Previous quarters are revised. AuM = Assets under Management (total assets under management), bp = basis points.
[4] Consists of the companies Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS under liquidation

Notes to the interim accounts Storebrand Group

NOTE 14: PROFIT AND LOSS BY QUARTER

NOK million	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010	3Q 2010	Q2 2010	Q1 2010
Total income	13,239	1,931	10,599	12,935	11,491	13,767	5,852	18,983
Total costs	-12,971	-1,980	-10,056	-12,419	-10,822	-13,061	-5,891	-18,706
Group pre-tax profit	170	-146	445	416	568	607	-136	184
Profit for the period before other comprehensive income	40	-175	447	392	960	589	-254	184
Profit by business area								
Storebrand Life Insurance	139	17	167	156	273	274	73	163
SPP	-14	-220	260	264	202	287	-181	103
Asset management	90	73	53	77	168	69	42	54
Banking	51	50	61	51	40	57	35	30
Insurance	77	95	75	33	50	74	47	-15
Other acitvities	-75	-65	-73	-66	-62	-55	-54	-59
Profit before amortisation and write-downs	**268**	**-49**	**544**	**516**	**669**	**706**	**-39**	**276**
Amortisation and write-downs of intangible assets	-99	-97	-99	-100	-101	-99	-96	-93
Group pre-tax profit	**170**	**-146**	**445**	**416**	**568**	**607**	**-136**	**184**

NOTE 15: NET INTEREST INCOME - BANKING

	4Q		Year	
NOK million	2011	2010	2011	2010
Total interest income	396	383	1,537	1,522
Total interest expenses	-292	-270	-1,094	-1,065
Net interest income	**104**	**113**	**443**	**457**

NOTE 16: NET INCOME ANALYSED BY CLASS OF FINANCIAL INSTRUMENTS

				4Q		Year	
NOK million	Dividend/ interest income	Net gain/ losses on disposals	Net unrealised gains/ losses	2011	2010	2011	2010
Net income from equities and units	295	239	4,501	5,035	6,324	-5,972	9,095
Net income from bonds, bond funds and other fixed-income securities	1,942	1,010	-1,073	1,879	-2,061	8,393	3,461
Net income from financial derivatives	69	-699	-265	-895	-166	2,890	2,715
Net income and gains from financial instruments at fair value	**2,305**	**551**	**3,163**	**6,019**	**4,097**	**5,310**	**15,271**
Net income from bonds at amortised cost	**785**	**-1**	**0**	**784**	**548**	**2,901**	**2,084**

NOTE 17: OPERATING COSTS

	4Q		Year	
NOK million	2011	2010	2011	2010
Personnel costs	-492	-564	-1,964	-1,877
Amortisation	-27	-25	-108	-108
Other operating costs	-326	-267	-1,320	-1,309
Total operating costs	**-845**	**-856**	**-3,392**	**-3,294**

Notes to the interim accounts Storebrand Group

NOTE 18: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Storebrand categorises financial instruments valued at fair value on three different levels. The levels express the differing degree of liquidity and different measuring methods.

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	2011	2010
Assets:					
Equities and units					
- Equities	22,647	503	3,112	26,261	32,602
- Fund units		47,039	2,224	49,263	51,142
- Private equity fund investments		1,613	5,226	6,839	6,682
- Hedge fund		892	27	919	
- Indirect real estate fund		7	1,969	1,976	2,417
Total equities and units	**22,647**	**50,054**	**12,557**	**85,258**	
Total equities and units 2010	28,445	52,624	11,774		92,843
Lending to customers		**788**		**788**	
Lending to customers 2010		673			673
Bonds and other fixed-income securities					
- State and state guaranteed bonds	23,322	23,728		47,051	59,813
- Financial and corporate bonds		20,120	1,213	21,333	42,179
- Asset backed securities	50	33,722	790	34,562	25,049
- Supranational organisations		2,212		2,212	2,833
- Bond funds		42,935		42,935	26,871
Total bonds and other fixed-income securities	**23,372**	**122,717**	**2,002**	**148,092**	
Total bonds and other fixed-income securities 2010	33,249	121,340	2,156		156,745
Derivatives:					
- Interest rate derivatives		4,668		4,668	1,994
- Currency derivatives		-949		-949	1,718
- Credit derivatives		2		2	1
Total derivatives		**3,721**		**3,721**	**3,712**
- of which derivatives with a positive market value		6,440		6,440	
- of which derivatives with a negative market value		-2,720		-2,720	
Total derivatives 2010		3,712			3,712
Liabilities:					
Liabilities to financial institutions		3,497		3,497	
Liabilities 2010		6,034			6,034

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	74	142
Bonds and other fixed-income securities	645	

Level 1 encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approx. MNOK 20 or more. Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period. On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

Notes to the interim accounts Storebrand Group

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

NOK million	Equities	Fund units	Private equity fund	Hedge fund	Indirect real estate fund	Financial and corporate bonds	Asset backed securities
Carrying amount 01.01	3,168	1,818	4,661		1,969	1,042	1,114
Net gains/losses on financial instru-ments	-57	21	485	1		63	-268
Supply/disposal	69	410	490	39		177	
Sales/due settlements	-79	-29	-412	-13		-72	-56
Transferred to quoted prices from observable assumptions	3						
Translation differences	8	5	2			2	
Carrying amount 31.12	**3,112**	**2,224**	**5,226**	**27**	**1,969**	**1,213**	**789**

NOTE 19: LEANDING

NOK million	2011	2010
Corporate market	14,201	15,187
Retail market	22,289	22,499
Gross lending	**36,490**	**37,686**
Write-down of lending losses	-157	-257
Net lending	**36,333**	**37,428**

Non-performing and loss-exposed loans

NOK million	2011	2010
Non-performing and loss-exposed loans without identified impairment	159	436
Non-performing and loss-exposed loans with identified impairment	171	262
Gross non-performing loans	**330**	**698**
Individual write-downs	-103	-174
Net non-performing loans	**227**	**524**

Notes to the interim accounts Storebrand Group

NOTE 20: REAL ESTATE

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

	4Q		Year	
NOK million	2011	2010	2011	2010
Rent income from properties [1]	497	474	1,815	1,623
Operating costs (including maintenance and repairs) relating to properties that have provided rent income during the period [2]	-178	-123	-408	-337
Result minority defined as liabilitites	-2		-71	
Total	**317**	**351**	**1,336**	**1,286**
Realised gains/losses	70	17	82	15
Change in fair value	-105	138	245	140
Total income real estate	**282**	**507**	**1,663**	**1,441**
[1] Of which properties for own use	18	17	73	67
[2] Of which properties for own use	-1	-3	-6	-12
Distribution by company and customers:				
Company	30	21	82	52
Customer	253	486	1,581	1,389
Total income from real estate	**282**	**507**	**1,663**	**1,441**

Change in value real estate investments

	4Q		Year	
NOK million	2011	2010	2011	2010
Wholly owned real estate investments - investment properties	-47	140	249	154
Reclassifications etc. for wholly owned real estate investments	-63			
Property equities and units in Norway and Sweden [1]	48	17	73	96
Property units abroad [1]	-78	47	131	87
Total changes in value investment properties	**-139**	**204**	**453**	**337**
Properties for own use	41	-104	27	-104
Total changes in value in real estate	**-98**	**100**	**480**	**233**
Realised gains/losses sold real estate	**80**	**17**	**82**	**16**

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

Book value of investment properties [1]

NOK million	2011	2010
Carrying amount 01.01	27,102	24,160
Supply due to purchases	2,078	2,503
Supply due to additions	573	476
Disposals	-1,244	-152
Net write-ups/write-downs	265	50
Taken over properties [2]	-32	43
Exchange rate changes	5	22
Carrying amount 31.12	**28,747**	**27,102**

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

Notes to the interim accounts Storebrand Group

Property type

NOK million	2011	2010	2011 Duration of lease (years)	m2	Leased amount in %[1]
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	6,044	4,930	7	136	95%
Rest of Greater Oslo	7,746	6,180	5	408	93%
Rest of Norway	2,719	3,856	12	198	98%
Shopping centres (including parking and storage)	10,321	10,656	3	547	100%
Multi-storey car parks	654	696	5	27	
Office buildings in Sweden	853	387	8	40	60%
Cultural/conference centres in Sweden	399	354	20	19	89%
Taken over properties	12	43			
Total investment properties	**28,747**	**27,102**		**1,376**	
Properties for own use	1,800	1,668	7	44	95%
Total properties	**30,547**	**28,770**		**1,420**	

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

Geographical location:

NOK million	2011	2010
Oslo - Vika/Fillipstad Brygge	6,698	5,625
Rest of Greater Oslo	9,664	7,603
Rest of Norway	12,594	14,512
Sweden	1,252	742
Other	340	289
Total properties	**30,547**	**28,770**

There have not been made any further agreements with regards to buing or selling of real estate in 2011.
NOK 309 million in Storebrand and SEK 894 million in SPP have been committed but not drawn on in international real estate funds.

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

Cash flow
An internal cash flow model is used to calculate fair value. The individual properties' net cash flows are discounted by an individual required rate of return. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rents and normal operating costs for the property. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future changes in market rents. Storebrand's average occupancy rate in its office properties portfolio is 95-98 per cent.
Most contracts are for 5 or 10 years. The cash flows from these tenancy agreements (contractual rent) are included in the valuations.
A forecast model has been developed to estimate long-term, future non-contractual rent. The model 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.

Notes to the interim accounts Storebrand Group

The required rate of return is divided into the following components:

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

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

External valuations:
To ensure that every property will be taxated as a minimum every third year, there is a methodic approach in order to choose a representative selection of property to taxate every quarter. As per 31 December 2011, valuations had been obtained for approximately 35 per cent of Storebrand's property portfolio in Norway.

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

	Required rate of return		Volume	
Segment	2011	2010	2011	2010
Office buildings (including parking and storage):				
Oslo-Vika/Filipstad Brygge	4,70 - 6,20	7,50 - 8,50	6,698	5,625
Rest of Greater Oslo	5,20 - 7,29	8,25 - 10,00	9,206	7,559
Rest of Norway	5,90 - 8,70	8,75 - 9,75	2,719	3,856
Shopping centre portfolio	5,24 - 6,75	8,00 - 9,25	10,321	10,656
Culture and conference Sweden	7,00 - 9,00	7,00 - 9,00	1,252	742
Other			340	289

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 989 million, 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.

Notes to the interim accounts Storebrand Group

NOTE 21: DEPOSITS FROM BANKING CUSTOMERS

NOK mill.	2011	2010
Corporate market	6,956	7,448
Retail market	11,521	11,351
Total	**18,477**	**18,799**

NOTE 22: CONTINGENT LIABILITIES

NOK million	2011	2010
Guarantees	294	302
Unused credit limit lending	5,697	5,844
Uncalled residual liabilities re limited partnership	5,898	5,635
Other liabilities/lending commitments	1,409	817
Total contingent liabilities	**13,297**	**12,597**

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

SPP Livförsäkring AB (SPP), a wholly owned subsidiary of Storebrand Holding AB, which in turn is 100% owned by Storebrand Livsforsikring AS, is being sued under a writ of summons dated 16 June 2010, by Svenskt Näringsliv (Confederation of Swedish Enterprise) et al. with a demand for compensation in the amount of 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 case is being heard by Stockholm District Court from 7 -17 February 2012. The case deals with matters of principal that are important above and beyond the case in question, and the consequences of a possible negative outcome on the portfolios are expected to have a significant economic value. Based on an overall assessment of the case, and based on external legal reviews, it is regarded as very unlikely that the judgment will be in favour of the plaintiffs. No provisions have been made relating to this lawsuit.

Storebrand Bank was in 2009 sued for damages based on economic loss from two customers' investment in one of Storebrand Banks structured savings products. The bank won both in the local and district court and the case has been appealed to the Norwegian High Court, due to the case's principle question. The High Court heard the case in January 2012 but no conclusion has been communicated at the date of the accounts completion. The bank sees it as highly probable that the case for damages will not succeed and has therefore not made any provisions in the accounts.

NOTE 23: SOLD/LIQUIDATED BUSINESS

Agreement was reached on the sale of Oslo Reinsurance Company (UK) Ltd in December 2010. The sale was subject to the approval of the authorities. Approval was granted in February 2011 and control of the company was finally transferred to the buyer in March. The company changed its name to OX RE at the same time. The agreed transfer sum was transferred at the same time and Storebrand's result has not been affected by the transfer in 2011.

Storebrand Bank ASA have decided to exit estate agency business and the Ring Eiendomsmegling AS Group will be liquidated or sold.
As a consequence the annual result, assets and liabilities are classified as hold for sale in the Group accounting. The 2010 corresponding figures have been revised.

NOTE 24: CAPITAL REQUIREMENTS AND SOLVENCY REQUIREMENTS

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

Primary capital consists of core (tier 1) capital and supplementary capital. Pursuant to the regulations for calculating primary capital, core (tier 1) capital is materially different to equity in the financial statements. The table below shows a reconciliation of core (tier 1) capital in relation to equity. Issued hybrid tier 1 capital can account for 15 per cent of the core (tier 1) capital, while any overshoot can be included in the tier 2 capital. A percentage of the conditional bonus is included in the core (tier 1) capital pursuant to the conditions stipulated by Finanstilsynet and this applies to that part of the insurance capital that is not guaranteed in SPP. Tier 2 capital which consists of subordinated loans cannot exceed more than 100 per cent of the core (tier 1) capital, while dated subordinated loan capital cannot exceed more than 50 per cent of the core (tier 1) capital.

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

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

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

Primary capital in capital adequacy

NOK million	2011	2010
Share capital	2,250	2,250
Other equity	16,528	16,168
Equity	**18,777**	**18,417**
Hybrid tier 1 capital	1,779	1,779
Conditional bonus	3,024	3,359
Goodwill and other intangible assets	-6,635	-6,918
Deferred tax assets	-58	-111
Risk equalisation fund	-469	-287
Deductions for investments in other financial institutions	-3	-44
Security reserves	-238	-132
Minimum requirement reassurance allocation	-7	-7
Capital adequacy reserve	-121	-399
Dividend not allocated in financial statements		-491
Other	132	118
Core (tier 1) capital	**16,181**	**15,285**
Perpetual subordinated capital	5,024	5,039
Ordinary primary capital	400	500
Deductions for investments in other financial institutions	-3	-44
Capital adequacy reserve	-121	-399
Tier 2 capital	**5,300**	**5,097**
Net primary capital	**21,482**	**20,382**

Notes to the interim accounts Storebrand Group

Minimum requirements primary capital in capital adequacy

NOK million	2011	2010
Credit risk		
Of which by business area:		
Capital requirements insurance	10,653	10,672
Capital requirements banking	1,598	1,628
Capital requirements securities undertakings	9	14
Capital requirements other	48	60
Total minimum requirements credit risk	**12,308**	**12,373**
Operational risk/settlement risk	131	132
Operational risk/settlement risk	118	132
Deductions	**-24**	**-78**
Minimum requirements primary capital	**12,401**	**12,427**
Capital adequacy ratio	**13.9%**	**13.1%**
Core (tier 1) capital ratio	**10.4%**	**9.8%**

Solvency requirements for cross-sectoral financial groups

NOK million	2011	2010
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	12,401	12,427
- capital requirements insurance companies	-10,653	-10,672
Capital requirements pursuant to capital adequacy regulations	1,748	1,755
Requirements re solvency margin capital insurance	11,500	10,905
Total requirements re primary capital and solvency capital	**13,249**	**12,660**
Primary capital and solvency capital		
Net primary capital	21,482	20,382
Change in solvency capital for insurance in relation to primary capital		
Conditional bonus - not approved as solvency capital [1)]	-3,024	-3,359
Other solvency capital	3,060	2,955
Total primary capital and solvency capital	**21,519**	**19,978**
Surplus solvency capital	**8,270**	**7,318**

[1)] In connection with Storebrand Life Insurance's 2007 acquisition of SPP, the Financial Supervisory Authority of Norway placed a condition on its approval by giving a time limited approval to include parts of the conditional bonus as primary capital. This approval ends on 1.4.2012. The capital adequacy ratio and core (tier 1) capital ratio as of 31.12.2011 would have been 11.9 % and 8.5 % respectively when the conditional bonus is excluded. This will not affect the Group's solvency capital or the solvency margin of Storebrand Life Insurance.

Storebrand ASA

PROFIT AND LOSS ACCOUNT

	4Q		Full year	
NOK million	2011	2010	2011	2010
Operating income				
Income from investments in subsidiaries	474	1,158		1,158
Net income and gains from financial instruments:				
- equities and other units				11
- bonds and other fixed-income securities	39	17	73	41
- financial derivatives/other financial instruments	-20	-8	-12	-8
Other financial instruments			4	1
Operating income	**493**	**1,168**	**65**	**1,204**
Interest expenses	-45	-33	-161	-131
Other financial expenses	-4	-431	-16	-441
Operating costs				
Personnel costs	-8	-8	-31	-23
Amortisation		-1	-1	-2
Other operating costs	-37	-25	-133	-106
Total operating costs	**-45**	**-34**	**-165**	**-131**
Total costs	**-95**	**-498**	**-343**	**-703**
Pre-tax profit	**399**	**670**	**-278**	**502**
Tax	504		504	
Profit for the period	**903**	**670**	**226**	**502**

Storebrand ASA

STATEMENTS OF FINANCIAL POSITION

NOK million	31.12.11	31.12.10
Fixed assets		
Deferred tax assets	632	
Pension assets	46	30
Tangible fixed assets	32	45
Shares in subsidiaries	16,658	16,609
Total fixed assets	**17,368**	**16,683**
Current assets		
Owed within group	474	1,158
Lending to group companies	986	17
Other current receivables	5	22
Investments in trading portfolio:		
- equities and other units		
- bonds and other fixed-income securities	1,268	1,313
- financial derivatives/other financial instruments	53	37
Bank deposits	126	74
Total current assets	**2,912**	**2,621**
Total assets	**20,280**	**19,304**
Equity and liabilities		
Share capital	2,250	2,250
Own shares	-18	-19
Share premium reserve	9,485	9,485
Total paid in equity	**11,717**	**11,715**
Other equity	4,718	3,919
Total equity	**16,434**	**15,634**
Non-current liabilities		
Pension liabilities	195	183
Securities issued	3,544	2,898
Total non-current liabilities	**3,739**	**3,081**
Current liabilities		
Financial derivatives	23	
Debt within group	46	54
Provision for dividend		491
Other current liabilities	39	44
Total current liabilities	**107**	**589**
Total equity and liabilities	**20,280**	**19,304**

Storebrand ASA

CASH FLOW STATEMENT

	01.01 - 31.12	
NOK million	2011	2010
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	78	37
Net receipts/payments - securities at fair value	36	-51
Payments relating to operations	-225	-231
Net receipts/payments - other operational activities	1,158	965
Net cash flow from operational activities	**1,046**	**720**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	-992	-184
Net receipts/payments - sale/purchase of property and fixed assets	11	-5
Net cash flow from investment activities	**-981**	**-189**
Cash flow from financing activities		
Payments - repayments of loans	-874	-966
Receipts - new loans	1,504	601
Payments - interest on loans	-170	-149
Receipts - issuing of share capital	17	9
Payments - dividends	-491	
Net cash flow from financing activities	**-13**	**-505**
Net cash flow for the period	**53**	**26**
Net movement in cash and cash equivalents	53	26
Cash and cash equivalents at start of the period	74	48
Cash and cash equivalents at the end of the period	**126**	**74**

Notes to the financial statements Storebrand ASA

NOTE 1: ACCOUNTING POLICIES

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2010. The accounting policies are described in the 2010 annual report.
Storebrand ASA does not apply IFRS to the parent company's financial statements.

NOTE 2: ESTIMATES

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

NOTE 3: INCOME FROM INVESTMENTS IN SUBSIDIARIES

NOK million	2011	2010
Storebrand Livsforsikring AS	200	850
Storebrand Fondene AS	47	80
Storebrand Bank ASA	50	50
Storebrand Kapitalforvaltning AS	177	178
Sum	**474**	**1,158**

NOTE 4: EQUITY

NOK million	Share capital[1]	Own shares	Share premium	Other equity	Equity 31.12.11	Equity 31.12.10
Equity as per 1 January	2,250	-19	9,485	3,919	15,634	16,026
Profit for the year				700	700	502
Experience pension				86	86	-414
Own share bought back [1]		2		19	21	15
Provision for dividend				0	0	-491
Employee share is [2]				-6	-6	-5
Total equity	**2,250**	**-18**	**9,485**	**4,718**	**16,434**	**15,634**

[1] 449,909,891 shares with a nominal value of NOK 5
[2] In 2011, 334 278 of our own shares were sold to our own employees.
Holding of own shares as per 31 December 2011 was 3 504 654.

NOTE 5: BONDS ISSUED

NOK million	Interest rate	Currency	Net nominal value	31.12.11	31.12.10
Bond loan 2005/2011	Variable	NOK			752
Bond loan 2009/2012	Variable	NOK	282	282	406
Bond loan 2010/2013 [1]	Fixed	NOK	200	582	210
Bond loan 2010/2013	Variable	NOK	400	570	400
Bond loan 2009/2014 [1]	Fixed	NOK	550	211	570
Bond loan 2009/2014 [1]	Fixed	NOK	550	400	560
Bond loan 2011/2016	Variable	NOK	1,000	997	
Total bond loan				**3,042**	**2,898**
Bank loan 2011/2013	Variable	NOK	507	502	
Total [2]				**3,544**	**2,898**

1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
2) Loans are booked at amortised cost and include earned not due interest. Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements. Storebrand ASA has an unused drawing facility for EUR 145 million.

NOTE 6: TAX

Storebrand ASA has obtained a taxable income of NOK 504 million in 4Q. This is a result of recognizing deferred tax assets related to net temporary differences and losses carried forward in the balance sheet. It is probable that future taxable income, including taxable income from Group companies, will be utilized to the deferred tax assets.

Offices in Norway (incl. agents)

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

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Financial calendar 2012

14 February	**Results Q4 2011**
7 March	**Embedded Value 2011**
18 April	**Annual General Meeting**
19 April	**Ex dividend date**
3 May	**Results Q1**
13 July	**Results Q2**
24 October	**Results Q3**
February 2013	**Results Q4 2012**

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