Interim report Storebrand Livsforsikring

4th quarter 2011

(unaudited)

storebrand

Interim report for Storebrand Livsforsikring Group
– Q4 2011

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's Q4 result please refer to the Storebrand Group's interim report for the Q4 of 2011.

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

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

MACROECONOMIC SITUATION

The 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.

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. As a result of how the proposal has been formulated, however, Storebrand's tax loss carry forward 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 carry forward.

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.

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.

TAX EXPENSE

Storebrand had an income tax expense of NOK 789 million in 4Q and NOK 730 million for 2011. The tax loss carry forward 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 of NOK 804 million has been set aside at the end of 2011. The basis for the temporary differences is related to the increase in investment properties that are structured as separate companies in the customer portfolios, see note 3.

RESULT

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

Result Storebrand Livsforsikring Group according to IFRS principles

	4Q		1.1 - 31.12	
NOK million	2011	2010	2011	2010
Storebrand Life Insurance	139	273	481	783
Insurance	54	40	223	148
SPP	-14	202	291	410
Asset Management	13	15	89	90
Profit before amortisation	193	530	1,083	1,430
Amortisation intangible assets	-89	-91	-361	-351
Pre-tax profit/loss	104	439	722	1,079
Tax	-789	430	-730	388
Profit/loss	-685	869	-8	1,467

The next pages referes to the development in results for Storebrand Life Insurance, SPP and Insurance. Amounts in brackets show the result for 2010.

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*

	4Q		Full year	
NOK million	2011	2010	2011	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 5 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

	4Q		Full year	
Profile	2011	2010	2011	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

	4Q 2011		4Q 2010		Full year 2011		Full year 2010	
Portolio	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	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

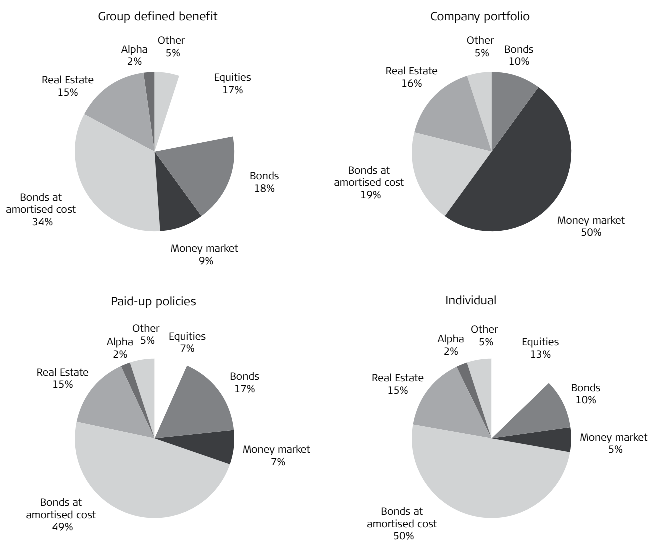
The equity allocation for customer portfolios with an interest rate guarantee was in 2011 reduced in favour of an increase in bonds held at amortised cost.

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%

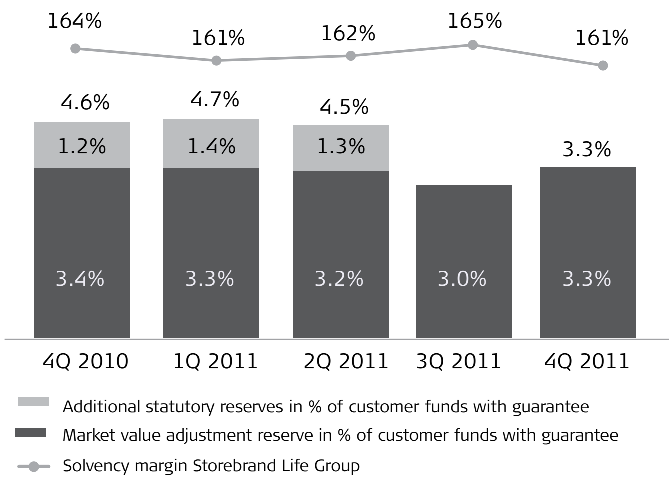
In the company portfolio the allocation to bonds held at amortised cost increased and the money market exposure was reduced correspondingly.

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

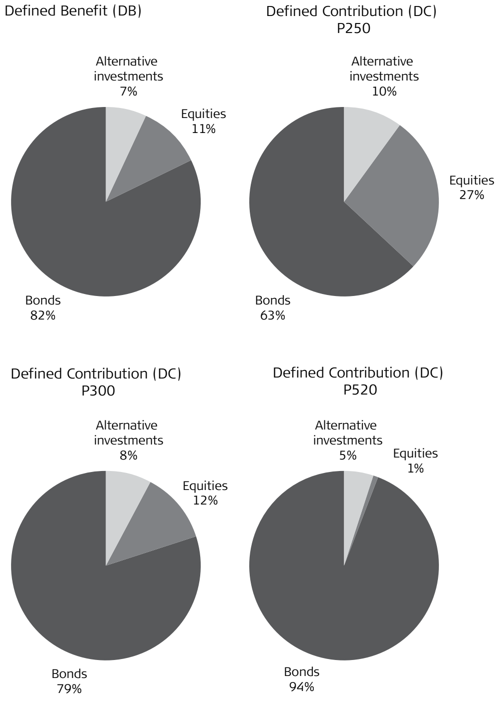
SPP adapts its exposure to equities in accordance with the developments in the market and risk bearing capacity in the portfolios by so-called dynamic risk management. The allocation to equities in the portfolios was reduced throughout the year. Like Storebrand Life Insurance, the interest rate guarantee 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

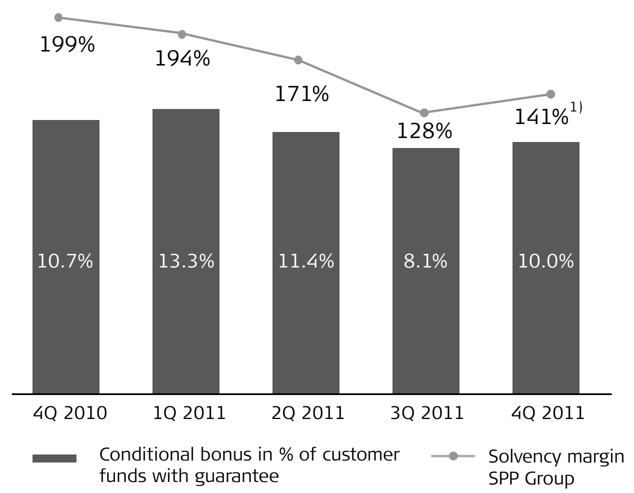


The buffer capital (conditional bonus) increased by NOK 0.6 billion in the quarter and totalled NOK 7.4 billion at the end of the year. This is attributed primarily to rising equity markets.

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.

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

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.

INSURANCE

- **Impared risk result**

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

Financial performance

Financial performance Insurance

	Q4		Full year	
NOK million	2011	2010	2011	2010
Premiums earned, net	282	274	1,149	1,099
Claims incurred, net	- 204	- 222	-833	-845
Operating costs	- 51	- 40	- 193	- 199
Insurance result	**28**	**12**	**124**	**55**
Net financial result	26	28	99	93
Result before amortisation	**54**	**40**	**223**	**148**
Amortisation intangible assets				
Profit before tax	**54**	**40**	**223**	**148**

	Q4		Full year	
In %	2011	2010	2011	2010
Claims ratio	72	81	72	77
Cost ratio	18	15	17	18
Combined ratio	90	95	89	95

New subscriptions

- Risk products: NOK 24 million (29 million) in 4Q and NOK 99 million (199 million) as at 31.12.2011.

RECONCILIATIONTABLES TOWARDS PROFIT AND LOSS ACCOUNT

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

NOK million	2011	2010
Profit and Loss	722	1,079
Change in claims reserve p&c insurance		-4
Change in security reserves p&c insurance	30	-11
Profit and loss Storebrand Livsforsikring Group before tax	**751**	**1,064**

Lysaker, 13. February 2012
The Board of Directors of Storebrand Livsforsikring AS.

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

	4Q		01.01 - 31.12	
NOK million	2011	2010	2011	2010
TECHNICAL ACCOUNT:				
Gross premiums written	2,928	2,705	15,801	15,592
Reinsurance premiums ceded	-20	-4	-68	-74
Premium reserves transferred from other companies	247	1,054	2,317	5,358
Premiums for own account	**3,156**	**3,756**	**18,050**	**20,876**
Income from investments in subsidiaries, associated companies and joint-controlled companies	335	454	1,784	1,366
of which from investment in real estate companies	318	421	1,779	1,336
Interest income and dividends etc. from financial assets	1,648	1,328	5,213	4,893
Changes in investment value	684	486	-2,181	1,835
Realised gains and losses on investments	-35	912	662	1,596
Total net income from investments in the collective portfolio	**2,631**	**3,180**	**5,478**	**9,690**
Income from investments in subsidiaries, associated companies and joint-controlled companies	24	31	133	98
of which from investment in real estate companies	22	32	132	97
Interest income and dividends etc. from financial assets	522	176	655	340
Changes in investment value	428	471	-1,638	1,072
Realised gains and losses on investments	46	380	459	526
Total net income from investments in the investment selection portfolio	**1,019**	**1,058**	**-390**	**2,035**
Other insurance related income	**57**	**54**	**162**	**162**
Gross claims paid	-2,656	-3,239	-10,560	-11,145
Claims paid - reinsurance	8	1	18	6
Gross change in claims reserve	-24	-14	28	-82
Premium reserves etc. transferred to other companies	-914	-762	-7,050	-3,522
Claims for own account	**-3,586**	**-4,017**	**-17,564**	**-14,745**
To (from) premium reserve, gross	-853	-643	-1,202	-6,934
To/from additional statutory reserves in connection with claims/repurchase	-254	-839	-98	-759
Change in value adjustment fund		-468	1,971	-1,940
Change in premium fund, deposit fund and the pension surplus fund	-17	-21	-95	-97
To/from technical reserves for non-life insurance business	9	17	-44	-45
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	26	5	42	22
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-1,089**	**-1,947**	**576**	**-9,753**
Change in premium reserve	-1,627	-1,719	-3,445	-5,060
Change in other provisions	24	-56	2	-178
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-1,603**	**-1,775**	**-3,443**	**-5,238**
Profit on investment result	-256	-304	-256	-304
The risk profit allocated to the insurance agreements	-163	-70	-163	-70
Other allocation of profit	-90	-133	-90	-133
Unallocated profit	927	947		
Funds allocated to insurance contracts	**417**	**440**	**-510**	**-507**

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

	4Q		01.01 - 31.12	
NOK million	2011	2010	2011	2010
Management expenses	-34	-260	-126	-365
Selling expenses	-89	98	-334	-299
Insurance-related administration expenses (incl. commissions for reinsurance received)	-236	-175	-910	-719
Insurance-related operating expenses	**-358**	**-337**	**-1,370**	**-1,384**
Other insurance related expenses after reinsurance share	**-52**	**-81**	**-186**	**-217**
Technical insurance result	**592**	**329**	**802**	**919**
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint-controlled companies	80	88	153	138
of which from investment in real estate companies	16	21	91	69
Interest income and dividends etc. from financial assets	202	146	738	605
Changes in investment value	-1	-30	-27	-68
Realised gains and losses on investments	16	40	83	218
Net income from investments in company portfolio	**297**	**243**	**947**	**892**
Other income	**-2**		**2**	
Management expenses	-3	-2	-10	-18
Other costs	-147	-123	-530	-517
Total management expenses and other costs linked to the company portfolio	**-149**	**-125**	**-540**	**-536**
Profit or loss on non-technical account	**145**	**118**	**409**	**357**
Profit before tax	**738**	**447**	**1,211**	**1,276**
Tax costs	**-811**		**-811**	
Profit before other comprehensive income	**-73**	**447**	**400**	**1,276**
Acturial gains and losses on defined benefit pensions - benefits to employees	-72	-202	-72	-202
Tax on other comprehensive income and costs	116		116	
Other comprehensive income and costs	**44**	**-202**	**44**	**-202**
COMPREHENSIVE INCOME	**-29**	**245**	**443**	**1,074**

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

	4Q		01.01 - 31.12	
NOK million	2011	2010	2011	2010
TECHNICAL ACCOUNT:				
Gross premiums written	4,510	4,278	22,799	23,015
Reinsurance premiums ceded	-107	-57	-317	-321
Premium reserves transferred from other companies	326	1,121	2,637	5,582
Premiums for own account	**4,729**	**5,341**	**25,120**	**28,277**
Income from investments in subsidiaries, associated companies and joint-controlled companies	39	50	72	58
Interest income and dividends etc. from financial assets	2,414	2,102	8,248	7,453
Net operating income from property	281	313	1,190	1,144
Changes in investment value	1,185	-445	414	2,949
Realised gains and losses on investments	686	276	2,314	2,312
Total net income from investments in the collective portfolio	**4,606**	**2,296**	**12,238**	**13,916**
Interest income and dividends etc. from financial assets	530	194	1,427	990
Net operating income from property	21	23	87	82
Changes in investment value	1,789	2,177	-4,948	2,943
Realised gains and losses on investments	73	335	452	466
Total net income from investments in the investment selection portfolio	**2,414**	**2,729**	**-2,982**	**4,481**
Other insurance related income	**265**	**264**	**995**	**935**
Gross claims paid	-4,116	-4,705	-16,574	-16,877
Claims paid - reinsurance	16	3	83	47
Gross change in claims reserve	-22	-17	37	-121
Premium reserves etc. transferred to other companies	-1,161	-1,172	-8,172	-4,575
Claims for own account	**-5,282**	**-5,890**	**-24,626**	**-21,527**
To (from) premium reserve, gross	-1,799	2,855	-7,767	-6,852
To/from additional statutory reserves in connection with claims/repurchase	-254	-839	-98	-759
Change in value adjustment fund		-468	1,971	-1,940
Change in premium fund, deposit fund and the pension surplus fund	-17	-21	-95	-97
To/from technical reserves for non-life insurance business	9	17	-44	-45
Change in conditional bonus	-559	-1,821	2,182	-2,427
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	26	5	42	22
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-2,595**	**-271**	**-3,807**	**-12,097**
Change in premium reserve	-3,450	-3,764	-3,135	-9,618
Change in other provisions	24	-56	2	-178
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-3,426**	**-3,819**	**-3,133**	**-9,796**
Profit on investment result	-256	-304	-256	-304
The risk profit allocated to the insurance agreements	-163	-70	-163	-70
Other allocation of profit	-90	-133	-90	-133
Unallocated profit	927	947		
Funds allocated to insurance contracts	**417**	**440**	**-510**	**-507**

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

	4Q		01.01 - 31.12	
NOK million	2011	2010	2011	2010
Management expenses	-82	-257	-313	-501
Selling expenses	-130	56	-516	-475
Change in pre-paid direct selling expenses	15	16	53	59
Insurance-related administration expenses (incl. commissions for reinsurance received)	-432	-374	-1,608	-1,391
Reinsurance commissions and profit participation	118	55	291	198
Insurance-related operating expenses	**-512**	**-504**	**-2,093**	**-2,109**
Other insurance related expenses after reinsurance share	**-77**	**-96**	**-239**	**-272**
Technical insurance result	**539**	**489**	**962**	**1,299**
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint-controlled companies	-7	-2	-4	4
Interest income and dividends etc. from financial assets	155	91	518	333
Net operating income from property	14	16	59	60
Changes in investment value	23	8	21	-45
Realised gains and losses on investments	-6	35	51	240
Net income from investments in company portfolio	**178**	**148**	**645**	**591**
Other income	**144**	**110**	**558**	**474**
Management expenses	-8	-7	-29	-36
Other costs	-386	-300	-1,385	-1,264
Management expenses and other costs linked to the company portfolio	**-394**	**-306**	**-1,414**	**-1,301**
Profit or loss on non-technical account	**-73**	**-48**	**-211**	**-236**
Profit before tax	**466**	**441**	**751**	**1,064**
Tax costs	**-789**	**430**	**-730**	**388**
Profit before other comprehencive income	**-323**	**871**	**22**	**1,452**
Actuarial gains and losses on defined benefit pensions - benefits to employees	-124	-243	-118	-233
Change in value adjustment reserve own buildings	53	-92	76	-57
Re-statement differences	118	25	117	29
Adjustment of insurance liabilities	-53	92	-76	57
Tax on other comprehensive income and costs	122		122	
Other comprehensive income and costs	**116**	**-218**	**121**	**-204**
COMPREHENSIVE INCOME	**-207**	**653**	**142**	**1,248**
PROFIT IS DUE TO:				
Minority share of profit	1	5	8	9
Majority share of profit	-324	867	14	1,445
COMPREHENSIVE INCOME IS DUE TO:				
Minority share of profit	4	-5	10	-1
Majority share of profit	-211	657	132	1,249

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.10	31.12.11	NOK million	31.12.11	31.12.10
		ASSETS		
		ASSETS IN COMPANY PORTFOLIO		
740	745	Goodwill		
5,499	5,182	Other intangible assets	91	82
6,239	**5,926**	**Total intangible assets**	**91**	**82**
1,188	1,264	Properties and real estate		
352	407	Properties for own use		
123	125	Equities and units in subsidiaries, associated companies and joint-controlled companies	8,633	7,722
		of which investment in real estate companies	1,541	1,338
39	69	Loans to and securities issued by subsidiaries, associated companies	8,342	8,141
7	5	Loans	5	7
	169	Bonds held to maturity	169	
299	1,334	Bonds at amortised cost	1,334	299
341	312	Equities and other units at fair value	170	168
13,839	15,006	Bonds and other fixed-income securities at fair value	4,769	5,565
538	316	Derivatives at fair value	316	536
317	192	Other financial assets	139	254
17,042	**19,199**	**Total investments**	**23,879**	**22,692**
176	**203**	**Reinsurance share of insurance obligations**	**203**	**176**
1,119	1,177	Receivables in connection with direct business transactions	1,125	996
78	118	Receivables in connection with reinsurance transactions	9	
21	24	Receivables with group company	91	82
1,615	1,418	Other receivables	567	493
2,834	**2,737**	**Total receivables**	**1,792**	**1,571**
109	76	Plants and equipment	60	95
1,605	2,897	Cash, bank	1,377	488
	26	Tax assets		
589	616	Other assets designated according to type		
2,303	**3,615**	**Total other assets**	**1,438**	**582**
349	406	Pre-paid direct selling expenses		
84	79	Other pre-paid costs and income earned and not received	29	35
433	**485**	**Total pre-paid costs and income earned and not received**	**29**	**35**
29,027	**32,164**	**Total assets in company portfolio**	**27,431**	**25,138**
		ASSETS IN CUSTOMER PORTFOLIOS		
24,239	25,547	Properties and real estate		
1,229	1,291	Properties for own use		
60	106	Equities and units in subsidiaries, associated companies and joint-controlled companies	30,152	26,860
		of which investment in real estate companies	29,669	26,433
227	428	Loans to and securities issued by subsidiaries, associated companies		
	7,983	Bonds held to maturity	7,983	
47,895	62,976	Bonds at amortised cost	62,976	47,895
3,109	2,896	Loans	2,896	3,109
52,921	46,776	Equities and other units at fair value	25,857	26,003
121,282	107,175	Bonds and other fixed-income securities at fair value	37,532	59,839
3,338	5,136	Financial derivatives at fair value	208	1,531
4,898	4,542	Other financial assets	1,036	2,538
259,199	**264,855**	**Total investments in collective portfolio**	**168,640**	**167,776**

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION CONTINUE

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.10	31.12.11	NOK million	31.12.11	31.12.10
1,632	1,925	Properties and real estate		
88	102	Properties for own use		
		Equities and units in subsidiaries, associated companies and joint-controlled companies	2,317	1,853
		of which investment in real estate companies	2,299	1,838
110	114	Loans	114	110
39,571	38,160	Equities and other units at fair value	12,203	11,171
16,449	20,858	Bonds and other fixed-income securities at fair value	13,447	11,332
341	14	Financial derivatives at fair value	14	338
1,020	905	Other financial assets	841	995
59,210	**62,079**	**Total investments in investment selection portfolio**	**28,936**	**25,800**
318,409	**326,934**	**Total assets in customer portfolio**	**197,576**	**193,575**
347,436	**359,098**	**TOTAL ASSETS**	**225,007**	**218,713**
		EQUITY AND LIABILITIES		
3,430	3,430	Share capital	3,430	3,430
9,271	9,271	Share premium reserve	9,271	9,271
12,701	**12,701**	**Total paid in equity**	**12,701**	**12,701**
287	469	Risk equalisation fund	469	287
2,359	2,153	Other earned equity	3,115	3,057
207	177	Minority's share of equity		
2,853	**2,799**	**Total earned equity**	**3,584**	**3,343**
5,326	5,311	Perpetual subordinated loan capital	5,311	5,326
1,500	1,502	Perpetual capital	1,502	1,500
6,825	**6,813**	**Total subordinate loan capital etc.**	**6,813**	**6,825**
233,176	239,842	Premium reserves	154,956	153,607
5,173	5,208	Additional statutory reserves	5,208	5,173
1,971		Market value adjustment reserve		1,971
810	774	Claims allocation	689	718
3,700	3,640	Premium fund, deposit fund and the pension surplus fund	3,640	3,700
11,503	10,038	Conditional bonus		
577	648	Other technical reserve	648	577
256,910	**260,151**	**Total insurance obligations in life insurance - contractual obligations**	**165,142**	**165,746**
58,129	61,452	Premium reserve	28,207	24,762
1	1	Claims allocation	1	1
266	233	Additional statutory reserves	233	266
620	289	Premium fund, deposit fund and the pension surplus fund	289	620
59,016	**61,974**	**Total insurance obligations in life insurance - investment portfolio separately**	**28,730**	**25,648**

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION CONTINUE

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.10	31.12.11	NOK million	31.12.11	31.12.10
982	1,077	Pension liabilities etc.	820	738
226	830	Period tax liabilities	695	
82	108	Other provisions for liabilities	62	57
1,290	**2,016**	**Total provisions for liabilities**	**1,577**	**794**
1,302	1,600	Liabilities in connections with direct insurance	1,066	857
9	1	Liabilities in connection with reinsurance	1	9
880	2,197	Financial derivatives	1,518	679
874	1,187	Liabilities to group companies	235	875
4,319	7,345	Other liabilities	3,454	944
7,385	**12,329**	**Total liabilities**	**6,274**	**3,364**
456	315	Other accrued expenses and received, unearned income	187	291
456	**315**	**Total accrued expenses and received, unearned income**	**187**	**291**
347,436	**359,098**	**TOTAL EQUITY AND LIABILITIES**	**225,007**	**218,713**

Storebrand Livsforsikring

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital[1]	Share premium reserves	Total paid in equity	Risk equalisation fund [2]	Other equity	Total equity
Equity at 31.12.2010	**3,430**	**9,271**	**12,701**	**287**	**3,057**	**16,045**
Profit				167	232	400
Comprehensive income:						
Pension experience adjustments					44	44
Total revenue and costs for the period				**167**	**276**	**443**
Equity transactions with owner:						
Group contributions					-200	-200
Other				15	-18	-3
Equity at 31.12.2011	**3,430**	**9,271**	**12,701**	**469**	**3,115**	**16,285**

[1] 34.304.200 shares of NOK 100 par value.
[2] Restricted equity NOK 469 million.

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

	Majority's share of equity						
NOK million	Share capital	Share premium reserves	Total paid in equity	Risk equalisa-tion fund[1]	Other equity	Minority interests	Total equity
Equity at 31.12.2010	**3,430**	**9,271**	**12,701**	**287**	**2,359**	**207**	**15,554**
Profit				167	-153	8	22
Comprehensive income:							
Re-statement differences					115	2	117
Pension experience adjustments					4		4
Total revenue and costs for the period				**167**	**35**	**10**	**142**
Equity transactions with owner:							
Share issue						3	3
Group contributions					-200	-3	-203
Acquisition of minority					44	-44	
Other				15	-15	3	3
Equity at 31.12.2011	**3,430**	**9,271**	**12,701**	**469**	**2,153**	**177**	**15,500**

[1] Restricted equity NOK 469 million.

Storebrand Livsforsikring

CASH FLOW ANALYSIS

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2010	2011	NOK million	2011	2010
		Cash flow from operational activities		
20,352	23,647	Net received - direct insurance	16,754	13,761
-17,739	-16,910	Net claims/benefits paid - direct insurance	-10,526	-11,851
1,007	-5,535	Net receipts/payments - policy transfers	-4,732	1,835
-2,109	-2,093	Net receipts/payments - other operational activities	-1,370	-1,384
165	3,977	Net receipts/payments operations	-1,700	-2,235
1,675	**3,085**	**Net cash flow from operational activities before financial assets**	**-1,576**	**126**
441	210	Net receipts/payments - lendings to customers	210	441
514	-493	Net receipts/payments - financial assets	2,704	559
-1,563	-472	Net receipts/payments - real estate activities		
-179	497	Net change bank deposits insurance customers	1,656	-266
-787	**-258**	**Net cash flow from operational activities from financial assets**	**4,570**	**735**
889	**2,828**	**Net cash flow from operational activities**	**2,995**	**861**
		Cash flow from investment activities		
-106	-217	Net payments - purchase/capitalisation of subsidiaries and associated companies	-831	-1
-11	-65	Net receipts/payments - sale/purchase of fixed assets	-9	-17
-117	**-282**	**Net cash flow from investment activities**	**-839**	**-18**
		Cash flow from financing activities		
-523	-530	Payments - interest on subordinated loan capital	-530	-523
-610	-850	Payments - group contribution dividends	-850	-610
-1,133	**-1,380**	**Net cash flow from financing activities**	**-1,380**	**-1,133**
-361	**1,166**	**Net cash flow for the period**	**775**	**-290**
426	1,424	of which net cash flow for the period before financial assets	-3,795	-1,025
-361	1,166	Net movement in cash and cash equivalent assets	775	-290
2,284	1,922	Cash and cash equivalent assets at start of the period	742	1,032
1,922	**3,088**	**Cash and cash equivalent assets at the end of the periode**	**1,517**	**741**

Notes to the interim accounts

NOTE 1: ACCOUNTING POLICIES

The Group's interim financial statements include Storebrand Livsforsikring AS together with subsidiaries and associated companies. The interims financial statements have been prepared in accordance with the 'Regulation on the annual accounts etc. of insurance companies', which was revised with effect from 1 January 2008 to correspond with the international financial reporting standards (IFRS). The financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information required in full annual financial statements.

The Group has not made any substansial 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 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 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 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 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.

Notes to the interim accounts

NOK million	Storebrand Livsforsikring AS 31.12.11	Storebrand Livsforsikring AS 31.12.10	Storebrand Livsforsikring Group 31.12.11	Storebrand Livsforsikring Group 31.12.10
Total tax increasing temporary differences [1]	**9,675**	**10,375**	**10,540**	**11,283**
Total tax reducing temporary differences [1]	**-2,712**	**-4,041**	**-3,013**	**-4,245**
Losses carried forward	-4,262	-7,602	-4,436	-7,717
Allowances carried forward	-220	-503	-220	-503
Total losses and allowances carried forward	**-4,482**	**-8,105**	**-4,656**	**-8,220**
Basis for net deferred tax/tax assets	**2,481**	**-1,771**	**2,872**	**-1,181**
Write-down of basis for deferred tax assets		1,771		1,785
Net basis for deferred tax/tax assets [2]	**2,481**	**0**	**2,872**	**603**
Net deferred tax asset/liability	**695**	**0**	**804**	**169**
Booked in the statement of financial position				
Deferred tax assets			26	
Deferred tax	695		830	169

Deferred tax asset not included in the statement of financial position

NOK million	2011	2010	2011	2010
Deferred tax asset not included in the statement of financial position	0	496		500

[1] Tax increasing and tax redusing tempoary differences of real estate and securities for 2010 is adjusted compared to the financial statements for 2010. This has resulted in a net increase in taxable tempoary differences of NOK 1.7 billion compared to previous presented figures for Storebrand Livsforsikring Group.
[2] Net deferred tax assets includes taxes in 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 19 and 44 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 Norway
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.

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 the balance sheet at 31 December 2011.

Notes to the interim accounts

STOREBRAND LIVSFORSIKRING AS
Change in market value

NOK million	2011	2010
Equities -20%	-4,220	-4,996
Equities +20%	4,220	4,996
Interest rate -1,5%	1,927	1,266
Interes rate +1,5%	-1,927	-1,266
Real estate -12%	-3,326	-3,507
Real estate +12%	3,326	3,507

Effects on result/equity

NOK million	2011	2010
Equities -20%	-748	-267
Equities +20%	277	430
Interest rate -1,5%	231	147
Interes rate +1,5%	-371	-116
Real estate -12%	-963	-400
Real estate +12%	435	588

STOREBRAND LIVSFORSIKRING GROUP
Change in market value

NOK million	2011	2010
Equities -20%	-6,373	-9,296
Equities +20%	6,373	9,296
Interest rate -1,5%	9,383	8,118
Interes rate +1,5%	-8,892	-6,895
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	-851
Equities +20%	294	524
Interest rate -1,5%	-102	
Interes rate +1,5%	-346	-128
Real estate -12%	-1,043	-430
Real estate +12%	498	610

Storebrand Livsforsikring Group applies to Storebrand Livsforsikring AS, SPP Livförsäkring and Euroben, other subsidiaies are not included.

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.

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 increased. The most important contributions to the increase are that at the beginning of 2012, the company has reduced market value adjustment reserve and the difference between the expected return and the interest guarantee has decreased due to low market interests.

Notes to the interim accounts

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 market rise lies with the customer with an unsubstansial 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.

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 shows direct exposure in financial assets in selected countries, amounts at fair value.

STOREBRAND LIVSFORSIKRING AS
Exposure to selected countries as of 31.12.2011

NOK million	Equities	Bonds	Total
Grease			
Banks	3		3
Other	6		6
Total	9		9
Italy			
Government		3,277	3,277
Banks	45	492	538
Other	251	297	548
Total	296	4,066	4,362
Portugal			
Government		709	709
Banks	2	133	134
Other	15		15
Total	16	842	858
Ireland			
Government		441	441
Banks	7	152	159
Other	188	499	687
Total	196	1,092	1,288
Spain			
Government		2,775	2,775
Banks	119	472	591
Other	222	806	1,028
Total	341	4,054	4,394
Total	**858**	**10,054**	**10,911**

Notes to the interim accounts

STOREBRAND LIVSFORSIKRING GROUP
Exposure to selected countries as of 31.12.2011

NOK million	Equities	Bonds	Total
Grease			
Government			
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

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 longterm 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.

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.

STOREBRAND LIVSFORSIKRING AS
Undiscounted cash flows for financial liabilities

NOK million	0-6 months	6-12 months	1-3 year	3-5 year	over 5 year	Total value	Booked value
Subordinated loan capital	442	105	4,846	1,327	1,655	**8,375**	6,813
Other short term liabilities	4,943					**4,943**	4,943
Uncalled residual liabilities concerning Limited Partnership	3,597					**3,597**	
Undrawn amounts of committed lending facilities	1,990					**1,990**	
Total financial liabilities 2011	**10,972**	**105**	**4,846**	**1,327**	**1,655**	**18,905**	**11,756**
Derivitives related to loan 2011	**-264**	**134**	**-281**	**-125**		**-535**	
Total financial liabilities 2010	**8,405**	**102**	**3,427**	**3,189**	**1,846**	**16,969**	**9,802**

Agreed residual maturity provides limited information about the company's liquidity risk, since the majority of investment assets can be realised more quickly in the secondary market than the agreed residual maturity. On perpetual subordinated loan cash flow is calculated until the first call.

STOREBRAND LIVSFORSIKRING GROUP
Undiscounted cash flows for financial liabilities

NOK million	0-6 months	6-12 months	1-3 year	3-5 year	over 5 year	Total value	Booked value
Subordinated loan capital	442	105	4,846	1,327	1,655	**8,375**	6,813
Other short term liabilities [1)]	8,908		1,540			**10,448**	10,448
Uncalled residual liabilities concerning Limited Partnership	5,898					**5,898**	
Undrawn amounts of committed lending facilities	1,990					**1,990**	
Total financial liabilities 2011	**17,238**	**105**	**6,386**	**1,327**	**1,655**	**26,710**	**17,261**
Derivitives related to loan 2011	**-264**	**134**	**-281**	**-125**		**-535**	
Total financial liabilities 2010	**13,483**	**222**	**3,547**	**4,297**	**1,846**	**23,395**	**13,786**

[1)] Of which the minority interests in the real estate fund amount to NOK 1,540 million. From 1. January 2014 participants can present a demand for redemption every year. Redemption is conditional on a total demand of NOK 100 million. The redemption sum is set at 98.75 per cent of VEK.

Agreed residual maturity provides limited information about the company's liquidity risk, since the majority of investment assets can be realised more quickly in the secondary market than the agreed residual maturity. On perpetual subordinated loan cash flow is calculated until the first call.

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Booked value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS 08/18 FRN	1,500	NOK	Variable	2018	1,502
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS 49-13	300	EUR	Fixed	2013	2,515
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,703
Storebrand Livsforsikring AS Var 12/49	1,000	NOK	Fixed	2015	1,094
Total subordinated loan capital and hybrid tier 1 capital 2011					**6,813**
Total subordinated loan capital and hybrid tier 1 capital 2010					**6,825**

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.

STOREBRAND LIVSFORSIKRING AS
Credit risk by counterparty

Bonds and other fixed-income securities at fair value Category of issuer or guarantor NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	16,130	7,956	1,466	15			25,566
Credit bonds	1,187	2,986	13,338	9,503		2,283	29,297
Mortage and asset backed bonds	8,315	1,645	90	235		229	10,514
Supranational and agency		99	597	537		55	1,289
Total interest-bearing securities rated by credit rating	**25,631**	**12,686**	**15,491**	**10,290**		**2,567**	**66,666**
Bond fund not managed by Storebrand							962
Non interest bearing securities in bond fund managed by Storebrand							-11,880
Total 2011	**25,631**	**12,686**	**15,491**	**10,290**		**2,567**	**55,748**
Total 2010	**30,386**	**7,977**	**22,264**	**11,687**	**200**	**1,795**	**76,737**

Bonds at amoritsed cost Category of issuer or guarantor NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	21,387	1,899	2,039	30	709	26,063
Credit bonds	538	3,275	7,469	494	1,124	12,901
Mortage and asset backed bonds	22,609	1,526	153	559	510	25,357
Supranational and agency	6,848		3,050			9,898
Total 2011	**51,382**	**6,700**	**12,711**	**1,083**	**2,343**	**74,219**
Total 2010	**26,976**	**6,347**	**13,211**	**628**	**1,764**	**48,926**

Counterparties NOK million	AA Fair value	A Fair value	BBB Fair value	Total Fair value
Derivatives	737	637		1,374
Of which derivatives in bond fund managed by Storebrand	386	450		836
Total excluding derivatives in bond fund	351	187		538
Bank deposit	3,742	1,394	146	5,282
Of which bank deposit in bond fund managed by Storebrand	919	969		1,888
Total excluding bank deposit in bond fund	**2,823**	**425**	**146**	**3,394**

Rating classes are based on Standard & Poor's ratings.
NIG = Non-investment grade.

Lending
Commitments distributed by customer groups

NOK million	Loans to and receivables from customers	Unused credit line	Total commitments
Sale and operation of real estate	3,010	1,990	5,000
Wage-earners	5		5
Total 2011	**3,015**	**1,990**	**5,005**
Total 2010	**3,226**	**1,794**	**5,019**

Storebrand Livsforsikring AS have a syndicate agreement with Storebrand Bank. The loans that are syndicated to Storebrand Livsforsikring have first priority within 60 per cent.

STOREBRAND LIVSFORSIKRING GROUP
Credit risk by counterparty

Bonds and other fixed-income securities at fair value Category of issuer or guarantor NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	55,570	10,856	1,537	81			68,044
Credit bonds	1,909	5,576	19,270	10,948	96	2,777	40,575
Mortage and asset backed bonds	29,997	3,849	90	235		229	34,400
Supranational and agency	1,640	99	1,005	691		55	3,491
Total interest-bearing securities rated by credit rating	**89,115**	**20,380**	**21,902**	**11,954**	**96**	**3,062**	**146,510**
Bond fund not managed by Storebrand							8,396
Non interest bearing securities in bond fund managed by Storebrand							-11,866
Total 2011	**89,115**	**20,380**	**21,902**	**11,954**	**96**	**3,062**	**143,040**
Total 2010	**86,843**	**13,193**	**28,982**	**12,755**	**200**	**2,164**	**151,571**

Notes to the interim accounts

Bonds at amoritsed cost Category of issuer or guarantor NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	21,387	1,899	2,039	30	709	26,063
Credit bonds	538	3,275	7,469	494	1,124	12,901
Mortage and asset backed bonds	22,609	1,526	153	559	510	25,357
Supranational and agency	6,848		3,050			9,898
Total 2011	**51,382**	**6,700**	**12,711**	**1,083**	**2,343**	**74,219**
Total 2010	**26,976**	**6,347**	**13,211**	**628**	**1,764**	**48,926**

Counterparties NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Total Fair value
Derivatives		2,797	3,840	3	6,640
Of which derivatives in bond fund managed by Storebrand		530	644		1,174
Total excluding derivatives in bond fund		**2,267**	**3,196**	**3**	**5,466**
Bank deposit	162	5,998	3,230	1,104	10,494
Of which bank deposit in bond fund managed by Storebrand		954	1,005		1,959
Total excluding bank deposit in bond fund	**162**	**5,044**	**2,225**	**1,104**	**8,535**

Rating classes are based on Standard & Poor's ratings.
NIG = Non-investment grade.

Lending
Commitments distributed by customer groups

NOK million	Loans to and receivables from customers	Unused credit line	Total commitments
Sale and operation of real estate	3,010	1,990	5,000
Wage-earners	5		5
Total 2011	**3,015**	**1,990**	**5,005**
Total 2010	**3,226**	**1,794**	**5,019**

Storebrand Livsforsikring AS have a syndicate agreement with Storebrand Bank. The loans that are syndicated to Storebrand Livsforsikring have first priority within 60 per cent.

Notes to the interim accounts

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: SEGMENT INFORMATION – ANALYSIS OF PROFIT AND LOSS BY BUSINESS AREA

	Storebrand Life Insurance		SPP		Asset mangement		Insurance		Storebrand Livs-forsikring Group	
	4Q		4Q		4Q		4Q		4Q	
NOK million	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	7,417	8,442	4,743	2,335	45	47	177	165	12,862	10,988
Profit before tax	502	273	-102	112	12	14	54	42	466	441
Assets	15,069	7,339	-10,786	-6,596	-99	31	61	-102	4,245	671
Liabilities	15,101	7,777	-10,501	-6,877	-36	93	61	-102	4,624	891

	Storebrand Life Insurance		SPP		Asset mangement		Insurance		Storebrand Livs-forsikring Group	
NOK million	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
Revenue	24,143	33,689	11,187	13,618	214	194	1,248	1,224	37,271	48,725
Profit before tax	481	783	-67	62	85	86	253	132	751	1,064
Assets	223,197	219,822	133,354	125,394	192	199	2,356	2,020	359,098	347,436
Liabilities	212,578	208,795	128,505	120,900	159	167	2,356	2,020	343,598	331,882

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

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

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

Asset management
Storebrand's asset management activities include the companies Storebrand Eiendom AS (property management), Storebrand Realinvesteringer AS and SPP Fonder AB (fund management) .

Insurance
Includes personal risk insurance in the Norwegian retail market and employee insurance in the corporate market in Norway, which is included in Storebrand Livsforsikring AS.

NOTE 11 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.

STOREBRAND LIVSFORSIKRING AS

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	2011	2010
Assets					
Equities and units					
- Equities	9,268	244	1,526	**11,038**	**11,618**
- Fund units		19,049	1,204	**20,254**	**19,529**
- Hedge fund		655	27	**682**	
- Private Equity fund investments		1,613	4,643	**6,256**	**6,151**
- Indirect real estate fund					**44**
Total equities and units	**9,268**	**21,562**	**7,400**	**38,230**	
Total equities and units 2010					**37,343**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	2,007	1,644		**3,651**	**16,190**
- Credit bonds		7,991	819	**8,810**	**31,956**
- Mortage and asset backed bonds		7,231	790	**8,021**	**6,099**
- Supranational and agency					**857**
- Bond funds		35,266		**35,266**	**21,634**
Total bonds and other fixed income securities	**2,007**	**52,132**	**1,609**	**55,748**	
Total bonds and other fixed income securities 2010					**76,737**
Derivatives:					
- Interest rate derivatives		31		**31**	**309**
- Currency derivatives		-1,012		**-1,012**	**1,417**
- Credit derivatives		2		**2**	**1**
Total derivatives		**-980**		**-980**	
- derivatives with a positive market value		538		**538**	
- derivatives with a negative market value		-1,518		**-1,518**	
Total derivatives 2010					**1,726**

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units		75

Level 1 encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approx. NOK 20 million 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

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

NOK million	Equities	Fund units	Hedge fund	Private equity fund investments	Indirect real estate fund	Credit bonds	Mortage and asset backed bonds
Balance 01.01.11	1,839	1,117		4,180	38	696	1,114
Net profit/loss at financial instruments	-124	28	1	461		22	-268
Additions/purchases	20	81	39	338		133	
Sales/overdue/settlement	-210	-22	-13	-335	-38	-32	-56
Balance 31.12.11	**1,526**	**1,204**	**27**	**4,643**	**0**	**819**	**790**

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	2011	2010
Assets					
Equities and units					
- Equities	22,647	498	3,111	**26,256**	32,597
- Fund units		47,035	2,224	**49,259**	51,137
- Hedge fund		1,613	5,226	**6,839**	6,682
- Private Equity fund investments		892	27	**919**	
- Indirect real estate fund		7	1,969	**1,976**	2,417
Total equities and units	**22,647**	**50,045**	**12,556**	**85,248**	
Total equities and units 2010	**28,445**	**52,613**	**11,773**		**92,832**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	22,907	23,363		**46,270**	57,795
- Credit bonds		18,660	1,213	**19,872**	41,026
- Mortage and asset backed bonds		31,117	790	**31,907**	23,131
- Supranational and agency		2,202		**2,202**	2,797
- Bond funds		42,789		**42,789**	26,821
Total bonds and other fixed income securities	**22,907**	**118,130**	**2,002**	**143,040**	
Total bonds and other fixed income securities 2010	**31,782**	**117,633**	**2,156**		**151,571**
Derivatives:					
- Interest rate derivatives		4,191		**4,191**	1,615
- Currency derivatives		-924		**-924**	1,722
- Credit derivatives		2		**2**	1
Total derivatives		**3,269**		**3,269**	
- derivatives with a positive market value		5,466		**5,466**	
- derivatives with a negative market value		-2,197		**-2,197**	
Total derivatives 2010					**3,337**

Notes to the interim accounts

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. NOK 20 million or more. Movements from level 1 to level 2 reflect reduced sales value in the relevant equities in the last measuring period. On the other hand, movements from level 2 to level 1 indicate increased sales value in the relevant equities in the last measuring period.

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

NOK million	Equities	Fund units	Hedge fund	Private equity fund investments	Indirect real estate fund	Credit bonds	Mortage and asset backed bonds
Balance 01.01.11	3,167	1,818	4,661		1,969	1,042	1,114
Net profit/loss at financial instruments	-57	21	485	1		63	-268
Additions/purchases	69	410	490	39		177	
Sales/overdue/settlement	-79	-29	-412	-13		-72	-56
From quoted prices and observable assumptions	3						
Re-statement differences	8	5	2			2	
Balance 31.12.11	**3,111**	**2,224**	**5,226**	**27**	**1,969**	**1,213**	**790**

NOTE 12 PROPERTIES

Net income from properties

NOK million	2011	2010
Rent income from properties[1]	1,815	1,623
Operating costs (including maintenance and repairs) relating to properties that have provided rent income[2]	-408	-337
Profit minority defined as debt	-71	
Net operating income from properites	**1,336**	**1,286**
Realised gains/losses	82	15
Change in fair value of properties	249	154
Total income from properties	**1,667**	**1,455**
[1] *Properties for own use*	73	67
[2] *Properties for own use*	-6	-12

Changes in value real estate investments

NOK million	2011	2010
Wholly owned real estate investments	249	154
Property equities and units in Norway and Sweden[1]	73	96
Property units abroad [1]	131	87
Total value changes investment properties	**453**	**337**
Properties for own use	27	-104
Total value changes real estate investment	**480**	**233**
Realised gains/losses sold properties	**82**	**15**

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

Notes to the interim accounts

Book value of investment properties in the statement of financial position[1)]

NOK million	2011	2010
Balance 01.01.	27,059	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
Exchange rate changes	5	22
Balance 31.12.	**28,735**	**27,059**

[1)] Consists of investments properties in Storebrand Livsforsikring Group

Property type

NOK million	2011	2010	Diration of lease (years)	m2	Leased amount in % [1)]
Office buildings (including parking and storage):					
- Oslo- Vika/Fillipstad Brygge	6,044	4,930	7	135,677	95
- Rest of Greater Oslo	7,746	6,180	5	408,492	93
- Rest of Norway	2,719	3,856	12	197,941	98
Shopping centres (including parking and storage)	10,321	10,656	3	547,400	100
Multi-storey car parks	654	696	5	27,393	
Office buildings in Sweden	853	387	8	40,426	60
Cultural/conference centres in Sweden	399	355	20	18,690	89
Total investment properties	**28,735**	**27,059**		**1,376,019**	
Properties for own use other	1,800	1,668	7	44,267	95
Total properties	**30,535**	**28,727**		**1,420,286**	

[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	9,652	7,560
Rest of Norway	12,594	14,512
Sweden	1,252	742
Other	340	289
Total properties	**30,535**	**28,727**

It is not agreed further purchases or sales of properties in 2011.
NOK 309 million in Storebrand and SEK 894 million in SPP has been committed but not drawn on in international real estate funds.

Notes to the interim accounts

Calculation of fair value for properties

Investment properties are valued at fair value. Fair value is the amount an asset could be sold for in a transaction at arm's length between well informed, voluntary parties. Investment properties consists mainly of office buildings and shopping centres.

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) and market estimates. A long-term, time-weighted average is calculated for the annual observations in which the oldest observations are afforded the least weight. Short-term, non-contractual rent forecasts are based on current market rents and conditions.

Required rate of return

An individual required rate of return is set for each property. The required rate of return should be viewed in relation to the property's cash flow. Cash flows are determined on the basis of data about the market's required rate of return, including transactions and valuations.

Composition of the required rate of return:

Risk free interest rate

Risk markup, adjusted for:

- Type of property
- Location
- 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 Desember 2011, valuations had been obtained for approximately 35 percent of Storebrand's property portfolio in Norway.

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

	Required rate of return %		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	7,560
- 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 NOK 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

NOTE 13: CONTIGENT LIABILITIES

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2011	2010	2011	2010
Undrawn amounts of committed lending facilities	1,990	1,794	1,990	1,794
Uncalled residual liabilities concerning Limitied Partnership	3,597	3,193	5,898	5,635
Total contigent liabilities	**5,587**	**4,987**	**7,888**	**7,429**

SPP Livförsäkring AB (SPP), a wholly owned subsidiary of Storebrand Holding AB, which in turn is 100 per cent 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.

NOTE 14: CAPITAL ADEQUACY

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2011	2010	2011	2010
Share capital	3,430	3,430	3,430	3,430
Other equity	12,854	12,614	12,070	12,124
Equity	**16,285**	**16,044**	**15,500**	**15,554**
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Conditional bonus			3,024	3,359
Goodwill and other intangible assets	-91	-82	-6,062	-6,317
Risk equalisation fund	-469	-287	-469	-287
Capital adequacy reserve			-121	-399
Deduction for investments in other financial institutions	-13	-55	-3	-44
Other	-7	-18	66	125
Core (tier 1) capital	**17,205**	**17,115**	**13,435**	**13,492**
Hybrid tier 1 capital				
Perpetual subordinated loan capital	5,024	5,039	5,024	5,039
Capital adequacy reserve			-121	-399
Deductions for investments in other financial institutions	-13	-55	-3	-44
Tier 2 capital	**5,012**	**4,984**	**4,901**	**4,597**
Net primary capital	**22,216**	**22,100**	**18,336**	**18,088**
Risk weighted calculation base	**108,574**	**104,650**	**132,787**	**133,164**
Capital adequacy ratio	**20.5 %**	**21.1 %**	**13.8 %**	**13.6 %**
Core (tier 1) capital ratio	**15.9 %**	**16.4 %**	**10.1 %**	**10.1 %**

[1] In connection with Storebrand Life Insurance's 2007 acquisition of SPP, the Financial Supervisory Authority of Norway placed a condition on its approval by giving a time limited approval to include parts of the conditional bonus as primary capital. This approval ends on 1.4.2012. The capital adequacy ratio and core (tier 1) capital ratio as of 31.12.2011 would have been 11.5 % and 7.8 % respectively when the conditional bonus is excluded. This will not affect the Group's solvency capital or the solvency margin of Storebrand Life Insurance.

[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.

Notes to the interim accounts

NOTE 15: SOLVENCY MARGIN

NOK million	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Solvency margin requirements	7,198	7,094	11,376	10,766
Solvency margin capital	23,800	23,522	18,322	17,644
Solvency margin	**330,7 %**	**331.6 %**	**161.1 %**	**163.9 %**

Specification of solvency margin capital

NOK million	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Net primary capital	22,216	22,100	18,336	18,088
50% of additional statutory reserves	2,721	2,719	2,721	2,719
50% of risk equalisation fund	235	143	235	143
Counting security reserve	54	52	54	52
Conditional bonus			-3,024	-3,359
Reduction in Tier 2 capital eligible for inclusion in solvency capital	-1,425	-1,492		
Solvency capital	**23,800**	**23,522**	**18,322**	**17,644**

See footnote 2 in note 14.