Annual Report 2010

Storebrand ASA

storebrand

Highlights 2010

JANUARY
Official opening of Lysaker Park
The Mayor of Bærum, Odd Reinsfelt, officially opens Storebrand's new head office, Lysaker Park. The entertainment is provided by TrondhjemSolistene and opera singers Cecilie Rønning and Cecilie Shilling.

10 years in front
It is announced that the Norwegian key account fund «Storebrand Aksje Innland» has beaten the index for the tenth year in a row - Alf Inge Gjerde has managed the fund the entire time.

FEBRUARY
Awarded City Prize
Storebrand is awarded the acclaimed City Prize for its new Lysaker Park head office. Fine architecture, strict environmental requirements and attractive workplaces are among the reasons stated by the jury.

Swan Award
Nordic Ecolabelling awards the Swan Ecolabel to Storebrand as the best purchaser for the second year in a row.

MARCH
Major SRI conference
Storebrand arranges a conference on socially responsible investments for the ninth year in a row. Around 100 participants heard good ways of resolving the challenges business faces due to war and conflicts.

190,000 must make pension choices
Storebrand launches a wide-ranging campaign providing information to this target audience in connection with the introduction of the new pensions reform on 1 January 2011.

APRIL
Fee free fund trading
Storebrand becomes the first to launch an online trading solution that allows anyone to buy fund units with zero purchase fees.

Norway's best call centre
Storebrand Bank ASA wins the 2010 Customer Service Award for the best call centre in banking.

JUNE
New CEO for Storebrand Bank ASA
Truls Nergaard is appointed the new CEO of Storebrand Bank ASA.

Pension calculator
Before summer, Storebrand becomes the first financial group to launch its pension calculator which allows customers to simulate what their actual pension will be from 62 years.

AUGUST
Huge interest in Lysaker Park
Minister of the Environment and International Development Erik Solheim receives a guided tour of, and information about, our new head office at Lysaker. Solheim considers our new, modern office building as a building that can promote good climate initiatives.

Delphi Norway's best
Delphi's managers achieve a fantastic 7,192 per cent return over 23 years. Delphi is the clear winner among Dine Penger's advisers during this period. The share portfolio, which was started with NOK 100,000 in 1987, has today grown to NOK 7 million!

SEPTEMBER
Sustainable company
Storebrand qualifies for the Dow Jones Sustainability Index for the 12th year in a row as one of the 10 per cent most sustainable companies in the world.

NOVEMBER
Launches new real estate fund
Storebrand launches the fund Storebrand Eiendomsfond Norge. The fund will invest in centrally located, unmortgaged, fully developed real estate with long-term tenants.

DECEMBER
10 years as CEO
It is 10 years since Idar Kreutzer became the CEO of Storebrand. He was formally appointed to the position on 22 December 2000.

Sustainable investments
It is 15 years since Storebrand launched its first environmental fund and became a European pioneer within sustainable investments.

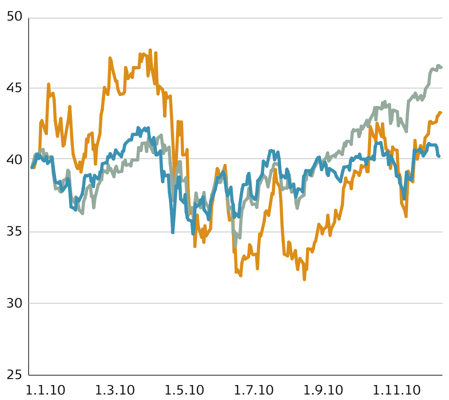
Core Values

Reliable
Enabling
Easy to relate to
Forward looking

Vision

Storebrand´s objective is to be the leading and most respected institution in the Nordic market for long-term savings and insurance

Share information (STB)	2010
Share price 31.12.2009 (NOK)	39.6
Share price 31.12.2010 (NOK)	43.6
Highest closing price 2010 (NOK)	48.3
Lowest closing price 2010 (NOK)	31.3
Change STB 2010 (NOK)	4
Change STB 2010	10%
Oslo Stock Exchange (OSEBX) 2010	18%
European Insurance Index (BEINSUR) 2010	2%
Number of shares traded 2010 (mill shares)	593
Turnover velocity	132%
Average daily turnover (mill shares)	2.4
Average turnover velocity	0.5
MCAP 31.12.2010 (NOK billion)	19.6
Number of ordinary shares (mill shares)	449
Lot size	200
Foreign ownership 31.12.2009	52%
Foreign ownership 31.12.2010	50%
Registred share capital (NOK billion)	2.25
Nominal value 31.12.2010	5



1 *BEINSUR Index*

Content

Storebrand Group and key figures

The Storebrand Group is made up of the business areas life insurance, asset management, banking and P&C and health insurance. The group's head office is at Lysaker and the company has also established life insurance, asset management and health insurance activities in Sweden. Storebrand is the Nordic region's leading provider of life insurance and pensions, and offers a comprehensive range of products to retail customers, corporate customers, municipalities and the public sector.

Storebrand can trace its history back to 1767. The company has provided occupational pensions to Norwegian employees since 1917, the same year SPP was established in Sweden. Storebrand Bank ASA opened for business in 1996, and in 2006 the group relaunched its property and casualty insurance business as a service for the retail market and selected segments of the corporate market.

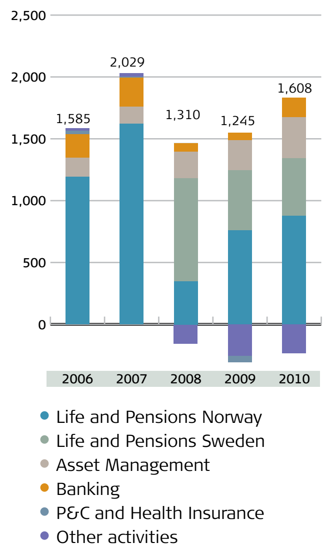
At year-end 2010, the Storebrand Group had 2,206 employees compared to 2,280 at the start of the year. Of these, 52 percent were women. The average ages is 42 years and the average length of service is 10 years.

Storebrand's ambition is to be a leader within corporate responsibility and responsible investments. Both the group's financial and non-financial goals and results are presented in the group's annual report and show how corporate responsibility forms an integral part of our core activities.

Storebrand believes diversity creates value. All Storebrand employees are treated equally, regardless of age, gender, disability, religious beliefs, cultural differences or sexual orientation.

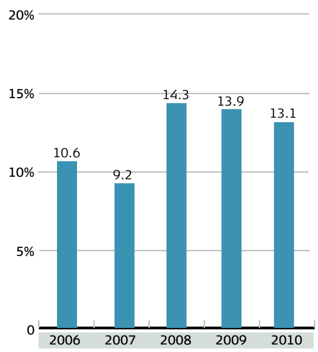
Group profit before amortisation and write-downs

NOK million



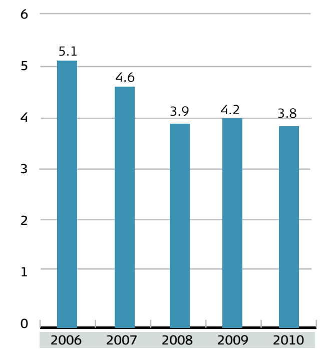
Capital ratio

%



Average sickleave

%



Key figures	2010	2009	2008	2007	2006
Group result before tax (NOK million) [1]	1,217	855	-1,716	2,029	1,585
Total assets (NOK million)	390,414	336,159	372,212	381,837	222,787
Equity capital (NOK million)	18,417	17,217	16,158	19,241	8,900
Solvency margin	164%	170%	160%	136%	175%
Return on equity	11%	8%	-9%	24%	19%
Number of employees	2,163	2,185	2,434	2,151	1,429
Proportion of female managers [2]	38%	40%	39%	37%	38%
Energy consumption [3]	220 kWh/m²	222 kWh/m²	216 kWh/m²	221 kWh/m²	257 kWh/m²
Qualified for Dow Jones Sustainability Index [4]	Qualified	Qualified	Qualified	Qualified	Qualified
Qualified for FTSE4Good [5]	Qualified	Qualified	Qualified	Qualified	Qualified
Investments in microfinance (NOK million) [6]	149	149	127	81	56

1 Figures for 2006-2007 have not been translated for the financial statement layouts used from 2008.
2 Defined as managerial position with personnel responsibilities.
3 2005-2009 applies to the previous head office, Filipstad Brygge 1, Oslo.
4 Dow Jones Sustainability Index includes the top 10 per cent on corporate responsibility in each industry.
5 FTSE4Good is an international index for socially responsible companies.
6 Storebrand has committed NOK 198 million to microfinance, of which NOK 149 million is invested as of 31.12.2010.

Key figures per share	2010	2009	2008	2007	2006
Average number of ordinary shares (NOK '000s) [7]	446,037	445,658	445,091	251,517	247,965
Earnings per ordinary share (NOK)	3.30	2.08	-5.01	7.95	6.03
Dividend per ordinary share (NOK)	1.10	0.00	0.00	1.20	1.80
Market value 31.12 (NOK million)	19,638	17,798	7,536	25,510	19,811
Final price per ordinary share (NOK)	43.65	39.56	16.75	56.70	79.30

7 Calculation based on average number of shares outstanding.

STOREBRAND ASA

Storebrand Life Insurance (Life and Pensions Norway)	SPP [1] (Life and Pensions Sweden)	Storebrand Asset Management	Storebrand Bank	Storebrand P&C	Storebrand Health Insurance [2]

[1] Owned by Storebrand Life Insurance

[2] Owned 50% by Storebrand ASA

LIFE AND PENSIONS NORWAY

NOK 16 billion in premium income

Storebrand Livsforsikring AS is a leading provider of pensions in the Norwegian market and offers a wide range of products within occupational pensions, private pension savings, and life insurance to companies, public sector entities, and private individuals. Storebrand Livsforsikring AS aims to be Norway's most respected and customer-oriented life insurance company by offering customers the most attractive products, the best advice and the best customer service.

Storebrand Livsforsikring AS has the highest level of customer satisfaction in the occupational pensions market (Norwegian Customer Barometer). Together with strong growth, this has helped the company consolidate its position as the leading pensions provider in the Norwegian market.

Key figures (*NOK million*)	2010	2009
Pre-tax profit	877	759
Net transfers recieved	1,857	82
Premium income after reinsurance	15,518	16,073
Assets under management exclusive SPP	200,015	190,470
Solvency margin	164%	170%

LIFE AND PENSIONS SWEDEN (SPP)

Growth in administration results

SPP offers pension and insurance solutions, and advice to companies in the competitive segment of the occupational pensions market. SPP also offers private pension savings and illness and health insurance. The company delivers qualified consultancy services within occupational pensions and insurance for companies and public sector entities.

Key figures (*NOK million*)	2010	2009
Pre-tax profit	116	147
Premium income after reinsurance	7,177	7,397
Assets under management	124,532	111,215
Conditional bonuses	11,503	8,689
Solvency margin	199%	194%

STOREBRAND ASSET MANAGEMENT

NOK 407 billion under management

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

Key figures (*NOK million*)	2010	2009
Pre-tax profit	327	233
Cost/income ratio	57%	65%
Assets under management	406,922	351,160

STOREBRAND BANK

Leading niche bank

Storebrand Bank ASA aims to establish itself as Norway's leading direct bank in the retail market, and is also a leading provider of advice, transaction services and financing for corporate customers within commercial property. The bank aims to utilise its position as a leading direct bank to actively recruit new customers to Storebrand and distribute the group's products to its own customers. Storebrand Bank ASA is among the 10 largest banks in Norway and has NOK 39.4 billion of assets under management.

Key figures (*NOK million*)	2010	2009
Pre-tax profit	129	35
Gross lending	34,460	36,123
Customer deposits	18,807	18,320

STOREBRAND P&C INSURANCE

Continued growth in a competitive market

Storebrand Skadeforsikring AS offers standard insurance products in the Norwegian retail market. The company was launched in autumn 2006. Its cost-effective distribution and extremely customer friendly online solution has enabled the company to quickly make its mark as a competitive insurer, offering peace of mind at low prices.

Key figures (*NOK million*)	2010	2009
Number of customers	51,423	40,499
Total portfolio premium	467	346
Share of P&C policies purchased online	38%	43%

STOREBRAND HEALTH INSURANCE

Increased awareness of health insurance as a means of reducing sick leave

Storebrand Helseforsikring AS is jointly owned (50/50) by Storebrand ASA and Deutsche Krankenversicherung AG, and offers treatment insurance in the Norwegian and Swedish corporate and retail markets. The company was launched in autumn 1998 and continues to experience profitable growth.

Key figures (*NOK million*)	2010	2009
Number of customers	80,829	81,953
Annual premiums	302	276

Idar Kreutzer,
Storebrand Group
CEO

MESSAGE FROM THE CEO

The financial crisis has had major consequences in the real economy internationally, and 2010 saw significant movements in the interest rate and credit markets. Stability in the financial markets has improved at the start of 2011, but Storebrand is well prepared for unstable markets also in the time ahead.

The life insurance sector has entered a period in which extensive regulatory changes are being prepared and implemented. The keywords are pensions reform and Solvency II. The new occupational pensions act creates great flexibility for employees and a significant need for adaptation for the sector. We are meeting this in a proactive manner by intensifying our customer dialogue, product renewal and improvements to system solutions and settlement processes.

The European Solvency II regulations will change the life insurance sector's capital requirements with effect from 2013. Storebrand is well prepared for the regulatory changes which will affect core areas such as product design, investment allocation and risk management. Important work is taking place in Norway to adapt the Norwegian regulations to the general international regulations. These changes are expected to be concluded in 2011.

2010 was a year in which Storebrand's financial performance was satisfactory and we delivered competitive financial returns. The year-on-year result improvement was largely due to operational improvements. Efficiency has been increased in both the Norwegian and Swedish businesses, and the relationship between costs and income improved. From a European perspective Storebrand is now closing in on the most cost efficient companies in European insurance[1].

1 HSBC; European Cost-cutting calculator, September 2010.

STRATEGIC RESPONSE

Storebrand has laid a good foundation for meeting the aforementioned changes the sector faces by implementing a number of measures. Reduced capital binding, operational efficiency and a stronger dialogue with Storebrand's extensive customer base will be keywords for this work in the future. The overall result will be greater income stability and a solid foundation for future value creation.

Reduced capital binding

Life insurance companies have traditionally obtained their income from profit sharing between customers and owners. In years with high returns this provides good profits, while in years with low returns it results in correspondingly low profits. The transition from benefit-based to contribution-based pension schemes and from profit sharing to running payment for the pensions services delivered by companies are gradually changing this picture.

For Storebrand this transition entails greater income stability and increased capital efficiency. This trend can be illustrated by the fact that since 2005 Storebrand has gained 16.838 new defined contribution customers, while there has been a reduction in defined benefits schemes. This trend will continue and entails a transition from capital demanding guaranteed products to fund based products. The changed capital requirements associated with Solvency II will speed up this trend.

Streamlining and simplification

Active competition combined with regulatory changes is increasing the need for efficiency in the life insurance sector. Storebrand wants to stay ahead of this development and has in the last few years strongly improved its productivity in all parts of its business. Between 2009 and 2011 - a period of substantial growth - the nominal level of costs was reduced by more than NOK 200 million.

Better customer dialogue

◁◁ The group's growth in 2010 was affected by unstable financial markets and significant operational improvements. ▷▷

The combination of income increasing and cost reducing measures resulted in an operational improvement of more than NOK 550 million in 2010. Operations improvements will continue during the coming three year period through simplification, coordination and further streamlining.

CUSTOMER DIALOGUE

Individualisation within the occupational pensions area is increasing the need and opportunity for a closer dialogue with the individual employees in companies with pension schemes. Storebrand has seen strong customer growth in recent years and now has around 1.6 million individual customers in Norway and Sweden. Storebrand will strengthen its follow-up and servicing of its retail customer base. In recent years we have seen that a steadily increasing number of P&C insurance customers prefer to be served via digital channels. 82 per cent of Storebrand P&C Insurance's customers purchase insurance via telephone or online solutions, and more than half a million individuals visit our website every month.

CORPORATE RESPONSIBILITY

Trust is the lifeblood of Storebrand. Our customers have to trust that we will be there when they need us and that we will run our business as transparently, simply and responsible as possible. Our corporate responsibility work is therefore anchored in our vision, our core values and our corporate principles, and is followed up in the business units' targets and action plans. We are proud to have been named the world's most sustainable financial company [2].

Raising awareness is an important part of our management and employee development work. We stipulate environmental and social criteria for both investments and purchases. We conduct annual dilemma training as part of our ethics work. We are a driving force behind regulatory changes, which allows us to play a more important role in funding infrastructure. Our corporate responsibility goals are intended to create business opportunities that simultaneously solve important social problems.

It is through the management of our customers' pension funds and savings that we have the greatest opportunity to affect more sustainable development. Our goal is to combine a good return with a viable environment and society. It is therefore natural that we would support the corporate responsibility principles of the UN Global Compact and the UN's Principles for Responsible Investment (PRI). 2010 saw the 15th anniversary of our pioneering, global launch of our first environmental fund.

THE COMPETITION FOR COMPETENCE

In an industry in which competence is playing an increasingly greater role, every individual must feel a responsibility for knowledge and skills development. At the same time it is the employer's responsibility to establish a framework that enables development of competencies. This is addressed in Storebrand through annual development plans agreed between managers and employees. Storebrand's employees fill in satisfaction surveys (MTI) every year. At year-end 2010, one year after moving into our new head quarters in Lysaker Park, our MTI has increased from an already high level in Norway and we are also pleased that over the last year the MTI of the Swedish business has also improved.

We create shareholder value through a transparent and trust-building dialogue with our customers. It is in the meeting between customers and competent staff that Storebrand's brand is built. Our vision and ambition is to be the leading and most respected institution in the Nordic market for long-term savings and insurance.

2 *Named in "The Global 100 Most Sustainable Corporations List 2011", conducted by The Global Responsible Investment Network. (link ‹http://www.global100.org/annual-reviews/2011-global-100-list.html)*

CORPORATE RESPONSIBILITY

CORPORATE RESPONSIBILITY IS doubly reward

Facts

ENGAGED IN A HEALTHY SOCIETY

As the Nordic region's largest life insurance company, Storebrand works with organisations that help to solve the challenges we are interested in.

We have engaged both customers and employees through the Norwegian Cancer Society's "All-out-effort against Cancer" and "Pink Ribbon" campaigns.

Our head office is a regular stop on the blood bus's route and according to the blood bank Storebrand is the "country's most effective blood donor company". No less than 10 per cent of our employees are blood donors. The average for the population as a whole is 2 per cent. We also participated in MOT's "Courage to Delight" day and courses given by MOT.

The employees' bras as art in support of the Pink Ribbon campaign.

LYSAKER PARK

1,319 Storebrand employees moved into the new head office in Lysaker in 2010. The new head office has gained a lot of attention due to its forward-looking environmental solutions and in February it was awarded the City Prize, an acclaimed recognition in real estate.

One of the key success factors is that Storebrand challenged established truths, i.e that the building's temperature must never exceed 24 °C. By allowing temperatures up to 26 °C for a limited period, we have significantly reduced the need for cooling. Such high temperatures primarily occur in late July, when the building is almost empty.

VISION 2050

The world is currently consuming the equivalent of 1.3 planets' worth of natural resources. If we continue like this, we will be consuming the equivalent of around 2.3 planets' worth of natural resources in 2050. This is not sustainable. Together with PwC, Alcoa and Syngenta, Storebrand has led a World Business Concil for Sustainable Development (WBCSD) project to describe how the world can be sustainable by 2050, and what the role of business is. It is both possible and profitable for business to make changes that help to ensure we do not consume more natural resources than we have. But it will require cooperation, leadership, new business models and new ways of measuring success. And it's urgent.

The final report, "Vision 2050", was launched in Delhi in February 2010. Storebrand has discussed the implications of this work with other business actors, authorities, academia and non-governmental organisations. Internally, the work has influenced product and service development, recruitment processes and investments. In the area of investments we have worked proactively to change the general conditions for European life insurance companies in order to, among other things, make investments in infrastructure more attractive. The group will also use its knowledge to become smarter at assessing risks in emerging markets.

DEVELOPING MICROFINANCE

Microfinance involves giving poor people access to financial services such as credit, insurance or savings. We have been involved in microfinance since 2005 because we believe it can be profitable for Storebrand and at the same time reduce poverty. These two considerations - profitability and development - must be balanced for microfinance to be

◁◁ It is both possible and profitable for business to make changes that help to ensure we do not consume more natural resources than we have. ▷▷

ing

sustainable. Microfinance must be subject to the same requirements to good workmanship as other financial services, and at the same time special care has to be exercised because you are investing in the poorest people in the world.

Microcredit received negative publicity in 2010 and the expectations to microcredit as a measure to reduce poverty became more realistic. In 2010, Storebrand exercised caution when investing in microcredit and examined other forms of investments. For example, we invested in Eye Fund, which lends money to three institutions that run eye clinics in China, Nigeria and Paraguay. The loans are used to purchase equipment for eye operations. Income from commercial operations enables the clinics to perform i.e. cataract operations on people with low income and help solve a major social problem. You can read more about Storebrand's responsible investments on the following pages.

WE LIVE BY TRUST

In January 2010 the Board adopted new ethics rules for the group, and implementing the rules was a priority during the year. The revision was carried out due to regulatory changes, changed expectations to the financial sector, and a desire for common rules in the group including employees in SPP. A thorough process resulted in revised ethics rules and guidelines for whistle-blowing, events and anti-corruption.

An ethics indicator was developed to ensure that measures are effective and to monitor development over time. The indicator consists of four components that measure employee awareness, the proportion of employees who take the e-learning course, the proportion who undergo dilemma training, and the proportion of managers who report on compliance with the rules. The ethics indicator was incorporated as part of the group scorecard and senior executives' individual scorecards.

Facts

WE SUPPORT AND ARE ACTIVE PARTICIPANTS IN:

THE GLOBAL COMPACT
WE SUPPORT

The Global Compact – the UN's corporate responsibility initiative for companies.

World Business Council for Sustainable Development

The World Business Council for Sustainable Development (WBCSD) – an international organisation of business leaders from 200 companies.

UNEP Finance Initiative
Innovative financing for sustainability

The UNEP Finance Initiative (UNEP FI) – a global partnership between the UN and 190 actors in the financial sector.

CARBON DISCLOSURE PROJECT

The Carbon Disclosure Project (CDP) – an independent organisation that measures and reports climate information.

FOREST FOOTPRINT DISCLOSURE

The Forest Footprint Disclosure (FFD) – an initiative created to help investors identify how companies deal with deforestation.

Sustainable investments ensure good returns based on a viable environment and society. Sustainable investments require an understanding of both the risks and opportunities that arise in the wake of great population growth and eco-systems under intense pressure.

SUSTAINABLE **investments**

Storebrand is one of the pioneers of sustainable investments. We started investing in the most environmentally friendly companies as early as 1995. A dedicated team of eight specialists monitors and analyses companies from around the world. We avoid the worst, and invest more in the best companies. However, the most important contribution we can make is to be an active owner and engage with companies on important issues. For 15 years we have encouraged listed companies to improve in more than 3,000 cases. We have made demands and asked questions, and we expect environmental management, anti-corruption and human right systems to be in place. Storebrand's customers can be confident their capital is responsibly invested. Our goal is sustainable development - which is profitable in every way.

GLOBAL CHALLENGES

Sustainability and corporate responsibility are likely to be two of the most important drivers for industrial and economic growth in the years ahead. Business conditions are changing due to global challenges such as climate change, scarce resources, extreme poverty, epidemics and demographic changes. To deliver a good returns to customers, we have to understand these changes and integrate them into our management systems.

In 2010, we increased the number of companies we monitor and analyse in emerging markets[1], including Brazil, Russia, India, and China, by 700. We now monitor a total of 4,500 companies.

Our work on sustainable investments reflects international conventions and guidelines, and spans all asset classes, sectors and geographical regions. The map opposite shows the number of companies excluded from our portfolios (per country in which they are listed) and cases we are working on involving serious allegations of environmental damage, corruption or breaches of human rights (by country in which the incident took place). The text boxes contain examples of how we work and the results we have achieved.

1 *The number of analyses and exclusions in these regions are expected to rise somewhat in 2011 as more analyses are completed.*

* *The companies excluded in this category operate in industries in which there is a serious risk of human rights violations, environmental harm and corruption, without addressing this risk.*

Innovation

In collaboration with Pimco, the world's largest fixed interest manager, we have established an innovative product that invests in national debt in emerging markets and at the same time stipulates strict requirements regarding sustainability.

4,500 companies

We monitor 4,500 companies around the world. An internet search engine, identifies allegations of corruption, environmental damage and breaches of human rights. Our analysts sift through information from more than 20,000 news articles every year. In serious cases we contact companies to learn what they are doing to rectify the situation and how they will reduce the risk of recurrence.

72 companies Best in Class status

The analysis and comparison of the performance of companies within environmental management, social responsibility and corporate governance is called "Best in Class". The best companies in each sector are assigned this status and qualify for investments in our Best in Class funds. As per 4Q, 72 companies had achieved this distinction.

Cooperation

Storebrand believes it is important for the entire financial sector to be proactive in relation to sustainability. This is why we have systematically worked with our external fund managers since 2006. Around 100 externally managed funds are reviewed each quarter. If breaches are discovered, the relevant manager is contacted and encouraged to engage with excluded companies or sell their stake in them.

94 excluded

As per 4Q, 94 companies had been excluded from the group's portfolios. Companies are excluded only as a last resort and only when the risks associated with ownership are regarded as unacceptable. Even after exclusion we are in regular contact with companies to encourage improvement.

UNPRI

Storebrand was a founding signatory to the UN's Principles for Responsible Investment (UNPRI) in 2006. More than 800 institutional investors, equivalent to 10 per cent of global capital markets, have signed up to the principles so far.

Mining

A British company is currently excluded from Storebrand's investments due to serious environmental damage and breaches of human rights. The company recently lost a lot of money after the Indian environmental protection authorities rejected a mining application. This is one example of how investing responsibly can also be profitable.

Corruption

The ABB industrial group was excluded from investments for four years because of serious corruption. The company qualified for investments again in 1Q 2010 after implementing robust anti-corruption systems.

Tar sand

A proposal was put forward at Statoil's AGM in May 2010 concerning the company withdrawing from tar sand activities. Storebrand and SPP supported the proposal because we regard this type of activity as fundamentally conflicting with sustainable development.

Forced labour

The steel producer Nucor was excluded from investments for two years due to forced labour in the production of pig iron in Brazil. Storebrand and a number of other managers in Europe and the USA jointly demanded better conditions for the workers via UNPRI. The company – which supplies car manufacturers around the world - has now sorted out the problems in its supply chain.

Gulf of Mexico

The annual analysis of the oil and gas industry assigns great importance to prevention and clearing up after accidents and discharges. Only three companies qualified for Best in Class status in 2010: BG Group, Cairn Energy and Santos.

CHANGED MARKET CONDITIONS AND DYNAMIC ADAPTATIONS

A MARKET OF OPPORTUNITY – Storebrand's strategy

◁◁ Storebrand´s objective is to be the leading and most respected institution in the Nordic market for long-term savings and insurance. ▷▷

PENSIONS ON THE AGENDA

Storebrand has provided pension services since 1917, however interest in and knowledge about pensions has never been higher than in recent years. This can also be clearly seen in other places in Europe where financial instability and increased national debt has turned the spotlight on the ability to sustain state pension benefits. Even though the Nordic region have solid national finances and are experiencing a good recovery after the financial crisis, politicians have modified the pension system to ensure sustainable pension solutions in the future.

REGULATORY CHANGES

The regulatory changes being introduced pave the way for individuals to combine work and pensions, and are intended to motivate employees to stay in work longer. The changes will also result in lower state pensions, more choices and greater complexity. Overall, individuals will have greater responsibility for their own pensions. The changes will increase the need to provide information to employees.

A STRONGLY GROWING, FAST CHANGING MARKET

The Nordic market for occupational pensions and life insurance is the fifth largest in Europe measured by volume of premiums. Premiums in the Nordic occupational pensions market have grown by around 10 per cent in the last ten years and estimates indicate that future total growth will be between 5 per cent and 10 per cent in the period up to 2020[1]. There is some uncertainty associated with these estimates, but three factors in particular will drive future growth: economic growth, demographic changes and regulatory changes.

MARKET TRENDS WITHIN OCCUPATIONAL PENSIONS

Besides changes to the general conditions and strong growth, three market trends within the occupational pensions market are particularly important.

1. The market is moving towards new capital-light, defined-contribution products. The trend of transitioning from defined-benefits based occupational pensions to defined-contribution based occupational pensions started 10 years ago and is expected to continue, in part due to the Solvency II regulations that will be introduced in 2013.
2. Occupational pensions are gradually being individualised due to the reduction in benefits in the National Insurance Scheme and a greater opportunity to influence one's own pension in defined-contribution occupational pensions. This trend is resulting in greater risk and responsibilities for pension savings for each individual.
3. The trend towards fund-based products without interest guarantees combined with a general increase in interest in long-term savings and pensions will intensify competition.

1 Econ Pöyry 2011.

Facts

STOREBRAND'S BUSINESS MODEL

A life insurance company's results consist of several different elements. The most important are:

Administration result:
The difference between the payments the company receives for management of more than NOK 314 billion, less the costs associated with this.

Risk result:
The risk result is the difference between the premium the company recognises as income from insuring life and health, measured against the payments related to the insurance products.

Price of the interest guarantee:
Storebrand pledges a financial guarantee in defined-benefits products that the return in one year will exceed a set level of guaranteed interest. The customers pay a fee as payment for this guarantee.

Profit sharing:
Not all parts of the defined-benefits portfolio involve a charge for an interest guarantee. The company charges for the financial guarantee it pledges for these products by dividing the return achieved on customer assets between the customers and owner, assuming the interest guarantee is met.

Defined-contribution products largely obtain their income from administration results and risk results from relevant products. These earnings are normally more stable than those from defined-benefits products with profit sharing, where the income is also directly linked to developments in the financial markets.

Facts

SOLVENCY II

Solvency II is a common set of European regulatory requirements for the insurance industry. The regulations will formally come into effect on 1 January 2013.

Under Solvency II, the size of the capital requirement will be determined by the amount of risk to which the company is exposed. This means market risk, insurance risk, counterparty risk and operational risk.

Capital requirements are currently calculated differently in different countries based on a proportional capital requirement in relation to the insurance reserves. For Storebrand's part this is around 4 per cent for reserves linked to defined-benefits pensions and 1 per cent for defined-contribution pensions.

Storebrand supports the Solvency II project, which in the opinion of the company is based on healthy risk management principles commensurate with how the company itself assesses and manages risk in its business. Storebrand is actively working to adapt to Solvency II through internal projects, participation in quantitative studies and an active dialogue with the authorities in Norway, Sweden and in European bodies.

Facts

FINANCIAL RISK MANAGEMENT

Dynamic risk management forms an integral part of the management of products with an interest guarantee. This protects customer buffers and equity. In years with low returns, previously accumulated customer buffers must be used to cover the interest guarantee in the Norwegian business. If the customer buffers are inadequate, the company's equity must be used. There is an equivalent mechanism for the Swedish business, but in this case the buffers and equity cover any negative difference between the return on assets and the market value of liabilities.

Storebrand's risk management is based on two basic principles:

1. Contracts with different risk bearing capacity have different risk profiles. This gives customers with good risk bearing capacity a high expected return and ensures the protection of the buffer capital and equity in contracts with little risk bearing capacity.
2. Dynamic risk management ensures the risk of the individual contract varies in line with the contract's risk bearing capacity. As a rule this is done by buying and selling equities in line with increased/reduced risk bearing capacity.

STRATEGIC PRIORITIES

Given the changed market conditions, customers' needs and changes in the Nordic occupational pensions market, a comprehensive strategy process was conducted in autumn 2010. This resulted in well-defined goals and a clear direction for the future. The entire strategy is based on the goal that customers should encounter a unified Storebrand with competent staff who will ensure that important choices are made simpler for the group's customers.

Nordic occupational pensions

Storebrand takes pride in being able to provide good advice and offer good products to our pension customers. We achieve this by systematically collecting, analysing and processing customer and market information. We strive to convert our accumulated insight, competence and experience from our two core markets in Norway and Sweden into increased value for both countries' customers. Storebrand will meet the changes in the occupational pensions market with enabling solutions for customers and by adapting our business to improve profitability and capital efficiency. Our intention is to ensure that customers will continue to rank Storebrand the Nordic region's leading occupational pensions provider. This means we need to clarify distinct strategies and value proposals for customers who choose fund-based products and for customers who choose to continue their defined benefits plans.

Increased ambitions on the retail market

The individualisation of the occupational pensions market means Storebrand is in contact with individuals in occupational pensions schemes more often, which provides us an opportunity to offer comprehensive personal financial advice. Storebrand wants to be the customer's preferred alternative in all phases of their life and situations in which they need banking services and insurance and savings products. Developing Storebrand Group's 1.7 million individual customers will be the main priority of the retail market strategy. Key elements in the retail market strategy will be:

- Simplifying and improving all customer interfaces, which will make it easier to be a Storebrand customer.
- Developing the interaction between corporate and retail, increasing customer loyalty among corporate customers and increasing sales to their employees.
- Given the customers' increasing preference for online, telephone and email buying and service solutions, Storebrand has a relative advantage as a leading online provider that also has a tailored, competent physical sales network. Customers should meet Storebrand as one company regardless of which channel or form of contact a customer wishes to use.

Storebrand - a European costs leader

In an era of increased demand for flexibility and greater competition, Storebrand places great importance on staying ahead of developments and continuously streamlining its operations. During 2010, Storebrand reduced its absolute costs level by 9 per cent and is already among the most cost-effective life insurance companies in Europe [2]. Further synergies will be realised in the group by increasing the coordination of shared core processes, consistent deliveries, increased automation and optimum resource division and allocation in the group.

STRATEGIC CONSEQUENCES

As the Nordic region's largest and most competent resource centre for and manager of pension capital, the regulatory changes and trends in the occupational pensions market represent great opportunities for Storebrand. These opportunities also increase the need to develop our range of services and corporate responsibility. Our level of ambition follows from our vision to be the leading and most respected institution in the Nordic market for long-term savings and insurance. This means that private individuals and enterprises can be confident that no other insurance company will address customers increased need for advice better than or more responsibly than Storebrand – also in the future.

2 *HSBC: European cost-cutting calculator, September 2010.*

Key figures - strategic and financial development

Business development is monitored closely in Storebrand. This is done through the monthly reporting of both financial and non-financial key figures. The reporting is designed to monitor predefined key figures that are intended to reflect the extent to which goals are attained and provide the Board and management with good information about the extent to which strategies and goals are being followed and achieved. This allows the Board and management to identify trends at an early stage, implement measures and focus on long-term value creation.

Selected financial key figures

(All amounts in NOK million unless otherwise stated)	2010	2009	2008	2007	2006
Storebrand Group					
Pre-tax group profit [1]	1,217	855	-1 716	2,029	1 585
Return on equity [2]	11%	8%	-9%	24%	19%
Average number of shares (million) [3]	446	446	445	252	248
Earnings per ordinary share (NOK)	3.30	2.08	-5.01	7.95	6.03
Equity	18,417	17,217	16,158	19,241	8,900
Capital adequacy	13.1%	13.9%	14.3%	9.2%	10.6%
Life and Pensions Norway					
Premium income after reinsurance	15,518	16,073	16,304	16,578	13,069
Net transfers recieved	1,857	82	2,834	1,056	5,260
Policyholders' fund including accrued profit	191,243	175,920	164,016	165,120	153,567
-of which funds with guaranteed return	163,510	153,603	150,011	148,982	139,143
Market return customer funds with guarantee	6.1%	4.7%	-0.2%	-	-
Booked return customer funds with guarantee	4.9%	4.7%	2.0%	-	-
Investment return company portfolio	5.8%	5.2%	3.0%	-	-
Solidity capital (Storebrand Life Group) [4]	42,710	35,324	35,856	48,041	25,620
Capital adequacy (Storebrand Life Group)	13.6%	14.9%	17.4%	10.0%	9.7%
Solvency margin (Storebrand Life Group) [5]	164%	170%	160%	136%	175%
Life and Pensions Sweden					
Premium income after reinsurance	7,177	7,397	7,598	-	-
Net transfers received	- 829	- 645	- 96	-	-
Policyholders fund including accrued profit (excl. VÅB) [6]	113,029	108,778	98,971	95,824	-
- of which funds with guaranteed return	79,569	77,415	77,999	65,544	-
Investment return Defined Benefit	6.0%	4.1%	0.6%	-	-
Investment return Defined Contribution	5.1%	5.0%	2.9%	-	-
Conditional bonus	11,503	8,689	7,499	13,699	-
Deferred capital contribution	2,233	2,286	2,563	1,472	-
Solvency margin (SPP Group)	199%	194%	135%	178%	-
Asset management					
Total funds under management	406,922	351,160	228,671	227,356	216,900
Funds under management for external clients	71,657	56,004	58,445	57,661	54,800
Cost/income ratio [7]	57%	65%	56%	65%	64%
Costs/AuM bp [7]	10	12	12	11	13
Banking					
Net interest margin	1.10%	0.95%	1.17%	1.07%	1.32%
Cost/income (Banking activities) [8]	68%	71%	63%	70%	76%
Other income/total income	28%	35%	23%	20%	16%
Deposits from and due customers as % of gross lending	55%	51%	47%	47%	43%
Gross defaulted and loss-exposed loans as % of gross lending	2.0%	2.5%	2.1%	-	-
Net lending	34,203	35,834	36,684	36,791	30,748
Core capital adequacy	10.6%	10.4%	8.1%	7.9%	8.8%
Storebrand Skadeforsikring AS					
Premiums written	467	346	225	121	-
Claims ratio	86%	83%	80%	70%	-
Number of customers	51,423	40,499	27,725	15,938	-

The figures are based on IFRS.

1 *The figures for 2006-2007 have not been converted to new layouts used from 2008.*
2 *(Result after tax adjusted for amortisation expenses) / (opening equity - paid-out dividend - half of the shares bought back during the year).*
3 *SPP's figures are only started from the moment of aquisition.*
4 *Consist of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, unrealised gains loans and receivables, additional statutory reserves, conditional bonuses and accrued profit.*
5 *The figures for 2006 are related to Storebrand Livsforsikring AS.*
6 *Nordben is not included in the figures before 2009.*
7 *The key-figures are for a 12 month rolling period. AuM = Assets under management. bp = basis points. Costs encompass Storebrand Fondene AS and Storebrand Kapitalforvaltning AS after eliminations. The income also includes the proportion of the result from Storebrand Eiendom AS and SPP Fonder AB.*
8 *Encompasses Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.*

Report of the Board of Directors

MAIN FEATURES

Historically, the development in the result of the Storebrand-Group has been very dependent of the development in the financial markets. In recent years, the company has systematically worked to change its earnings profile such that value is created less dependent of the development of the financial markets. This work was continued in 2010 through a programme for improving operations that set targets for all business areas. The programme includes both income and cost measures, which are reported on an ongoing basis. The operational improvement target for 2010 was NOK 550 million. This was achieved and surpassed with the improvements amounting to NOK 588 million. A number of performance-related measures have been implemented. Further streamlining operations, transferring processing tasks to its subsidiary Storebrand Baltic UAB and general prudence throughout the Group have helped to reduce costs. Measures were also implemented to increase income through price adjustments, and customer funds and capital under management developed positively due to good markets.

When the Swedish company SPP was acquired in 2007, concrete annual synergy goals that would be realised by year-end 2010 were defined and communicated. The implementation process has proceeded well and when the interim result for 1Q 2010 was presented the reported annual synergies amounted to NOK 535 million, well above the target of NOK 400 million communicated at the time of acquisition. Further synergies will continue to be realised as potential is uncovered.

The pensions market is undergoing change. The transition to defined contribution pensions means Storebrand comes into contact with the insured more often, and competition within defined contribution-based products is strong. On 1 March 2011, Storebrand introduced a new customer-oriented business model to meet these new challenges. The new model is intended to ensure the strength and pace of the implementation of the Group's strategy. Customer services are being gathered in one place due to restructuring in the Norwegian and Swedish life and pensions businesses. This is intended to ensure good, comprehensive customer service.

The new business model establishes special resource centres for balance sheet management, marketing and product development. By integrating expert groups across business areas and national borders, the Group will be able to take advantage of cutting edge competence more efficiently throughout the organisation. This reorganisation will ensure efficient operations and extract cost synergies across the company.

Risk management is an integral part of Storebrand's core activities. Its risk management aims to create a competitive return for our customers and protect both the customers and the owners capital in unstable markets. Therefore, measures for ensuring the best possible risk management and funding were a priority in 2010. The financial markets were also volatile in 2010, with significant falls in interest rates in 2Q and 3Q being replaced by strongly climbing interest rates towards the end of the year. 2010 was also a year in which questions were asked about some European countries' national debt and their ability to service it, which had ripple effects in the equity markets. However, the year ended with a strong upturn in equities and a relatively flat interest rate market compared with the start of the year. Storebrand's systems for risk management have coped well with the fluctuations in the financial markets and contributed to a competitive return for customers as well as owners.

Financial goals

The financial goals Storebrand communicated in the 2009 Annual Report were updated during the year with a new operational target for result creation independent of movements in the financial markets. The new target was a NOK 550 million improvement in operations in 2010 in relation to 2009. As illustrated by the table on the next page, this target was achieved.

BIRGER MAGNUS

55 years
Chairman of the Board Storebrand ASA since 2009

1984 MBA INSEAD, France • 1979 M. Sc. University of Science and Technology, Trondheim (NTNU)

Previous positions: 1996-2009 EVP and Deputy CEO Schibsted ASA • 1985-1996 Partner McKinsey & Co • 1982-1984 General Manager Magnus Data • 1980-1982: Systems Consultant Honeywell Bull

Positions of trust: 2010-, Chairman of the Board Hafslund ASA • 2010,- Chairman of the Board Aschehoug • 2010-, Chairman of the Board bMenu A/S • 2010,- Chairman of the Board Statoil Fuel & Retail ASA • 2010-, Board Member Kristian Gerhard Jebsens stiftelse • 2010-, Chairman of the Board Magnus & Co A/S • 2002-, Board Member Kristian Gerhard Jebsens Skibsrederi AS

Number of shares: 20,000

Finance	Existing targets	Status as per 31.12.2010
Return on equity (after tax) [1]	15%	10.8%
Dividend rate of group result after tax [2]	>35%	34%
Core (tier 1) capital ratio Storebrand Bank	>10%	10.6%
Solvency margin Life Insurance Group	>150%	164%
Rating Storebrand Life Insurance	A	A3/A-
Operations		
Total operational improvement (DeltaOne)	NOK 550 million	NOK 588 million
Administration result Life and Pensions Norway [3]	>0	NOK 19 million
Administration result Life and Pensions Sweden [4]	>SEK 300 million	N.A.
Cost/income asset management	50%	57%
Cost/income bank activities	60%	68%

1 *(Result after tax adjusted for amortisation costs) / (opening equity - dividend paid - half of bought back shares during the year). From 2012.*
2 *Corrected for one-time effect of tax income of NOK 411 million in 2010.*
3 *Allocated to owners by 2010.*
4 *Allocated to owners by 2011.*

The operational targets shown administration result in the life and pensions businesses and costs/income for asset management and bank activities no longer apply from and including 2011. These will be replaced by a new operational target for the "Result before profit sharing and lending losses". The "Result before profit sharing and lending losses" shall exceed NOK 2.5 billion by year-end 2013. The new operational targets result in a clear correlation between the Group's strategic direction and the target attainment one is reporting.

The new financial targets approved by the Board are as follows:

Financial targets	
Return on equity [1]: 15%	Rating Life Insurance: A-level
Annual dividend payout ratio [1]: >35%	Solvency (I) Life Group: >150%

Operating targets	
Results before profit sharing and loan losses 2013:	>2,5 BNOK

1 *Result after tax adjusted for amortisation of intangibles assets.*

External conditions

The Board places great importance on ensuring the Group proactively adapts to the challenges and opportunities changes in external conditions present. The most important activity in 2010 was preparing for the introduction of the Norwegian pensions reform and Solvency II.

Norwegian pensions reform

In 2001, the Norwegian government set up the pensions commission to prevent state pension expenses growing uncontrollably. Now, ten years later, the changes have entered into force throughout the entire pension system. The changes' common denominator is that total pension payments are directly linked to how long individuals stay in work. This principle has also been applied to private occupational pension schemes. Therefore, Storebrand made the necessary adjustments such that our customers and their employees were ready to meet the reform.

The proposed amendments to the act relating to company pensions, defined contribution pensions, mandatory occupational pensions and individual pension schemes were submitted by the Ministry of Finance on 22 October 2010. The proposal was thereafter considered and adopted by the Norwegian Parliament in the middle of December 2010. New regulations apply from 1 January 2011 and contain the necessary adjustments for the new National Insurance Scheme and flexible withdrawal of pensions from 62 years old.

The Banking Law Commission will in 2011 and 2012 continue to work on adapting products to the other two main pillars of the new National Insurance Scheme: Every year's earnings and life expectancy adjustments. This work will complete the adaptation of private occupational pensions to the pensions reform. They can be expected to come into force in a couple of years. The topics discussed include: New and adapted products tailored to the new National Insurance Scheme, life expectancy adjustments and maximum saving limits for defined contribution pensions.

The pensions reform project delivered solutions in 2010 pursuant to the goals and plans for the year, as well as the statutory requirements as per 1 January 2011.

Storebrand's products, system solutions and settlement processes have been renewed due to the pensions reform. The pensions calculator, which is available externally on the websites *Mitt kundeforhold* and *Bedriftsportalen*, was launched in January

BIRGITTE NIELSEN

47 years
Board Member Storebrand ASA since 2005

General Management Programme, CEDEP/INSEAD • 1986 Bachelor of Commerce, International Relations, Copenhagen Business School • 1993 Bachelor of Commerce, Economics and Finance, Copenhagen Business School

Previous positions: 2003–2006 Advisor Nielsen + Axelsson Asp. • 1992–2003 CP/CFO FLS Industries AS • 1983–1992 Danske Bank (1990–1992 as Vice President)

Positions of trust: 2008-, Board Member Finansiel Stabilitet AS • 2006-, Board Member Novenco AS • 2006-, Board Member Arkil AS • 2005–, Board Member Buy-Aid

Number of shares: 0

2011 and enables customers to simulate a variety of pension and flexible withdrawal scenarios. The adjustments to processes the pensions reform and new system solutions bring with them are well embedded in all the affected areas in the Group. All of the aforementioned groups have undergone training in the final regulations and implemented solutions.

The Storebrand-Group is well-equipped to receive and advise customers who contact us about the pensions reform in general or about withdrawals in particular.

Solvency II

Solvency II is the term of a common set of European regulatory requirements for the insurance industry. The framework directive was adopted by the European Parliament in 2009. The work on supplementary provisions and adaptation to Norwegian legislation is underway and much is expected to be clarified during 2011. The Storebrand-Group is actively working with the authorities in Norway, Sweden, and the EU to ensure the most appropriate formulation of the final regulations. The plan is for the Solvency II regulations to become law on 1 January 2013.

The Solvency II regulations are based on three pillars. Pillar 1 stipulates rules for capital adequacy, pillar 2 regulates the supervisory process and stipulates requirements for business management, and pillar 3 defines what should be reported to the supervisory authorities and the market.

Solvency II is based on the principle that all assets and liabilities must be stated at fair value (market value). This entails a significant change in the valuation of insurance liabilities in relation to current solvency regulations and financial accounts, especially for Norwegian life insurance. The size of the capital requirement will be determined by the amount of risk to which the company is exposed. Market risk (financial markets), insurance risk, counterparty risk and operational risk must all be taken into account. Solvency II will therefore impose strict requirements concerning good risk measurement and management.

It will be possible to apply to the supervisory authorities to use a so-called "internal model", which can fully or partly replace calculations using the standard model. The Storebrand-Group has initiated a project aimed at satisfying the comprehensive requirements for gaining approval to use an internal model for selected risks. The supervisory authorities will initiate a so-called investigation process during the first quarter of 2011. Participation in the investigation process can result in faster consideration of the final application for internal models when Solvency II comes into force.

The Group has put a lot of work into a project responsible for ensuring the proper implementation of Solvency II throughout the Group. The project has analysed the consequences the regulations are expected to have and will follow these up as new sections of the regulations are clarified. Important work in 2011 will be to continue preparing the Group for the new capital adequacy calculation and ensuring that the requirements concerning risk management and control are addressed.

THE GROUP'S FINANCIAL PERFORMANCE

Result

The Storebrand Group produces its consolidated financial statements in accordance with the EU approved International Financial Reporting Standards (IFRS). The financial statements of the parent company, Storebrand ASA, are prepared pursuant to Norwegian accounting law. IFRS is not applied to the parent company's financial statements. The Storebrand Group's group result prior to amortisation and write-downs was NOK 1,608 million for 2010 compared to NOK 1,245 million for 2009. After amortisation and write-downs the group result was NOK 1,217 million compared to NOK 855 million for 2009.

Group result

NOK million	**2010**	**2009**
Life and Pensions Norway	877	759
Life and Pensions Sweden (SPP)	464	487
Asset management	333	240
Banking	158	63
P&C and health insurance	8	-49
Other activities	-231	-255
Group profit before amortisation	**1,608**	**1,245**
Write-downs and amortisation of intangible assets	-390	-390
Group pre-tax profit	**1,217**	**855**

HALVOR STENSTADVOLD

66 years
Independent Advisor
Board Member Storebrand ASA since 2000

MSc Political Science, University of Oslo

Previous positions: 1997-2006 Member of Orkla's executive management • 1988-2006 various management positions within Orkla's industrial activities and corporate staff functions • 1979-1988 Senior VP Christiania Bank • 1981-1984 Deputy Government Minister

Positions of trust: 2008-, Chairman of the Board, Norwegian Microfinance Initiative (NMI) • 2008-, Board Member Navamedic ASA • 2002–, Board Member Statkraft SF and Statskraft AS

Number of shares: 8,645

Storebrand's result developed positively during the year. The targets achieved through the programme for improving operations affected both the income and costs sides positively. The administration result in life and pensions has significantly improved. The risk results have improved in Life and Pensions Sweden, but were affected by the build up of reserves in Life and Pensions Norway. Storebrand Bank delivered a result for 2010 that had significantly improved in a number of key areas compared with the two preceding years. The result in the asset management business developed positively and was driven by increases in volume-based income. P&C insurance also delivered good result development with a combined ratio of 110 per cent.

2010 was a volatile year in the equity markets, but ended with a solid upturn towards the end of the year. Market interest rates fell quite a lot in both Norway and internationally, but recovered strongly towards the end of the year. Storebrand asset management achieved a good return on the management of customer assets, both in absolute terms and in relation to benchmark indices.

In accordance with Norwegian accounting legislation, the Board confirms that the company meets the requirements for preparing the financial statements on the basis of a going concern assumption.

BUSINESS AREAS

Storebrand is a financial group consisting of four business areas: life insurance, asset management, banking and P&C insurance. Storebrand's head office is in Lysaker in the Municipality of Bærum.

LIFE AND PENSIONS NORWAY

The Life and Pensions Norway business area consists of Storebrand Livsforsikring AS which 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 - Life and Pensions Norway

NOK million	**2010**	**2009**
Administration result	19	-169
Risk result	212	229
Financial result [1]	119	201
Profit from risk and interest rate guarantee	557	478
Other	-30	20
Profit before tax	**877**	**759**

1 *Investment result and profit sharing.*

The result allocated to owners in Life and Pensions Norway amounted to NOK 877 million for 2010. This is an increase compared to the year before and was driven by a good booked return, improved administration results and volume growth. Good returns produced a satisfactory financial result allocated to owners and NOK 7.1 billion in total allocations to customers, of which NOK 1.5 billion was in excess of interest guarantees.

Costs have been reduced and the administration results improved. The new generation of products without guarantees (defined contribution pensions and unit linked) also contributed positive results totalling NOK 139 million compared to minus NOK 37 million in 2009.

Administration result

The total administration result improved by NOK 209 million in 2010 compared with the year before, of which the owners' share amounted to NOK 188 million. A number of cost rationalisation measures involving staffing reductions, offshoring, and lower purchasing costs were implemented in 2010. On the income side, the underlying growth within defined contribution pensions is good. The development of the volume is also having a positive effect on income within unit-linked.

Risk result

The risk result amounted to NOK 212 million, a reduction of NOK 17 million compared with 2009. The result was affected by an increase in reserves in line with the new model for incurred but not reported claims (IBNR) and for reported but not settled claims (RBNS). The disability result and long life result improved compared with the year before.

ANNIKA LUNDIUS

59 years
Deputy CEO Svenskt Näringsliv
Board Member Storebrand ASA since 2008

1975 University of Lund LLB Law School • 1987 Associate Appellate Judge Svea Court of Appeal

Previous positions: 2002–2007 CEO Sveriges Försäkringsförbund and Försäkringsbranschens Arbetsgivarorganisation • 1996–2002 Legal Director Financial Council and Head of Financial Market Department, Ministry of Finance • 1994 Legal Director Swedish Ministry of Finance • 1993 Assistant Undersecretary Swedish Ministry of Finance • 1988 Legal Consultant Swedish Ministry of Justice • 1987 Research Secretary Swedish Department of Labour

Number of shares: 0

The risk equalisation fund amounted to NOK 287 million as per 31 December 2010 after allocations totalling NOK 67 million for group pensions.

Financial result

The financial result was affected by the building up of reserves for long life for individual pension insurance and paid-up policies.

Return in per cent on investment portfolios with a guarantee

	2010		2009	
Portfolio	**Market return**	**Booked return**	**Market return**	**Booked return**
Total group (DB)	6.4	4.9	4.8	4.8
Paid up policies	6.0	4.9	4.5	4.6
Individual	6.0	6.0	4.3	4.0

The market return was good due to:

- the positive development of equity markets in the second half of the year after weak development in the first half of the year
- the spread contraction and fall in long interest rates in 2010, though there were significant fluctuations during the year
- the level of activity in the real estate market rose slightly in 2010 and the number of transactions has been climbing

Unrealised gains increased during the year by NOK 2.0 billion, which was also the balance at year-end 2010. Excess value on loans and receivables increased by NOK 0.6 billion due to falls in interest rates and amounted to NOK 0.7 billion at year-end 2010. The value of the real estate portfolio increased by NOK 182 million in excess of the current return during the year. The valuation of the real estate portfolio is supported by a broad range of external valuations.

The booked return was 4.9 per cent in 2010. The average annual interest guarantee in the various customer portfolios is between 3.3 per cent and 3.7 per cent. Therefore, the returns were sufficient to cover the interest guarantee and produce profit sharing between additional statutory reserves and the customers' premium fund.

Profit sharing

The contribution from products with profit sharing was a net NOK 64 million: NOK 60 million from individual endowment insurance and individual pensions and NOK 4 million from paid-up policies.

In 2009, the result was NOK 90 million: minus NOK 21 million from individual endowment insurance and individual pensions and NOK 111 from paid-up policies.

There is a need to build up reserves for individual pension insurance and paid-up policies due to assumptions concerning lower mortality in the future. NOK 423 million was allocated to building up reserves in 2010. At year-end 2010, the amount by which the reserves still need to be built up was calculated at around NOK 520 million: around NOK 430 million for individual pension insurance and around NOK 90 million for paid-up policies. The plan is to complete the build up of the reserves by the end of 2012. This build up of reserves can be covered by positive booked return results, but if the booked return for the individual portfolio is higher than 5.8 per cent this could result in profit sharing for the owner.

Company portfolio

The company portfolio's result was minus NOK 55 million compared to NOK 92 million in 2009. The company portfolio is principally invested in low risk asset classes and achieved a gross return of 3.1 per cent for 2010. The money market portfolio now accounts for around 75 per cent of the investment portfolio. Storebrand Livsforsikrings loan interest costs will amount to around a net NOK 130 million per quarter for the next 12 months. Total interest-bearing liabilities amounted to NOK 6.6 billion at year-end 2010.

Price of interest guarantee and profit risk

A total of NOK 557 million was recognised as income from upfront pricing of the interest guarantee and profit from risk for group defined benefit in 2010 compared to NOK 478 million in 2009. The increase was due to volume growth and price changes for insurance contracts with reduced buffers.

Other result

The other result was minus NOK 30 million and primarily consists of the result from subsidiaries and changes in the administration and security reserves.

Balance sheet

The diagrams on the next page show the risk-adjusted allocations (including derivatives). The proportion of equities in portfolios with a guarantee increased in 2010. Changes in equity allocations

HEIDI SKAARET

49 years
Group Director Lindorff Group AB & CEO Lindorff AS
Board Member Storebrand ASA since 2010

1986 Master's degree in economics and business administration, University of Washington USA • 1983 Specialized courses College of Marketing, Oslo

Previous positions: 2001–2008 CEO IKANO Bank Se • 1987–2000 Bank Director DnB ASA • 1986–1987 Financial Services Officer, Bank of America

Positions of trust: 2009-, Chairman of the Board Lindorff Decision AS • 2009-, Chairman of the Board Match AS • 2008-, Chairman of the Board Lindorff Norge AS • 2008-, Chairman of the Board Lindorff A/S

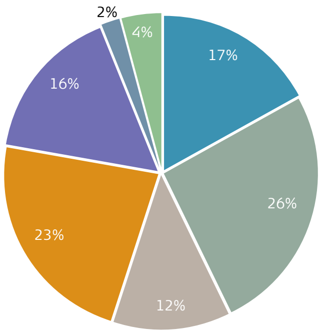
Number of shares: 0

corresponded to changes in short-term bond and money market allocations.

The group customers' investments were placed in three different investment profiles depending on available buffer capital. An aggressive profile had a 25 per cent proportion of equities at year-end 2010, a balanced profile 18 per cent, and a careful profile 9 per cent. At year-end 2009, the proportions of equities in the three profiles were 20 per cent, 12 per cent and 8 per cent, respectively.

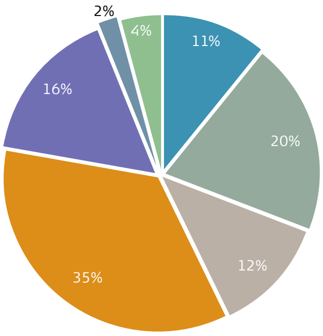
Group defined benefit

- Equities
- Bonds
- Money market
- Bonds at amortised cost
- Real estate
- Alpha
- Other



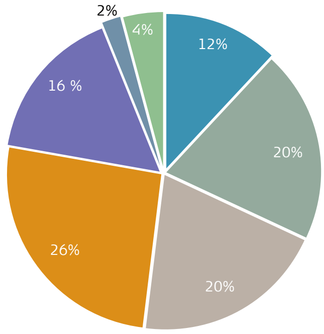
Paid-up policies

- Equities
- Bonds
- Money market
- Bonds at amortised cost
- Real estate
- Alpha
- Other



Individual

- Equities
- Bonds
- Money market
- Bonds at amortised cost
- Real estate
- Alpha
- Other



Total assets under management increased by around NOK 15 billion and amounted to NOK 219 billion at year-end 2010. The increase was due to good growth in customer assets, which was partly due to a net inflow of customer assets and positive returns.

Market

Premium income [1]

NOK million	2010	2009
Group pension - defined benefit	8,154	8,286
Paid-up policies	98	101
Group with investment choice	3,409	3,068
Individual endowment and pension	761	1,506
Individual with investment choice	1,993	2,073
Risk products without profit sharing	1,103	1,040
Total	**15,518**	**16,073**

1 *Exclusive transfer of premium reserves.*

Total premium income decreased by 3 per cent in 2010 compared with the year before. Premium income from group defined benefit pensions is falling gradually as more contracts are ending and being replaced by defined contribution pensions. New subscriptions are no longer being sold for pension accounts and life accounts. This strongly reduced premium income from traditional individual pensions from 2009 to 2010. The portfolio for defined contribution schemes for companies has developed well.

JON ARNT JACOBSEN

53 years
Procurement Director Statoil ASA
Board Member Storebrand ASA since 2009

1983 MBA University of Wisconsin • 1981 MA Business & Economics Norwegian School of Management (BI)

Previous positions: 1998-2004 SVP Group Finance Statoil ASA • 1985-1998 Various positions in DnB ASA: Head of Oil & Gas Business Unit, Head of Industry Section Corporate Division, Head of Industry & International Financial Institutions Section Corporate Division, General Manager Singapore Branch with responsibility for DnB Group's activities in ASEAN

Positions of trust: 2010-, Board Member Norsk Industri • 2010-, Board Member Statoil Fuel & Retail ASA

Number of shares: 0

Sales

Storebrand has been very successful within occupational pensions in recent years and has seen a net transfer balance in the last 6 years worth a net inflow around NOK 12 billion. The market was characterised by a marked transition from defined benefit pensions to defined contribution pensions. Storebrand is a market leader with a market share of 30 per cent measured in gross premiums written for defined contribution pensions and 43 per cent for defined benefit pensions (preliminary FNO statistics as per 4Q 2010). The occupational pensions market is characterised by heavy competition and changes associated with the Norwegian pensions reform. Storebrand has prioritised laying the ground work for good information provision with regard to the changes that will take effect in 2011 and we continue to work on solutions that are expected to be put in place from 2013.

The vast majority of our customers in the public sector, which has seen strong price competition in recent years, have chosen to continue their customer relationships in Storebrand. Three of our existing local authorities have chosen to move. Storebrand is working on strengthening its position within the public sector and sees a number of exciting opportunities for growth in the future.

Storebrand has experienced somewhat lower new sales in the retail market in recent years. However, we are succeeding well with sales to employees of our corporate customers and are actively working on refining the concepts within this area as an important part of our overall strategy in the retail market.

The net booked transfer balance amounted to a net inflow to Storebrand of NOK 1,857 million in 2010 compared to NOK 82 million in 2009. Net sales of guarantee accounts in the retail market totalled NOK 1.5 billion in 2010 compared to NOK 1.7 billion in 2009. The level of sales of other unit linked contracts was low.

New subscriptions

Total new premiums (APE) worth NOK 1,476 million were signed in 2010 compared to NOK 1,209 million in 2009. The increase since 2009 is primarily due to the increased APE for group defined benefit pensions. The company won a number of large tender competitions towards year-end 2009 and reserves for these have been transferred which resulted in increased APE in 2010.

New premiums (APE)

NOK million	**2010**	**2009**
Guaranteed products	778	402
Unit Link	500	486
Risk products	199	173

Return for defined contribution profiles

The returns in the pension portfolios were good in 2010. After falling in 2Q, the equity markets rebounded strongly in 3Q and especially in 4Q. The year's returns for the recommended investment choices for defined contribution pensions were higher than the benchmarks for all profiles.

Return for defined contribution profiles

In %	**2010**	**2009**
Careful pension	6.7	10.6
Balanced pension	10.3	20.6
Aggressive pension	13.4	30.2

LIFE AND PENSIONS SWEDEN

The business area Life and Pensions Sweden (SPP) offers pension and insurance solutions, and advice to companies in the competitive segment of the occupational pensions market. The company also offers private pension savings and sickness- and health insurance.

Result

The SPP Group achieved a profit before the amortisation of intangible assets of NOK 464 million compared to NOK 487 million for 2009.

Financial performance - Life and Pensions Sweden [1]

NOK million	**2010**	**2009**
Administration result	84	-101
Risk result	311	253
Financial result	31	260
Other	38	74
Profit life group before amortisiation cost	**464**	**487**
Amortisation	-348	-340
Pre-tax profit/loss	**116**	**147**

1 Nordben was included in the result from and including June 2009.

JOHN STAUNSBJERG DUEHOLM

59 years
CEO & Deputy CEO SAS Group
Board Member Storebrand ASA since 2009

1975 Cand. Merc. Copenhagen Business School

Previous positions: 1998-2002 EVP Group 4 Falck AS • 1996-998 EVP SAS Technical Division • 1994-1996 EVP ISS Scandinavia AS • 1990-1994 CEO SAS Data A/S • 1985-1990 EVP Top Danmark

Positions of trust: 2009-, Chairman of the Board Addici

Number of shares: 0

Administration result

The administration result in SPP was NOK 84 million compared to minus NOK 101 million for 2009. The improvement is principally due to the effects of the streamlining and restructuring programme implemented in 2009. This resulted in substantially lower costs in 2010. At the same time administration income increased due to an increase in assets under management. In addition to this a larger proportion of the business comes from unit linked insurance, which is more profitable than traditional products.

Risk result

The risk result amounted to NOK 311 million for 2010 compared to NOK 253 million for 2009. The increase was in large part due to a strong disability result. A substantial fall in new people on sick leave in recent years is the biggest single reason for the increased risk result. The long life result, thanks to increased life expectancy, and the mortality result were also positive.

Financial result

The financial result amounted to NOK 31 million for 2010 compared to NOK 260 million for 2009. The year was characterised by strong returns in the equity markets at the beginning and end of the year, while the spring saw unstable markets and instability in the European interest rate markets. In total this resulted in the financial result ending the year weakly positive.

Financial return

Portfolio in %	**2010**	**2009**
Defined Benefit (DB)	6.0	4.1
Defined Contribution (DC)		
P250 [1]	7.0	9.6
P300 [1]	5.3	4.8
P520 [1]	3.4	2.9
AP (Retirement Pension)	0.1	1.3

1 *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.*

Profit sharing

The good total return on assets in the investment portfolios resulted in profit sharing totalling NOK 174 million in 2010 compared to NOK 160 million in 2009. A strong return on equities and alternative investments resulted in profit sharing in two of the three guaranteed defined contribution pension portfolios. The consolidation for the defined benefit pension portfolio did not exceed 107 per cent in 3Q, which is the condition for adjusting it upwards by the consumer price index and an expense for SPP.

The total recovery of capital reserved against equity to cover undercapitalised pension contracts, so-called deferred capital contribution, amounted to NOK 100 million.

SPP also has a hedging portfolio to protect equity against powerful market fluctuations. The hedging portfolio was increased in the second and third quarter to protect the company against further falls in the equity markets. Since the equity markets improved in the autumn the exposure in the hedging portfolio has been reduced. The hedging portfolio ended up at minus NOK 262 million and depressed the financial result.

Other result

The other result amounted to NOK 38 million compared to NOK 74 million in 2009. The result primarily reflects the return on the equity portfolio. The fall was primarily due to lower market interest rates. The majority of the portfolio is placed in short-term interest-bearing securities.

Balance sheet

SPP adjusts its exposure to equities in line with developments in the market via so-called dynamic risk management. SPP has divided customer assets into four portfolios according to guarantee level. The exposure to equities in the customer portfolios increased slightly in three of these during the year, while the portfolio with the highest guarantee level slightly reduced its equity exposure.

ANN-MARI GJØSTEIN

48 years
Senior Union Representative for Employees in Storebrand
Employee Representative Board Member Storebrand ASA since 2007

Market Economist Norwegian School of Management (BI)

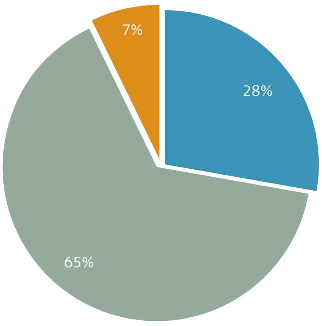
Previous positions: 2001–2007 Training Manager and Professional Consultant Storebrand Bank ASA
• 1982-2001 DnB and DnB Investor

Number of shares: 258

Asset profile customer portfolios with a guaranteed return

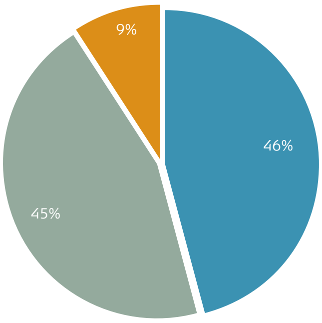
Defined benefit (DB)

- Equity
- Fixed income
- Alternative investments



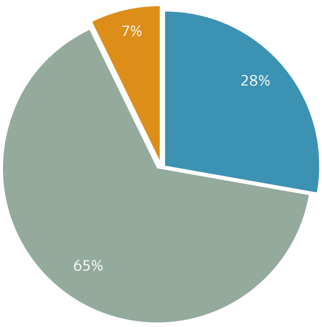
Defined contribution (DC) P250

- Equity
- Fixed income
- Alternative investments



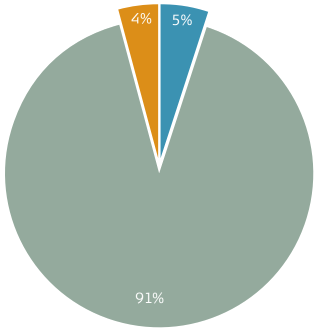
Defined contribution (DC) P300

- Equity
- Fixed income
- Alternative investments



Defined contribution (DC) P520

- Equity
- Fixed income
- Alternative investments



The buffer capital for overcapitalised pension contracts amounted to NOK 11.5 billion due to the return on the asset side increasing more than the change in technical insurance reserves on the liabilities side in pension portfolios with guarantees. This represents an increase of 24 per cent in 2010.

Climbing market interest rates resulted in the SPP Group's solvency margin rising strongly towards the end of the year and at year-end 2010 it was 199 per cent.

Total assets amounted to NOK 122 billion at year-end 2010, which is equivalent to an increase of NOK 10 billion since 2009. The increase was due to good premium growth within unit linked insurance and good returns in the customer portfolios. The SEK has strengthened markedly against the NOK since 2009, which had a positive effect on the capital under management measured in NOK.

Market

Premium income [1]

NOK million	**2010**	**2009**
Guaranteed products	3,030	3,524
Unit Link	3,388	3,016
BenCo	759	857
Total	**7,177**	**7,397**

1 *Excluding transfer of premium reserves.*

Sales shifted to some extent from guaranteed products to unit linked insurance in 2010. Premiums for guaranteed products fell by 14 per cent, while unit linked insurance increased by 12 per cent. In autumn 2010, a new payment solution was introduced in unit linked insurance. The result of this is that contracts that were previously

KIRSTI VALBORGLAND

30 years
Project Manager Storebrand Livsforsikring AS
Employee Representative Board Member Storebrand ASA since 2010

2004 Master's degree in economics and business administration, Handelshøyskolen BI

Previous positions: 2006–2007 Key Account Manager Storebrand Livsforsikring AS
• 2004–2006 Group Trainee Storebrand ASA

Number of shares: 2,072

transferred to guaranteed products during payment will now be kept within the unit linked insurance product in the future.

New subscriptions

Total new contracts increased by 11 per cent from NOK 919 million to NOK 1,021 million. The increase was primarily due to positive growth within unit linked insurance. Unit linked insurance accounted for 67 per cent of total new contracts. The sales organisation was strengthened in the autumn with more sales staff and greater efficiency. This is expected to have a positive effect on sales.

New premiums (APE)

NOK million	2010	2009
Guaranteed products	291	348
Unit Link	683	504
BenCo	47	66

ASSET MANAGEMENT

Storebrand's asset management business encompasses the companies Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, SPP Fonder AB and Storebrand Eiendom AS. Today, the Storebrand-Group is a leading asset manager and its ambition is to become the preferred manager of long-term savings and pensions capital.

Result

The asset management business' result before amortisation amounted to NOK 333 million for 2010 compared to NOK 240 million for 2009. The result consists of NOK 164 million from Storebrand Kapitalforvaltning AS, NOK 80 million from Storebrand Fondene AS, NOK 36 million from SPP Fonder AB and NOK 53 million from the management company Storebrand Eiendom AS.

Financial performance asset management

NOK million	2010	2009
Operating income	618	586
Operating costs	-422	-429
Operating profit/loss	**196**	**157**
Net financial income/other [1]	137	83
Result before amortisation	**333**	**240**
Amortisation intangible assets	-5	-7
Pre-tax profit/loss	**327**	**233**

1 *Includes the results of SPP Fonder AB and Storebrand Eiendom AS.*

Fixed and volume-based incomes were higher and return-based income was lower in 2010 compared to the year before. Value creation was good in actively managed portfolios. Total operating income amounted to NOK 618 million compared to NOK 586 million in 2009. Costs were nonetheless somewhat lower in 2010 than in 2009, and total operating costs including performance-based costs amounted to NOK 422 million - a reduction of NOK 7 million.

Assets under management

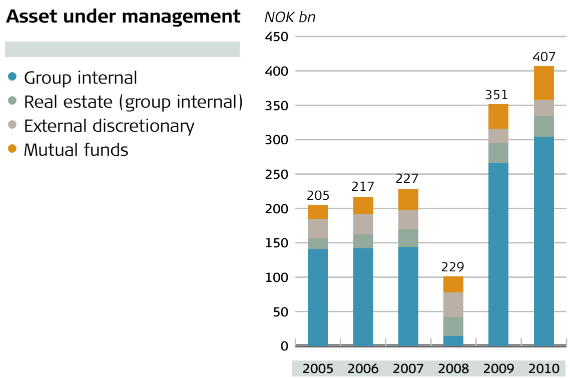
At year-end 2010, Storebrand Kapitalforvaltning AS was managing NOK 407 billion in mutual funds, fund-in-funds, and individual portfolios for fund management companies, insurance companies, pension funds, local authorities, institutional investors, and investment companies. As per 31 December 2009, the assets under management amounted to NOK 351 billion. The following changes took place in 2010:

- Mutual funds grew by NOK 12 billion.
- Management for external customers fell by NOK 3 billion.
- Management for intragroup customers grew by NOK 40 billion. NOK 13 billion of the growth was related to the take over of management for Euroben Life & Pension Limited and Nordben Life and Pension Insurance Co. Limited at year-end 2010.

Parts of the management for Storebrand Livsforsikring AS are in the process of being transferred to mutual funds. In 4Q, investments amounting to approximately NOK 14 billion were placed in mutual funds.

In 2010, the volume of net new sales amounted to NOK 14.7 billion compared to NOK 6.5 billion in 2009.

Asset under management



KNUT DYRE HAUG

54 years
Special Adviser Storebrand Livsforsikring AS
Employee Representative Board Member Storebrand ASA since 2006

Officer's Training School, Authorized Financial Advisor

Previous positions: 1998–1999 Marketing Director Sparebank1 Livsforsikring • 1978–1998 Various positions Storebrand Livsforsikring AS • 1990–2006 Lecturer and author BI Centre for Financial Training and the Insurance Academy

Positions of trust: 2007-, Chairman of the Board Housing Foundation Youth Housing in Asker • 2007,- Board Member Asker and Bærum Housing Cooperative • 2007-, Member Council for Banking, Insurance and Finance Studies • 2002-, Manager Project Board for Authorisation of Insurance Advisors, Finance Norway (FNO)

Number of shares: 11,800

Storebrand Kapitalforvaltning AS manages a full range of savings and investment products for the Group's product companies. Storebrand Kapitalforvaltning AS also offers active management to a broad group of larger investors. In consultation with the customer it designs bespoke investment strategies suited to the customer's financial goals, investment horizon, and risk profile.

Sustainable investments
The Storebrand-Group sets strict corporate responsibility criteria for the management of the customers' capital. We believe it is important we utilise the influence our ownership affords us to promote sustainable development, and are one of a few European asset managers with a dedicated team of professionals in this area. More than 4,500 companies around the world are monitored and analysed, and Storebrand is an active owner. The company is in contact with several hundred companies each year. In cases where the risk is deemed unacceptable, the company is excluded from investments. However, Storebrand is always trying to encourage improvements. As per 31 December 2010, 94 companies were excluded for participation in breaches of human rights, corruption, or serious environmental harm, the production of landmines, cluster munitions, or nuclear weapons, or sales of tobacco. Companies that operate in high risk industries or whose risk management has severe deficiencies in relation to climate change and sustainable development in general are also excluded. The best companies within each industry grouping are assigned "Best in Class" status as a means of supporting their positive contributions. As per 31 December 2010, 72 companies had attained "Best in Class" status.

Market trends
The global economic recovery and stock market upturn continued in 2010, though there were strong fluctuations in the markets. In particular, the concern about national debt in Europe dominated the news picture. The markets in the most debt laden countries were the hardest hit, though the concern also spread to other markets. The global equity market was down by 10 per cent in the first half of the year, but ended with an upturn of 8 per cent towards the end of the year. Norwegian equities lagged somewhat behind the global market for a long time, but in the final quarter the Oslo Stock Exchange was greatly helped by a high oil price and ended with a positive return of 18 per cent.

The absolute return was very good in 2010, especially for equities. The credit markets in Norway and Sweden also produced good returns, while international credit markets delivered weaker returns.

2010 was a very good year for active management. Total value creation (outperformance in NOK) for customer mandates and funds that are actively managed amounted to NOK 1.3 billion. No less than 91 per cent of the actively managed equity funds outperformed their benchmark index in 2010. All of the combination and allocation products and 79 per cent of bond funds beat their benchmark indices in 2010. Seven out of nine managed mandates for SPP Livförsäkring AB and Storebrand Livsforsikring AS produced outperformance.

Two of our three internally managed hedge funds achieved returns better than their benchmark indices. Long/Short Europe achieved outperformance of 12.6 per cent and Long/Short Energi 1.3 per cent, while AGFIX experienced under-performance of 1.7 per cent.

Storebrand Kapitalforvaltning AS also offers fund-in-fund hedge funds. The return for Storebrand Multi Strategy was 6.5 per cent in 2010, while Storebrand Selecta produced a return of 5.5 per cent. This is better than HFRI's composite hedge fund-in-fund index (Hedge Fund Research Fund-of-Funds Composite Index) which amounted to 5.2 per cent in comparable currency.

Private equity management has a long-term goal of a 4 percentage point better return than international equity markets. The return on private equity management was 17.7 per cent for the full year, which produced outperformance of 10 per cent measured against MSCI's world index for equities.

BANKING

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

Result
Storebrand Bank delivered substantially better results for 2010 in a number of key areas compared with the two preceding years.

Financial performance Banking [1]

NOK million	**2010**	**2009**
Net interest income	457	423
Net commission income	74	76
Other income	101	148
Total income	631	647
Operating costs	-445	-504
Result before losses	**186**	**144**
Losses on lending/investment properties	-29	-81
Result before amortisation	**158**	**63**
Amortisation intangible assets	-28	-29
Pre-tax profit/loss	**129**	**35**

1 *Includes the Storebrand Bank Group.*

The Storebrand Bank Group's result before amortisation amounted to NOK 158 million compared to NOK 63 million for 2009. Net recognised costs linked to losses from lending and guarantees, including taken over commitments, etc, amounted to NOK 29 million compared to NOK 81 million for 2009. Growth in net interest income, streamlining and low losses produced a pre-tax profit for the year for the bank group of NOK 129 million compared to NOK 35 million in 2009.

Net interest income in the banking group amounted to NOK 457 million compared to NOK 423 million in 2008. Net interest income as a percentage of average total assets was 1.10 per cent in 2010 compared to 0.95 per cent in 2009. The increase in net interest income in 2010 was primarily due to better deposit margins and reduced borrowing costs.

Net commission income amounted to NOK 74 million for 2010 compared to NOK 76 million for 2009. Other income amounted to NOK 101 million for 2009 compared to NOK 148 million for 2009. Income from the subsidiaries Ring Eiendomsmegling AS, Hadrian Eiendom AS and Hadrian Utvikling AS is included in other income. The reduction in other income compared with the previous year was primarily due to value changes associated with the bank group's liquidity portfolio in fixed income securities.

The operating costs for actual bank activities, which consist of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS, amounted to NOK 351 million, equivalent to a costs ratio of 68 per cent in 2010. The costs ratio was 71 per cent in 2009.

The bank's costs programme has thus reduced operating costs in the bank group by NOK 57 million, which exceeds the programme's target. The number of staff in the parent bank has been reduced by 24 full time equivalent positions since year-end 2009. The implementation of new measures within the framework of the costs programme entails restructuring costs. Corrected for these and the growth in costs in the period, the real reduction in costs in the bank group substantially exceeds the target. The bank will continue its streamlining work and expects a continued moderate development in operating costs.

The bank group's non-performing and loss-exposed loans without impairment amounted to NOK 262 million compared to NOK 309 million for 2009. This is equivalent to 0.76 per cent of gross lending at year-end 2010 and 0.86 per cent at year-end 2009. The volume of non-performing and loss-exposed commitments in bank activities amounted to NOK 698 million at year-end 2010, equivalent to 2.0 per cent of gross lending. This is an improvement since year-end 2009 when the volume amounted to NOK 884 million and 2.5 per cent of gross lending. Group write-downs in the Storebrand Bank Group were reduced from NOK 107 million in 2009 to NOK 84 million at year-end 2010. This was due to positive risk migration in the bank's lending portfolios.

Net individual and group write-downs recognised as costs in 2010 amounted to NOK 29 million in the Storebrand Bank Group, which includes a write-down in investment properties of NOK 14 million related to a taken over loss exposed commitment.

Balance sheet

Gross lending to customers amounted to NOK 34 billion at year-end 2010. This is a reduction of NOK 2 billion, 5 per cent since year-end 2009. NOK 3 billion of the reduction in 2010 occurred in the retail portfolio, which amounted to NOK 22 billion at year-end 2010. The reduction in the retail portfolio has been slowing down during the year. This trend is expected and is primarily due to a reduction in loan portfolios linked to external distributors.

The bank group's retail market portfolio represents 65 per cent of the bank's total lending and primarily comprises low risk mortgages. The average weighted loan-to-collateral value ratio is around 54 per cent. Corporate market lending amounted to 35 per cent of the portfolio, of which approximately 80 per cent consists of lending to income generating property and 20 per cent lending to development projects. The bank has established syndication agreements with Storebrand Livsforsikring AS for good commercial property mortgages. Lending to income generating property is secured by lease properties, which at a portfolio level are characterised by a well diversified tenant profile and long-term leases. Few customers' commitments are non-performing or loss-exposed, and the level of losses in the portfolio is low.

The bank again prioritised growing deposits rather than lending in 2010, and at the end of the year had a deposit-to-loan ratio of 55 per cent compared to 51 per cent at year-end 2009.

The bank has a balanced funding structure and bases its borrowing on customer deposits, issuing securities and financial institution bonds, both directly in the market and through the swap scheme with Norges Bank, as well as borrowing on the Norwegian and international capital markets.

Storebrand Bank ASA renegotiated its drawing facilities in autumn 2010. Previous drawing facilities amounting to EUR 220 million were replaced with a drawing facility of NOK 750 million and a term loan of NOK 500 million.

At year-end 2010, the bank had committed, unused loans and drawing facilities amounting to NOK 1.25 billion.

At year-end 2010, the Storebrand Bank Group had net primary capital amounting to NOK 2.8 billion compared to NOK 2.9 billion at year-end 2009. This represents a capital adequacy of 13.0 per cent compared to 13.5 per cent at year-end 2009. The core (tier 1) capital ratio was 10.6 per cent compared to 10.4 per cent at year-end 2009. Storebrand Bank's core (tier 1) capital ratio target is 10 per cent.

Market

Our ambition in the retail market is to establish the bank as Norway's best direct bank. The launch of a new online bank in the first half of the year and the awarding of a prize for the best bank customer centre were important milestones. Competition in the retail market is characterised by price continuing to be an important factor in the recruitment of new banking customers. The bank's new price and product strategy that will be launched in early 2011 is intended to improve the bank's competitiveness and contribute to customer growth and cross-sales. At the same time the development of new services in the online bank and continuous improvements to the bank's customer services differentiate the bank from its competitors and will help it achieve its ambition in the retail market.

The bank's role in the Storebrand Group in relation to the retail market was clarified during 2010 and the bank will deliver customer growth and cross-sales of the Group's products to its own customer base. In 2010, the bank's sales of P&C insurance increased by 345 per cent compared to 2009. The bank has thus become an important sales channel for Storebrand's P&C insurance products.

In the corporate market, Storebrand Bank ASA is a customer-focused partner for value creation that delivers a broad range of services to corporate customers within commercial real estate. The bank holds a strong position in the professional real estate market and in 2010 participated in a number of trendsetting transactions in the Norwegian market. Activities in the corporate customer segment include estate agency, project brokering, valuations and financing services. These services have been gathered under the brand name "Eiendomshuset Storebrand Bank" and form a key part of the bank's focused effort on increasing other income by offering services along a far greater part of the value chain to both new and existing customers.

P&C AND HEALTH INSURANCE

The P&C insurance business encompasses the companies Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS. Storebrand P&C delivers standard P&C insurance products in the Norwegian retail market, and some corporate insurance in the SMB market, via cost-effective distribution and customer friendly online solutions. Storebrand Helseforsikring AS offers treatment insurance in the Norwegian and Swedish corporate and retail markets.

Storebrand P&C Insurance

The former Storebrand P&C Insurance Group consists now of Storebrand Skadeforsikring AS since the wholly owned Oslo Reinsurance Company AS was merged with the P&C company in 4Q 2010. During 2010, Storebrand Skadeforsikring AS wound up fronting liability for risk associated with contracts taken out before the transfer of P&C business to If in 2000, with the exception of a very limited portfolio which continues to run as 100 per cent reinsured by If.

Result

Financial performance - P&C Insurance business

NOK million	**2010**	**2009**
Premiums earned, net [1]	405	278
Claims incurred, net [1]	-350	-230
Operating costs	-88	-94
Investment result	11	2
Operating result before amortisation Storebrand Skadeforsikring AS	**-22**	**-45**
Oslo Reinsurance Company AS (run-off)	3	-6
Changes in security reserves	-2	-4
Result Storebrand P&C Group before amortisation	**-21**	**-55**
Result Storebrand Health before amortisation	28	6
Result P&C business before amortisation	**8**	**-49**
Amortisation intangible assets	-9	-13
Profit before tax	**-2**	**-63**

1 *For own account*

Storebrand Skadeforsikring AS achieved an operating result before amortisation of minus NOK 22 million in 2010 compared to minus NOK 45 million in 2009. The result reflects the extraordinarily high frequency of frost and water damage within building insurance due to the winter cold period, while other product areas were in line with expectations. The P&C business resulted in a positive result contribution in the last three quarters totalling NOK 14 million. Storebrand P&C Insurance Group delivered a result before amortisation of minus NOK 21 million compared to NOK 55 million the year before.

Premium income for own account increased by 46 per cent compared to the year before. This is satisfactory given the highly competitive market.

Key figures Storebrand Skadeforsikring AS

In %	**2010**	**2009**
Claims ratio [1]	86	83
Cost ratio [1]	23	38
Combined ratio [1]	110	121

1 *For own account*

The P&C business continues to work with continuous efficiency improvements in the costs base through automation measures. The company's costs ratio developed satisfactorily and was 23 per cent compared to 38 per cent in 2009. This development is expected to continue in 2011.

The combined ratio finished the year at 110 per cent compared to 121 per cent for 2009.

Market

Sales of insurance contracts in the P&C business continue to increase with the annual premium growing by 35 per cent in 2010. At year-end 2010 Storebrand Skadeforsikring AS had 51,400 customers and 154,100 insurance contracts. The most important sales channels for Storebrand Skadeforsikring AS in 2010 were online sales and the telephone-based sales and service centre. Together the telephone and online solutions accounted for more than 82 per cent of the total annual premium. Sales via external channels were on a par with the year before and direct distribution continues to be the P&C company's priority distribution channel at the start of 2011. Customer satisfaction surveys relating to claims settlements are very positive and confirm that Storebrand Skadeforsikring AS provides a stable, high level of service and has satisfied customers.

The retail insurance market in Norway is still considered profitable, but there was an increase both in the number of claims and the average claim during 2010. The arrival of a number of new market players has increased pressure from competition in the market. In addition to the new companies, the major players are helping to squeeze margins further by actively using rescue discounts to retain customers.

Storebrand Health Insurance

Storebrand Helseforsikring AS (Storebrand Health Insurance) was launched in the autumn of 1998 and is 50 per cent owned by Storebrand ASA. The company offers treatment insurance in the retail and corporate markets in Norway and Sweden.

Result

Storebrand Health Insurance achieved a positive result before amortisation of NOK 56 million for 2010 compared to NOK 12 million for 2009. Premium income grew by 12 per cent compared with 2009 and finished the year at NOK 295 million.

Claims costs amounted to NOK 164 million for 2010 compared to NOK 155 million in 2009, and the claims ratio was 56 per cent. The claims ratio was 59 per cent in 2009. The costs ratio was reduced during the year by 8 percentage points compared to the year before, which reflects the company's increased cost-effectiveness.

Key figures Storebrand Helseforsikring AS

In %	2010	2009
Claims ratio [1]	56	59
Cost ratio [1]	32	40
Combined ratio [1]	87	99

1 *For own account*

Market

Storebrand Health Insurance had more than 80,800 customers at year-end 2010 and greater attention is being paid to health insurance. Companies that actively focus on reducing sick leave use health insurance, among other things, as one of a number of means of achieving their goals. Customer satisfaction surveys relating to claims settlements show that Storebrand Health Insurance has very satisfied customers and confirm the high quality of deliveries to the customer. The company will continue to focus on profitable growth in 2011.

Other activities

Result

The result from other activities amounted to minus NOK 231 million compared to minus NOK 255 million in 2009. The result essentially consists of operating income and operating costs in Storebrand ASA. Net income from financial instruments increased by NOK 5 million to NOK 30 million. Operating costs decreased by NOK 20 million.

NOK million	2010	2009
Financial income	30	25
Interest cost	-131	-129
Operating expenses	-131	-151
Profit other activities	**-231**	**-255**

Official financial statements of Storebrand ASA

Storebrand ASA's official financial statements, which are prepared pursuant to Norwegian accounting law, show a pre-tax profit of NOK 502 million compared to NOK 568 million in 2009. Group contributions from investments in subsidiaries amounted to NOK 1,158 million, an increase of NOK 323 million compared to 2009.

Profit and loss – Storebrand ASA (NGAAP)

NOK million	2010	2009
Group contribution and dividends	1,158	835
Net financial items [1]	-526	-104
Operating costs	-131	-162
Profit before tax	**502**	**568**
Tax	-	-
Profit after tax	**502**	**568**
Application of the year's result		
To other equity	11	568
To dividend	491	-
Total applications	**502**	**568**

1 *Includes write-downs on equity in Storebrand Bank ASA with NOK 425 million in 2010.*

RISK AND CAPITAL SITUATION

The Storebrand-Group's income depends on external factors with which some uncertainty is associated. The most important of these is the development of the capital markets and changes in life expectancy in the Norwegian and Swedish populations.

The continuous monitoring and active management of risk is a core area of the Group's activities. Managing operational risk forms are an integral part of management responsibility. The executive management team annually assesses risk which results in a risk summary and improvement measures. The risk assessment is presented to and considered by the Board.

Dynamic risk management

Storebrand Livsforsikring AS and SPP Livsförsäkring AB utilise dynamic risk management. These methods are intended to ensure the companies maintain good risk-bearing capacity by continuously adapting asset allocations and the financial risk to the company's solvency and risk capital. This moderates the effect of market downturns and at the same time leaves customers and owners in a position to participate in market upturns. Daily calculations using a specific modelling tool provides, on the basis of market and portfolio developments in the last 24 hour period, a basis for making decisions about possible asset adjustments pursuant to predefined limits. By practising this type of risk management, the company expects to create good returns every year and over time.

Life and Pensions Norway

A significant proportion of the savings products in Storebrand Livsforsikring AS include a guaranteed minimum annual return.

Today these savings products have an average annual guaranteed return of just over 3.5 per cent. The average guaranteed interest rate is expected to fall in future years. From 2012 all new earnings will be subject to annual guarantee of 2.5 per cent. The life insurance company's financial risk principally relates to its ability to meet the guaranteed return, which for the majority of the products applies for one year at a time. This places particular demands on how the capital is invested and how the risk is managed.

Both the Norwegian and international equity markets made positive return contributions in 2010. Market interest rates fell quite a lot in both Norway and internationally in the first half of the year, but rallied strongly after the summer. Long interest rates in Norway were at around the same level at year-end 2010 as they were at the start of the year. Assets invested in credit bonds and real estate produced returns in line with expectations.

Relatively high interest rate levels are preferable for the Norwegian life companies since this means guaranteed returns can be achieved more easily. The company has invested a proportion of the financial assets in bonds in the loans and receivables category. These bonds are not recognised at current market value, but will provide a steady current booked return substantially above the guaranteed interest rate from coupon payments. Loans and receivables help to reduce sensitivity to interest rate changes.

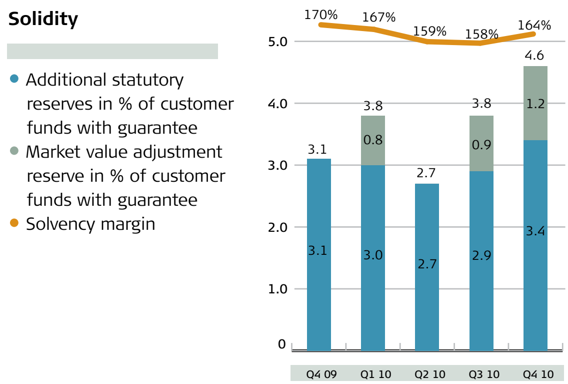
Storebrand Livsforsikring AS continued its solvency based risk management in 2010 and has, due to the positive development of the market, been able to increase the proportion of equities in the customers' investment portfolios. Overall the market movements in 2010 helped the company to strengthen its risk bearing capacity further.

The greatest risk factors for Storebrand Livsforsikring AS are financial risk, especially from equities, real estate, interest rates and credit bonds, and insurance risk, in which increased life expectancy and a higher frequency of disability are the greatest risk factors. The company's insurance contracts are by nature long-term commitments, and there are thus risks associated with the assumptions made about future life expectancy and disability. The tariffs used are reported to the authorities and build on statistical historical material. The company has also established strategies for how future needs to strengthen reserves should be met and how the owners' risk from portfolio changes should be reduced to the lowest possible level. The composition of financial assets and thus the company's financial risk is set by Storebrand Livsforsikring AS' investment strategy. This strategy, which is approved by the Board each year and revised every six months, defines limits for market risk, credit exposure, counterparty exposure, currency risk, using derivative instruments, and liquidity requirements, as well as limits for the company's risk management. Dynamic risk management is an important tool in the company's risk management. The objectives are to maintain good risk bearing capacity and continuously adjust the financial risk to the company's financial strength.

The Norwegian FSA requires insurance business to be stress tested pursuant to predefined templates in order to ensure that insurance companies have adequate capital to service their liabilities. The stress tests cover both the assets and liabilities sides of the balance sheet and are referred to as "Risk-based Supervision". The tests have been developed in line with the coming European regulations for life insurance, Solvency II. The tests are expected to be further refined to reflect the final version of the new solvency rules.

Operational risk refers to the risk of direct or indirect losses due to inadequate or failing internal processes or systems, human error or external events. Clear routines, clear descriptions of responsibilities and documented mandates have been put in place to try and reduce operational risk. Risks are monitored via the executive management team's quarterly risk reviews which document risks and measures, as well as the line management's continuous reporting, registration and follow-up of events. In addition to this comes the internal audit function's independent control via Board approved audit projects. The greatest operational risks are associated with regulatory changes, major IT projects and the accompanying risk of operational and business-related consequences for Storebrand Livsforsikring AS.

Solidity



Solidity capital

NOK million	2006	2007	2008	2009	2010
Equity	5,361	14,304	15,247	14,004	15,069
Subordinated loan capital	2,962	8,814	9,833	6,637	6,642
Risk equalisation fund	-	197	153	225	287
Market value adjustment reserve	5,918	3,889	-	31	1,971
Additional statutory reserves (ASR)	5,551	5,757	3,437	4,646	5,439
Conditional bonus (CB)	-	13,699	7,499	8,689	11,503
Reserves on bonds held to maturity	1,097	40	-313	140	732
Profit carried forward	4,175	1,340	-	952	1,067
Total	**25,063**	**48,041**	**35,856**	**35,324**	**42,710**

In total the life group's solidity capital increased by NOK 7.4 billion in 2010 due to the positive development of the result and increased customer buffers. Additional statutory reserves increased by NOK 0.8 billion, partly due to the allocation of the year's profit. The market value adjustment reserve amounted to NOK 2.0 billion as per 31 December 2010.

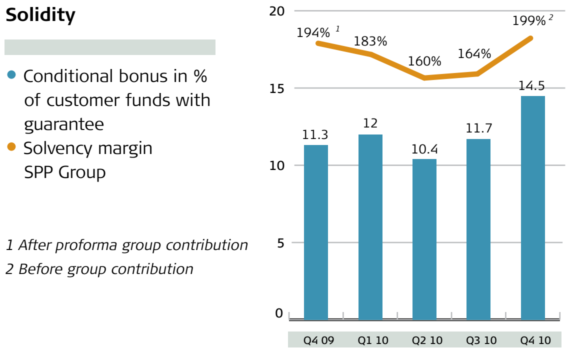
Life and Pensions Sweden

SPP is exposed to the same type of risks as the Norwegian part of the Storebrand Life Group. Nonetheless, differences in product design, general conditions and asset allocation mean that the contributions from the various types of risk differ somewhat. SPP has insurance products with interest guarantees on paid premiums and unit-linked insurance in which the customers bear the financial risk. SPP's benefits-based products include adjustments for inflation and thus parts of the portfolio are exposed to inflation risk. Because the Swedish framework for life insurance has largely been tailored to the European Solvency II code of regulations, where the level of interest rates affects the magnitude of the insurance obligation, SPP's financial risk associated with movements in interest rates is different. This affects the assets on the statement of financial position as well as their risk management. The assets' interest rate sensitivity is continuously adjusted to the insurance liabilities. Interest rates rose significantly in the four last months of the year after falling relatively heavily during the first eight months of 2010. Together with a positive equity market this helped SPP strengthen its risk bearing capacity throughout the year.

A net deferred capital contribution can also arise for some customers in SPP if the accumulated return on assets is lower than the size of the insurance liabilities. The company makes provisions in the financial statements to meet this and continuously monitors risk using tools such as Value at Risk measurements. A net deferred capital contribution can be reversed by a good return on a portfolio and/or increased market interest rates. SPP's risk management and investment strategy are designed and optimised for these regulations. The company's investment strategy sets limits for allocations to risky assets with the relevant continuous risk management. The risk management involves making adjustments to asset allocations in both the customer portfolio and the company portfolio. This can be done by changing allocations to risky assets or through the use of derivatives. Liquidity risk is managed by parts of the company's financial investments being invested in listed securities with good liquidity.

The Swedish Financial Supervisory Authority, Finansinspektionen, applies a stress testing method for financial companies based on predefined templates. The stress tests cover both the asset and liability sides of the balance sheet and are known as "traffic light reporting". They have been developed in line with the coming European regulations for life insurance, Solvency II.

Solidity



1 After proforma group contribution
2 Before group contribution

Asset management

Storebrand Kapitalforvaltning AS offers active management and management of fund-in fund structures for the customer's account and risk, and bears no risks above normal commercial and operational risk for this type of activity. Financial risks primarily consist of credit, market, liquidity and operational risk. Operational risk is considered the most important.

Storebrand Kapitalforvaltning AS utilises the standard method for credit risk in the capital adequacy regulations and the basic method for operational risk. Storebrand Kapitalforvaltning AS has assessed its total capital requirement via its ICAAP process. Apart from credit, market and operational risk, the calculated capital requirement also takes into account extra capital requirements linked to concentration, liquidity, residual, market, and reputation risk, etc. Storebrand Kapitalforvaltning AS is regarded as being well capitalised given its risk profile.

The credit risk in the company is regarded as low. A large proportion of the income comes from other group companies and fees are drawn directly from the customer portfolio for a large proportion of other customers. The company experienced very few losses on receivables. The company's excess liquidity is invested in Norwegian government paper and this is not deemed to present any credit risk.

The asset management business' direct exposure to market risk is very limited since the company's investments in securities are limited to investing surplus liquidity. The company's own investments are in Norwegian government paper and the company is exposed to market risk associated with this. However, indirectly the company's results are affected by developments in the securities markets, primarily through fees being linked to the market value of assets under management. Furthermore, a weak return can affect the customers' capacity and willingness to take risks through actively managed mandates, as well as affect the customers' asset composition which in turn can result in a shift from products with high margins to products with lower margins.

Operational risk in the management business refers to the risk of direct or indirect losses due to inadequate or failing internal processes, control routines, personal competence, or systems. The most common types of operational risk are errors that arise in the trading and settlement process, incorrect pricing, breaches of investment mandates, incorrect reporting, and errors in core systems.

The company is exposed to compliance risk linked to complying with the law and regulations. The company pays particular attention to risks associated with amendments to relevant legislation.

Banking

The most important forms of risk for Storebrand Bank ASA and its subsidiaries Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS are credit risk and liquidity risk. The bank group is also exposed to market risk and operational risk.

The quality of the credit portfolio in the corporate market is considered good. At year-end 2010, the portfolio consists of approximately 80 per cent lending to income generating property and 20 per cent lending to development projects. The greatest risk in the portfolio is considered to be associated with loans to development properties. This segment principally consists of lending to building projects in the housing and office building segments in the central Oslo region. A high proportion of advance sales are required for lending for new housing projects and the risk is considered satisfactory.

The credit risk improved throughout the year due to new, low risk projects coming in, and the fact that existing commitments have developed positively. The concentration risk linked to large commitments in the corporate market has decreased in the last few years.

The quality of the credit portfolio in the retail market is considered very good. Almost the entire portfolio is secured by mortgages in real estate. The portfolio's high collateralisation indicates a limited risk of losses. The loan-to-collateral value ratio for the home mortgages is relatively low and only a very few loans have been granted in excess of 80 per cent of market value. The proportion of home equity loans has grown significantly and is expected to grow in the future as well.

The bank has established good liquidity buffers. Storebrand Bank ASA is rated by S&P and Moody's, which place weight on relationships with multiple international banks and having established credit agreements with other banks. This ensures access to the international capital market and broadens the bank group's sources of funding. The Storebrand Bank Group increased the average borrowing term in 2010 and will continue this work in 2011.

The bank group's aggregate market risk through interest rate and foreign currency exposure and the maximum loss risk for its liquidity portfolio is limited by low exposure limits.

Operational risk is minimised through systematic risk reviews in all parts of the bank at least once a quarter, and at the start of projects and if special events occur.

At year-end 2010, the Storebrand Bank Group had a core (tier 1) capital ratio of 10.6 per cent. The target was 10 per cent.

P&C insurance

Both Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS have securities portfolios that primarily consist of low risk interest-bearing papers. Assessments of exchange risk, interest risk, credit risk, and currency risk are important to the risk management of the portfolios, and the risk exposure is monitored against set limits.

Storebrand Skadeforsikring AS

The risk profile of the P&C business is affected by a relatively small portfolio to offset claims against. This means that single, large claims may have a disproportionate impact on profit. The largest claims will typically be in liability insurance and motor vehicle insurance. Special reinsurance agreements have been concluded to reduce this risk.

The indirect business taken out in Oslo Reinsurance Company AS has been subject to a winding up process since 1994. The risk has been substantially reduced during the period and the company has been merged with Storebrand Skadeforsikring AS. Provisions are made on the basis of actuarial principles.

In 2000, all the land-based Norwegian P&C insurance and all direct marine insurance in Storebrand Skadeforsikring AS was transferred to If through a 100 per cent reinsurance arrangement. Fronting liability was almost wound up during the year and the risk has been substantially reduced.

Storebrand Helseforsikring AS

One of the most important drivers behind insurance risk in the health insurance business is the development of P&C inflation, i.e. the increase in P&C payments per insurance event. One of the important risk reducing measures Storebrand Helseforsikring AS is actively working on is agreements with treatment providers and partners. When a claim first arises special reassurance agreements have been signed to reduce the insurance risk and scope of the claim.

Capital situation

The Storebrand-Group pays particular attention to the active management of equity and loans in the Group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the Group's capital requirements. The goal of the capital management is to ensure an effective capital structure and preserve an appropriate balance between internal goals and regulatory requirements. The Group's goals are to achieve a solvency margin in life and pensions of more than 150 per cent and core (tier 1) capital ratio in the bank of more than 10 per cent over time. In addition, Storebrand Livsforsikring AS' goal is to attain an A level rating. The goal of the Group's parent company is to achieve a net debt-equity ratio of zero over time.

Storebrand ASA has only one class of share. All shares have equal rights and are freely negotiable.

The Storebrand Life Insurance Group's solvency margin was 164 per cent as per 31 December 2010. The solvency margin decreased in 2010 due to the growth in customer assets. SPP's solvency margin was 199 per cent at year-end 2010. Storebrand Bank's capital adequacy was 13.0 per cent and its core (tier 1) capital ratio was 10.6 per cent. The Storebrand Group's capital adequacy was 13.1 per cent and its core (tier 1) capital ratio was 9.8 per cent as per 31 December 2010. The authorities' capital adequacy requirement is 8 per cent.

The Group's capital base, which consists of equity and subordinated loan capital, as well as the market value adjustment reserve, additional statutory reserves, conditional bonus, and other solvency capital in life and pensions, amounted to NOK 44.9 billion as per 31 December 2010 compared to NOK 38.4 billion at year-end 2009.

Storebrand ASA had total liquid assets of NOK 1.4 billion at year-end 2010 and also has an undrawn credit facility of EUR 210 million. Total interest-bearing liabilities in Storebrand ASA amounted to NOK 2.9 billion at year-end 2009. Storebrand ASA has a NOK 750 million bond issue that matures in September 2011. Storebrand ASA normally refinances its debt well in advance of it maturing.

Storebrand Livsforsikring AS, Storebrand ASA and Storebrand Bank ASA maintained the same rating from Moody's and Standard & Poor's, respectively, as per year-end 2009.

	Rating company		
	Moody's	Standard & Poor's	
Storebrand ASA	Baa3 (S)	BBB (S)	
Storebrand Livsforsikring AS	A3 (S)	A- (S)	P = positive outlook
Storebrand Bank ASA	A3 (N)	BBB+ (S)	S = stable outlook
Storebrand Boligkreditt AS	Aaa	na	N = negative outlook

CORPORATE RESPONSIBILITY

The Storebrand-Groups' corporate responsibility goals are intended to create business opportunities that simultaneously involve an improvement in social problems. The Group's ambition is to be a corporate responsibility leader in the Nordic region and a world leader within sustainable investments. Storebrand has worked systematically for 15 years to achieve the position the Group holds today. The work is anchored in the Group's vision, core values and corporate principles, and measures intended to achieve the goals one finds in the scorecards and actions plans for all administration and business units.

Today's results are not enough to ensure the Group will be a leader tomorrow. Therefore, our high level of ambition is followed up with comprehensive action plans containing concrete goals. The results for 2010 were audited by an independent third party and are provided on page 146-147. To achieve our goals we have to successfully integrate corporate responsibility into core processes such as product development, sales and employee monitoring.

The most important focus area in the Group's corporate responsibility work in 2010 was integrating corporate responsibility into our core activities. This entails increasing our employees' ownership of the work and analysing areas where the Group can combine profitability with helping to resolve some of the challenges society faces. Some examples are highlighted below, while you can read about others on pages 8-11 and on www.storebrand.no/samfunnsansvar.

Ethics and trust

Trust is the lifeblood of Storebrand. We do not sell a physical product; instead we sell a promise to be there when we are needed, whether that is tomorrow or in ten or forty years. This is why we expect the Group's employees to abide by high ethical standards. All employees are measured by results, conduct and attitude. One of the Group's core values is *Reliable* and one of its corporate principles is *We take corporate responsibility*. These provide a basis for the Group's code of ethics and our continuous work to ensure employees make wise, conscious choices every day.

In 2010, the Group focused on making the revised code of ethics known throughout the organisation. 93 per cent of employees have undergone the e-learning course in ethics, and the course has received good feedback. After the course all departments underwent dilemma training in which they discussed relevant scenarios and dilemmas. In addition to the employees, the Board of Storebrand ASA and the boards of the wholly owned subsidiaries in the Group were presented with the revised code of ethics and plan for the internal work on ethics.

In order to ensure the ethics work has the desired effects, a special ethics indicator was produced consisting of four components:

- The proportion of employees who have taken the e-learning course in ethics.
- Score in the employee satisfaction survey that shows the ethical awareness of employees.
- The proportion of managers who have reported their code of ethics compliance status.
- The proportion of managers who have carried out dilemma training in their department.

The results from the ethics indicator were incorporated into the scorecards of the CEO, executive vice presidents and Group, and were reported to the Board every quarter.

Demographic trends

Some of the greatest social challenges we face in the Nordic region are linked to demographic trends. We are living longer, taking longer educations and working for shorter periods. Statistics also show that an increasing number of young people in Norway are for various reasons not participating in the labour market and receiving disability pensions.

As the Nordic region's largest life insurance company with long experience and a high level of competence in life and health, we are involved in developing healthy and inclusive workplaces. These efforts allow us as a pensions provider to help ensure that employees' health improves, we have a greater presence, fewer become disabled and more employees can stay in work longer. This is profitable for all parties. Our corporate customers get motivated, healthy employees, the employees stay healthy, Storebrand achieves a better risk result, and society avoids the extra costs associated with illness and disability.

Environment

The Group systematically strives to reduce the impact of business operations on the environment through its own operations, investments, purchasing, and property management. The Group sets strict environmental requirements for suppliers and the companies it invests in, and this means it is important its own house is in order.

The Group systematically tried to capitalise on its investment in environmentally friendly solutions in the new head office at Lysaker in 2010, and the head office's energy consumption decreased compared to 2009. The Group has invested in electronic communication solutions to improve communication, and this has reduced the need for business travel. The company car scheme was also wound up and the Group acquired five electric cars that employees at the head office can use for external meetings. These measures benefit society. The analyses also show the environmental measures are producing a positive present value for the company.

The Group can impact the environment via the properties we administer ourselves or which are administered by others. The Group is working on energy labelling its properties. At year-end 2010, 90 per cent of the properties Storebrand operates or administers were energy labelled. In January 2010, Storebrand's Swedish subsidiary, SPP, in partnership with KF Fastigheter, started a property company with ambitious environmental and climate goals.

Even though the Group actively works to reduce emissions, it is currently impossible to reduce CO_2 emissions to zero. To compensate for this, Storebrand purchases UN certified climate quotas, certified emissions reductions (CER), which cover its emissions from flights, energy consumption, and company cars. I 2008, the Group became Norway's first climate neutral financial actor.

International work

The Group qualified for the Dow Jones Sustainability Index, the leading global sustainability index, for the 12th time in a row. Only the top 10 per cent in the world within their industry qualify. The Storebrand-Group is one of the few Norwegian companies that have managed this every year since the index was established in 1999.

Storebrand has been involved in various international groups working for more sustainable development in business through its corporate responsibility work. Storebrand is active in and supports the work of the World Business Council for Sustainable Development, the UNEP Finance Initiative and the UN's Global Compact. The Group has also contributed to the development of and is a signatory to the UN's principles for responsible investments (UNPRI). As an investor the Group is also signatories to the Carbon Disclosure Project and the Forest Footprint Disclosure Project.

HUMAN RESOURCES AND ORGANISATION

Equality and diversity

At year-end 2010, the group had 2,206 employees, compared to 2,280 at the start of the year. Of these, 52 per cent were women. The average age is 42 years and the average length of service is 10 years.

Systematic work in the area of diversity is important for attracting, retaining and developing qualified, motivated and adaptable employees. As a key actor in society the Storebrand-Group has a social responsibility to its employees and the market in which the Group operates. Storebrand is fully committed to increasing the number of women in senior positions. 50 per cent of the members of the Board of Storebrand ASA are women, as are 20 per cent of the Group's executive management team. At year-end 38 per cent of those with management responsibilities in the Group were women.

The Storebrand-Group participates in the financial industry's management training programme for women, Futura, chairing the working group and contributing candidates and agents. The company requires that its partner recruitment agencies present final candidates of both genders for managerial positions. The company provides a series of employee benefits that contribute to flexible solutions for employees, including the right to 15 days off in lieu, flexible working hours within the Group's core hours, and the majority of employees having a portable PC. Employees receive their full pay if they, their children or their parents are sick and during pregnancy. Salary statistics are produced for specified levels and types of position in order to facilitate comparisons of salaries between male and female employees.

Diversity work forms part of the systematic job of including people from groups who are under-represented in the labour market, including people with disabilities and people with different ethnic backgrounds. A project was established in 2010 to further develop and boost the Group's diversity work in the next three years. Employees with immigrant backgrounds represented 5 per cent of employees in 2010. The Storebrand-Group's desire to lay the groundwork that enables applicants with impaired functional ability or immigrant backgrounds to gain employment and access to the workplace on a level playing field with other applicants has resulted in the applicable groups being able to choose whether they want to register these details or not.

In 2010, 38 employees over the retirement age of 65 were in work, compared to 35 in 2009. There are no employees over the age of 65 in SPP. In Norway, we hired 9 new people over the age of 45.

Sick leave

Health and satisfaction were high on the agenda in the Storebrand-Group in 2010. The figures for 2010 show a reduction in all absence in Norway, with a sick leave rate of 4.4 per cent. The Group's sick leave rate was 3.8 per cent, which is just below the target of 4.0 per cent. SPP had a sick leave rate of 2.4 per cent and Storebrand Baltic 2.3 per cent. The Group became an "inclusive workplace" (IA) company in 2002 and renewed its agreement in November 2010. The activities that form part of the follow-up of sick leave are defined in the Group's Personnel Handbook, which is available on the intranet. The follow-up is continuous and both managers and employees are responsible for it.

The Storebrand-Group has an actively used in-house health clinic with a comprehensive and interdisciplinary treatment concept. Head office employees can work out in their own gym during working hours and the sports club, which is administratively responsible for activities in the gym, has more than 900 members.

No injuries to people, property damage, or accidents of significance were reported in Storebrand in 2010.

Skills and training

The company intensified its focus on skills training in 2010. Most managers and employees are now more aware of learning arenas and their own responsibilities vis-à-vis skills training. Special attention was paid to the fact that an important part of skills training takes place in the daily interactions between managers and employees and between employees. A common e-learning platform has made the training on offer more visible and available than before. This has resulted in more people taking advantage of the varied training the company offers. In addition to this there is an increased focus on training throughout the organisation, both centrally and locally in the units.

The Group has developed training plans for different roles in Storebrand in which skills training in all arenas is combined. There is also a standardised course on offer that is readily available to all employees. This helps to raise awareness about skills training and learning.

The number of e-learning users and hours spent increased significantly in 2010. E-learning has become a recognised and respected teaching tool among managers and employees in the Group. It results in more efficient training, both in Norway and Sweden. Answers to the question about the employees' development plans in the satisfaction survey (MTI) show a positive trend and more than 16,000 hours were spent on courses/e-learning in 2010. This highlights the strength of the measures that have been implemented.

The authorisation scheme for financial advisers required major resources from HR skills training. It contributed to a big boost in skills both on the theoretical and the communications-related level. Storebrand used internal resources for this skills boost. Good training has produced very good results, especially on the theoretical side.

A course called "Service Heroes" has been developed and implemented. This is a course in both written and verbal communication for employees. The course has helped enhance skills among service staff in the life insurance company. A similar course will be offered to other employees in similar positions in the future.

The Storebrand-Group further developed the managerial programme in 2010, including preparing a handbook for all managers in Storebrand that defines a common managerial platform. Storebrand Leadership clarifies the requirements and expectations for managers in the Group. A common managerial platform provides an opportunity to create greater value across departments, areas and legal structures.

In 2011 more standardised processes for identifying, developing and implementing skills training that directly support the Storebrand Group's long-term strategy will be developed.

CORPORATE GOVERNANCE

The Group established its corporate governance principles in 1998. The Board of Directors reviews these principles every year. In December of 2004 a recommendation for a national standard for good corporate governance was presented. This was last revised on 21 October 2010. The Storebrand Group's corporate governance principles comply with this recommendation and the new requirements concerning the statement of company management in the annual report that came into force on 1 July 2010 (section 3-3b of the Accounting Act). Further information about Storebrand's corporate governance policies and procedures and company management pursuant to section 3-3b of the Accounting Act can be found in a separate article on page 43 of the annual report.

The Board carried out an evaluation of its work in 2010 in which the Storebrand's administration participated. In 2010, the Board held 11 meetings and one Board conference. The work of the Board is subject to a specific mandate. The Board has established advisory committees on remuneration and internal auditing.

The following changes to the membership of the Storebrand-Group's corporate bodies took place in 2010:

The Board of Directors: Heidi Skaaret was elected as a new board member in place of Camilla Grieg. Kirsti Valborgland was elected as an employee representative in place of Erik Haug Hansen.

Board of Representatives: Pål Syversen and Tore Eugen Kvalheim were elected as new members. Anne-Lise Aukner was elected as a new substitute member. Marius Steen, Per-Erik Hauge and Paul Eggen jr. stepped down from the Board of Representatives.

Control Committee: An identical control committee for the companies in the Group that have a statutory obligation to have a control committee was elected in 2010. Finn Myhre was elected as the deputy chairman and new member. Tone Reierselmoen was elected as a new member. Ida Hjort Kraby was elected as a new substitute member. Substitute member Erik Naper stepped down from the Controll Comittee.

The Board wishes to thank the retiring members of the Board of Directories, Board of Representatives and the Controll Committee for their valuable contributions to the Group.

OUTLOOK

There have been substantial fluctuations in the financial markets in the wake of the financial crisis. This trend has continued in 2010 with a high level of volatility in both the equity and interest rate markets. The real economy is nonetheless developing in a positive direction with the Swedish economy recovering strongly and continued good growth in the Norwegian economy. This provides a basis for continued growth in the Storebrand Group's core markets.

Continued growth is expected in the life and pensions markets. Wage-growth will be the most important factor here in the short-term. The market has over time moved in the direction of funds-based products without interest guarantees. The Group has played an active part in this development and a steadily growing proportion of its business is linked to products in which financial performance is less affected by short-term market fluctuations. This trend will gradually improve the quality of the Group's earnings. The Storebrand Group has implemented a number of streamlining measures in recent years aimed at reducing the relative costs level in both the Norwegian and Swedish businesses. The work on streamlining operations continues and a programme for improving operations has been established in which both income increasing and cost reducing measures are closely monitored. The most important contributions to achieving this target will be cost reducing measures, growth in customer assets and measures on the income side. The programme for improving operations is developing as planned and the work on streamlining the Group's processes continues at full strength.

A new business model will be implemented in the Storebrand-Group from 1 March 2011. The new model is intended to ensure the strength and pace of the implementation of the strategic choices made in 2010. As part of the retail customer efforts, all customer activities will be gathered in the life insurance companies. The expert units for balance sheet management, web development and unit linked insurance will also be merged into nordic units. The changes are intended to ensure more efficient resource utilisation and result in comprehensive customer service which will strengthen Storebrand's position in the market.

Storebrand is exposed to several types of risk through its business areas. Continuous monitoring and active risk management are therefore prioritised core areas in the Group. The development of both the equity and interest rate markets is important with respect to being able to deliver a return that exceeds the interest guarantee in the products over time. Developments in the level of interest rates and the property and equity markets are considered the most important risk factors that could affect the Group's result. The Storebrand Group adapts to changing market conditions through dynamic risk management, which aims to tailor financial risk to the company's risk bearing capacity.

The Norwegian FSA has, due to the development of long interest rates, decided to lower the rates used for calculations, both for new contracts and for new accrued entitlements in existing contracts. The maximum rate for calculations for all new life insurance contracts established after 1 January 2011 will be 2.5 per cent, a reduction of 0.25 percentage points. The maximum rate for calculations for new accrued pension entitlements in existing group interest and pension insurance contracts will be reduced by 0.5 percentage points to 2.5 per cent from 1 January 2012. The reduction in the interest guarantee will result in higher premium payments for customers, but at the same time will provide a basis for higher expected returns in the long-term due to the providers' increased risk capacity.

The industry is facing extensive regulatory changes due to the introduction of common European regulations, Solvency II, and the pensions reform in Norway. The Storebrand Group is playing an active part in these processes and is focused on product development and system modifications. During the preparations for the Solvency II regulations, which are expected to be introduced from 2013, The Norwegian FSA has stated that the Norwegian business rules for life insurance need to be evaluated. Potential changes could include adaptations that facilitate greater risk equalisation and better long-term asset management.
The Norwegian FSA is expected to present concrete proposals concerning changes to the business rules in 1Q 2011. Storebrand views this effort positively and is maintaining an active dialogue with the authorities with the aim of establishing general conditions that preserve effective long-term management of customers' assets.

APPLICATION OF THE PROFIT FOR THE YEAR

Storebrand ASA recorded a profit for the year of NOK 502 million for 2010. During its discussion of the profit for the year in 2007, the Board of Storebrand ASA adopted a new dividend policy with an increased distribution ratio. The new dividend policy is as follows: "The dividend policy shall contribute towards providing shareholders with a competitive return and optimising the company's capital structure. The dividend to shareholders will normally represent more than 35 per cent of the full-year Group profit after tax, but before amortisation costs. The Board wishes to have a dividend policy with a long-term horizon, and will aim for stable year-on-year growth in dividend per share."

The Board considers the Group's capital situation to be good in relation to its risk profile and ratings and will propose to the AGM that a dividend of NOK 1.10 per share, excluding the company's holding of bought back shares, be paid for 2010, which amounts to NOK 491 million.

NOK million	**2010**	**2009**
Applications		
To other equity	11	568
To dividend	491	-
Total applications	**502**	**568**

Distributable reserves amounted to NOK 3,919 million as per 31 December 2010.

Lysaker, 15 February 2011
The Board of Directors of Storebrand ASA
Translation – not to be signed

Birger Magnus
Chairman of the Board

Birgitte Nielsen

Jon Arnt Jacobsen

Halvor Stenstadvold

Heidi Skaaret

John S. Dueholm

Annika Lundius

Knut Dyre Haug

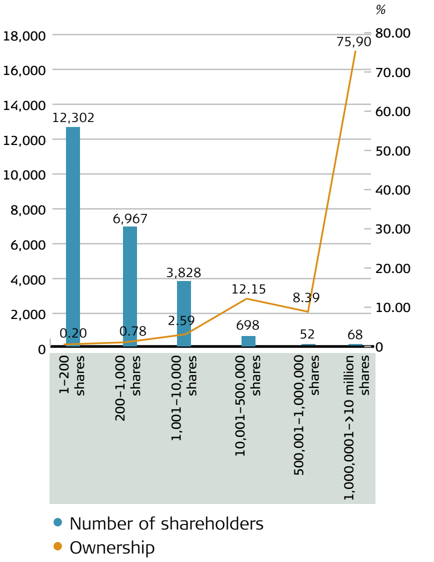
Kirsti Valborgland

Ann-Mari Gjøstein

Idar Kreutzer
Chief Executive Officer

Shareholder matters

Shareholders by number of shares and ownership interest as per 31 December 2010



SHARE CAPITAL, RIGHTS ISSUES AND NUMBER OF SHARES

Shares in Storebrand ASA are quoted on the Oslo Stock Exchange (OSE) with the ticker code STB. Storebrand ASA's share capital at the start of 2010 was NOK 2,249.5 million. The company has 449,909,891 shares each with a face value of NOK 5.

As per 31 December 2010, the company owned 3,838,932 of its own shares, equivalent to 0.85 per cent of the total share capital. The company has not issued any options that could dilute share capital.

SHAREHOLDERS

Storebrand ASA is one of the largest companies listed on the OSE measured by number of shareholders. The company has shareholders from almost all the municipalities in Norway and from 44 countries. In terms of market capitalisation, Storebrand was the 15th largest company listed on the OSE at year-end 2010.

The 20 largest shareholders 31.12.2010 [1]

Shareholders	Number of shares	%
Gjensidige	109,458,254	24.33
Fidelity Investments	42,210,774	9.38
Folketrygdfondet	19,367,985	4.30
Private holdings less than 10k shares	14,814,515	3.29
Standard Life Investments	13,470,124	2.99
DnB NOR Asset Management	10,479,550	2.33
UBS Global Asset Management	10,238,433	2.28
Varma	8,300,320	1.84
State of New Jersey	6,975,660	1.55
Nordea Asset Management	6,598,627	1.47
People's Bank of China	6,472,031	1.44
KLP	6,162,389	1.37
Vital Forsikring ASA	6,030,774	1.34
Storebrand Investments	5,974,266	1.33
Ignis Asset Management	5,752,376	1.28
State Street (C)	4,773,703	1.06
BlackRock	4,507,709	1.00
Cazenove Capital Management	4,024,156	0.89
Storebrand ASA	3,838,932	0.85
Oslo Pensjonsforsikring	3,700,000	0.82

1 The data is provided by RD:IR and VPS, through the Nominee ID service. The data is obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Storebrand share register. Whilst every reasonable effort is made to verify all data, neither RD:IR nor VPS can guarantee the accuracy of the analysis.

SHARE PURCHASE ARRANGEMENTS FOR EMPLOYEES

Every year since 1996, Storebrand ASA has given its employees an opportunity to purchase shares in the company through a share purchase scheme. The purpose of the scheme is to involve employees more closely in the company's value creation. In June 2010, each employee was given the opportunity to buy between 167 and 877 shares at NOK 36.49 per share. All of SPP's employees were given the same opportunity. Around 24 per cent of employees participated and purchased a total of 282,948 shares.

FOREIGN OWNERSHIP

As per 31 December 2010, total foreign ownership amounted to 49.7 per cent, compared to 51.5 per cent at year-end 2009.

TRADING IN THE STOREBRAND SHARE

Almost 594 million Storebrand shares were traded in 2010, an increase of 24 per cent from 2009. In terms of NOK, the trading amounted to NOK 23,114 million in 2010, up from NOK 14,157 million in 2009. This made Storebrand the 17th most traded share on the OSE in 2010 in terms of monetary value. In relation to the average total number of shares, the turnover rate for Storebrand's share was 132 per cent.

SHARE PRICE DEVELOPMENT

The Storebrand share produced a total return (including dividend) of plus 10.3 per cent over the course of 2010. The OSE benchmark index (OSEBX) rose by 18.3 per cent in the same period. In the last three years Storebrand has experienced a total return of 62 per cent, while the OSE benchmark index (OSEBX) has experienced a return of 49 per cent in the same period.

Share price development

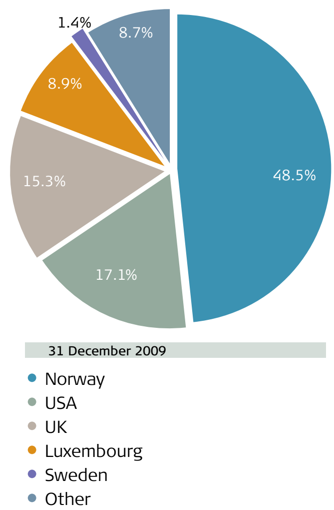
DIVIDEND POLICY

Storebrand's dividend policy shall contribute towards providing shareholders with a competitive return and optimising the company's capital structure. The dividend to shareholders will normally represent more than 35 per cent of the full-year profit after tax, but before amortisation costs. The Board wishes to have a dividend policy with a long-term horizon, and will aim for stable year-on-year growth in dividend per share. Given developments in the financial markets in recent years, building up financial strength and flexibility has been prioritised. Based on the current dividend policy, satisfactory results and a good financial position, the Board of Storebrand ASA recommends to the annual general meeting that a dividend of NOK 1.10 per share will be paid for 2010.

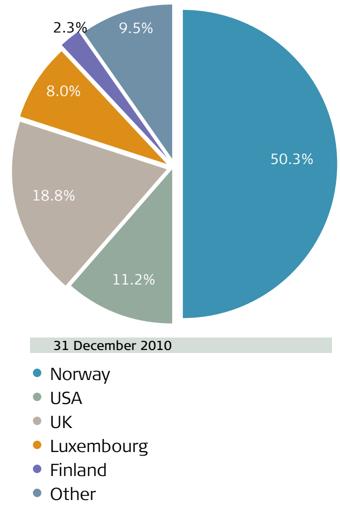
CAPITAL GAINS TAXATION

On 1 January 2006, new rules came into force in Norway concerning the taxation of dividends and gains on shares held by private individuals. The new rules are termed the "shareholder model" and replaced the previous RISK and tax credit systems. Under the new shareholder model, the amount of a dividend, less a standard deduction, is taxable, currently at 28 per cent. If shares are sold, any unused standard deduction can be deducted from the gain on the sale. The standard deduction is calculated on the basis of the cost price of the share multiplied by the average three-month interest rate on treasury bills, which is effectively a risk-free rate of interest. The interest rate for calculating deductions in 2010 is set at 1,6 per cent.

Share by country 2009



Shares by country 2010



2011 financial calendar

16 February:	Result 4Q 2010
9 March:	Embedded Value for 2010
	Capital Markets Day
13 April:	General meetings
14 April:	Extraordinary dividend date
11 May:	Result 1Q 2011
14 July:	Result 2Q 2011
26 October:	Result 3Q 2011
February 2012:	Result 4Q 2011

COMPLIANCE

As one of the country's leading financial institutions, Storebrand is dependent on maintaining an orderly relationship with the financial markets and supervisory authorities. The company therefore places particular emphasis on ensuring that its routines and guidelines satisfy the formal requirements imposed by the authorities on securities trading. In connection with this, the company has produced internal guidelines on insider trading and own account trading based on current legislation and regulations. The company has its own compliance system to ensure that the guidelines are followed.

INVESTOR RELATIONS

Storebrand places great importance on comprehensive and efficient communication with financial markets. Maintaining a continuous dialogue with shareholders, investors and analysts both in Norway and internationally is a high priority. The group has a special investor relations unit responsible for establishing and coordinating contact with analysts, the stock exchange, shareholders, investors and others. All interim reports, press releases and presentations of interim reports are published on Storebrand's website www.storebrand.no/ir.

GENERAL MEETINGS

Storebrand has one class of shares, each carrying one vote. The company holds its AGM each year before the end of June. Shareholders who wish to participate in the general meeting must notify the company no later than 16:00 three business days before the general meeting. Shareholders who do not give notice of attendance before the deadline expires will be able to participate in the general meeting, but not vote.

SHAREHOLDERS' CONTACT WITH THE COMPANY

Shareholders should generally contact the administrator of their share account with queries and notices of changes, e.g. changes of address. Storebrand's own shareholders' office can also provide guidance and information on Tel: (+47) 22 31 50 50.

Storebrand share (NOK)	2010	2009	2008	2007	2006	2005	2004	2003
Highest closing price	48.30	40.80	57.10	87.37	68.30	48.94	49.15	36.63
Lowest closing price	31.30	12.15	10.55	54.60	48.10	39.49	33.94	17.22
Closing price on 31.12.	43.60	39.56	16.75	56.70	66.62	55.87	49.15	36.38
Market cap 31.12. (NOK million)	19,638	17,798	7,536	25,510	19,811	15,059	16,274	12,040
Dividend for the accounting year	1.10	0.00	0.00	1.20	1.80	4.00	7.00	0.80
Annual turnover (1,000 shares)	593,986	510,873	749,261	540,207	564,195	516,323	471,331	372,970
Average daily turnover (1,000 shares)	2,357	2,035	2,973	2,161	2,248	2,041	1,863	1,492
Annual turnover (NOK million)	23,114	14,157	25,138	39,338	39,825	30,318	22,149	12,842
Rate of turnover (%)	132	114	167	186	222	187	169	134
Number of ordinary shares 31.12 (1,000 shares)	449,910	449,910	449,910	449,910	249,819	258,526	278,181	278,070
Earnings per ordinary share	3.30	2.08	-5.01	7.95	6.03	5.41	8.49	2.67
Total return (%)	10	136	-70	-13	44	13	38	67

Historic share prices have been adjusted to take account of the split between shares and subscription rights implemented in 2007.

Corporate Governance

The management and Board of Directors conduct an annual review of Storebrand's corporate governance principles and how they function in the group. Storebrand complies with the Norwegian Code of Practice for Corporate Governance of 21 October 2010[1]. The following article describes how Storebrand follows up with the Code of Practice's 15 points.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

(No deviations from the Code of Practice)

Storebrand established its own principles for corporate governance as early as 1998 and views the Norwegian Code of Practice as a natural extension of these. The Board of Directors (the Board) has decided the company will adhere to the Norwegian Code of Practice. Its statement on adherence to the Code of Practice can be found on page 16.

Storebrand's corporate values are described by its vision, core values and corporate principles. Together these provide the group with common goals and direction. The vision describes the group's goals and ambitions. The four core values characterise what Storebrand as a company stands for. The six corporate principles provide guidance and support for the choices employees at all levels in the organisation have to make. Further discussion and clarification of the group's corporate values can be found on the group's website www.storebrand.no.

Storebrand's principal focus within corporate responsibility is sustainable investments. The group has more than 15 years experience within systematic, goal-oriented corporate responsibility and its work is anchored in the group's vision, core values and corporate principles. The group's corporate responsibility guidelines are based on the principles set forth in the UN Global Compact and the UN's Principles for Responsible Investment.

The group also has its own ethics rules, as well as guidelines for whistle-blowing, social and combating corruption. In 2010, all of our employees took an eLearning course in ethics and participation in dilemma training in their own departments. During the year, the Board of Storebrand ASA and the individual subsidiaries' boards reviewed the ethics rules and their implementation in the organisation. A special ethics indicator was developed and incorporated into the executive management's scorecard.

2. BUSINESS

(No deviations from the Code of Practice)

Pursuant to the holding company's articles of association, Storebrand ASA is a financial group and its objective is to manage its equity interests in the group in compliance with the relevant legislation. The group's main business areas comprises pension and life insurance, asset management, banking and P&C insurance. The full text of the articles of association can be found on the group's website.

The market is kept informed of its goals and strategies through investor presentations held in connection with interim and annual reports and other specialised presentations, such as the Capital Markets Day whitch is held every second year, most recently on 9 March 2010. You can read more about the company's goals and main strategies on page 12.

3. EQUITY AND DIVIDENDS

(No deviations from the Code of Practice)

The Board continually monitors the company's capital solidity in light of its goals, strategy and risk profile. You can read more about Storebrand's solvency capital and capital situation on page 34 in the Report of the Board of Directors. The Board has adopted a dividend policy that states that the dividend paid to shareholders will normally amount to more than 35 per cent of the profit for the year after tax, but before amortisation costs. The dividend is set by the annual general meeting (AGM), based on a proposal put forward by the Board. You can read more about Storebrand's dividend policy on page 41. The Board currently has no mandate, and there are no authorising provisions in the articles of association, to increase Storebrand ASA's capital.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

(No deviations from the Code of Practice)

Storebrand ASA has only one class of shares, and Norwegian legislation does not permit shareholders to accumulate votes from one matter in order to cast additional votes for another matter (cumulative voting). Storebrand has no specific restrictions on the ownership of shares or voting rights in the company other than the restrictions imposed by the Financial Institutions Act. The general competence rules for board members and executive personnel are evident from the Board of Storebrand ASA's instructions and the group's ethics rules. Board members must inform the company if they have direct or indirect material interests in an agreement concluded by one of the group's companies. The Board shall ensure that an independent third party assesses the value of transactions that are not insubstantial in nature. Furthermore, the Board's instructions stipulate that no board member may participate in discussions or a decision concerning matters that are of such material importance to them or a close associate that the member must be regarded as having a conspicuous personal or financial special interest in the matter. Each board member has a responsibility to continuously assess whether or not such a situation exists. Transactions with close associates involving the group's employees and other officers of the group are regulated by the group's ethics rules. Employees shall on their own initiative immediately report conflicts of interest that may arise to their immediate superior as soon as they become aware of such a situation. In general, an employee is defined as disqualified if circumstances exist that could result in others questioning the person's impartiality in

1 The Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board (NUES), is available from www.nues.no relation to things other than the interests of the Storebrand Group. For a complete report on shareholder matters, please see page 40.

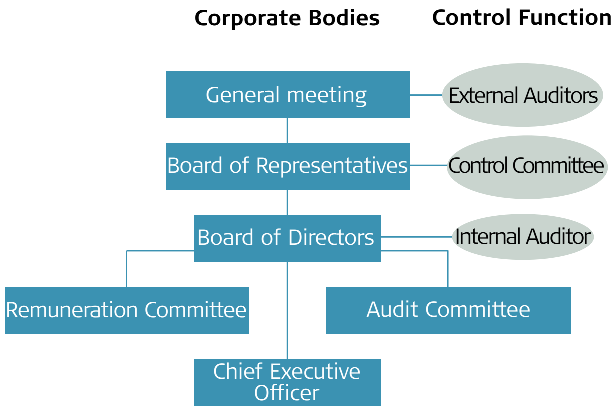
5. FREELY NEGOTIABLE SHARES

(No deviations from the Code of Practice)

All shares have equal rights and are freely negotiable. The articles of association do not impose any limitations on the negotiability of Storebrand shares.

6. GENERAL MEETINGS AND CONTROL COMMITTEE

(No deviations from the Code of Practice)



General meetings

Pursuant to the company's articles of association, Storebrand ASA's AGM shall be held by the end of June each year. The 2010 AGM was held on 21 April. All shareholders with a known address receive written notice of the AGM by post, which is sent out no later than 21 days before the AGM. The deadline for registration is three working days before the AGM. At the 2010 AGM, the AGM voted to amend the company's articles of association such that the supporting documents relating to all matters on which a vote will be taken, including the recommendations of the Election Committee concerning proposed candidates for election, will only be made available on the company's website, unless shareholders ask for them to be sent by post. The new arrangement will apply from the 2011 AGM. All shareholders are entitled to attend general meetings, and arrangements are also made for proxy voting. Individual proxy votes can be attached to each individual item on the agenda. The voting rules for the AGM allow separate votes for each member of the various bodies. Further information about the exercising of proxies and shareholders' rights to have matters discussed at the AGM is available in the invitation and on Storebrand's website.

Storebrand's articles of association stipulate that the chairman of the Board of Representatives shall chair the AGM. The Chairman of the Board and at least one representative of the Election Committee and the external auditor must attend the AGM. The CEO and the group's executive management team also participate. AGM minutes are available on the group's website.

The AGM makes decisions concerning the following:

- The approval of the annual report, financial statements and any dividend proposed by the Board.
- The Board's statement concerning the remuneration of executive personnel.
- The election of shareholder representatives to the Board of Representatives and members of the Election Committee and the Control Committee.
- The remuneration of the Board of Representatives, Election Committee and Control Committee.
- The choice of external auditor and setting of the auditor's remuneration.
- Any matters listed on the agenda enclosed with the invitation.

Decisions are generally made on the basis of an ordinary majority. However, pursuant to Norwegian law a special majority is required for certain decisions, including decisions about departing from pre-emptive rights in connection with any share issue, mergers, demergers, and amendments to the articles of association or mandates for increasing or reducing share capital. Such decisions require the agreement of at least two thirds of both the votes cast and the share capital represented at the AGM.

Control committee

Storebrand is legally required to have a control committee. Storebrand ASA, Storebrand Livsforsikring AS, Storebrand Skadeforsikring AS, Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS share a committee, which consists of five members and a substitute member elected by the AGM. The substitute members always attend control committee meetings. Storebrand Bank ASA and its subsidiaries used to have a seperate control committee. At the 2010 AGM, the AGM adopted an identical control committee for Storebrand ASA and all the above-mentioned subsidiaries/group companies. The committee is independent of the Board and management. Members are elected for terms of two years. The Control Committee is responsible for ensuring the group conducts its activities in a prudent and proper manner. The Storebrand Group believes a good working partnership with the Control Committee is important. The committee ensures that the group complies with all relevant legislation and regulations, and that it operates in accordance with the articles of association and resolutions passed by the group's corporate bodies. The committee is entitled to look into any matter and has access to all relevant documentation and information. The committee has the power to demand information from any employee and any member of the corporate bodies. The committee held 11 meetings in 2010 and reported on the committee's work to the Board of Representatives on 2 March 2010.

7. NOMINATION COMMITTEE

(No deviations from the Code of Practice)

Storebrand ASA's articles of association regulate the company's nomination committee, called the Election Committee, which has four, or up to five, members. The chairman of the Election Committee and the other members are elected by the AGM. In accordance with the provisions of the articles of association approved by the AGM, the chairman of the Board of Representatives shall be a permanent member of the Election Committee, if the person concerned has not already been elected by the AGM. An employee representative will also participate as a permanent member in discussions and recommendations concerning the election of the chairman and deputy chairman of the Board of Representatives and the Chairman of the Board, as well as in other contexts where this would be natural pursuant to an invitation from the chairman of the committee. The Election Committee is independent of the Board and management, and its composition aims to ensure broad representation of shareholders' interests. The articles of association stipulate that the Control Committee should work according to instructions adopted by the AGM. The Election Committee's instructions were adopted by the 2010 AGM. According to the instructions, the factors the Election Committee should focus on during the preparation of nominations include: competence, experience, capacity, gender, independence and the interests of the community of shareholders. More information about the members is published on the group's website. The Election Committee reviews the annual appraisal of the work of the Board, and is responsible for proposing candidates to the Board of Representatives, Board, Control Committee and Election Committee, and the remuneration of the members of these bodies. The Election Committee proposes candidates on the basis of specific criteria and its own instructions. The committee's members are also members of the election committees of Storebrand Livsforsikring AS, Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

The Election Committee held eight meetings in 2010, and made among other things recommendations for the election of new members of the Board of Representatives, including the new chairman. It also made recommendations concerning the election of members to the Board and Control Committee. The Election Committee also prepared matters that will be considered in 2011.

8. BOARD OF REPRESENTATIVES AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

(No deviations from the Code of Practice)

The Board of Representatives elects the Board's members and supervises the management of the company by the Board and CEO. Storebrand ASA is legally required to have a board of representatives. It has 18 members, 12 of whom are elected by the AGM and six by the group's employees. Members are each elected for a two-year term such that half the members retire each year. It is a statutory requirement that the members elected by the AGM shall reflect the company's interested parties, customer structure and its function in society. The company's shareholders are broadly represented through the elections that are held.

The duties of the Board of Representatives include making recommendations to the AGM regarding the Board's proposed annual report and financial statements, electing the six, or up to seven, shareholder elected board members, including the Chairman of the Board, setting the remuneration paid to board members, issuing instructions for the Control Committee's work, and considering reports from the Control Committee. The Board of Representatives is entitled to make recommendations to the Board on any matter.

The articles of association stipulate that the Board of Directors can consist of nine or ten members. The Board's members are elected for one year at a time. One new board member was elected at a meeting of the Board of Representatives in 2010. In 2010, the Board consisted of 10 members. Furthermore, the articles of association stipulate that six, or possibly seven board members, shall be elected following the Election Committee's recommendations. Three members shall be elected by and from the employees. The day-to-day management is not represented on the Board.

None of the members elected by the Board of Representatives have any employment, professional or consultancy relationship with the group other than their appointment to the Board. The backgrounds of the individual board members are described on page 16-25 of the annual report and on the group's website. The composition of the Board satisfies the independence requirements set forth in the Code of Practice. There are few instances of disqualification during the consideration of matters by the Board. The Board's assessment of each board member's independence is commented on in the overview of corporate bodies on page 49. An overview of the number of shares in the Storebrand Group owned by members of corporate bodies as per 31 December 2010 accompanies the notes to the financial statements for Storebrand ASA (Information about close associates) on page 139.

9. THE WORK OF THE BOARD OF DIRECTORS

(No deviations from the Code of Practice)

The Board's duties

The Board meets at least 11 times a year. 11 board meetings and one board seminar about financial risk management in Storebrand and the pensions reform were held in 2010. The group's future strategy is discussed at the Board's annual strategy meeting. This results in guidelines for the management's strategic plans and budgets in connection with the annual planning process. These must then be approved by the Board. The Board shall stay informed about Storebrand's financial position and development, ensure that its activities are subjected to satisfactory controls, and ensure the group has adequate capital based on the scope of, and risks associated with, its activities. The attendance records of individual board members are provided in the overview of corporate bodies on page 49. The work of the Board is regulated by special instructions for the Board, which are reviewed annually. In order to ensure sound and well-considered decisions, meetings of the Board are well prepared so that all members can participate in the decision-making process. The Board prepares an annual schedule for its meetings and the topics it will consider. The agenda for the next board meeting is normally presented to the Board based on the approved schedule for the year and a list of matters carried forward from previous meetings. The final agenda is fixed in consultation with the Chairman of the Board. Time is set aside in each board meeting to evaluate the meeting without the management present. The Board is entitled to appoint external advisers to help it with its work whenever it deems this necessary. The Board has also drawn up instructions for the CEO.

The Board conducts an annual evaluation of its work and methods which provides a basis for changes and measures. The results of the Board's evaluation are made available to the Election Committee, which uses it in its work.

Board committees

The Board has established a Remuneration Committee and an Audit Committee. Both committees consist of two shareholder elected and one employee elected board member. This helps to ensure thorough and independent consideration of matters such as internal control, financial reporting and the remuneration of executive personnel. The committees assist the Board by preparing matters for consideration, but decisions are taken by the entire Board. Both committees are able to hold meetings and consider matters without the involvement of the company's management.

The Remuneration Committee assists the Board with all matters concerning the CEO's remuneration. The committee monitors the remuneration of the group's executive personnel, and proposes guidelines for the setting of the executive personnel's remuneration and the Board's declaration concerning the setting of the executive personnel's remuneration, which is presented to the AGM each year. The Remuneration Committee held nine meetings in 2010.

The Audit Committee assists the Board by reviewing, evaluating and, where necessary, proposing appropriate measures with respect to the group's overall controls, financial and operational reporting, risk management, and internal and external auditing. The Audit Committee held six meetings in 2010. The external and internal auditors participate in these meetings. The majority of the committee's members are independent of the group.

10. RISK MANAGEMENT AND INTERNAL CONTROL

(No deviations from the Code of Practice)

Management and control

Storebrand ASA's Board has drawn up general principles and guidelines for management and control. The principles deal with the Board's responsibility for determining the group's risk profile, approving the organisation of the business, assigning areas of responsibility and authority, requirements concerning reporting lines and information, and risk management and internal control requirements. The Board's and CEO's areas of responsibility are defined in the instructions for the Board and instructions for the CEO, respectively.

Storebrand ASA's Board has drawn up instructions for the group's subsidiaries intended to ensure they implement and comply with the group's management and control principles and guidelines.

The group's corporate responsibility guidelines summarise how corporate responsibility is an integral part of the group's management and control processes for investments, product development, purchasing, employee monitoring and internal operations. The group's corporate responsibility goals are adopted by the Board. The group also complies with the GRI (Global Reporting Initiative) international reporting standard. The results are audited by the group's external auditor. For the 12th year in a row the group qualified for the international Dow Jones Sustainability Index, which includes the top 10 per cent most sustainable companies within all industries on a global basis.

The investor relations guidelines ensure reliability, timeliness and equal information for investors, lenders and other interested parties in the securities market.

As an extension of the general principles and guidelines, ethics rules have been drawn up that apply to all employees and officers of the group, as have corporate rules for areas such as risk management and internal control, financial statements, handling inside information and share trading by primary insiders. Guidelines and information about information security, contingency plans and financial criminality have also been drawn up. In addition to its own supervisory bodies and external auditor, the group is subject to statutory supervision by The Norwegian FSA (The Financial Supervisory Authority of Norway).

Risk management and internal control

The assessment and management of risk are integrated into the group's value-based management system. The management system is intended to ensure a correlation between goals and actions at all levels of the group and the overall objective of value creation for Storebrand's interested parties. The system is based on a balanced scorecard which reflects both short-term and long-term value creation in the group.

The group's strategy development is anchored in the Board via an annual strategy meeting and as a permanent item on the Board's agenda. The Board's guidelines for the business areas' annual planning process are summarised in the form of challenge notes to business managers. The final product is a Board approved three-year plan for the group with goals and an action plan, financial forecasts and budgets, as well as a comprehensive assessment of the risk picture for the period covered by the plan.

Risk assessments form part of the managerial responsibilities in the organisation. The purpose is to identify, assess and manage risks that can hamper a unit's ability to achieve its goals. Developments in the financial markets are important risk factors in relation to the group's result and solvency position. In addition to assessing the effects of sudden shifts in the equity markets or interest rates (stress tests), scenario analysis are used to estimate the effect of various sequences of events in the financial markets on the group's financial performance and solvency. This is important input for the Board's general discussion about risk appetite and risk allocation.

Assessments of operational risks are linked to a unit's ability to achieve goals and implement plans. The process covers both the risk of incurring losses and failing profitability linked to economic downturns, changed general conditions, changed customer behaviour, etc, and the risk of incurring losses due to inadequate or failing internal processes, systems, human error or external events.

The group's CFO is responsible for the group's control functions for risk management and internal control. Given the importance of financial market risk in relation to the group's activities, a central risk management function has been established. This has been tasked with supporting the Board and group's executive management team in drawing up a risk strategy and operationalising the setting of limits and risk monitoring across the group's activities. A corporate control function has also been established which is tasked with administering the value-based management system, coordinating planning and budget processes, the management's risk assessments and internal control reporting, as well as Board and management reporting.

The group has a common internal audit function which carries out an independent review of the robustness of the management model. The internal audit function's instructions and annual plan is set by the Board pursuant to current legislation, regulations and international standards. The internal audit function produces quarterly reports for the boards of the group's companies.

The guidelines for the continuous management reporting in Storebrand are drawn up in the strategy and planning process which stipulates goals and action plans. Storebrand Compass is the company's monitoring tool and provides comprehensive reports for management and the Board concerning financial and operational targets for the results, risks and solvency.

The appraisal of Storebrand employees forms an integral part of the value-based management system, and is designed to ensure that the group's strategies are implemented. The principles for earning and paying bonuses to the group's risk managers comply with the regulations relating to remuneration in financial institutions. Employees performing control functions within risk management, internal control and compliance will only receive fixed salaries from 2011.

Financial information and the group's accounting process

The Storebrand Group publishes four interim financial statements in addition to the ordinary annual financial statements. The financial statements shall satisfy legal and regulatory requirements and be prepared in accordance with the adopted accounting policies, and be published according to the schedule adopted by the Board of Storebrand ASA.

Storebrand's consolidated financial statements are prepared by the consolidated financial statements unit, which reports to the group's CFO. Key executives in the consolidated financial statements unit receive a fixed annual remuneration that is not affected by the group's accounting results. The work involved in the preparation of the financial statements is organised in such a way that the consolidated financial statements unit does not carry out valuations of investment assets. Instead it exercises a control function in relation to the accounting processes of the group's companies.

A series of risk assessment and control measures have been established in connection with the preparation of financial statements. Specific reporting instructions are drawn up each quarter and communicated to the subsidiaries. Internal meetings are held prior to subsidiaries' submitting reports, as well as meetings in which the external auditor participates, to identify risk factors and measures linked to important accounting items or other factors. Corresponding quarterly meetings also held with various specialist areas in the group that play an important role in the assessment and appraisal of insurance obligations, investment properties and financial instruments, including lending. These meetings particularly focus on any changes in the market, specific situations relating to individual investments, transactions and operations factors, etc. Valuations associated with important accounting items and any changes to policies, etc are described in a separate document (Valuation Items Memo). The Board's Audit Committee conducts preparatory reviews of interim financial statements and annual financial statements that particularly focus on the valuations and estimations that have been made on the basis of judgements before they are considered by the Board.

Monthly and quarterly operations reports are prepared in which results per business area and product area are analysed and assessed against set budgets. Particular attention is paid to analysing the development of the financial results, risk results and administration results. Operations reporting is reconciled against other accounting reporting. Otherwise, continuous reconciliation of specialist systems, etc. takes place against the accounting system.

11. REMUNERATION OF THE BOARD OF DIRECTORS

(No deviations from the Code of Practice)

The AGM fixes the Board's annual remuneration on the basis of the recommendations of the Election Committee. The fees paid to the members of the Board are not linked to profits, option schemes or similar arrangements. The members of the Board do not receive incentive-based remuneration; instead they receive a fixed annual compensation. The shareholder elected members of the Board do not participate in the company's pension arrangements. None of the shareholder elected members of the Board carries out any duties for the company other than their appointment to the Board. More detailed information on the remuneration, loans and shareholdings of board members can be found in notes 22 (Group) and 5 (ASA) of the notes to the accounts. Board members are encouraged to hold shares in the company.

12. REMUNERATION OF EXECUTIVE PERSONNEL

(No deviations from the Code of Practice)

The Board determines the structure of remuneration for executive personnel in Storebrand. The Board's statement on fixing remuneration is presented to the AGM. The remuneration consists of fixed salaries, bonuses, pension schemes and other personal benefits deemed natural for a financial group. The Board believes the level of total remuneration should be competitive, but that it should not be a pay leader. An annual assessment is carried out based on external market data to ensure remuneration is adequate in relation to equivalent positions in the market. The authorities drew up new regulations in 2010 that regulate remuneration schemes in financial institutions. The Board has adopted a new set of policies for Storebrand that addresses comply with the new requirements.

The Storebrand Group has chosen to only pay fixed salaries to employees for whom control tasks make up a large part of their duties. This is to ensure independence in the execution of the accounting and control tasks. The most important objectives of the bonus model for other executive personnel and employees who influence the company's risk, as it is defined by the authorities, are that bonuses shall help to guide their actions such that they are generally commensurate with the owners' long-term interests, promote good management and control of the company's risk, counter high levels of risk taking, and act as an incentive.

The bonuses awarded are funded in relation to the risk-adjusted value creation. The bonuses awarded are also determined by the unit's and individual's results. The unit's results are measured using a scorecard, which incorporates both quantitative and qualitative goals. The goals are both financial and operational. Employees' performance is monitored by a special monitoring system. Performance is measured in relation to both the execution of individual action plans and compliance with the Storebrand Group's corporate principles. The bonuses awarded are paid into a bonus bank and deposit paid with 1/3 every year. Half of the paid bonus (after tax) must be used to purchase shares in the Storebrand Group at market prices with a three year lock-in period. The unit's scorecard and the individual's action plan are directly linked to the strategy adopted by the Board. This helps to further strengthen agreement between owners and the management. The company is able to withhold previously awarded, but retained, bonuses in the bonus bank if these were obviously paid on the basis of misleading and/or incorrect information.

The "target bonus" is intended over time to lie between 20 per cent and 40 per cent of fixed salary. The bonus awarded for a given year is subject to a fixed ceiling and cannot exceed 90 per cent of the fixed salary. More detailed information about the remuneration of executive personnel can be found in notes 22 (Group) and 5 (ASA). Executive personnel are encouraged to hold shares in the company, including beyond the lock-in period.

13. INFORMATION AND COMMUNICATIONS

(No deviations from the Code of Practice)
The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the AGM. The group's financial calendar is published both on the Internet and in the company's annual report. All reporting is based on the principle of transparency and takes into account the need for the equal treatment of all participants in the securities markets and the rules concerning good stock exchange practice. Further information can be found on page 40-42.

14. TAKE-OVERS

(No deviations from the Code of Practice)
The articles of association do not impose any restrictions on the purchase of shares in Storebrand. The Board shall ensure that all shareholders are treated equally and have an opportunity to consider the presented bid. The Board will, as far as possible, obtain information about the bidder and make this available to all shareholders. The Board will also consider the bid and seek to issue a statement on the Board's assessment of the bid, as well as seek to obtain a valuation from an independent expert. The Board will in the event of any take-over bid seek, to the extent possible, to maximise the shareholders' assets.

15. AUDITOR

(No deviations from the Code of Practice)
The external auditor is elected by the AGM, and is responsible for the financial auditing of the group. The external auditor issues an auditor's report in connection with the annual financial statements and conducts limited audits of interim financial statements. The external auditor attends board meetings in which interim financial statements are approved, all meetings of the Control Committee, and all meetings of the Audit Committee, unless the items on the agenda do not require the presence of the auditor. In 2007, the Board decided that the external auditor must rotate the partner responsible for the audit assignment every seven years. The external auditor's work and independence are evaluated every year by the Board's Audit Committee. Deloitte has been elected by Storebrand ASA's AGM as the company's external auditor. The other companies in the group use the same auditors as Storebrand ASA.

OTHER

As one of the largest investors in the Norwegian stock market, Storebrand has considerable potential influence over the development of listed companies. Storebrand pays great attention to exercising its ownership on the basis of straightforward and consistent ownership principles. Storebrand applies the Norwegian Code of Practice for Corporate Governance in this role. Storebrand has had an administrative Corporate Governance Committee since 2006. The committee is responsible for ensuring good corporate governance practice across the Storebrand Group. Storebrand has issued guidelines with respect to employees holding non-executive appointments in companies outside the group.

Further information on Storebrand's corporate governance can be found on www.storebrand.no › Corporate Responsibility › Corporate Governance, including CVs and overviews of the members of Storebrand's corporate bodies, the articles of association, and ownership principles.

Members of Storebrand's corporate bodies

BOARD OF REPRESENTATIVES

Chairman:
Terje R. Venold

Deputy Chairman
Vibeke Hammer Madsen

Members (elected by shareholders):
Johan H. Andresen jr.
Trond Berger
Roar Engeland
Tore Eugen Kvalheim
Marianne Lie
Henrik Madsen
Olaug Svarva
Pål Syversen
Karen Helene Ulltveit-Moe
Merete Egelund Valderhaug

Members (elected by employees):
Tommy Christiansen
Tor Haugom
Nina Hjellup
Unn Kristin Johnsen
Rune Pedersen
Trond Thire

Deputy members (elected by shareholders):
Anne-Lise Aukner
Tuss Benum
Morten Fon
Elin Korvald
Lars Tronsgaard

Deputy members (elected by employees):
May-Helene Moldenhauer
Arild Thoresen

BOARD OF DIRECTORS OF STOREBRAND ASA

Chairman:
Birger Magnus (11)

Board members:
Halvor Stenstadvold (10)
Jon Arnt Jacobsen (11)
John S. Dueholm (10)
Annika Lundius (11)
Birgitte Nielsen (11)
Heidi Skaaret (6)

Board members (elected by employees):
Ann-Mari Gjøstein[1] (11)
Knut Dyre Haug[1] (11)
Kirsti Valborgland[1] (7)

REMUNERATION COMMITTEE

Chairman:
Birger Magnus

Members:
Birgitte Nielsen
Ann-Mari Gjøstein

AUDIT COMMITTEE

Chariman:
Halvor Stenstadvold

Members:
Knut Dyre Haug
Heidi Skaaret

CONTROL COMMITTEE

Chariman:
Elisabeth Wille

Deputy member:
Finn Myhre

Members:
Ole Klette
Harald Moen
Tone Margrethe Reierselmoen

Deputy member:
Ida Hjort Kraby

ELECTION COMMITTEE

Chariman:
Terje R. Venold

Members (elected by shareholders):
Helge L. Baastad
Johan H. Andresen jr.
Olaug Svarva

Observer (elected by employees):
Rune Pedersen

1 Not independent, see page 43 regarding corporate governance.
( ) Number of board meetings participated in 2010.

Storebrand's Executive Management

IDAR KREUTZER	ODD ARILD GREFSTAD	LARS AA. LØDDESØL	SARAH MCPHEE	HANS AASNÆS

IDAR KREUTZER

48 years

CEO

Master's degree in economics and business administration, Norwegian School of Economics and Business Administration (NHH).

Previous positions:
1995-2000 CFO, Storebrand ASA.
Chair of Corporate Assembly and member of Nomination Committee, Orkla ASA.
Deputy Chair of Corporate Assembly, Statoil ASA.
Member of Corporate Assembly, Norsk Hydro ASA

Honorary:
Board member, FNO.
Board member, Fazer.
Council Member, World Business Council for Sustainable Development (WBCSD).

Number of shares: 96,232

ODD ARILD GREFSTAD

45 years

Executive Vice President, Chief Financial Officer and Group Legal

State Authorised Public Accountant and Authorised Financial Analyst (AFA), Norwegian School of Economics and Business Administration (NHH).

Previous positions:
1998-2002 CFO Storebrand Group/Head of Business Control, Storebrand ASA.
1997-1998 Group Controller, Storebrand ASA.
1994-1997 Vice President, Internal Audit, Storebrand ASA.
1989-1994 auditing, Arthur Andersen & Co.

Number of shares: 30,018

LARS AA. LØDDESØL

46 years

Executive Vice President, Life and Pensions Norway and Managing Director, Storebrand Livsforsikring AS

Master's degree in economics and business administration, Norwegian School of Management (BI), MBA, Thunderbird (AGSIM), USA.

Previous positions:
2004-2007 Executive Vice President, Corporate Market, Storebrand Livsforsikring AS.
2001-2004 Finance Director, Storebrand ASA.
1994-2001 Vice President, Citibank International plc.
1990-1994 Asst. Treasurer, Scandinavian Airlines Systems.

Number of shares: 32,149

SARAH MCPHEE

56 years

Executive Vice President, Life and Pensions Sweden and Managing Director, SPP AB

MA Latin American studies, Stanford University, Master's degree in economics and business administration, Handelshögskolan Stockholm, BA Modern European History, Wesleyan University. CEP, L'Institut d'Etudes Politiques Paris.

Previous positions:
2004-2008 Executive Vice President and CIO, AMF Pension.
2001-2004 Head of ALM and Risk Management, Fourth AP Fund.
1998-2001 Director of Credit and Risk, GE Capital Nordic.
1992-1998 Chief Group Risk Controller, Svenska Handelsbanken AB.
1986-1992, Director, Financial Services, PricewaterhouseCoopers.

Number of shares: 39,532

HANS AASNÆS

47 years

Executive Vice President, Long Term Savings and Asset Management, Managing Director, Storebrand Kapitalforvaltning AS

Agronomist, Agricultural University of Norway, Advanced Studies Business Analysis, Norwegian School of Economics and Business Administration (NHH) and Authorised Financial Analyst (AFA) (NHH), Programme for Executive Development (PED), IMD Lausanne.

Previous positions:
2001-2005 Investment Director, Storebrand Kapitalforvaltning AS.
1994-2001 Head of Norwegian and International Equities, Storebrand Kapitalforvaltning AS.
1990-1994 Derivatives Specialist, Orkla Finans.

Number of shares: 48,750

Organisational changes will take effect in the Storebrand Group on 1 March 2011, and changes have been made to the composition of the executive management. Storebrand's executive management will have the following composition:

- *CEO Storebrand ASA, Idar Kreutzer*
- *CFO and COO, Lars Aa. Løddesøl*
- *CEO Storebrand Livsforsikring AS, Odd Arild Grefstad*
- *CEO SPP Livförsäkring AB, Sarah McPhee*
- *CEO Storebrand Kapitalforvaltning AS, Hans Aasnæs*
- *Executive Vice President, Insurance, Gunnar Rogstad*

The CEO of Storebrand Bank ASA, Truls Nergaard, and Executive Vice President of Corporate Communications and Market Communication, Egil Thompson, will still report to the CEO of Storebrand ASA.

GUNNAR ROGSTAD

54 years

Executive Vice President, Storebrand Direkte

Cand. jur, University of Oslo.

Previous positions:
2006-2009 CEO, Storebrand Skadeforsikring AS.
2005 Executive Vice President, Sampo.
2002-2005 Executive Vice President, Head of Business Area Private Nordic, If Skadeforsikring.
1999-2002 Nordic Head of Corporate Claims, If.
1984-1999 National and Regional Sales Manager, corporate life and non-life, UNI Storebrand.
1984 Product Manager, UNI Forsikring.
1982-1984 Product Manager/ Claims Handler, Norges Brannkasse.

Number of shares: 102,040

EGIL THOMPSON

46 years

Executive Vice President, Corporate Communications and Marketing

Cand. polit, University of Oslo.

Previous positions:
2000-2009 Executive Vice President, Corporate Communications and Business Policy, Storebrand ASA.
1999-2000 Deputy Director, Corporate Communications, Storebrand ASA.
1994-1999 journalist and head of editorial staff, Aftenposten AS.
1990-1994 journalist, NTB AS.

Number of shares: 19,632

ELIN M. MYRMEL-JOHANSEN

37 years

Executive Vice President, Corporate Responsibility

Cand. polit, University of Bergen, Master of Science in Comparative Politics, LSE.

Previous positions:
2005–2007 Manager, Corporate Responsibility, Storebrand ASA.
2004 Internal Brand Manager, Storebrand ASA.
2002-2003 Acting Manager, Corporate Responsibility, Storebrand ASA.

Number of shares: 8,491

ROAR THORESEN

53 years

Executive Vice President, Operative Processes

Programme for Executive Development (PED), IMD Lausanne, Master of Science, Naval Technology, Norwegian Institute of Technology (now NTNU).

Previous positions:
2002-2006 Executive Vice President, Strategic Business Development, Storebrand ASA.
1989-2002 Consultant/Managing Partner/CEO, PA Consulting Group.
1986-1989 Vice President, Mandator AS (now Bouvet ASA).
1982-1985 Consultant, Arthur Andersen & Co (now Accenture).

Number of shares: 32,888

TRULS NERGAARD

51 years

Managing Director, Storebrand Bank ASA

Master's degree in economics and business administration, Norwegian School of Management (formerly Handelsakademiet), MBA, Thunderbird (AGSIM), USA.

Previous positions:
2009–2010 Director Corporate Market, Storebrand Bank.
2007–2009 Senior Adviser, DTZ Realkapital AS.
2004–2007 Executive Vice President, head of DnB NOR's activities in the USA.
2002–2004 Corporate Finance, DnB Markets.
1996–2002 Bank Manager, DnB group customer division.
1987–2002 Account Manager, DnB group customers.

Number of shares: 10,967

STOREBRAND GROUP

STOREBRAND ASA

PROFIT AND LOSS ACCOUNT STOREBRAND GROUP

1 January – 31 December

NOK million	Notes	2010	2009
Net premium income	11	28,661	26,475
Net interest income - banking activities	12	457	423
Net income from financial assets and property for the company:			
- equities and other units at fair value	13	64	-121
- bonds and other fixed-income securities at fair value	13	265	820
- financial derivatives at fair value	13	221	129
- net income from bonds at amortised cost	13	15	-21
- net income from properties	14	52	57
- result from investments in associated companies	30	2	-2
Net income from financial assets and real estate for the customers:			
- equities and other units at fair value	13	9,031	7,058
- bonds and other fixed-income securities at fair value	13	3,197	6,668
- financial derivatives at fair value	13	2,494	2,988
- to (from) market value adjustment reserve	15	-1,940	-31
- net income from bonds at amortised cost	13	2,069	1,103
- net interest income lending		114	136
- net income from properties	14	1,389	967
- result from investments in associated companies	30	58	
Other income incl. fixed income and currency bank-company	16	1,995	1,766
Other income incl. fixed income and currency bank-customers	16	96	-54
Total income		**48,241**	**48,360**
Insurance claims for own account	17	-21,956	-18,676
Change in insurance liabilities excl. guaranteed return	18	-10,283	-13,642
To/from additional statutory reserves - life insurance		-766	-1,284
Guaranteed return and allocation to insurance customers	18	-9,284	-8,666
Losses from lending/reversal of previous losses	19	-15	-46
Operating costs	20,21,22,23	-3,388	-3,725
Other costs incl. currency bank	24	-294	-407
Interest expenses	25	-648	-670
Total costs before amortisation and write-downs		**-46,634**	**-47,115**
Profit before amortisation and write-downs		**1,608**	**1,245**
Write-down of intangible assets	27	-10	-6
Amortisation of intangible assets	27	-380	-384
Group pre-tax profit		**1,217**	**855**
Tax cost	26	300	47
Result after tax sold/discontinued operations	56	-37	31
Profit/loss for the year		**1,480**	**934**
PROFIT/LOSS FOR THE YEARS DUE TO			
Majority's share of profit		1,471	928
Minority's share of profit		9	5
Total		**1,480**	**934**
Earnings per ordinary share (NOK)		3,30	2,08
Average number of shares as basis for calculation (million)		446	446
There is no dilution of the shares			

1 January – 31 December

NOK million	**2010**	**2009**
Profit/loss for the year	1,480	934
OTHER RESULT ELEMENTS		
Change in pension experience adjustments, net of tax	-327	135
Restatement differences, after tax	59	-27
Adjustment of value of properties for own use, net of tax	-57	-4
Gains/losses available-for-sale bonds	-52	-1,377
Total comprehensive income elements allocated to customers	110	1,377
Total other result elements	**-268**	**105**
Total comprehensive income	**1,212**	**1,039**
TOTAL COMPREHENSIVE INCOME IS DUE TO:		
Majority's share of total comprehensive income	1,207	1,047
Minority's share of total comprehensive income	5	-8
Total	**1,212**	**1,039**

1 January – 31 December

NOK million	Notes	2010	2009
ASSETS COMPANY PORTFOLIO			
Deferred tax assets	26	132	213
Intangible assets	27	6,840	6,773
Pension assets	21	30	44
Tangible fixed assets	28,29	193	209
Investments in associated companies	30	148	140
Claims from associated companies	30	39	
Bonds at amortised cost	8,32,33,34	299	325
Lending to financial institutions	8,32,33	701	425
Lending to customers	8,32,33,35	34,209	35,843
Reinsurers' share of technical reserves	36	185	1,229
Real estate at fair value	6,37	1,231	1,288
Properties for own use	28, 37	352	336
Biological assets	38	589	552
Accounts receivable and other short-term receivables	32,39	1,900	2,041
Financial assets at fair value:			
- Equities and other units	6,9,32,40	351	365
- Bonds and other fixed-income securities	6,8,9,32,41	19,013	20,834
- Derivatives	8,9,32,42	1,285	1,250
Bank deposits	8,32	2,472	3,184
Assets sold/discontinued operations	56	73	
Total assets company		**70,041**	**75,053**
ASSETS CUSTOMER PORTFOLIO			
Investments in associated companies	30	60	3
Claims from associated companies	30	227	156
Bonds at amortised cost	8,32,33,34	47,895	44,393
Lending to customers	8,23,33,35	3,219	3,658
Real estate at fair value	6,37	25,871	23,037
Properties for own use	28, 37	1,316	1,382
Accounts receivable and other short-term receivables	32,39	1,964	1,902
Financial assets at fair value:			
- Equities and other units	6,9,32,40	92,492	72,462
- Bonds and other fixed-income securities	6,8,9,32,41	137,732	134,881
- Derivatives	8,9,32,42	3,679	2,752
Bank deposits	8,32	5,918	6,480
Total assets customers		**320,372**	**291,106**
Total assets		**390,414**	**366,159**

1 January – 31 December

NOK million	Notes	2010	2009
EQUITY AND LIABILITIES			
Paid in capital		11,715	11,714
Retained earnings		6,530	5,329
Minority interests		172	174
Total equity		**18,417**	**17,217**
Subordinated loan capital	7,32,33	7,606	7,869
Market value adjustment reserve	15	1,971	31
Insurance reserves - life insurance	45	313,377	286,747
Insurance reserves - P&C insurance	46	936	1,830
Pension liabilities	21	1,456	1,179
Deferred tax	26	169	182
Financial liabilities:			
- Liabilities to financial institutions	7,9,32,33	8,053	11,126
- Deposits from banking customers	7,9,32,33,47	18,799	18,316
- Securities issued	7,32,33	11,623	12,408
- Derivatives company portfolio	8,9,32,42	401	435
- Derivatives customer portfolio	8,9,32,42	851	1,691
Other current liabilities	7,32,48	6,718	7,127
Liabilities sold/discontinued operations	56	37	
Total liabilities		**371,997**	**348,942**
Total equity and liabilities		**390,414**	**366,159**

Lysaker, 15 February 2011
The Board of Directors of Storebrand ASA
Translation – not to be signed

Birger Magnus
Chairman of the Board

Birgitte Nielsen	Jon Arnt Jacobsen	Halvor Stenstadvold	Heidi Skaaret	John S. Dueholm
Annika Lundius	Knut Dyre Haug	Kirsti Valborgland	Ann-Mari Gjøstein	Idar Kreutzer Chief Executive Officer

RECONCILIATION OF GROUP'S EQUITY STOREBRAND GROUP

	Majority's share of equity										
	Paid in capital				Retained earnings						
NOK million	Share capital [1]	Own shares	Share premium reserve	Total paid in capital	Revaluation surplus	Pension experience adjustments	Restatement differences	Other equity [2]	Total retained earnings	Minority interests	Total equity
Equity 31 December 2008	**2,250**	**-23**	**9,485**	**11,711**	**48**	**-608**	**51**	**4,787**	**4,277**	**170**	**16,158**
Profit for the year								928	928	5	934
Change in pension experience adjustments						135			135		135
Change in value of properties for own use					-48			44	-3		-4
Restatement differences							-13		-13	-13	-27
Total other result elements					**-48**	**135**	**-13**	**44**	**118**	**-13**	**105**
Total comprehensive income for the period					**-48**	**135**	**-13**	**973**	**1,047**	**-8**	**1,038**
EQUITY TRANSACTIONS WITH OWNERS											
Own shares		3		3				30	30		32
Share issue										10	10
Purchase of minority interests								-1	-1	3	2
Other								-23	-23		-23
Equity 31 December 2009	**2,250**	**-20**	**9,485**	**11,714**	**0**	**-473**	**37**	**5,765**	**5,329**	**174**	**17,217**
Profit for the year								1,471	1,471	9	1,480
Change in pension experience adjustments						-328			-328		-328
Restatement differences							64		64	-4	59
Total other result elements					**0**	**-328**	**64**	**0**	**-264**	**-4**	**-268**
Total comprehensive income for the period					**0**	**-328**	**64**	**1,471**	**1,207**	**5**	**1,212**
EQUITY TRANSACTIONS WITH OWNERS											
Own shares		1		1				14	14		15
Share issue										5	5
Purchase of minority interests								9	9	-11	-2
Other								-29	-29		-29
Equity 31 December 2010	**2,250**	**-19**	**9,485**	**11,715**	**0**	**-801**	**101**	**7,230**	**6,530**	**172**	**18,417**

1 449,909,891 shares with a nominal value of NOK 5.
2 Includes undistributable funds in the risk equalisation fund amounting to NOK 287 million and security reserves amounting NOK 244 million.

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

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

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

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

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

For further information on the Group's fulfilment of the capital requirements, see note 53.

1 January – 31 December

NOK million	2010	2009
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Net receipts - insurance	20,918	13,609
Net payments claims and insurance benefits	-18,092	-15,179
Net receipts/payments - premium reserve transferred	1,007	-589
Receipts - interest, commission and fees from customers	1,719	2,031
Payments - interest, commission and fees to customers	-474	-593
Payment of income tax	-5	
Payments relating to operations	-2,997	-3,176
Net receipts/payments - other operational activities	721	-3,700
Net cash flow from operations before financial assets and banking customers	**2,798**	**-7,597**
Net receipts/payments - lending to customers	2,092	2,942
Net receipts/payments - deposits bank customers	473	31
Net receipts/payments - financial investments	1,027	421
Net receipts/payments - real estate investments	-1,468	253
Net change in bank deposits insurance customers	562	7,306
Net cash flow from financial assets and banking customers	**2,685**	**10,953**
Net cash flow from operational activities	**5,483**	**3,356**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net payments - sale/capitalisation of group companies	-113	-234
Net receipts/payments - sale/purchase of property and fixed assets	-122	-127
Net cash flow from investment activities	**-235**	**-361**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments - repayments of loans	-4,612	-7,785
Receipts - new loans	2,709	1,757
Payments - interest on loans	-769	-836
Receipts - subordinated loan capital		981
Payments - repayment of subordinated loan capital	-175	-3,408
Payments - interest on subordinated loan capital	-558	-642
Net receipts/payments - deposits from Norges Bank and other financial institutions	-2,163	3,790
Receipts - issuing of share capital	9	
Payments - repayment of share capital		10
Net cash flow from financing activities	**-5,559**	**-6,134**
Net cash flow for the period	**-311**	**-3,139**
- of which net cash flow in the period before financial assets and banking customers	-2,997	-14,092
Net movement in cash and cash equivalents	-311	-3,139
Cash and cash equivalents at start of the period for new companies		4
Cash and cash equivalents sale/discontinued operations of companies	-126	
Cash and cash equivalents at start of the period	3,609	6,744
Cash and cash equivalents at the end of the period [1]	**3,172**	**3,609**
[1] Consist of:		
Lending to financial institutions	701	425
Bank deposits	2,472	3,184
Total	**3,172**	**3,609**

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

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

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

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

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

01 Accounting policies

The accounting policies used for the preparation of the consolidated financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Basic policies

The consolidated financial statements of Storebrand ASA are prepared in accordance with the EU approved International Financial Reporting Standards (IFRS) and appurtenant interpretations, as well as other Norwegian disclosure obligations pursuant to the law and regulations.

Use of estimates in preparing the annual financial statements

The preparation of the annual financial statements in accordance with IFRS requires the management to make valuations, estimates and assumptions that affect assets, liabilities, revenue, costs, the notes to he financial statements and information on potential liabilities. The final values realised may differ from these estimates. See note 3 for further information about this.

Standards and interpretations of existing standards and where Storebrand has not chosen early application

The Group has not made any changes to the accounting policies applied in 2010.
Changes have been made to the following standards and these came into force on 1 January 2010:

- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements

Changes to accounting standards have had no effect on the Group's financial reporting as 31 December 2010.

Summary of central accounting policies for important statement of financial position items

The assets side of the Group's statement of financial position primarily consists of investment properties and financial instruments. Investment properties are stated at fair value. The majority of financial instruments are stated at fair value, while other financial instruments that fall into the category Lending and receivables are stated at amortised cost. The statement of financial position also includes activated intangible assets, which primarily consist of excess values linked to acquired insurance contracts. These excess values are stated at cost price less an annual amortisation.

The liabilities side of the Group's statement of financial position primarily consists of financial instruments (liabilities) and technical insurance reserves. With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The technical insurance reserves are intended to cover liabilities linked to issued insurance contracts. It is a requirement that the reserves must be adequate. Various methods and principles are applied to establish the reserves for various insurance contracts. A significant proportion of the insurance liabilities are related to insurance contracts with an interest guarantee. Recognised liabilities linked to Norwegian insurance contracts with an interest guarantee are discounted using the premium calculation rate. Recognised liabilities linked to Swedish insurance contracts with an interest guarantee are discounted using a market interest rate. The reserve for the savings elements of pension insurance contracts will correspond with the pertinent asset portfolios.

The accounting policies are described in more detail below.

Consolidation

The consolidated financial statements combine Storebrand ASA and companies where Storebrand ASA has the power to exercise a controlling influence. A controlling influence is normally achieved where the Group owns, directly or indirectly, more than 50 per cent of the shares in a company and the Group has the power to exercise control over the company. Minority interests are included in the Group's equity.

The acquisition method of accounting is used to account for the purchase of subsidiaries. Investments in associated companies (normally investments of between 20 per cent and 50 per cent of the associated companies' equity) where the company exercises significant influence are consolidated in accordance with the equity method. Interests in joint ventures are consolidated in accordance with the proportional consolidation method, i.e. by including the proportion of revenue, costs, assets and liabilities in the appropriate lines in the financial statements.

Presentation currency and currency conversion for foreign companies

The Group's presentation currency is the Norwegian krone (NOK). Foreign companies included in the Group that use a different functional currency are translated to NOK by converting the profit and loss account at the average exchange rate for the accounting year and converting the statement of financial position at the exchange rate at close of the accounting year. Any revaluation differences are booked directly against equity.

Elimination of internal transactions

Internal receivables and payables, internal profits and losses, interest and dividends, etc. between Group companies are eliminated in the consolidated financial statements. Transactions between customer portfolios and the company portfolio in life and pensions and between the customer portfolios in life and pensions and other units in the Group are not eliminated in the consolidated financial statements.

Integration of business

The acquisition method is used when business is acquired. The acquisition cost is measured at its fair value after taking into account any equity instruments as well as direct expenses with respect to the acquisition. Any share issue expenses are not included in the acquisition cost, but are charged to equity.

Identified material and intangible assets and liabilities that have been taken over are stated at their fair value at the time of acquisition. If the acquisition cost exceeds the value of the identified assets and liabilities, the difference is recognised in the financial statements as goodwill. If the acquisition cost is less than the identified assets and liabilities, the difference is recognised in the profit and loss account at the time of the transaction. In the event of acquisitions of less than a 100 per cent of a company, 100 per cent of the extra value or shortfall in market value is recognised in statement of financial position, with the exception of goodwill of which only Storebrand's share is recognised.

Goodwill
Excess value arising from the acquisition of business activities that cannot be allocated to specific asset or liability items at the date of acquisition is classified as goodwill in the balance sheet. Goodwill is stated at its acquisition cost at the time of acquisition. Goodwill acquired by acquiring subsidiaries is classified as intangible assets. Goodwill acquired through interests in associated companies is included in the investment in the associated company and is tested for impairment as part of the value of the write-down recognised in statement of financial position.

Goodwill is not amortised, but is tested annually for impairment. If the relevant discounted cash flow is lower than the book value, goodwill is written down to fair value. Write-downs of goodwill are never reversed, even if there is information in future periods that the impairment no longer exists or is of a lesser amount. Gains or losses on the sales of companies in the Group include the goodwill related to the company in question.

Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. Cash flow generating units are identified in relation to operational segments.

Intangible assets
Intangible assets with limited usable lifetimes are stated at acquisition cost less accumulated depreciation and any write-downs. The depreciation period and the method of depreciation are reviewed annually. New intangible assets are only capitalised if it can be demonstrated that it is likely that the Group will gain future commercial benefit that is directly applicable to the asset in question. In addition, it must be possible to estimate the cost price of the asset reliably. The value of an intangible asset is tested for impairment if there are indications of a fall in its value; otherwise intangible assets are subject to write-downs and reversals of write-downs in the same manner described for tangible fixed assets. When insurance contracts are purchased as part of the integration of an enterprise, the insurance obligations are recognised on the basis of the underlying company's accounting policies. Extra value linked to these obligations, which is often referred to as the value of business in force (VIF), is recognised as an asset. A sufficiency test must be conducted of the insurance obligation, including VIF, pursuant to IFRS 4 every time the financial statements are presented. The test conducted looks at the calculated present values of cash flow to the contract issuer, often called embedded value. Any write-down of VIF will be reversed if the basis for the write-down no longer exists.

Straight-line depreciation is applied over the following periods:

• Contractual customer relationships	5-7 years
• Value of business in force – VIF	20 years
• IT systems	3-8 years

Intangible assets with unspecified usable lifetimes are not written down, but are tested for impairment annually and at other times if there are indications of a fall in their value with a consequent need for a write-down.

Investment properties
Investment properties are stated 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 primarily consist of centrally located office buildings and shopping centres. Properties leased to tenants outside the Group are classified as investment properties. In the case of properties occupied partly by the Group for its own use and partly let out to tenants, the identifiable tenanted portion is treated as an investment property.

See note 37 for more information about investment properties.

Financial instruments

General policies and definitions

Recognition and derecognition
Financial assets and liabilities are included in the statement of financial position from such time Storebrand becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is first recognised in the financial statements, it is stated at fair value. First time recognition includes transaction costs directly related to the acquisition or issue of the financial asset/financial liability, if it is not a financial asset/financial liability at fair value in the profit and loss account.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognised in the balance sheet when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost
Subsequent to inception, hold-to-maturity financial assets, loans and receivables as well as financial liabilities not at fair value in the profit and loss account, are stated at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Definition of fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, voluntary parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or in another regulated market place in which regular trading takes place is

determined as the bid price on the last trading day up to and including the statement of financial position date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

If a market for a financial instrument is not active, fair value is determined by using valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

The fair value of loans, which is recognised at amortised cost, is estimated on the basis of the current market rate of interest on similar lending. Write-downs of loans are taken into account both in the amortised cost and when estimating fair value. When estimating the fair value of a loan, consideration is also given to the development of the associated credit risk in general.

Impairment of financial assets
In the case of financial assets that are not recognised at fair value, consideration is given on each statement of financial position date to whether there is objective evidence that the value of a financial asset or a Group of financial assets is impaired.

If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's book value and the present value of estimated cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate (effective interest rate calculated at the time of inception). The amount of the loss is recognised in the profit and loss account.

Losses that are expected to occur as a result of future events are not included in the financial statements; regardless of how likely it is that the loss will occur.

Classification and measurement of financial assets and liabilities
Financial assets are classified into one of the following categories:
- held-for-sale
- at fair value through profit or loss in accordance with the fair value option (FVO)
- hold-to-maturity investments
- loans and receivables
- available-for-sale

Held for sale
A financial asset is classified as held-for-sale if it is:
- acquired or incurred principally for the purpose of selling or repurchasing it in the near term, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative except for a derivative that is a designated as an effective hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand's financial assets fall into this category.

Held-for-sale financial assets are measured at fair value on the statement of financial position date. Changes in fair value are recognised in the profit and loss account.

At fair value through profit or loss in accordance with the fair value option (FVO)
A significant proportion of Storebrand's financial instruments are classified as at fair value through profit and loss because:
- such classification reduces a mismatch that would otherwise have occurred in measurement or recognition as a result of different rules for measurement of assets and liabilities, or because
- the financial assets form part of a portfolio that is managed and reported on a fair value basis.

The accounting treatment is equivalent to that for held-for-sale assets.

Hold-to-maturity investments
Hold-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the intention and ability to hold-to-maturity, with the exclusion of:
- assets that are designated at inception as assets at fair value in the profit and loss account, and
- assets that are defined as loans and receivables.

Hold-to-maturity investments are recognised at amortised cost using the effective interest method. In 2008, all the financial instruments included in the hold-to-maturity category were reclassified and the residual holding was as per 31 December 2010 all included in the available-for-sale category. The hold-to-maturity category can again be used in Storebrand's consolidated financial statements from 1 January 2011.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of such assets that the company intends to sell immediately or in the short term that are classified as held-for-sale and such assets that the company designates at inception as assets at fair value in the profit and loss account.

Loans and receivables are stated at amortised cost using the effective interest method.

Loans and receivables that are designated as hedged items are subject to measurement in accordance with the requirements of hedge accounting.

Available-for-sale
Financial assets are classified as available-for-sale if they are non-derivative financial assets that are classified as available-for-sale or are not classified as a) loans and receivables, b) hold-to-maturity investments, or c) financial assets at fair value through profit or loss.

Share lending
A stock loan involves a transfer of shares from the company to a borrower in return for the borrower pledging security in the form of cash or securities. At the maturity of the stock loan, the identical securities are returned to Storebrand. The borrower is required to compensate the lender for various events related to the shares lent, such as distributions of subscription rights, dividends etc. The borrower is entitled to exercise the voting rights of the shares during the period of the stock loan. Shares lent out by Storebrand are not removed from the statement of financial position, and fees earned on stock lending are recognised as income as they are received. Received cash collateral and any reinvested collateral are recognised at their gross value. Reinvested collateral is recognised at its gross value in the statement of financial position under the individual asset.

Derivatives
Derivatives are defined as follows:
A derivative is a financial instrument or other contract within the scope of IAS 39 and which has all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it will be settled at a future date

Accounting treatment of derivatives that are not hedging
Derivatives that do not meet the criteria for hedge accounting are treated as available for sale financial instruments. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value in the profit and loss account.

The major part of derivatives used routinely for asset management fall into this category.

Accounting treatment of derivatives that are hedging
Fair value hedging
Storebrand uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over the profit and loss account (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount of the item and are recognised in the profit and loss account.

Hedging of net investments
Hedging of net investments in foreign businesses is recognised in the accounts in the same way as cash flow hedging. Gains and losses with respect to the hedging instrument that relates to the effective part of the hedging is recognised directly against equity, while gains and losses that relate to the ineffective part are recognised in the accounts in the profit and loss account immediately.

The total loss or gain in equity is recognised in the profit and loss account when the foreign business is sold or run-off.

Storebrand utilises the rules concerning the hedging of net investments with respect to the investments in the subsidiary SPP.

Financial liabilities
Subsequent to inception, all financial liabilities are measured at amortised cost using an effective interest method or at fair value.

Interest income and interest expense banking
Interest income and interest expense are recognised in the profit and loss account at amortised cost using the effective interest method. The effective interest method includes set-up charges.

Accounting for the insurance business
The accounting standard IFRS 4 Insurance Contracts addresses the accounting treatment of insurance contracts. The Storebrand Group's insurance contracts fall within the scope of the standard. IFRS 4 is meant to be a temporary standard and it allows the use of non-uniform principles for the treatment of insurance contracts in consolidated financial statements. In the consolidated accounts the technical insurance reserves in the respective subsidiaries, calculated on the basis of the individual countries' particular laws, are carried forward. This also applies to insurance contracts acquired via the integration of companies. In such cases, positive excess values, cf. IFRS 4 no. 31b), are activated as intangible assets.

Pursuant to IFRS 4 the technical insurance reserves must be adequate. When assessing the adequacy associated with recognised acquired insurance contracts including pertinent activated intangible assets, reference must also be made to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and so-called embedded value calculations.

The accounting policies for the most important technical insurance reserves are explained below.

General - life insurance

Profit allocated to insurance policyholders
The guaranteed yield on the premium reserve and on the premium fund, as well as the other return for customers is recognised in the profit and loss account as part of the item 'guaranteed yield and allocation to insurance policyholders'.

Premium reserve
Premium reserve represents the present value of the company's total insurance obligations including administration costs in accordance with the individual insurance contracts, after deducting the present value of future premiums. In the case of individual account policies with flexible premium payments, the total policy value is included in the premium reserve. The premium reserve is equivalent to 100 per cent of the guaranteed surrender/transfer value of insurance contracts prior to any charges for early surrender/transfer and the policies' share of the market value adjustment reserve.

The premium reserve is calculated using the same assumptions as those used to calculate premiums for individual insurance contracts, i.e. assumptions about mortality and disability rates, interest rates and costs. Premium tariffs are based on the observed level of mortality and disability in the population with the addition of security margins that take into account, inter alia, expected future developments in this respect.

The premium reserve includes reserve amounts for future administration costs for all lines of insurance including settlement costs (administration reserve). In the case of paid-up policies, the present value of all future administration costs is provided in full in the premium reserve. In the case of policies with future premium payments, deduction is made for the proportion of future administration costs expected to be financed by future premium receipts.

A substantial proportion of the Norwegian insurance contracts have a 1 year interest guarantee meaning that the guaranteed return must be achieved every year. Meanwhile, a substantial proportion of the Swedish insurance contracts have a guaranteed return up to the time of the pension payments.

Insurance obligations special investments portfolio
The insurance reserves allocated to cover obligations associated with the value of the special investments portfolio must always equal the value of the investments portfolio assigned to the contract. The proportion of profit in the risk result is included. The company is not exposed to investment risk versus customer assets since the customers are not guaranteed a minimum return. The only exception is in the event of death when the beneficiaries are paid back the amount originally paid-in for annuity insurance.

Claims reserve
Amounts reserved for claims either not yet reported or not yet settled (IBNR and RBNS). The reserve only covers amounts which might have been paid in the accounting year had the claim been settled.

Premium income
Net premium income comprises premium amounts that fall due (including savings elements) during the year, transfers of premium reserve and premiums on reinsurance ceded. Upfront pricing of guaranteed interest and the risk profit element are included in premium income. Accrual of premiums earned is made through allocations to the premium reserve in insurance reserves.

Claims paid
Claims for own account comprise claims settlements paid out less reinsurance received, premium reserves transferred to other companies, reinsurance ceded and changes in claims reserves. Claims not settled or paid out are provided for by allocation to the claims reserve as part of allocations to technical insurance reserves.

Transfers of premium reserves, etc (transfers)
Transfers of premium reserves resulting from transfers of policies between insurance companies are booked to profit and loss as premiums for own account in the case of reserves received and claims for own account in the case of reserves paid out. The recognition of cost/income takes place at the date the insured risk is transferred. The premium reserve in the insurance reserves is reduced/increased on the same date. The premium reserve transferred includes the policy's share in additional statutory reserves, the market value adjustment reserve and the year's profit. Transferred additional statutory reserves are not shown as part of premium income but are reported separately as changes in insurance reserves. Transfer amounts are classified as current receivables/ liabilities until such time as the transfer takes place.

Selling expenses
Selling expenses in the Norwegian life insurance business are recognised as costs, while in the Swedish subsidiaries selling expenses are recognised in the statement of financial position and amortised.

Life insurance - Norway

Additional statutory reserves
The company is allowed to make additional statutory allocations to the insurance fund in order to ensure the solvency of its life insurance business. The maximum additional statutory reserve is set as the difference between the premium reserve calculated on the basis of a guaranteed return on policies outstanding, and the premium reserve calculated on the basis of the actual guaranteed return in the policies. The Norwegian FSA has specified a limit for the additional statutory reserves that apply to each policy. This is defined as the premium reserve for the policy multiplied by twice the guaranteed rate for the policy.

The company is allowed to apply a higher multiple of the basic interest rate than that defined by The Norwegian FSA. The allocation to additional statutory reserves is a conditional allocation to policyholders that is recognised in the profit and loss account as a statutory reserve and accordingly reduces net profit. Additional statutory reserves can be used to meet a shortfall in the individual customer's guaranteed return. This is shown in the profit and loss account in the item 'to/ from additional statutory reserves'. The amount released cannot exceed the equivalent of one year's interest rate guarantee.

Premium fund, deposit reserve and pensioners' surplus fund
The premium fund contains premiums prepaid by policyholders as a result of taxation regulations for individual and group pension insurance and allocated profit share. Credits and withdrawals are not booked through the profit and loss account but are taken directly to the statement of financial position.

The pensioners' surplus fund contains surplus premium reserve amounts allocated in respect of pensions in payment that are part of group pension policies. The fund is applied each year as a single premium payment to secure additional benefits for pensioners.

Insurance obligations special investments portfolio
If a return guarantee is linked to a special investments portfolio, a supplementary provision is made to cover the guarantee obligation. The supplementary provision to cover the company's obligation pursuant to section 11-1, fourth paragraph, of the Companies Pension Act shall equal the difference between the capitalised value of the company's obligations vis-à-vis the insured, calculated pursuant to section 9-16 of the Insurance Act and the value of the investments portfolio.

Market value adjustment reserve
Net unrealised gains/losses for the current year on financial assets at fair value in the group portfolio in Storebrand Livsforsikring AS are allocated to/reversed from the market value adjustment reserve in the statement of financial position assuming the portfolio has a net unrealised extra value. That part of the net unrealised gains/ losses for the current year on financial current assets denominated in foreign currencies that can be attributed to movements in exchange rates are not transferred to the market value adjustment reserve. Similarly, the change in the value of the hedging instrument is not transferred to the market value adjustment reserve, but is charged directly to profit and loss. The foreign exchange risk associated with investments denominated in foreign currencies is to a very large extent hedged through foreign exchange contracts on a portfolio basis. In accordance with the accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

Risk equalisation fund
Up to 50 per cent of the risk result for group pensions and paid up policies can be set aside in the risk equalisation fund to cover any future negative risk result. The risk equalisation fund is included as part of equity.

Life insurance - Sweden

Life insurance reserves
In 2009, SPP introduced a cash flow model for use when discounting life insurance reserves. The model employs a swap curve (monthly) for the term to maturity in those cases where it is assessed that there is sufficient liquidity in the Swedish market.

A normal rate is fixed for other cash flows. This is the sum of the long-term inflation assumptions, real interest rate and risk premium.

Reserves for unfixed insurance instances
The reserves for claims that have been incurred consist of reserves for disability pensions, established claims, unestablished claims and claims processing reserves. When assessing the reserves for disability pensions a risk free market interest rate is used, which takes into account future index adjustment of the payments. In addition provisions are made for calculated claims that have been incurred but not reported (IBNR).

Conditional bonus
The conditional bonus arises when the value of customer assets is higher than the present value of the liabilities and it thus covers that part of the insurance capital that is not guaranteed. In the case of contracts where the customer assets are lower than the liabilities, the owners' result is charged via deferred capital contribution allocations. The conditional bonus and deferred capital contribution are recognised on the same line in the statement of financial position.

P&C insurance

Insurance premiums are recognised as income in pace with the period of insurance. Costs related to claims are recognised when the claims occur.

The company maintains the following reserves:
Reserve for unearned premium for own account concerns ongoing policies that are in force at the time the financial statements were closed and is intended to cover the contracts' remaining risk period.

The *claims reserve* is a reserve for expected claims that have been notified but not settled. The reserve also covers expected claims for losses that have been incurred, but have not been reported at the expiry of the accounting period. The reserve includes the full amount of claims reported but not completed. A calculated provision is made in the reserve for claims incurred but not reported (IBNR) and claims reported but not settled (RBNS).

The insurance companies in the Group are subject to their own specific legal requirements for technical insurance reserves, including administration reserves, security reserves, and guarantee reserves. In Storebrand's consolidated financial statements, which are prepared in accordance with IFRS, security reserves with high security margin, natural disaster fund, administration reserves, and guarantee reserves are not treated as liabilities and are thus recognised in the Group's equity.

Income recognition for asset management activities

Management fees are recognised when the income is reliable and earned, fixed fees are recognised as income in line with the delivery of the service, and performance fees are recognised as income once the success criteria have been met.

Pension liabilities for own employees

Storebrand's pension scheme for its own employees as per 31 December 2010 is a defined benefit pension scheme. The defined benefit scheme in Norway was closed to new employees from and including 1 January 2011, and as per 31 December 2010 employees could freely choose a defined contribution scheme.

Pension costs and pension liabilities for defined benefit pension schemes are calculated using a linear accrual of entitlement to pension and expected final salary, based on assumptions for discount rate, future salary increases, pensions and benefits from the national insurance fund, the future return on pension assets and actuarial assumptions on mortality, disability and early leavers. The discount rate is equivalent to the risk-free interest rate taking into account the average remaining period for accrual of pension entitlement. The net pension cost for the period is made up of the sum of pension entitlement accrued in the period, interest cost on the calculated pension liability and the expected return on pension assets.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions are recognised against total comprehensive income in the statement of recognised income, expenses and value changes in the period they arose. The effects of changes to the pension scheme are recognised in the profit and loss account as they are incurred, unless the change is conditional on future accrual of pension entitlement. In such a case, the effect is amortised linearly over the time until the entitlement is fully earned. Employer's social security contributions are included in the pension liability and in experience adjustments shown in total comprehensive income.

Storebrand has both insured and uninsured pension arrangements. The insured scheme in Norway is insured with Storebrand Livsforsikring AS (Storebrand Life Insurance), which is a company in the Storebrand Group. Premiums paid on behalf of Storebrand employees in Norway are eliminated from consolidated premium income.

Tangible fixed assets
The Group's tangible fixed assets comprise of equipment, fixtures and fittings, vehicles, IT systems and properties used by the Group for its own activities.

Equipment, fixtures and fittings, and vehicles are stated at acquisition cost reduced by accumulated depreciation and any write-downs.

Properties used for the Group's own activities are stated at written up value less accumulated depreciation and write-downs. The fair value of these properties is tested annually in the same way as described for investment properties. Increases in the value of properties used for the Group's own activities are not recognised in the profit and loss account but are recognised as a change in the revaluation reserve that forms part of equity. Any write-down of the value of such a property is first applied to the revaluation reserve for increases in the value of the property in question. If the write-down exceeds the revaluation reserve for the property, the excess is recognised in the profit and loss account.

The depreciation period and the method of depreciation are reviewed annually to ensure that the method and period used correspond with the financial lifetime of the asset in question. This also applies to the disposal value. Properties are split into components if different parts have different periods of expected commercial life. The depreciation period and method of depreciation are evaluated separately for each component.

Assets are assessed for impairment if there are indications of a fall in its value. Any write-downs are recognised as the difference between the value recognised in the balance sheet and the recoverable amount. The recoverable amount is the highest of fair value less deductions for selling expenses and the value in use. Whether or not any previous write-downs of non-financial assets can be reversed must be assessed on every reporting date.

Tax
The tax cost in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Tax is recognised in the profit and loss account, except when it relates to items that are recognised directly against equity. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recognised in the statement of financial position to the extent it is considered likely that the companies in the Group will have sufficient taxable profit in the future to make use of the tax asset.

Allocated dividend
Pursuant to IAS 10, which deals with events after the balance sheet date, the proposed dividend/group contribution shall be classified as equity until such time as it is approved by the general meeting.

02 Profit sharing and result allocated to owners - life insurance

The generation of the result in a life insurance company is not easy to discern from the profit and loss account. This note provides a description of the content of the various elements of the generated result and an overview of the results allocated to owners and customers.

The result available for profit sharing between owners and customers can be divided up into the following elements:

- Administration result

The administration result is the difference between the premiums paid by customers pursuant to the tariff and the company's actual operating costs. The income consists of fees based on the size of customer assets, premium volumes or number in the form of unit price. Operating costs consist of, among other things, personnel costs, marketing, commissions and IT costs.

- Risk result

The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents.

- Financial result

The financial result consists of the net financial income from financial assets for the group portfolio less the guaranteed return.

Owners' result generation
Descriptions of the result allocated to owners in the Norwegian and Swedish business are provided below.

Life and Pensions Norway

Financial performance - Life and Pensions Norway

NOK million	Group defined benefits fee-based	Group investment with choice and unit-linked fee based	Risk products	Individual and paid-up policies profit sharing	Company portfolio/ other	2010	2009
Administration result	-28	54	-39	33		19	-169
Risk result	76	54	81	1		212	229
Financial result [1]		17	93	64	-55	119	201
Price of interest guarantee and profit risk	543	15				557	478
Other	-40		12		-2	-30	20
Pre-tax profit	**550**	**139**	**148**	**98**	**-57**	**877**	**759**
Assets under management (NOK billion)	85	20	3	83	8	200	185

1 *Interest result and profit sharing.*

Administration result
The administration result line includes all products apart from traditional individual products with profit sharing. Administration and management costs must be charged upfront each year, and represent the final cost for the customer. The insurance company must then meet any deficit in the administration and management result, and similarly any profit is retained by the company. Where a policy's assets are managed in the investment choice portfolio, the premium charged for asset management must be shown as a separate element of the overall charge.

Risk result
The risk result from risk products is paid to the company.

In the case of group defined benefit pensions and newly established guaranteed individual products the profit from insurance risk goes to customers, while any deficit in the risk result must basically be covered by the insurance company. However, up to half of any risk profit on a particular line of insurance may be held in a risk equalisation fund. A deficit due to risk elements can be covered by the risk equalisation fund. The risk equalisation fund can as a maximum amount to 150 per cent of the total risk premium. The risk equalisation fund is classified as equity.

Financial result
The net return on share capital is paid to the company. Share capital consists of equity and subordinated loans.

Any negative returns in customer portfolios and returns lower than the interest guarantee that cannot be covered by additional statutory reserves must be covered by the company's equity and will be included in the financial result line.

The return from risk products is paid to the company and included in the financial result.

Profit sharing
Profit sharing is also included in the financial result line. A modified profit sharing regime was introduced for old and new individual policies that have left group pension insurance policies (paid-up policies) that allows the company to retain up to 20 per cent of the profit from returns after any allocations to additional statutory reserves. The modified profit sharing model means that any negative risk result can be deducted from the customers' interest profit before sharing if it is not covered by the risk equalisation fund.

Individual endowment insurance and pensions in the company prior to 1 January 2008 will continue to apply the profit rules that applied prior to 2008. New contracts may not be established in this portfolio. The company can retain up to 35 per cent of the total result after allocations to additional statutory reserves.

Price of return guarantee and profit risk
The return guarantees in group pension insurance with a return guarantee must be priced upfront. The level of the return guarantee, size of the buffer capital (additional statutory reserves and unrealised gains), and the investment risk of the portfolio in which the pensions assets are invested determines the price the customer pays for his or her return guarantee. Return guarantees are priced on the basis of the risk the equity is exposed to. Group pension customers can choose an investment profile with a low proportion of equities, which normally results in a lower risk of losses and lower expected return. A larger proportion of equities will normally result in a higher expected return, but also a higher price for the return guarantee. Higher returns will over time reduce the customer's pension costs. The additional statutory reserves can only be used to cover deficient returns between zero and the guaranteed return for own contract. The insurance activities act stipulates the maximum size of additional statutory reserves. The insurance company bears all the downside risk, and must carry reserves against the policy if the buffer reserves are insufficient or unavailable.

Group pension customers can choose to invest their assets in a particular investment portfolio. The customers have freedom of choice in that they can choose between standardised risk profiles, or choose almost any investment option within the constraints set by the law and regulations at any given time. Customers can define their investment policies almost as if the management was taking place through a pension fund.

Customers can choose long-term contracts with guarantee periods of up to 5 years. Prices for multi-year return guarantees will be lower than for an annual return guarantee over the same period. However, it is a requirement that the liabilities to the insured must at all times be covered by sufficient technical insurance reserves, and that, if necessary, equity can also be used to ensure adequate reserves during the agreement period. Greater room for agreement exists between the customer and the company in the regulations pertaining to multi-year return guarantees. For example, customers can pledge their own buffer capital as collateral for returns under the calculated interest rate applied to the insurance. Such an increase in the customer's risk also reduces the total price of the return guarantee charged to the customer.

Other result
Consists of the result for subsidiaries and changes in the security and administration reserves for P&C insurance.

Customers' result generation
In the case of group with investment choice and unit linked based products the customers receive the returns on the invested assets. Individual products receive 65 per cent of the total positive administration, risk and financial results. Paid-up policies receive 80 per cent of the positive financial result as well as a minimum of 50 per cent of the positive risk result (up to 50 per cent of the risk result can be allocated to the risk equalisation fund). Group defined benefit fee-based receive the positive financial result as well as a minimum of 50 per cent of the positive risk result (up to 50 per cent of the risk result can be allocated to the risk equalisation fund).

Life and Pensions Sweden

Financial performance - Life and Pensions Sweden

NOK million	Guaranteed products	Unit-linked	BenCo	Company portfolio	2010	2009
Administration result	34	36	8	6	84	-101
Risk result	291	-1	21		311	253
Financial result	11		21		31	260
Other/currency				38	38	74
Result before amortisation and write-downs	**335**	**35**	**49**	**44**	**464**	**486**
Amortisation intangible assets					-348	-340
Pre-tax profit	**335**	**35**	**49**	**44**	**116**	**146**
Assets under management (NOK billion)	75	32	15	10	132	127

Administration result
The administration result for all products are paid or charged to the result allocated to owners. Income and costs related to SPP's consultant and service activities are also included in the administration result.

Risk result
The risk result is paid to the owners in full for all products

Financial result
In the case of insurance products with guaranteed interest, the financial result is primarily affected by three components:
- profit sharing
- indexing fee
- changes in deferred capital contribution to cover guaranteed capital

If the total return on assets in one calendar year for a premium-specific insurance (DC portfolio) exceeds the guaranteed interest, profit sharing will be triggered. When profit sharing is triggered, 90 per cent of the total return on assets is paid to the policyholder and 10 per cent to the company. The company's proportion of the total return on assets is included in the financial result.

In the case of defined benefit contracts (DB portfolio), the company is entitled to charge an indexing fee if the group profit allows the indexing of the insurance, up to a maximum equalling the change in the consumer price index (CPI). The indexing is based on the return between 1 October to 30 September. Half of the fee is charged if the pensions can be indexed by the entire change in the CPI. The entire fee can be drawn if the paid-up policies can also be indexed by the entire change in the CPI. A 100 per cent fee equals 0.8 per cent of the insurance capital.

The guaranteed liability is continuously monitored. If the guaranteed liability is higher than the value of assets, an allocation must be made in the form of a deferred capital contribution. If the assets are lower than the guaranteed liability when the insurance payments start, the company supplies capital up to the guaranteed value in the form of a realised capital contribution. Changes in the deferred capital contribution are included in the financial result. The financial result also includes the result of the hedging programme, which the company uses to protect itself against effects in deferred capital contribution.

The return on risk products is recognised in the financial result.

In the case of unit linked insurance the technical insurance reserves are changed by the market return, regardless of whether it is positive or negative. This means the company has no financial result from unit linked insurance business.

Other result
The other result consists of the return on assets not managed at policyholders' expense, equity and depreciation on intangible assets and interest expenses on subordinated loans.

03 Important accounting estimates and judgements

Estimates and judgements are continually evaluated on the basis of historical experience and anticipated future events. In the future, actual experience may deviate from these accounting estimates, but the estimates are based on best judgement at the time the financial statements are produced.

Changes to estimates linked to insurance reserves, financial instruments, and investment properties associated with life customers in the life business in Storebrand will not necessarily affect the owners' result, though changes to estimates and judgements can affect the owners' result. One key factor will be whether the life customers' assets, including the year's return, exceed the guaranteed liabilities.

A substantial proportion of the insurance contracts in the Norwegian life insurance business include an annual interest guarantee. Changes to estimates and judgements may result in changed returns in customer portfolios. Depending on the size of any fall in value, such a fall in value could be countered, wholly or partly, by a reduction in the market value adjustment reserve and additional statutory reserves such that the effect on the result allocated to owners can be limited.

There are no contracts with an annual interest guarantee in the Swedish business (SPP). However, there are insurance contracts with a final value guarantee. These contracts are discounted by a market interest rate. If the relevant customer assets have a higher value than the recognised values of these insurance-related liabilities, the difference will constitute a conditional customer allocated fund - conditional bonus (buffer capital). Changes to estimates and judgements may result in changed returns in customer portfolios. Depending on the size of any fall in value, such a fall in value could be countered, wholly or partly, by a reduction in the conditional bonus such that the effect on the result allocated to owners can be limited. If the value of the individual insurance contract is higher than the relevant customer assets, the owners will have to cover the deficient capital.

There are also insurance contracts without an interest guarantee in the life insurance business in which customers bear the return guarantee. Changes to estimates and judgements may result in changed returns in relevant customer portfolios. The recognition of such value changes does not directly affect the owners' result.

The profit sharing rules in life insurance are also discussed in more detail in note 2.

In general the following factors will often be key in the generation of the result for customers and/or the owners:
- Development of interest rate and equity markets, as well as commercial property
- Composition of assets and risk management, and changes to the assets' composition over the year
- Buffer capital level for various products
- Buffer capital related to the individual insurance contract
- Development of life expectancy, mortality and illness
- Development of costs

Important estimates and assumptions that can result in material adjustments to the recognised values are discussed below.

Investment properties
Investment properties are stated at fair value. The commercial real estate market in Norway is not very liquid or transparent. Some uncertainty will be linked to the valuations and these require the exercising of judgement.
Key elements included in valuations and which require the exercising of judgement are:
- Market rent and vacancy trends
- The quality and duration of rent incomes
- Owners' costs
- Technical standards and any need for upgrading
- Discounting interest rates for both certain and uncertain cash flow, as well as residual value

External valuations are obtained throughout the year for a representative selection of the company's properties to support its own valuations. See note 37 for further information about valuations and sensitivities linked to real estate investments.

Financial instruments
There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions. Any changes to the assumptions could affect the recognised values. The majority of such financial instruments are included in the customer portfolio.

Please also refer to note 9 in which the valuation of financial instruments is described in more detail.

Financial instruments stated at amortised cost are assessed on the statement of financial position date to see whether or not there are objective indications that the financial asset or a group of financial assets have fallen in value. Changes in the debtors' ability to pay, collateral/loan-to-asset value ratio and other business-related risk factors can affect the recognised write-downs.

Technical insurance reserves

Technical insurance reserves in life insurance are based on assumptions concerning life expectancy, mortality, disability, interest rate levels, and future costs, etc. Changes in such assumptions will affect the size of the liabilities, which in turn can affect the owners' result. In the Norwegian life insurance business the majority of the calculated payments are discounted by the appropriate guaranteed interest rate.

In the Swedish business (SPP) the insurance liabilities are largely discounted using a yield curve in which parts of the yield curve are not liquid. Any changes in the discounting rate will affect the size of the liabilities.

See note 5 for further information about insurance risk.

Intangible assets

Goodwill and intangible assets with undefined usable lifetimes are tested for impairment annually. Goodwill is allocated to the Group's cash flow generating units identified by the relevant country in which one is carrying out activities. The test's valuation involves estimating the cash flows that arise in the relevant cash flow generating units and applying a relevant discount rate. Fixed assets and other intangible assets are assessed annually to ensure the method and period being used correspond with economic realities.

The majority of the intangible assets recognised from the acquisition of SPP were linked to the existing life insurance contracts at the time of the acquisition. These recognised intangible assets are, together with the pertinent recognised insurance liabilities, tested for impairment using a sufficiency test pursuant to IFRS 4 Insurance Contracts. A key element of this assessment involves calculating future profit margins using embedded value calculations. Embedded value calculations are affected by, among other things, volatility in the financial markets, interest rate expectations and the amount of buffer capital in SPP.

Pensions own employees

The discounted current value of pension liabilities depends on the economic and demographic assumptions used in the calculation. The assumptions used must be realistic, mutually consistent and kept up to date in the sense that they should be based on uniform expectations of future economic conditions. The pension liabilities as per 31 December 2010 were calculated by actuaries. Any changes associated with the expected growth in pay and the discount rate, etc, could have a significant effect on the recognised pension obligations relating to our own employees. These pension liabilities are stated pursuant to IAS 19.

04 Risk management and internal control

Storebrand's income, both short-term and long-term, depends on external factors with which some uncertainty is associated. The most important external risk factors are the development of the capital markets and changes in life expectancy in the Norwegian and Swedish populations. Certain internal operational factors can also result in losses, e.g. errors in the management of the customers' assets.

Continuous monitoring and active risk management are therefore core areas of the Group's activities and organisation. The subsidiaries in the Group have their own departments that continuously monitor and manage the risk in various product groups, and at the same time the Group has a separate department with responsibility for risk management across the Group. Managing operational risk forms an integral part of management responsibility in the organisation and the executive management team annually assesses risk which results in a risk summary and improvement measures. The risk assessment is presented to and considered by the Board.

Compliance

The compliance function is tasked with advising the board and CEO on relevant laws, rules and standards, keeping them informed about developments within these areas, and assessing the potential consequences changes to legislation may have for business. The compliance function also checks that the company has guidelines and procedures for uncovering any risk that the company is not fulfilling its obligations pursuant to the current regulations.

The compliance officer in the individual company produces written reports on the company's compliance with the regulations for the board of directors and executive management in the company. This is done on a regular basis and at least once a year. The reports shall, among other things, state whether or not preventive measures have been implemented to remedy any shortcomings. Compliance reporting is seen as being on a par with the Group companies' internal control reporting, operation risk reporting and event reporting.

Compliance officers must also brief the board of directors and executive management when the board and executive management want relevant information or this is deemed necessary by the compliance officer.

Operational risk

Assessments of operational risks are linked to a unit's ability to achieve goals and implement plans. The process covers both the risk of incurring losses and failing profitability linked to, among other things, economic downturns, changed general conditions, changed customer behaviour and the risk of incurring losses due to inadequate or failing internal processes, systems, human error or external events.

The Group's CFO is responsible for the Group's control functions for risk management and internal control. Given the importance of financial market risk in relation to the Group's activities, a central risk management function has been established. This has been tasked with supporting the Board and Group's executive management team in drawing up a risk strategy and operationalising the setting of limits and risk monitoring across the Group's activities. A corporate control function has also been established which is tasked with administering the value-based management system, coordinating planning and budget processes, the management's risk assessments and internal control reporting, as well as Board and management reporting.

Internal audit
Storebrand has concluded an agreement with KPMG concerning the internal audit function. The responsible partner in KPMG reports directly to the Board of Storebrand ASA, which stipulates the instructions for the internal audit and approves the audit's annual plan. A primary contact person has been nominated for the internal audit in the Group Control department. Contact people have also been nominated in all subsidiaries who report to the CEO or head of the company's executive management staff.

The internal audit function's audit plan includes an independent assessment of Group Control and the compliance function's procedures and control systems.

Below follows a description of the special situation concerning risk management and life insurance in relation to the relationship between customers and owners. As far as the risk associated with the business in the Group is concerned this is, apart from life insurance, risk that essentially impacts owners. Market risk, liquidity risk and credit risk are described in more detail in notes 6-8.

Life and Pensions Norway
A significant proportion of savings products in the Norwegian life insurance business incorporate a guaranteed minimum annual return. Financial risk principally relates to the ability to meet the customers' guaranteed return, which for the majority of the products applies for one year at a time. Therefore, risk management in this business is designed to reduce the probability of the return falling below the annual guaranteed return for the various product groups in any single year.

The composition of the financial assets is determined by the company's investment strategy. The investment strategy establishes guidelines and limits for the company's risk management, credit exposure, counterparty exposure, currency risk, and use of derivative instruments, and criteria regarding the liquidity in the asset portfolio. The objectives of this dynamic risk management are to maintain good risk bearing capacity and to continuously adapt the financial risk to the company's financial strength. By exercising this type of risk management, the company expects to create good returns both for individual years and over time. Given the current investment portfolio and dynamic risk management strategy, the annual return for the majority of the portfolio will normally fluctuate between 2 per cent and 8 per cent. Smaller portions of the portfolio are invested in profiles with somewhat lower and somewhat higher market risk. Dynamic risk management and hedging transactions reduce the likelihood of a low investment return. If investment return is not sufficient to meet the guaranteed interest rate, the shortfall will be met by using risk capital built up from previous surpluses. Risk capital primarily consists of additional statutory reserves and unrealised gains. Owners are responsible for meeting any shortfall that cannot be covered from risk capital. The average interest guarantee is expected to sink in the years ahead and from 2012 all new earnings will be linked to an annual guarantee of 2.5 per cent. The share capital is invested such that it is exposed to a low level of risk. It is the insured person who bears the financial risk related to contracts in the unit linked and defined contribution pension product categories.

The company's total risk picture is monitored continuously using tools such as The Norwegian FSA's risk based-supervision and self-developed risk goals.

Life and Pensions Sweden
In SPP the portfolios are divided into defined benefit pensions, defined contribution pensions and unit linked contracts, and both defined benefit pensions and defined contribution pensions have associated guaranteed returns. In portfolios with a guaranteed return, the differences in the investments' and the insurance liabilities' interest rate sensitivity is minimised and the short-term interest risk is therefore substantially reduced. However, financial risks are taken in order to achieve returns in excess of the guarantee, primarily via equities, credit bonds and alternative investments. The proportions of equities in the portfolios are dynamically adjusted based on their risk bearing capacity in order to dampen the effect of falls and at the same time participate in rises. Due to the somewhat more complex financial risk picture in SPP than in the Norwegian life insurance business, the risk to equity represented by the customer portfolio is also managed through derivative transactions in SPP's company portfolio.

The investment strategy and risk management in SPP comprises of four main pillars:
- the assets' interest rate sensitivity is continuously adjusted to the insurance liabilities
- asset allocation that results in a good return over time
- the continuous implementation of risk management measures in the customer portfolios through dynamic risk management
- adjusted hedging in the company portfolio of parts of the financial risk the customer portfolios expose the equity to

In traditional insurance with an interest guarantee, SPP bears the risk of a return equal to the guaranteed interest being achieved on the policyholders' assets and that the magnitude of the contracts' assets are greater than the present value of the insurance liabilities. Profit sharing becomes relevant in SPP if the total return exceeds the guaranteed yield. In the case of some products a certain degree of consolidation, i.e. the assets are greater than the present value of the liabilities by a certain percentage, is required in order for owners to collect earnings. If the assets in an insurance contract in the company are smaller than the market value of the liability, an equity contribution is allocated that reflects this deficit. This is called the deferred capital contribution (DCC) and changes in its size are recognised in the profit and loss account immediately. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for owners. When the contracts' assets exceed the present value of the obligations, a buffer called the conditional bonus is established. Changes in this customer buffer are not recognised in the profit and loss account immediately. It is the policyholder who bears the financial risk in unit linked insurance contracts.

Various risk goals are used to monitor and manage the risk in the company, including its own Value at Risk goal and the Swedish Financial Supervisory Authority's traffic light model. In order to ensure that insurance companies have adequate capital to meet their insurance obligations, Finansinspektionen (Swedish Financial Supervisory Authority) requires that the sector stress test all of its insurance business using the so-called traffic light calculations. The elements tested are the premium income side and the insurance liabilities. In 2007, it was announced that companies would also be required to stress changes with respect to insurance liabilities in risk policies. This also applies to so-called cancellation risk, which is the risk that a policyholder will terminate the policy and thus stop paying premiums. The level of stress testing generally follows the guidelines issued by CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors) and their work on Solvency II.

05 Insurance risk

Insurance is about protecting oneself against financial loss when events occur. These could be anything from damage to a car or theft in P&C insurance to disability, death or long life in life insurance.

Simply put, insurance involves a sharing of risk between many policyholders in which the risk reflects the probability and consequences.

Life insurance
Products:
Life, pension and unit linked insurance contracts are offered as both group and individual contracts.

Group contracts:
- *Group defined benefit pensions* are guaranteed pension payments from a specified age for as long as the insured person lives. Alternatively it can be agreed that the pension will end at a specified age. The product is offered in both the private and the public sectors. The cover includes retirement, disability and survivor pensions.
- *Group defined contribution* pensions are group defined contribution pensions the premium is stated as a percentage of pay, while the payments are unknown. The customer bears all the financial risk during the saving period.
- *Group one-year risk cover* are guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.
- *Paid-up policies* (defined benefit) and pension capital policy (defined contribution) are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.
- *Group life* are one-time payments upon death or disability.

Individual contracts:
- *Individual allocated annuity or pension insurance* are guaranteed payments for as long as the insured person lives. Alternatively it can be agreed that the pension will end at a specified age.
- *Individual endowment insurance* are single payments in the event of attaining a specified age, death or disability.
- *Individual unit linked insurance* are endowment insurance or allocated annuity in which the customer bears the financial risk.

Risk areas:
Life insurance is the dominant area within insurance for Storebrand and covers the following three risk areas:
- Death – payment to the policyholder’s surviving relatives.
- Long life – payments when a specified age is attained and until a specified age or for the rest of the person’s life.
- Disability – payment in the event of illness or occupational disability.

	Mortality risk	Long life risk	Disability risk
Current situation	Decreasing mortality. Fewer young survivors.	More people reaching retirement age. Longer life expectancy as a pensioner [1.]	Significantly higher risk of disability in Norway compared with for example OECD.
Future challenges	Mortality risk includes the probability of any survivors. This results in an overestimation of the risk for those who actually do not have survivors. Better pricing will be conditional on more personal information.	The number of payment years will increase for guaranteed lifelong benefits. Great uncertainty in relation to future mortality trends. Tighter general conditions in relation to profit sharing, upfront pricing and building up reserves.	Higher proportion working in occupations susceptible to disability (health sector). "Willingness steered" disability - difficult to quantify. Economic cycle factors such as increased unemployment and reduced profitability for companies can result in increased disability. Legislative amendments that could act as an incentive for increased disability. Medical practice.
Future opportunities	Tailoring of products to the market. Products are more bespoke based on demographic factors such as civil status, age and needs.	Greater flexibility for guaranteed products. Life expectancy adjustments. Division of risk between employer and employee. Increasing need to cover long life as pensioner.	Lower disability through opportunity to combine pay and retirement pension. Better control of real disability. Simpler to price disability risk.

1 Life expectancy in Norway and Sweden increased by 4 years for women and 6 years for men between 1980 and 2010.

With reference to the table above, it is the risk linked to "Long life" that is the most challenging.

Problems associated with long life
- Age and gender are not sufficient as explanatory variables, since other factors such as education, pay, civil status and place of residence also affect mortality.
- Mortality is falling faster than expected.
- Medical "quantum leaps" that mean that people will live significantly longer than today.

Risk premiums and tariffs

Life and Pensions Norway

Tariffs for group life insurance and certain risk insurances within group pensions also depend on industry/occupation in addition to age and gender. Group life insurance also applies tariffs based on claims experience.

For individual insurance, the premiums for life and long life cover are based on tariffs produced by insurance companies on the basis of their shared experience: namely T1984 for endowment insurance and R1963 for pensions insurance. Disability premiums are based on the company's own experience, and were last amended in 2002.

The company's standard tariff for group life insurance, both for life and disability cover, is based on the company's own experience and was last amended in 2003.

In the case of group pension insurance the premiums for traditional retirement and survivor cover follow the new industry tariff K2005 with security margins that take into account the reduction in mortality among policyholders observed in recent years. Premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

The company's tariffs do not involve any assumptions about inflation or voluntary termination/transfers.

Death and disability

Net annual risk premium for a sum insured of NOK 100,000
For disability pensions, the premium for an annual disability pension of NOK 10,000 paid until the person turns 67 years old.

	Men			Women		
	30 years	45 years	60 years	30 years	45 years	60 years
Risk of death, individual endowment insurance	122	324	1,416	61	162	711
Lump sum disability, individual	273	590		352	1,367	
Disability pension, individual	248	639	1,975	371	1,577	2,490
Critical illness, non-smoker, individual	171	515	1,804	171	515	1,804
Risk of death, group life insurance	55	146	821	33	88	493
Risk of death, group pension insurance	48	146	743	23	77	403
Disability pension, group pension	511	734	642	1,029	1,386	878

Life and Pensions Sweden

The risk premium for group contracts is an equalised premium, based on the group's age and gender composition.

Individual contracts ideally have individual risk premiums based on age and gender.

SPP's tariffs contain no assumptions about inflation or transfer as is true for Storebrand Life Norway.

Life expectancy in Sweden is increasing sequentially (mortality is sinking). This is positive for life cover. On the other hand it may become a financial burden in the case of pension insurance (accident cover). The Swedish Insurance Research Council (FTN), which is a sector organisation, conducted an analysis of mortality in 2006 that makes it possible to look at mortality forecasts that take account of changes in the level of change trends. Such a forecast is crucial when it comes to setting prices for both life cover and pension insurance. Insurance products are usually designed in such a way that the premium calculation for the entire period of cover is based on mortality/life expectancy at the time the policy issued.

The future is unpredictable as far as disability insurance is concerned. Changes in new incidences of disability are taking place much faster than changes in mortality/life expectancy. One of the reasons for this is the problems involved with determining the causes of and the degree of disability on the ground. The quickly increasing level of disability in the first few years of 2000 resulted in premium increases within the sector. Many insurance companies were doubtful about offering voluntary disability cover in the future. However, since 2005 the number of disability incidences has fallen in a more balanced trend that resulted in SPP reducing the risk premiums for disability cover. Nonetheless, disability has been significantly lower than assumed in the tariff, which resulted in a strongly positive risk result for 2009.

The majority of SPP risk policies are annual. In other words, the company can change the premium every year. Errors in the estimate of the premium for life and disability cover can therefore be corrected, which has a rapid effect on the company's risk result.

Risk management

- *Evaluation of insurance risk (underwriting)*
  When writing individual risk cover, the customer is subject to a health check. The result of the health check is reflected in the level of premium quoted. When arranging group policies with risk cover, all employees of small companies are subject to a health check, while for companies with many employees Storebrand requires declarations of fitness for work. Underwriting also takes into account the company's industrial category, sector and sickness record.

- *Control and monitoring of insurance risk*
  Insurance risk is separately monitored for every line of insurance in the current insurance portfolio. The risk result for each product group is broken down into the elements of mortality, long life and disability risks. The development of risk result is followed throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the company has collected for the period and the sum of provisions and payments that must be made for insured events that occur in the period. The risk result takes into account insured events that have not yet been reported but which the company, on the basis of its experience, assumes have occurred.

- *Reinsurance*
  The company also manages its insurance risk through a variety of reinsurance programs. Through catastrophe reinsurance (excess of loss) the company covers losses (single claims and reserves provision) where a single event causes more than 3 deaths or disability. This cover is also subject to an upper limit. Surplus reinsurance on life policies covers death and disability risk that exceeds the maximum risk amount for own account the company utilises. The company's maximum risk amount for own account is relatively high, and the risk reassured is therefore relatively modest. In 2010, the company will replace the current surplus agreement with internal insurance cover of the risk such that only those risks that might exceed the company's actual maximum risk amounts for own account will be reinsured.

- *Pooling*
  The company also manages its insurance risk through international pooling. This means that multinational corporate customers can equalise the results between the various units internationally. The pooling applies to group life and risk cover within group defined benefit and defined contribution pensions.

- *Traffic light (SPP only)*
  In order to ensure that insurance companies have adequate capital to meet their insurance obligations, Finansinspektionen (Swedish Financial Supervisory Authority) requires the sector to stress test all of its insurance business using so-called traffic light calculations. The elements tested are the premium income side and the insurance liabilities. In 2007, it was announced that companies would also be required to stress changes with respect to insurance liabilities in risk policies. This also applies to so-called cancellation risk, which is the risk that a policyholder will terminate the policy and thus stop paying premiums. The level of stress testing generally follows the guidelines issued by CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors) and their work on Solvency II.

A 20 per cent fall in mortality results in an annual risk result for SPP that is approximately SEK 124 million lower. If the probability of reactivation in the event of disability sinks by 20 per cent, this would entail an annual risk result that was approximately. SEK 46 million lower. SPP's cancellation risk is very small since the majority of the policy portfolio cannot be repurchased.

The insurance risk constitutes a significant proportion of the total capital requirement that results from the stress test. In total the stress test affects the risk result in the amount of SEK 170 million. With an expected risk result of around SEK 346 million, this means that the majority of the risk result will disappear if the basis for the stress test should become a reality. The stress tests are based on a 1:200 scenario, or a confidence level of 99.5 per cent.

Risk result
The tables below specify the risk result in the various risk areas and also state the effect of reinsurance and pooling on the result.

Life and Pensions Norway
Specification of risk result

NOK million	**2010**	**2009**
Survival	-132	-269
Death	229	283
Disability	369	323
Reinsurance	-24	-14
Pooling	-155	-107
Other	-39	-37
Total risk result	**249**	**180**

The risk result in the table above shows the total risk result before sharing between customers and owners.

Life and Pensions Sweden
Specification of risk result

NOK million	**2010**	**2009**
Survival	-47	-123
Death	56	137
Disability	289	284
Reinsurance	39	-48
Pooling	-6	-3
Other	-20	6
Total risk result	**311**	**253**

Sufficiency test
Storebrand is required by IFRS 4 to carry out a sufficiency test to ensure the company has sufficient margins in the various constituent elements that together make up the insurance liability. IFRS permits two alternative methods for the sufficiency test. Where a company has an established form of analysis that demonstrate the margins in the various constituent elements, Section 16 of the standard allows this analysis to continue to be used to demonstrate that the test is satisfied. If such routines have not been established, the company is required to discount future cash flows in accordance with IAS 37.

In 2010, Storebrand continued its prior practice and conducted the test pursuant to Section 16. The required analysis is carried out on the basis of Norwegian principles for premium reserves and applies conservative calculation elements. The established form of analysis is based on the assumptions used for the calculation of embedded value in which the company uses the best estimates for the future base elements based on current experience. The sufficiency test is carried out by the company analysing the current margins between the assumptions used for setting reserves and the assumptions in the embedded value analysis.

Based on the mortality surveys conducted using lower mortality assumptions for the future, a need to build up reserves for individual pension insurance has generally been identified in this line. As per 31 December 2010 there was a need to build up reserves in Storebrand Life Norway by about NOK 520 million, which is expected to be allocated linearly. The plan is to build up the reserve by 31 December 2012 and this is primarily expected to be covered by the financial result. Storebrand satisfies the sufficiency test for 2010 and consequently has no effect on the result in the financial statements for 2010.

In the case of Storebrand Holding AB and Storebrand Life Group the test is conducted pursuant to "IFRS 4 Basic for conclusions (BC 94 – 104)" and "IFRS 4 Basic for conclusions (BC no. 151)", which represent the preliminary work on the standard. The test is satisfied if the obligations booked in the financial statements are greater or equal to the net obligations stated at market value. Here net obligations will mean the technical insurance obligations of Storebrand Holding AB and Storebrand Life Group stated at market value less the present value of the owners' share of the profit for these insurance contracts. The preliminary work mentions that one can use embedded value-like techniques.

As per 31 December 2010, the calculated market value of the insurance contracts for SPP and Euroben is lower than the book value. This means that the buffers in the net obligation and the test are satisfied. Therefore the test has no effects on the result in the annual financial statements for 2010.

Transfer right

A transfer right exists that involves transferring insurance liabilities linked to group and individual pension insurance contracts to or from other insurance companies. The settlement deadline is two months for contracts where the transfer value exceeds NOK 300 million. The transfer right can constitute a liquidity risk.

Guaranteed rate (discounting rate)

Life and Pensions Norway

The Norwegian FSA sets the highest basic interest rate permitted for new policies and for new members/new accrual of benefits in group pension insurance. The highest basic interest rate for new policies was set at 3 per cent in 1993 and subsequently reduced in 2005 to 2.75 per cent for policies entered into after 1 January 2006. The highest basic interest rate for new members/new accrual of benefits in group pension insurance was reduced from 4 per cent to 3 per cent with effect from renewals in 2004. The guaranteed rate has been set at 2.5 per cent for new contracts from 1 January 2011.

The guaranteed rate is used both as the guaranteed interest and for discounting future payments.

The following table shows the proportions of insurance fund reserves at 31 December 2010 relating to policies with various basic annual interest rates:

Interest rate guarantee	2010	2009
6%	0.3%	0.3%
5%	0.5%	0.6%
4%	54.2%	56.4%
3.4%	4.1%	4.4%
3%	35.5%	32.8%
2.75%	1.7%	1.8%
0%	3.7%	3.7%

The above table includes the premium reserve, deposit reserve and pensioners' surplus reserve with 3 per cent and additional statutory reserves with 0 per cent.

The total average guaranteed interest rate for all lines of insurance comprised 3.46 per cent in 2010. The guaranteed interest rate must be delivered on an annual basis. If the company's investment return in a year is lower than the guaranteed interest rate, current legislation permits the equivalent of up to one year's guaranteed return for the individual policy to be covered by transfers from the policy's additional statutory reserves.

Average interest rate guarantee	2010	2009
Individual endowment insurance	3.3%	3.3%
Individual pension insurance	3.7%	3.7%
Group pension insurance	3.5%	3.5%
Group life insurance	0.3%	0.4%
Total	3.46%	3.52%

New business written in 2010 is subject to a 2.75 per cent basic interest rate. In the case of policies transferred to the company, the basic interest rate is determined by the rate applied to the policy by the insurance company from which the business is transferred, subject to a maximum of 4 per cent.

Premiums and reserves for pension entitlements earned in 2010 in group pension insurance are calculated on the basis of a 3 per cent guaranteed rate for contracts established before 1 January 2006. New insurance contracts established after this date will be calculated at a guaranteed rate of 2.75 per cent.

Life and Pensions Sweden

The table below shows the proportions of insurance liabilities as per 31 December 2010 with the following different final value guarantees:

Interest rate guarantee	2010	2009
3.0% (DB)	43%	43%
1.25 - 2.5% (P250)	14%	12%
2.75 - 4.0% (P300)	22%	22%
4.5 - 5.2% (P520)	20%	23%

P&C insurance
The Group offers the following products:
- Motor vehicle
- Leisure boats
- Combined products
- Travel
- Accident
- Occupational hazard - offered via Storebrand P&C Insurance and Storebrand Life Insurance
- Critical illness and cancer insurance
- Child insurance
- Health insurance

The risk in the P&C business is mostly due to the fact that it has a small portfolio with which to absorb claims. This can mean that single large claims or special events may have a disproportionate impact on profit. The largest claims will typically arise from third party insurance for motor vehicles and home and contents fire insurance. In order to offset this risk, Storebrand has covered itself with excess of loss reinsurance with a deductible of NOK 5 million per claim after the first claim which has a deductible of NOK 10 million. The cover has unlimited capacity in the case of motor vehicles. The cover has a capacity of NOK 35 million for other sectors. In addition, the risk exposure arising from travel insurance may increase sharply in the event of possible catastrophes such as the tsunami in South East Asia in 2004. Personal insurance such as travel, accident and occupational hazard insurance is therefore now also included in the Group's catastrophe reinsurance.

The risk within occupational hazard insurance is also covered by quota reinsurance and excess of loss protection, with a deductible of NOK 5 million.

In the case of health insurance the company has excess of loss protection for of 80 per cent of all claims payments per person per year that exceed NOK 300,000. This means that the level of insurance risk for health insurance for own account is very low.

Storebrand's earlier P&C portfolio was transferred to If in 2000. However, Storebrand has retained fronting responsibility with respect to the customers, since the customers were not informed of the transfer of the risk from Storebrand to If. This fronting liability has now essentially been run-off and the only fronting liability that remains is for marine and energy cover, which is now placed in Gard. The total reserves for this portfolio now amount to only NOK 8.3 million. Storebrand has no commercial responsibility for the business transferred unless Gard becomes insolvent. This risk is therefore limited to a credit exposure to Gard. Gard has a Standard & Poor's rating of 'A', which suggests that this represents a very limited risk exposure for Storebrand.

Risk exposure and insurance risk for the residual portfolio from Oslo Reinsurance Company (Oslo Re)
The company's commercial operations have concentrated on the run-off of its existing reinsurance portfolios, either by paying claims that are reported or by seeking to extricate itself from residual liability in policies by negotiating a settlement amount with the insured party (cedent).

The principal source of insurance risk in the residual portfolio from Oslo Re lies in the risk of increasing liability-related sectors. The company has for some considerable time minimised this risk by entering into commutation agreements with insured parties/cedents, and this has resulted in a significant reduction in exposure to this type of claim. A "scheme of arrangements" was also implemented in 2008 and 2010 which has significantly reduced future insurance risk for the company.

An agreement concerning the sale of Oslo Re UK Ltd has been signed. This means all the risk linked to Oslo Re UK Ltd will finally be run-off by 30 June 2011.

Oslo Reinsurance Company was merged with Storebrand Skadeforsikring AS with accounting effect from 1 January 2010.

Actual claims experience compared with earlier forecasts
Storebrand Skadeforsikring AS' active portfolio experienced a small run-off loss of NOK 1 million for previous years in 2010. In 2010, Storebrand Helseforsikring AS achieved a larger run-off gain from previous years amounting to NOK 11 million. This was primarily due to a change in reserve methods. The old method was a simplified method approved by The Norwegian FSA upon the company's start-up in 1998. The new method uses statistical methods such as Bornhuetter-Ferguson to estimate claims reserves and provides a much more correct picture of claims liabilities.

06 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, i.e. the interest rate, 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 and internal models.

Life and Pensions 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 credit bonds and rapid increases in interest rates. In the longer term, low market interest rates over time are 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.

Life and Pensions Sweden
SPP is largely exposed to the same market risk factors as Storebrand Life Insurance, but differences in product design, general 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 credit 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. Lasting low interest rates also represent a substantial risk for SPP as well, both for the financial result and the solvency margin percentage.

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

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

Sensitivity analyses
The assets and liabilities side (borrowing 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 2011. 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 2010 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 currency hedged, and changes in exchanges rates will have little effect on the companies' expected results for 2011.

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 as per 31.12.

Change in market value

NOK million	**2010**	**2009**
Equities -20%	-9,300	-7,405
Equities +20%	9,299	7,405
Interest rate -1.5%	8,157	8,330
Interest rate +1.5%	-6,935	-7,037
Real estate -12%	-3,667	-3,440
Real estate +12%	3,667	3,440

Effects on result/equity

NOK million	**2010**	**2009**
Equities -20%	-855	-922
Equities +20%	527	335
Interest rate -1.5%	39	-77
Interest rate +1.5%	-168	-132
Real estate -12%	-430	-497
Real estate +12%	610	331

This note applies to: Storebrand Livsforsikring AS, SPP, BenCo, Storebrand Bank, Storebrand P&C Insurance and Storebrand Health Insurance and Storebrand ASA.

Life and Pensions
Since it is market changes that 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 and Pensions Norway
The stress tests have been done for all investment profiles and the effects of each stress test reduce or increase the expected return for each profile. For the negative stress tests (equities down, interest up and property down) the return in some individual profiles fall under the guarantee. The buffer situation for each contract will then determine how much equity the company will possibly have to use if the return stays at this level for 2011. 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 2011 to the greatest extent. Compared with equivalent sensitivity a year ago, the effect of the stress tests has decreased. The most important contributions to the reduction are the fact that the difference between the expected return and the interest guarantee has increased and that additional statutory reserves have been further strengthened at the same time as the company has at the beginning of 2011 a substantial market value adjustment reserve, which serves as a very effective buffer against such stresses on assets.

The stress tests were applied individually. If several of the negative stress tests were to occur simultaneously, the negative effect would be greater than simply the sum of the two individual effects alone (a larger proportion of gross stresses would be retained by owners). In addition to the negative result effect for owners, 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 owners in the form of the market value adjustment reserve and additional statutory reserves.

Life and Pensions Sweden
The note that shows the effect on the result/equity shows the effect of the financial result excluding profit sharing. All changes in market value do not 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.

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

Items affected by one-time effects and which are recognised at fair value are the investment portfolio, fixed rate lending, borrowing via the government swap scheme, deposits with equity returns, and derivatives. The item affected by one-time effects and which is subject to hedge accounting is fixed rate borrowing.

07 Liquidity risk

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

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

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

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

During the financial crisis in 2008, the lack of liquidity was a problem for a number of financial companies, although liquidity has now returned to a normalised level.

The agreed remaining term provides limited information about the company's liquidity risk since the vast majority of investment assets can be realised more quickly in the secondary market than the agreed remaining term. The cash flow from perpetual subordinated loans is calculated up to the first call.

Undiscounted cash flows for financial liabilities

NOK million	**0-6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**> 5 years**	**Total value**	**Carrying amount**
Subordinated loan capital	454	223	3,868	3,480	1,837	9,861	7,606
Liabilities to financial institutions	1,199	2,558	4,112	1,009		8,878	8,053
Deposits from banking customers	18,639	160				18,799	18,799
Securities issued	708	947	4,832	4,688	1,051	12,225	11,623
Other current liabilities [1]	5,610			1,108		6,718	6,718
Uncalled residual liabilities re limited partnership	5,396	120	120			5,635	
Unused credit limit lending	5,281					5,281	
Lending commitments	817					817	
Total financial liabilities 2010	**37,286**	**4,008**	**12,931**	**10,285**	**2,887**	**68,214**	**52,799**
Derivatives related to borrowing 2010	**-311**	**131**	**-313**	**-354**	**4**	**-842**	**643**
Total financial liabilities 2009	39,056	4,829	14,317	13,396	10,074	81,672	56,846

1 *Of which the minority interests in the real estate fund amount to NOK 1,108 million. After 3 years 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. Also see note 48.*

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Carrying amount
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	111
Storebrand Bank ASA	168	NOK	Variable	2014	169
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,500
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,553
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,703
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,069
Dated subordinated loan capital					
Storebrand Bank ASA	100	NOK	Variable	2011	100
Storebrand Bank ASA	250	NOK	Variable	2012	251
Storebrand Bank ASA	150	NOK	Variable	2012	150
Total subordinated loans and hybrid tier 1 capital 2010					**7,606**
Total subordinated loans and hybrid tier 1 capital 2009					7,869

Specification of liabilities to financial institutions

	Carrying amount	
NOK million	**2010**	**2009**
Call date		
2010		3,585
2011	2,949	2,443
2012	1,362	1,359
2013	2,752	2,751
2014	990	989
Total liabilities to financial institutions	**8,053**	**11,126**

Specification of securities issued

	Carrying amount	
NOK million	**2010**	**2009**
Call date		
2011	1,813	3,506
2012	2,087	1,060
2013	1,327	1,637
2014	3,053	1,517
2015	1,442	1,848
2016	865	1,366
2017		294
2019	1,037	993
Accrued interest		187
Total securities issued	**11,623**	**12,408**

Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements.

08 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 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 where there are no published ratings. The Group has framework agreements with counterparties to reduce their risk with respect to outstanding derivative transactions. These regulate how collateral against changes in market values, calculated on a daily basis, should be pledged.

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

Credit 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**
State and state guaranteed bonds	64,769	6,552	3,394			296	75,011
Financial and corporate bonds	2,050	5,168	23,976	12,713	194	1,683	45,783
Asset backed securities	21,744	2,215	1,231	27	6	186	25,410
Supranational organisations	1,687	57	1,223	107			3,074
Total interest-bearing securities stated by rating	**90,250**	**13,993**	**29,825**	**12,847**	**200**	**2,165**	**149,279**
Bond funds not managed by Storebrand							5,864
Non-interest-bearing papers in bond funds not managed by Storebrand							1,602
Total 2010	**90,250**	**13,993**	**29,825**	**12,847**	**200**	**2,165**	**156,745**
Total 2009	87,059	19,181	25,311	12,766		625	155,715

Interest-bearing securities at amortised 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**
State and state guaranteed bonds	17,675	1,623	2,904			22,202
Financial and corporate bonds		2,486	6,420	599	1,251	10,755
Asset backed securities	6,989	2,237	991	29	513	10,759
Supranational organisations	2,313		2,897			5,210
Total 2010	**26,976**	**6,347**	**13,211**	**628**	**1,764**	**48,926**
Total 2009	22,446	6,587	13,855	751	1,218	44,858

Counterparties *NOK million*	**AAA** **Fair value**	**AA** **Fair value**	**A** **Fair value**	**BBB** **Fair value**	**Other** **Fair value**	**NIG** **Fair value**	**Total** **Fair value** **2010**
Derivatives	82	3,140	1,756	303	44		5,325
Of which derivatives in bond funds not managed by Storebrand		380	-20				361
Total derivatives excluding derivatives in bond funds	**82**	**2,760**	**1,776**	**303**	**44**		**4,964**
Bank deposits	257	5,905	1,889		329	10	8,390
Lending to financial institutions		668				33	701

Rating classes are based on Standard & Poor's ratings.

NIG = Non-investment grade.

Lending

Commitments by customer groups *NOK million*	**Lending to and receiva-bles from customers**	**Guarantees**	**Unused credit line**	**Total com-mitments**	**Gross non-performing commit-ments**	**Individual write-downs**	**Net defaul-ted com-mitments**
Development of building projects	1,672	36	4	1,712	9	10	
Sale and operation of real estate	10,895	253	2,364	13,512	339	49	290
Service providers	1,626	7	11	1,644	11	4	6
Employees and others	23,128	1	2,846	25,975	389	85	305
Other	365	4	42	411	26	26	
Total	**37,686**	**302**	**5,267**	**43,254**	**774**	**174**	**600**
- Individual write-downs	-174			-174			
- Group write-downs	-84			-84			
Total lending to and receivables from customers 2010	**37,428**	**302**	**5,267**	**42,997**	**774**	**174**	**600**
Total lending to and receivables from customers 2009	39,501	330	3,452	43,283	884	182	702

In addition to the total commitments in this note, NOK 817 million worth of commercial property mortgages had been granted at year-end 2010 that had not be paid to or accepted by customers. These loans are for income generating real estate within the sale and operation of real estate. The division into customer groups is based upon Statistics Norway's standard for sector and business groupings. The placement of the individual customer is determined by the customer's primary enterprise.

Credit exposure in lending

Corporate:

Lending to the corporate market is slightly above NOK 15 billion. There is also around NOK 2,400 million in unused credit facilities and about NOK 300 million in guarantees.

About 80 per cent of the loans are for income generating real estate. Just under 20 per cent are for building projects. Less than 5 per cent of the corporate market's portfolio is secured by collateral other than real estate. The portfolio's collateral is principally investment/commercial properties.

In the case of loans in the corporate market with arrears, the loan-to-collateral value ratio is lower than 80 per cent in just under 80 per cent in the lending volume. Most of the non-performing loans have a loan-to-collateral value ratio of under 100 per cent.

Private:

The loans in the retail market are essentially secured by residential property mortgages. There is about NOK 22 billion in lending to housing commitments with a further around NOK 2 billion in unused credit facilities. The total commitment in housing commitments is thus around NOK 24 billion.

Retail customers are evaluated according to their ability and willingness to repay the loan. In addition to debt service capacity, the customers are checked in connection with policy rules and they are given scores in a scoring model. Retail customers are subject to the overall limits for loan-to-collateral value ratio and ability to pay (as defined by the bank's credit policy for the segment) that apply to this portfolio. The portfolio's collateral is principally housing in the retail portfolio.

The average weighted loan-to-collateral value ratio in the bank group is around 54 per cent for residential mortgages: around 90 per cent of residential mortgages are within an 80 per cent loan-to-collateral value ratio and around 95 per cent are within a 90 per cent loan-to-collateral value ratio. Around 56 per cent of the mortgages are within a 60 per cent loan-to-collateral value ratio in the bank group. The portfolio's credit risk is regarded as low.

Total committed amounts by remaining term

	2010				2009			
NOK million	Lending to and receivables from customers	Guarantees	Unused credit line	Total commitments	Lending to and receivables from customers	Guarantees	Unused credit line	Total commitments
Past due 1 - 30 days	600		5	605	2,155		21	2,177
Past due 31 - 60 days	165	1	2	168	139		1	139
Past due 61 - 90 days	21			21	29			30
Past due > 90 days	258		4	262	308		2	309
Total	**1,045**	**1**	**10**	**1,056**	**2,631**		**24**	**2,654**

Commitments are regarded as non-performing and loss exposed when a credit facility has been overdrawn for more than 90 days and hen a repayment loan has arrears older than 90 days and the amount is at least NOK 500. The same definition as that used in the Capital Requirements Regulations is used for commitments due, but the number of days in the definition is equal to the age distribution.

Credit risks by customer groups

NOK million	Gross non-performing commitments	Individual write-downs	Net non-performing commitments	Total booked value changes during the period
Development of building projects	9	10		3
Sale and operation of real estate	339	49	290	-5
Service providers	11	4	6	-4
Employees and others	389	85	305	-5
Other	26	26		3
Total 2010	**774**	**174**	**600**	**-8**
Total 2009	884	182	702	-33

Financial liabilities at fair value over the profit and loss account

NOK million	2010	2009
Change in fair value of liabilities due to changes in credit risk	7	10
The difference between the liabilities' carrying amount and the contractual amount upon maturity	4	11
Accumulated change in fair value of liabilities due to changes in credit risk	7	10
The difference between the liabilities' carrying amount and the contractual amount upon maturity	4	11

09 Valuation of financial instruments at fair value

The company carries out a comprehensive process to ensure that the values established for financial instruments are as in line with the market as possible. Listed financial instruments are valued on the basis of official final prices on bourses obtained via Reuters and Bloomberg. Fund units are generally stated at the updated official NAV prices where these exist. As a general rule, bonds are valued on the basis of prices from Reuters and Bloomberg. Bonds that are not quoted regularly will normally be valued on the basis of recognised theoretical models. The latter is particularly true for bonds denominated in NOK. These sorts of valuations are based on discount rates consisting of swap interest rates plus a credit premium. The credit premium will often be issuer specific and normally based on a consensus of credit spreads quoted by a selected brokerage house.

Unlisted derivatives, including primarily interest rate and currency instruments, are also valued theoretically. The money market rates, swap rates, exchange rates, and volatilities that provide the basis for valuations are obtained from Reuters, and Bloomberg.

The company continuously performs checks to ensure the quality of the market data obtained from external sources. Generally such checks involve comparing multiple sources and checking and assessing the reasonableness of abnormal changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degree of liquidity and different measuring methods.

Level 1: Financial instruments valued on the basis of quoted priced for identical assets in active markets

This category encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be encompassed by this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. In the case of derivatives, standardised equity-linked and interest rate futures will be encompassed by this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1

This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that prices can be derived from observable, related markets. Level 2 encompasses equities or equivalent equity instruments for which market prices are available, but where the turnover volume is too limited to meet the criteria in level 1. Equities on this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified as level 2. Interest rate and currency swaps, non-standardised interest rate and currency derivatives, and credit default swaps are also classified as level 2. Funds are generally classified as level 2, and encompass equity, interest rate, and hedge funds.

Level 3: Financial instruments valued on the basis of information that is not observable pursuant to by level 2

Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds. Asset backed securities (ABS), residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS) are classified as level 3 due to their generally limited liquidity and transparency in the market.

The types of mutual funds classified as level 3 are discussed in more detail below with a reference to the type of mutual fund and the valuation method. Storebrand is of the opinion that the valuation method used represents a best estimate of the mutual fund's market value.

Unlisted equities/forestry
Comprehensive external valuations were carried out as per 31 December 2010 and these provide a basis for the valuation of the company's investments. The external valuations were based on models that included non-observable assumptions. Besides the external valuations that had been conducted as per 31 December 2010, the equity investments were stated on the basis of value adjusted equity reported by external sources.

Private Equity
The majority of Storebrand's private equity investments are investments in private equity funds. It also has a number of direct investments.

The investments in private equity funds are stated on the basis of the values reported by the funds. The private equity funds Storebrand has invested in value their own investments in accordance with pricing guidelines stipulated by, among others, EVCA (European Private Equity Venture Capital Association) in the "International Private Equity and Venture Capital Valuation Guidelines" (September 2009 edition) or pursuant to FASB 157. Most of the private equity funds report on a quarterly basis, while a few report less often. In those cases where Storebrand has not received an updated valuation with respect to an investment from a fund by the time the annual financial statements are closed, the last valuation received is used and adjusted for cash flows and any significant market effects during the period from the last valuation up to the reporting date. These market effects are estimated on the basis of the type of valuations made of the companies in the underlying funds; the financial performance of relevant indexes, adjusted for estimated correlation between the relevant company and the relevant index.

In the case of direct private equity investments, the valuation is based on either recently conducted transactions or a model in which a company that is in continuous operation is assessed by comparing the key figures with equivalent listed companies or groups of equivalent listed companies. In some cases the value is reduced by a liquidity discount, which can vary from investment to investment. Companies that are in a start up phase, have undergone previous expansions, or which are undergoing structural changes for some other reasons that make them harder to price in relation to a reference group will be stated at the lowest of costs and estimated value, where the estimated value is apparent from a variance analysis vis-à-vis its plans.

In the case of investments in which Storebrand participates as a co-investor together with a leading investor that conducts a valuation, and no recent transactions exist, this value will be used by Storebrand after being quality assured. In the case of investments for which Storebrand has not received an up-to-date valuation as per 31 December from a leading investor by the time the annual financial statements are closed, the previous valuation is used and adjusted for any market effects during the period from the last valuation up to the reporting date. In those cases where no valuation is available from a leading investor in the syndicate, a separate valuation will be made, as described above.

Asset backed securities
This category primarily encompasses asset backed securities (ABS), residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS). These are primarily valued on the basis of quoted prices from brokers or valuations obtained from international banks. The number of brokers who quote prices is very limited and the volume of transactions in the market relatively low.

Indirect real estate investments
Indirect real estate investments are primarily investments in funds with underlying real estate investments. No units in funds that confirm the market price of the units have been traded recently. Real estate funds are valued on the basis of information received from the individual fund manager.

Most managers report on a quarterly basis and the commonest method used by the individual fund managers is an external quarterly valuation of the fund's assets. This involves the manager calculating a net asset value (NAV). Funds often report NAV with a quarter's delay in relation to the preparation of Storebrand's financial statements. In order to take account of the changes in value in the last quarter, internal estimates are made of the changes in value based on developments in the market and by conferring with the respective managers.

Sensitivity assessments
Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discounting rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption to the required rate of return used, a change in the discounting rate of 0.25 per cent would result in an estimated change of around 4-6 per cent in value, depending on the maturity of the forest and other factors.

Storebrand's private equity investments are usually made through unlisted companies meaning no observable market prices are available. Large proportions of the portfolio are priced using comparable listed companies, while a smaller proportion of the portfolio is listed. The valuation of the private equity portfolio will thus be sensitive to fluctuations in the global equity markets. In the period 1997-2010, Storebrand's private equity portfolio has had a beta against the MSCI World (Net currency hedging to NOK) of around 0.4. The annualised alpha in the same period has been around 8.9 per cent.

Valuations of asset backed securities will generally be sensitive to estimated loan repayment terms, probability of losses and discounting rate requirements. Key assumptions for these factors will also be based on the mutual fund's characteristics and quality. The specified composition of the ABS/RMBS/CMBS portfolio below is stated at fair value. The company's valuation of asset backed securities is based on external sources. Based on experience with procured tradeable prices from brokers, the company is of the opinion that reasonable alternative assumptions entail a valuation that could be 2-3 per cent higher or lower than that indicated by fair value.

Composition of ABS/CMBS/RMBS portfolio primarily based on exposure to underlying collateral:

Country	Asset Backed	Commercial Mortgage Backed	Residential Mortgage Backed	Total
Australia			2%	2%
Italy			5%	5%
Mixed		12%		12%
The Netherlands			12%	12%
Portugal			8%	8%
Spain	1%		12%	13%
UK		1%	18%	19%
Germany		5%		5%
USA	23%		1%	24%
Total	**24%**	**18%**	**58%**	**100%**

Composition of ABS/CMBS/RMBS portfolio based on rating from Moody's, alternatively Fitch:

Rating	Asset Backed	Commercial Mortgage Backed	Residential Mortgage Backed	Total
AAA	19%	10%	26%	56%
AA	1%	7%	24%	31%
A	3%	2%	8%	13%
Total	**24%**	**18%**	**58%**	**100%**

Valuations of indirect real estate investments are particularly sensitive to changes in the required rate of return and assumed future cash flows. Indirect real estate investments are mortgaged structures. On average, 60 per cent of the portfolio is mortgaged. 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 approx. NOK 300 million.

NOK million	Quoted prices	Observable assump- tions	Non- observable assump- tions	2010
Assets:				
Equities and units				
- Equities	28,445	989	3,168	32,602
- Fund units		49,310	1,832	51,142
- Private equity fund investments		2,319	4,363	6,682
- Indirect real estate fund		6	2,411	2,417
Total equities and units	**28,445**	**52,624**	**11,774**	**92,843**
Lending to customers		**673**		**673**
Bonds and other fixed-income securities				
- State and state guaranteed bonds	33,530	26,283		59,813
- Financial and corporate bonds		41,137	1,042	42,179
- Asset backed securities		23,935	1,114	25,049
- Supranational organisations		2,833		2,833
- Bond funds		26,871		26,871
Total bonds and other fixed-income securities	**33,530**	**121,059**	**2,156**	**156,745**
Derivatives:				
- Interest rate derivatives		1,994		1,994
- Currency derivatives		1,718		1,718
- Credit derivatives		1		1
Total derivatives		**3,712**		**3,712**
- of which derivatives with a positive market value		4,964		4,964
- of which derivatives with a negative market value		-1,252		-1,252
Liabilities:				
Liabilities to financial institutions		5,856		5,856
Deposits from and debt to customers		179		179

NOK million	Quoted prices	Observable assump- tions	Non- observable assump- tions	2009
Assets				
Equities and units	20,701	41,767	10,359	72,827
Lending to customers		758		758
Bonds and other fixed-income securities	52,170	101,093	2,452	155,715
Derivatives	-5	1,880		1,876
Liabilities				
Liabilities to financial institutions		6,841		6,841
Deposits from and debt to customers		173		173

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assump- tions	From observable assump- tions to quoted prices
Equities and units	46	156

Level 1 encompasses listed equities that over the previous six months have experienced a daily average turnover equivalent to approximately 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	Private equity fund	Indirect real estate fund	Financial and corporate bonds	Asset backed securities
Balance 01.01	2,941	1,612	3,360	2,246	973	1,373
Net gains/losses on financial instruments	408	348	487	-64	726	36
Supply/disposal	405	160	674	231	99	
Sales/due settlements	-638	-326	-158	-15	-778	-295
Transferred to quoted prices from observable assumptions	5					
Translation differences/other	47	39		13	21	
Balance 31.12	**3,168**	**1,832**	**4,363**	**2,411**	**1,042**	**1,114**

10 Segment reporting

	Life and Pensions Norway [1]		Life and Pensions Sweden [1]		Asset management		Banking	
NOK million	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	31,653	30,318	14,907	16,637	340	247	613	606
Revenue from other group companies [2]	31	30			291	347	5	6
Group result before amortisation and write-downs of intangible assets [2]	877	759	464	487	333	240	158	63
Write-downs of intangible assets and amortisation			-348	-340	-5	-7	-28	-29
Group pre-tax profit	**877**	**759**	**116**	**147**	**327**	**233**	**129**	**35**
Assets	206,212	191,717	141,025	127,019	1,026	865	39,371	42,986
Liabilities	195,070	180,727	135,644	122,130	651	518	37,110	40,704

	P&C Insurance		Other		Eliminations		Storebrand Group	
NOK million	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	559	413	47	40	122	100	48,241	48,360
Revenue from other group companies [2]			835	147	-1,161	-530		
Group result before amortisation and write-downs of intangible assets [2]	8	-49	179	-108	-410	-147	1,608	1,245
Write-downs and amortisation of intangible assets	-9	-13					-390	-390
Group pre-tax profit	**-2**	**-63**	**179**	**-108**	**-410**	**-147**	**1,217**	**855**
Assets	895	1,811	18,121	18,343	-16,235	-16,582	390,414	366,159
Liabilities	600	1,541	3,129	3,482	-207	-160	371,997	348,942

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

2 *Income from other group companies*
Storebrand Investments manages financial assets for other group companies. Asset management fees are made up of fixed management fees and performance-related fees. Performance-based fees apply to the portfolios qualifying for such fees at any given time, and are recognised as income when they are assured. Asset management includes the income in Storebrand Fondene AS and Storebrand Kapitalforvaltning AS, while the group result before amortisation also includes the proportion of the results from Storebrand Eiendom AS and SPP Fonder AB. Storebrand Livsforsikring AS earns revenue from other group companies for product sales and management. These services are priced on commercial terms.

Geographic presence

Storebrand activities primarily take place in Norway and Sweden. All of the segments, except Life and Pensions Sweden have activities in Norway, while Life and Pensions Sweden has some activities outside Sweden.

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

Life and Pensions Norway

Consists of the companies in the Storebrand Life Insurance Group, excluding Storebrand Eiendom AS and Storebrand Holding AB. 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.

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

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

Banking
Storebrand Bank offers traditional banking services such as accounts and loans in the retail market and project financing to selected corporate customers, and is a no fees commercial bank. Estate agency is also offered in this segment.

P&C insurance
P&C insurance business encompasses the following companies: Skadeforsikring AS and Storebrand Helseforsikring AS (50 percent stake). Storebrand P&C Insurance offers standard insurance products in the Norwegian retail market, and some corporate insurance in the SMB market. Storebrand Helseforsikring AS offers treatment insurance in the Norwegian and Swedish corporate and retail markets.

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

Key figures by business area - cumulative figures

NOK million	**2010**	**2009**
Group		
Earnings per ordinary share	3.30	2.08
Equity	18,417	17,217
Capital adequacy	13.1%	13.9%
Life and Pensions Norway		
Premium income after reinsurance	15,518	16,073
Net inflow of premium reserves	1,857	82
Policyholders' fund incl. accrued profit	191,243	175,920
- of which products with guaranteed return	*163,510*	*153,603*
Market return customer funds with guarantee	6.1%	4.7%
Booked investment yield customer funds with guarantee	4.9%	4.7%
Investment yield company portfolio	5.8%	5.2%
Solvency capital [1]	42,710	35,324
Capital adequacy (Storebrand Life Insurance Group)	13.6%	14.9%
Solvency margin (Storebrand Life Insurance Group)	164%	170%
Life and Pensions Sweden		
Premium income after reinsurance	7,177	7,397
Net inflow of premium reserves	-829	-645
Policyholders' fund incl. accrued profit (excl. conditional bonus)	113,029	108,778
- of which products with guaranteed return	*79,569*	*77,415*
Return Defined Benefit	6.0%	4.1%
Return Defined Contribution	5.1%	5.0%
Conditional bonus	11,503	8,689
Deferred capital contribution	2,233	2,286
Solvency margin (SPP Life Insurance Group)	199%	194%
Asset management		
Total funds under management	406,922	351,160
Funds under management for external clients	71,657	56,004
Cost/income [2]	57%	65%
Costs/AuM bp [2]	10,4	12,2
Banking		
Net interest income as a percentage of average total assets	1.10%	0.95%
Costs/income % (banking) [3]	68%	71%
Non-interest income/total income %	28%	35%
Deposits from and due customers as % of gross lending	55%	51%
Gross defaulted and loss-exposed loans as % of gross lending	2.0%	2.5%
Net lending	34,203	35,834
Core (tier 1) capital ratio	10.6%	10.4%
Storebrand Skadeforsikring AS		
Premiums written	467	346
Claims ratio	86%	83%
Number of customers	51,423	40,499

1 *Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, unrealised gains, bonds at amortised cost, additional statutory reserves, conditional bonus and accrued profit.*

2 *The key figures are 12 month rolling figures. AuM = Assets under Management (total assets under management). bp = basis points. Costs encompass Storebrand Fondene AS and Storebrand Kapitalforvaltning AS after eliminations. The income also includes the proportion of the results from Storebrand Eiendom AS and SPP Fonder AB.*

3 *Consists of the companies Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.*

11 Net premium income

NOK million	2010	2009
Life and Pensions Norway		
Group occupational pensions	12,503	9,346
Paid up policies	612	877
Group with investment choice	3,592	3,196
Individual endowment insurance and pensions	720	1,543
Individual with investment choice	2,178	2,153
Risk products without profit sharing [1]	1,103	1,484
Net premium income Life and Pensions Norway	**20,708**	**18,599**
Of which premium reserve transferred to company	5,358	2,684
Life and Pensions Sweden		
Guaranteed products	3,077	3,387
Unit Link	3,565	3,161
BenCo	759	919
Net premium income Life and Pensions Sweden	**7,401**	**7,467**
Of which premium reserve transferred to company	224	70
P&C insurance	552	410
Total net premium income	**28,661**	**26,475**
Of which net premium reserve transferred to company	5,582	2,754

1 *Includes P&C products in Storebrand Livsforsikring AS.*

12 Net interest income - banking activities

NOK million	2010	2009
Fixed income and similar income from lending to and receivables from financial institutions	20	28
Fixed income and similar income from lending to and receivables from customers	1,388	1,662
Fixed income and similar income from commercial paper, bonds, and other interest-bearing paper	106	116
Other interest income and similar income	8	12
Total interest income [1]	**1,522**	**1,818**
Interest and similar costs from liabilities to financial institutions	-285	-278
Interest and similar costs from deposits from and liabilities to customers	-452	-606
Interest and similar costs from issued securities	-267	-410
Interest and similar costs from subordinated loan capital	-32	-39
Other interest costs and similar costs	-30	-61
Total interest costs [2]	**-1,065**	**-1,394**
Total net interest income	**457**	**423**
1 The total interest income for lending, etc, that is not stated at fair value.	*1,378*	*1,675*
2 The total interest costs for deposits, etc, that are not stated at fair value.	*-845*	*-1,227*

Interest costs and value changes on borrowing at fair value (FVO)

NOK million	2010	2009
Interest expenses funding FVO	-220	-167
Changes in value of funding FVO	-7	16
Net costs borrowing at fair value (FVO):	**-228**	**-152**

13 Net income analysed by class of financial instrument

NOK million	Dividend/ interest income	Net gains/ losses on disposals	Net unrealised gains/ losses	Total 2010	Of which Company	Of which Customer	2009
Net income from equities and units	1,663	506	6,925	9,095	64	9,031	6,937
Net income from bonds, bond funds and other fixed-income securities	4,509	17	-1,065	3,461	265	3,197	7,489
Net income from financial derivatives	292	2,564	-141	2,715	221	2,494	3,116
Net income and gains from financial assets at fair value	**6,465**	**3,088**	**5,719**	**15,271**	**550**	**14,722**	**17,542**
- of which FVO (fair value option)	5,711	717	5,862	12,290	357	11,933	12,234
- of which trading	292	2,564	-141	2,715	221	2,494	3,096
- of which available-for-sale	461	-93		368		368	2,211
Net income from bonds at amortised cost	**2,249**	**-165**		**2,084**	**15**	**2,069**	**1,082**
Change in value of available-for-sale bonds recognised in equity			**-52**	**-52**			**-1,377**

14 Net income from real estate

NOK million	2010	2009
Rent income from properties [1]	1,623	1,578
Operating costs (including maintenance and repairs) relating to properties that have provided rent income during the period [2]	-337	-299
Total	**1,286**	**1,279**
Realised gains/losses	1	-2
Change in fair value	154	-254
Total income real estate	**1,441**	**1,024**
1 Of which properties for own use.	67	94
2 Of which properties for own use.	-12	-18

Allocation by company and customers

	2010	2009
Company	52	57
Customer	1,389	967
Total income from investment properties	**1,441**	**1,024**

Change in value real estate investments

NOK million	2010	2009
Wholly owned real estate investments - investment properties	154	-254
Property equities and units in Norway and Sweden [1]	96	-76
Property units abroad [1]	87	-974
Total changes in value investment properties	**336**	**-1,304**
Properties for own use	-104	55
Total changes in value in real estate	**233**	**-1,250**
Realised gains/losses sold real estate	**16**	**22**

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

15 To/from market value adjustment reserve

NOK million	2010	2009	Change 2010	Change 2009
Equities	1,404	-823	2,227	-823
Interest-bearing securities	567	854	-287	854
Market reserve's financial assets at fair value	**1,971**	**31**	**1,940**	**31**

16 Other income including fixed income and currency bank

Company

NOK million	2010	2009
Fee and commission income, banking	91	94
Fee and commission expense, banking	-18	-18
Net fee and commission income, banking	74	76
Management fees, asset management activities	357	190
Interest income on bank deposits	38	63
Revenue from real estate broking	103	101
Other insurance related income	153	89
Interest income, insurance	782	702
Other revenue from companies other than banking and insurance	474	447
Other income	15	97
Total other income company	**1,995**	**1,766**

Total fee and commission income from financial instruments not stated at fair value totalled NOK 55 million in 2010. Total fee and commission expenses on financial instruments not stated at fair value totalled NOK 14 million in 2010.

Customers

NOK million	2010	2009
Interest income on bank deposits	75	30
Currency gains/losses, banking	112	107
Other income	-91	-191
Total other income customers	**96**	**-54**

17 Insurance claims for own account

NOK million	2010	2009
Life and Pensions Norway:		
Group occupational pensions	-9,289	-8,597
Paid up policies	710	1,176
Group with investment choice	-488	-269
Individual endowment insurance and pensions	-3,433	-3,044
Individual with investment choice	-1,550	-587
Risk products without profit sharing [1]	-691	-607
Insurance claims for own account Life and Pensions Norway	**-14,742**	**-11,928**
Of which premium reserve transferred from the company	-3,522	-2,628
Life and Pensions Sweden:		
Guaranteed products	-4,616	-4,133
Unit Link	-1,207	-990
BenCo	-959	-1,314
Insurance claims for own account Life and Pensions Sweden	**-6,782**	**-6,438**
Of which premium reserve transferred from the company	-1,053	-715
P&C insurance	-433	-310
Total insurance claims for own account	**-21,956**	**-18,676**
Of which premium reserve transferred from the company	-4,575	-3,343

1 Includes P&C products in Storebrand Livsforsikring AS.

The table below shows the anticipated compensation payments (excluding repurchase and payment). The residual balance after 3 years is equal to the obligations carried on the statement of financial position in the financial statements.

Development in expected insurance claim payments - life insurance

NOK billion	**Life and Pensions Norway**	**Life and Pensions Sweden**
0-1 years	11	6
1-3 years	20	13
> 3 years	157	102

Development in insurance claim payment - P&C insurance, exclusive run-off

NOK million	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
Calculated gross cost of claims							
At end of the policy year	21	29	79	197	304	431	
- one year later	26	31	88	197	307		
- two years later	26	32	87	200			
- three years later	27	32	82				
- four years later	27	28					
- five years later	21						
Calculated amount 31.12			44	140	233	341	757
Total disbursed to present	21	28	80	190	278	294	892
Claims reserve			2	9	29	137	179
Claims reserve for claims from prior years (before 2005)	20						20
Total trend in claims disbursed							**199**

18 Change in insurance liabilities – life insurance

NOK million	**Life and Pensions Norway**	**Life and Pensions Sweden**	**2010**	**2009**
To/from premium reserve excluding guaranteed return	6,391	1,362	7,753	11,371
Change in conditional bonus		2,427	2,427	2,161
To/from premium fund/pensioners' surplus reserve	104		104	111
Change in insurance liabilities excluding guaranteed return	**6,495**	**3,788**	**10,283**	**13,642**
Interest rate guarantee	5,577	3,057	8,634	8,558
Profit sharing	649		649	108
Guaranteed return and allocation to customers	**6,226**	**3,057**	**9,284**	**8,666**

19 Losses from lending/reversal of previous losses

NOK million	2010	2009
Write-downs/income recognition for lending and guarantees for the period		
Change in individual loan write-downs for the period	64	67
Change in grouped loan write-downs for the period	23	-19
Other corrections to write-downs	-2	-10
Realised losses on loans where provisions have previously been made	-103	-92
Realised losses on loans where no provisions have previously been made	-1	
Recovery of loan losses realised previously	5	8
Write-downs/income recognition for lending and guarantees for the period	**-14**	**-46**
Interest on written down loans recognised as income	**12**	**7**

20 Operating costs

	Storebrand Life Insurance Group		Storebrand Bank		Other activities		Storebrand Group	
NOK million	2010	2009	2010	2009	2010	2009	2010	2009
Personnel costs	-1,365	-1,434	-205	-221	-357	-408	-1,927	-2,063
Amortisation	-91	-21	-5	-8	-14	-11	-109	-40
Other operating costs	-1,083	-1,298	-236	-275	-32	76	-1,351	-1,621
Total operating costs	**-2,539**	**-2,754**	**-445**	**-504**	**-404**	**-344**	**-3,388**	**-3,725**

21 Pensions costs and pension liabilities

Storebrand

Employees are insured through a defined benefit pension equivalent to 70 percent of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme with Storebrand Livsforsikring AS. Pension payments from this scheme come into effect from the pension age, which is 67 for employees and 65 for underwriters. Pension payments to employees between 65 and 67 and pensions linked to salaries of more than 12 times the national insurance basic amount (G) are paid directly by the company. A guarantee has been pledged for earned pensions for salaries of more than 12 G upon retirement before 65 years old. 12 G amounts as per 31 December 2010 to NOK 907,692. The company's pension scheme satisfies the requirements of this act.

The company is obliged to have an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions. The company's pension scheme satisfies the requirements of the Act.

SPP

The pension plan for employees in SPP follows the plan for bank employees in Sweden. The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the Union of Finance Sector Employees and between BAO and SACO (the Swedish Confederation of Professional Associations). The amount is 10 percent of the annual salary up to 7.5 times the national insurance basic amount. The retirement pension is 65 per cent of the annual salary for the portion of salary between 7.5-20 times the national insurance basic amount, and 32.5 per cent of annual salary between 20-30 times the national insurance basic amount. No retirement pension is paid for the portion of salary in excess of 30 times the national insurance basic amount.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	2010	2009
Present value of insured pension benefit liabilities	3,799	3,470
Pension assets at fair value	-3,066	-2,973
Net pension liability/surplus for the insured schemes	733	497
Present value of the uninsured pension liabilities	693	638
Net pension liabilities in the balance sheet	**1,427**	**1,135**

Includes employer's NI contributions on net underfunded liabilities included in gross liabilities

Booked in the statement of financial position

NOK million	2010	2009
Pension assets	30	44
Pension liabilities	1,456	1,179

Pension experience adjustments booked in equity

NOK million	2010	2009
Year's change in experience adjustments included in equity	-328	135
Accumulated experience adjustments included in equity	-801	-473

Changes in the net defined benefit pension liabilities in the period

NOK million	2010	2009
Net pension liabilities 01.01	4,108	4,297
Net pension cost recognised in the period	162	183
Interest on pension liabilities	172	172
Pension experience adjustments	255	-267
Pensions paid	-235	-238
Changes to the pension scheme		6
Net pension liabilities additions/disposals and currency adjustments	32	-45
Reversed employer's NI contributions	-2	-1
Net pension liabilities 31.12	**4,492**	**4,108**

Changes in the fair value of pension assets

NOK million	2010	2009
Pension assets at fair value 01.01	2,973	2,897
Expected return	160	175
Pension experience adjustments	-91	-50
Premium paid	196	164
Pensions paid	-178	-194
Changes to the pension scheme	-16	6
Net pension liabilities additions/disposals and currency adjustments	21	-25
Net pension assets 31.12	**3,066**	**2,973**

Expected premium payments (pension assets) in 2011	**191**	

Pension assets are based on the financial assets held by Storebrand Life Insurance/SPP composed at 31.12:

	Storebrand Life Insurance		**SPP**	
NOK million	**2010**	**2009**	**2010**	**2009**
Properties and real estate	16%	15%		
Bonds at amortised cost	26%	26%		
Secured and other lending	2%	2%		
Equities and units	21%	16%	28%	26%
Bonds	30%	38%	65%	67%
Commercial paper	2%	1%		
Other short-term financial assets	3%	2%	7%	7%
Total	**100%**	**100%**	**100%**	**100%**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance.

The book (realised) return on the assets	**4,7%**	**5,0%**	**6,0%**	**4,1%**

Net pension cost booked to profit and loss account, specified as follows

NOK million	2010	2009
Current service cost including employer's national insurance contributions	214	250
Interest on pension liabilities	172	173
Expected return on pension assets	-160	-175
Pension experience adjustments		
Corrected costs included in previous years	-2	
Net pension cost booked to profit and loss account in the period	**224**	**248**

Main assumptions used when calculating net pension liability 31.12

	Storebrand Life Insurance		SPP	
	2010	2009	2010	2009
Discount rate	4.0%	4.4%	3.6%	3.3%
Expected return on pension fund assets in the period	4.9%	6.0%	6.0%	5.0%
Expected earnings growth	3.9%	4.0%	3.5%	3.5%
Expected annual increase in social security pensions	3.8%	4.0%	3.0%	3.0%
Expected annual increase in pensions in payment	2.0%	2.0%	2.0%	2.0%
Disability table	KU	KU		
Mortality table	K2005	K2005	DUS06	DUS06

Financial assumptions

The calculation assumptions are set based on the guidelines issued by the Norwegian Accounting Standards Board adjusted for company specific factors, including an expected return based on the selected investment profile.

Actuarial assumptions

Standardised assumptions regarding the development of mortality/disability and other demographic factors as produced by the Norwegian Financial Services Association. Average employee turnover rate of 2–3 per cent of entire workforce.

Net pension liability 31.12

NOK million	2010	2009	2008	2007	2006
Discounted current value of defined benefit pension liabilities	4,493	4,108	4,296	3,677	3,560
Fair value of pension assets	-3,066	-2,973	-2,897	-2,760	-2,747
Deficit/(surplus)	**1,427**	**1,135**	**1,399**	**917**	**813**
Fact based adjustments pension liabilities	1	-125	7		
Fact based adjustments pension assets	-90	-50	-323		

Sensitivity analysis pension calculations

Change in discounting rate	**1%**	**-1%**
Percentagewise change in pension:		
Norway		
Pension liabilities	-14%	18%
The period's net pensions costs	-22%	31%
Sweden		
Pension liabilities	-17%	22%
The period's net pensions costs	-7%	9%

The pension liabilities are specifically sensitive to changes in the discounting rate A reduction in discounting rate would, seen in isolation, result in an increase in the pension liabilities.

22 Remuneration of senior employees and elected officers of the company

NOK '000s	Ordinary salary	Bonus paid	Other benefits [1]	Post termination salary (months)	Pension accrued for the year	Present value of pension	Loan	Interest rate at 31.12.2010	Repayment period
Senior employees									
Idar Kreutzer	4,102	1,377	266	24	986	18,008	13,061	3.00%/3.34%/3.74%	2018/2025/2037
Odd Arild Grefstad	2,680	556	214	18	684	10,609	2,661	3.00%/3.34%	2019/2024
Egil Thompson	2,029	137	203	18	658	7,342	2,646	3.00%/3.44%	2019/2038
Lars Aa. Løddesøl	2,701	684	161	18	962	8,948	8,288	3.00%/3.20%	2020/2029
Klaus-Anders Nysteen	1,254	352	85		-	-	3,175	3.50%	2020
Truls Nergaard	1,983	959	240	18	886	1,515			
Roar Thoresen	2,755	676	149	18	968	8,537	1,564	3.00%	2032
Hans Aasnæs	3,720	1,580	141	18	1,079	16,957	1,700	3.00%	2027
Elin M. Myrmel-Johansen	1,454	99	148	18	398	3,956	1,970	3.35%	2018/2023
Gunnar Rogstad	2,078	638	137	6	803	3,767	1,231	3.00%	2035
Sarah McPhee [5]	3,357	980	115		2,639	1,969			
Total 2010	**28,114**	**8,039**	**1,860**		**10,063**	**81,609**	**36,296**		
Total 2009	29,098	5,047	1,922		8,445	66,782	30,908		

NOK '000s	Number of shares held [2]	Bonus bank [3]	Return on shares bank [4]	1/3 bonus bank 2011 [3]
Idar Kreutzer	96,232	5,129	127	1,710
Odd Arild Grefstad	30,018	2,176	51	825
Egil Thompson	19,632	817	13	339
Lars Aa. Løddesøl	32,149	1,635	63	878
Klaus-Anders Nysteen	49,807			
Truls Nergaard	10,967	299	27	300
Roar Thoresen	32,888	947	63	882
Hans Aasnæs	48,750	1,647	138	1,882
Elin M. Myrmel-Johansen	8,491	534	10	211
Gunnar Rogstad	102,040	778	55	793
Sarah McPhee	39,532	1,473	104	1,183
Total 2010	**470,506**	**15,435**	**651**	**9,003**
Total 2009	423,587	9,290	2,692	7,043

NOK '000s	Remuneration	Number of shares held [2]	Loan	Interest rate at 31.12.2010	Repayment period
Board of Directors					
Birger Magnus	566	20,000			
Halvor Stenstadvold	365	8,645			
John S. Dueholm	275				
Heidi Skaaret	200				
Kirsti Valborgland	196	2,072	3,421	3.0%/3.7%	2020/2040
Jon Arnt Jacobsen	275				
Birgitte Nielsen	325				
Knut Dyre Haug	313	11,800	1,679	3.0%	2030
Ann-Mari Gjøstein	319	258			
Camilla Marianne Grieg	165				
Annika Marie Lundius	275				
Erik Haug Hansen	96	6,043	850	3.0%	2025
Total 2010	**3,370**	**48,818**	**5,950**		
Total 2009	2,805	46,456	2,217		
Control Committee					
Elisabeth Wille	270	747			
Harald Moen	200	595			
Ida Hjort Kraby	200				
Ole Klette	200				
Tone Reierselmoen	90	1,734	547	3.75%	2021
Finn Myhre	245		8,426	3.34%	2014/2025/2030
Erling Naper	90				
Total 2010	**1,295**	**3,076**	**8,972**		
Total 2009	980	1,342			

1 Comprises company car, telephone, insurance, concessionary interest rate, other contractual benefits.

2 The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, confere Accounting Act, Section 7-26.

3 Outstanding in bonus bank at 31.12.2010 less Storebrand's initial contribution. Senior executives are contractually entitled to performance related bonuses related to the Group's value-based management system. The Group's value creation finances the overall amount of the bonus, but individual performance determines what proportion of the bonus is allocated. The bonus allocated to an individual is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. If the total annual payments exceed the total bonuses awarded and return this will result in parts of Storebrand's initial contribution forming part of the annual payment. Senior employees, with the exception of the CEO, received an initial contribution when the bonus bank was established. If the employee leaves the company, the positive amount of the initial deposit will be retained by Storebrand. The balance of the bonus account is exposed 50 percent to Storebrand's share price and 50 percent to the best interest rate paid by Storebrand Bank. Over time the balances in the "share bank" and "interest bank" will grow separately.

4 The return on the "share bank" shows the annual gain in value of the individual's bonus account caused by the performance of the Storebrand share price in 2010 adjusted for dividend.

5 The retirement age for SPP's CEO is 62 years old. SPP's CEO is covered by a defined contribution based scheme in addition to a defined benefits scheme.

Loans to employees of the Group total NOK 1,785 million.

The Board of Storebrand ASA will submit a statement to the 2011 annual general meeting on the salary and other remuneration of senior employees, confere Section 6-16 a of the Public Limited Liabilities Companies Act, based on the Group's previously adopted guidelines concerning remuneration for senior employees in Storebrand.

STOREBRAND ASA – THE BOARD OF DIRECTOR'S STATEMENT ON THE FIXING OF THE SALARY AND OTHER REMUNERATION FOR SENIOR EMPLOYEES

The Board of Storebrand ASA has had a special Remuneration Committee since 2000. The Remuneration Committee is tasked with providing recommendations to the Board concerning all matters to do with the company's remuneration of the CEO. The Committee shall remain informed about and suggest guidelines for the fixing of remuneration for senior employees in the group. In addition the Committee is the advisory body for the CEO in relation to remuneration regimes that cover all employees in the Storebrand Group, including Storebrand's bonus system and pension scheme.

1 Advisory guidelines for the coming financial year

Storebrand aims to base remuneration on competitive and stimulating principles that help to attract, develop and retain highly qualified staff.

Optimised financial remuneration helps to create a performance culture with clear goals for all employees and correct assessments by managers that differentiate between good and less good performances.

Financial remuneration shall be designed to:

1. Help support continuous improvement, stimulate internal cooperation and create a values-based performance culture
2. Help focus the efforts of employees
3. Ensure the Group's strategy and plans provide the basis for the goals and requirements set for employees' performance
4. Ensure it is based on long-term thinking, balanced goal-oriented management, and real value creation
5. Ensure it is based on an assessment of the individual's results and compliance with corporate principles
6. Facilitate a clear, transparent and team-based process for setting goals and goal structures
7. Ensure that both the development of financial remuneration and job requirements are embedded in the employee's role, responsibilities and influence in the Group
8. Ensure that the composition and level of the components of the financial remuneration are balanced and in line with the market

The salaries of senior employees are fixed on the basis of a position's responsibilities and complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to the sector.

Senior employees in Storebrand can, in addition to their fixed salary, receive remuneration in the form of an annual bonus, participation in the Group's group pension scheme, usual benefits in the form of free newspapers, telephone, company car scheme, and other personal benefits. Senior employees may also be entitled to a termination pay arrangement, which guarantees they will receive their salary less other income for a specific period of up to 24 months upon the conclusion of their employment.

2 Binding guidelines for shares, subscription rights, options, etc, for 2011 financial year

2.1 The bonus system

The main elements of the bonus system will be continued

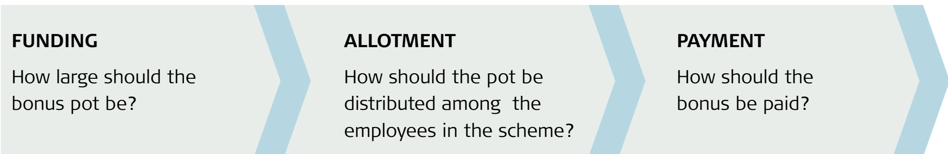
The Storebrand Group's bonus scheme for the 2011 financial year complies with the regulations laid down by the Ministry of Finance on 1 December 2010 relating to remuneration schemes in financial institutions. Much of the Group's bonus scheme for senior employees in 2011 is a continuation of earlier bonus schemes. Earlier bonus schemes have been very robust with regard to ensuring the overall goals of increasing the correspondence between owners' and managers' incentives and helping to ensure the management does not take inappropriately large risks.

Two categories of financial remuneration

Senior employees and employees who influence the company's risk are divided into two categories with regard to financial remuneration. Senior employees for whom accounting and control functions make up a large part of their duties receive fixed salaries only. The other senior employees have a bonus scheme linked to value creation in the Group, in the unit and through the performances of individual employees.

Overall structure of the bonus scheme

The overall structure of the bonus scheme is outlined in the figure below.



Bonuses are funded by value creation in the Group, while their awarding depends on a unit's value creation and the employee's individual performance. The bonus entitlement is credited to a bonus account. 1/3 of the bonus account balance is paid each year.

Funding

Specific quantitative goals for how the value creation in the company will fund bonuses are set each year. The value creation target is based on the risk adjusted result, which excludes market dependent results and profit sharing. Significant one-time effects must also be eliminated by adjustment.

An additional requirement has been introduced that the total group result must be above a predefined level to avoid reductions in bonus entitlements based on the risk adjusted result. Negative group results result in full reduction and zero bonus.

The target that determines how the risk adjusted value creation will fund the bonus is set by the Board of Storebrand ASA.

Calculation of the allotment result

A unit's value creation is measured using a scorecard that is anchored in the unit's strategic, financial and operation goals. Scorecards contain both quantitative and qualitative goals.

Specific goals are also set each year with respect to the senior employees' performance. This is documented using a special monitoring system. Every employee has his or her own action plan anchored in the unit's goals. The action plan describes the targets an individual is responsible for and shall meet in a given year. Employees are assessed annually. Assessments are based on results in relation to an action plan, as well as an assessment of the individual's compliance with Storebrand's corporate principles. Action plan and corporate principles compliance assessments are given equal weight in the overall individual performance assessment.

The allotment result depends on both the unit's result and individual target attainment.

Calculation of bonus entitlement
The target bonus for senior employees is intended over time to amount to between 20 per cent and 40 per cent of fixed salary. The maximum target attainment for funding and allotment is 150 per cent respectively. Senior employees' bonus entitlements are calculated using the following formula: Expected bonus level x Funding result x Allotment result

The maximum possible bonus entitlement is 90 per cent of annual salary.

Payment of bonus
Individual bonus banks have been set up for senior employees with bonus schemes. The bonus entitlement is not paid directly, but must be credited to the bonus bank. The amount credited to the bonus bank is exposed 50 percent to the bank interest rate and 50 percent to Storebrand's share price in the relevant qualifying year.

1/3 of the bonus account balance is paid each year. The bonus bank balance can be withheld if the bonus entitlement has been calculated on the basis of incorrect information.

Compulsory purchase of shares in Storebrand ASA
Senior employees must spend half of the paid bonus, after tax, on purchasing Storebrand ASA shares at market price. SPP's CEO must spend 60 per cent on purchasing shares. These shares are subject to a lock-in period of 3 years. The lock-in period continues to apply if the employee leaves the company.

2.2 Pension scheme
The company shall arrange and pay for an ordinary group pension insurance common to all employees and which applies from the moment employment commences. Otherwise, the applicable pension rules at any given time apply. The current retirement age is 65 years old.

2.3 Termination pay
The CEO and executive vice presidents are entitled to termination pay if their contracts are terminated by the company.
Entitlement to termination pay is also triggered by resignation if this is due to substantial organisational changes or equivalent situations that make it unreasonable for the employee to remain in his or her position.

If the employment relationship is brought to an end due to a gross breach of duty or other material non-performance of the employment contract, the provisions in this section do not apply.

Any income gained through work, including fees for service provision, the exercising of an office, etc shall result in an equal amount being deducted from the termination pay.

The termination pay amounts to the pensionable salary at the end of the employment relationship, excluding any bonus schemes.
The CEO is entitled to 24 months' termination pay. Other executive vice presidents are entitled to 18 months' termination pay.

2.4 Share programme for employees
Like other employees in Storebrand, senior employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount pursuant to the share programme for employees.

Storebrand has offered employees an opportunity to purchase shares in Storebrand at a 20 per cent discount since 1996. The tax-free discount is limited to NOK 1,500 per annum pursuant to the tax rules. In 2006, the investment opportunity was expanded to the maximum loan amount from the company (3/5 G) and the 20 per cent discount kept. This means that for purchases of shares that exceed NOK 7,500, the discount on the excess amount is taxed as pay.
A maximum of NOK 40,000 of shares can be bought at a total discount of NOK 8,000. NOK 6,500 of this discount will be taxed as pay.
A lock-in period of 1 year is practised for this scheme.

3 The senior employee remuneration policy practised in 2010

3.1 General
The senior employee policy practised in 2010 was based on the statement regarding the fixing of the salary of senior employees that was dealt with by the annual general meeting in April 2010.

3.2 Paid bonus for 2009 qualifying year
The targets set for funding bonuses were achieved in the 2009 qualifying year. Therefore, bonuses were awarded to senior employees based on results and performance in 2009 and which were paid out in March 2010.

Payments from the bonus bank in March 2010 were made pursuant to the rules that applied in the 2009 qualifying year. 1/3 of the existing balance in the bonus bank was paid out after the awarding of the bonus for the 2009 qualifying year and after calculating the return using the bank interest rate and the development of the Storebrand share between 1 January 2009 and 31 December 2009 and 31.12.2009, respectively.

The number of shares bought by all members of the long-term incentive scheme in 2009 was 46,591.

3.3 Calculation of bonus payment for 2009 qualifying year
The average bonus entitlement for a member of the executive management team is calculated using the following formula:

Expected bonus level x Group's funding x Individual target attainment

The average expected bonus level was NOK 1,075,000. Group funding was 70 per cent and the average target attainment by units and individuals was 105.9 per cent for the 2009 qualifying year.

This results in an average bonus entitlement of NOK 829,224. This amount was credited to the bonus bank.

In 2009, the return on the cash portion of the bonus bank was 3.68 per cent and the return on the share portion of the bonus bank was 136.20 per cent. 1/3 of the bonus account balance is paid out.

The awarding and payment of bonuses complied with the applicable guidelines for 2009.

3.4 Calculation of bonus entitlement for 2010
The criteria for funding bonuses were achieved in 2010.

The average expected bonus level for the executive management team was NOK 1,197,500.

The funding of bonuses is linked to the internal programme for improving operations and requirements concerning the group result and solvency. The funding result was 114 per cent, calculated pursuant to the guidelines for the bonus scheme. Assuming 100 per cent target attainment by units and individuals, the average bonus entitlement would be NOK 1,365,150.

The allotment for 2010 will also depend on the units' results and individual results. The bonus entitlement is credited to the bonus bank.

In 2010, the return on the cash portion of the bonus bank was 3.04 per cent and the return on the share portion of the bonus bank was 10.3 per cent.

1/3 of the bonus account balance is paid out.

The awarding and payment of bonuses will comply with the applicable guidelines for 2010.

4 Statement concerning the effects of share-based remuneration agreements for the company and shareholders
In accordance with the new guidelines for bonus entitlements in 2011 half of senior employees' net paid out bonus in 2012 must be spent on purchasing shares in Storebrand ASA at market prices with a 3 year lock-in period.

In the opinion of the Board of Directors this has no negative consequences for the company and shareholders given the orientation of the scheme and the size of the individual executive vice presidents' portfolio of shares in Storebrand ASA.

23 Remuneration paid to auditors

	2010			
NOK million	**Total**	**Norway**	**Abroad**	**2009**
Statutory audit	10	7	3	15
Other reporting duties	3	3		8
Tax advice				2
Other non-audit services	1	1	1	1
Total remuneration to auditors	**15**	**11**	**4**	**26**

The amounts excluding VAT

24 Other costs incl. currency bank

NOK million	2010	2009
Pooling	-200	-177
Interest costs, insurance	-13	-42
Insurance related costs	-58	-35
Borrowing expenses	-13	-11
Currency gains, insurance liabilities		40
Loss on claims insurance		-43
Other costs	-9	-138
Total other costs	**-294**	**-407**

25 Interest expenses

NOK million	2010	2009
Interest expense – funding	-131	-129
Interest expense – subordinated loans	-517	-541
Total interest expenses [1]	**-648**	**-670**

1 Interest expenses for Storebrand Bank are included in net interest income for banking enterprises.

26 Tax

Tax cost in the result

NOK million	2010	2009
Tax payable	-67	-3
Deferred tax	367	50
Total tax charge	**300**	**47**

Reconciliation of expected and actual tax cost

NOK million	2010	2009
Ordinary pre-tax profit	1,217	855
Expected tax on income at nominal rate	-341	-240
Tax effect of:		
realised/unrealised shares/AIO	863	635
dividends received	-10	181
associated companies	-6	23
permanent differences	337	-142
write-down of deferred tax assets	-1,174	-365
Change from earlier years	630	-46
Total tax charge	**300**	**47**

Calculation of deferred tax assets and deferred tax on temporary differences and losses carried forward

NOK million	2010	2009
Tax increasing temporary differences		
Securities	3,887	1,895
Real estate	4,674	4,416
Operating assets	291	298
Pre-paid pensions	786	44
Securities liabilities	51	
Gains/losses account	402	503
Other	663	656
Total tax increasing temporary differences	**10,753**	**7,811**
Tax reducing temporary differences		
Securities	-1,773	-2,331
Operating assets	-43	-31
Provisions	-1,699	-27
Accrued pension liabilities	-1,294	-795
Securities liabilities		-528
Gains/losses account	-26	-32
Other	-119	-129
Total tax reducing temporary differences	**-4,953**	**-3,874**
Losses carried forward	-10,451	-7,266
Allowances carried forward	-1,057	-1,243
Total losses and allowances carried forward	**-11,507**	**-8,510**
Basis for net deferred tax/tax assets	**-5,708**	**-4,572**
Write-down of basis for deferred tax assets	5,839	4,685
Net basis for deferred tax/tax assets	**132**	**113**
Net deferred tax asset/liability in the balance sheet	**37**	**32**
Booked in the balance sheet		
Deferred tax assets	132	213
Deferred tax	169	182

Deferred tax assets have been written down as a result of uncertainty as to whether future taxable income will be sufficient for all losses carried forward to be used for business in Norway. The primary reason behind this is the exemption method from taxation for share dividends and gains/losses on shares in the EEA area, and it is expected that in future years the Group will continue to derive income from such investments. Allowances carried forward date from the years 2001–2003, and must be used within 10 years.

27 Intangible assets

	Intangible assets								
NOK million	**Brand names**	**IT systems**	**Customer lists**	**VIF [1]**	**Rights SPP Fonder**	**Other intangible assets**	**Goodwill**	**2010**	**2009**
Acquisition cost 01.01	193	309	472	8,010	8	10	1,356	10,357	11,184
Additions in the period:									
Developed in-house		32						32	31
Purchased separately		22					2	24	19
Acquired via mergers, acquisitions, etc									4
Disposals in the period							-1	-1	
Currency differences from converting foreign units	11		32	550	1		46	640	-880
Other changes		39						39	
Acquisition cost 31.12	**204**	**402**	**504**	**8,559**	**9**	**10**	**1,403**	**11,091**	**10,358**
Accumulated depreciation & write-downs 01.01	-32	-170	-95	-3,118	-2	-10	-158	-3,585	-3,462
Write-downs in the period		-11					-5	-16	-14
Amortisation in the period [2]	-17	-44	-49	-282	-2	-1		-393	-390
Currency differences from converting foreign units	-3		-8	-222				-234	280
Other changes		-24						-24	
Accumulated depreciation & write-downs 31.12	**-52**	**-248**	**-152**	**-3,623**	**-4**	**-10**	**-163**	**-4,251**	**-3,586**
Carrying amount 31.12	**152**	**154**	**352**	**4,937**	**5**	**0**	**1,240**	**6,840**	**6,773**

1 Value of business-in-force, the difference between market value and carrying amount of the insurance liabilities in SPP.
2 NOK 13 million was classified as depreciation under operating costs.

During 2010, the Storebrand Bank Group carried out a NOK 5 million write-down in intangible assets. The write-down was primarily linked to IT systems for credit risk that are no longer in use. Goodwill linked to Hadrian Utvikling AS was written down in its entirety as per 31 December 2010. The amount was NOK 5 million.

Intangible assets linked to acquisition of SPP
Storebrand Livsforsikring AS acquired SPP Livförsäkring AB and its subsidiaries in 2007. The majority of the intangible assets associated with SPP are assets of VIF (value of business in force), for which a separate sufficiency test has been performed as per the requirements of IFRS 4. In order to determine whether goodwill and other intangible assets connected with SPP has been the subject of a drop in value, estimates are made of the recyclable amount for the relevant cash-flow generating units. Recyclable amounts are established by computing the enterprise's utility value. SPP is regarded as a single cash flow generating unit and the development of future administration results, risk results and financial results for SPP will affect its utility value. In the computation of this utility value, the management have made use of Board-addressed budgets and prognoses for the coming three-year period.

The prognoses for the various elements of the result are based on the development in recent years, effects of measures during the prognosis period, as well as assumptions about the normalised development of the financial markets based on the current financial strategy and applicable market interest rates. The administration result is expected to develop positively due to the cost-efficiency measures, and the growth in sales of products and services that are cost-effective to administer and have lower capital requirements. In addition to the coming three-year period, cash flows are projected for the period 2014 to 2020 based on growth in the various result elements of between 0 percent and 5 percent per annum. A stable growth rate of 2.5 per cent is also assumed in the calculation of the terminal value. Growth is generally expected in the occupational pensions market due to growth factors such as demography with the expected increase in the number of pensioners, higher employment rate,and regulatory conditions, including the transition from defined benefits to defined contribution pensions. The utility value is calculated using a required rate of return after tax of 8 per cent. The required rate of return is computed on the basis of risk-free interest and added to a premium that reflects the risk in the enterprise.

Intangible assets linked to bank activities
A cash flow based valuation based on the expected pre-tax result is conducted when calculating the utility value for the banking group. The calculation is based on Board approved budgets and prognoses for the coming three-year period. The prognosis assumes an improvement in the result where the costs programme is implemented, and growth in other income based on developments and the efforts made in recent years. A stable growth rate of 2.5 per cent is assumed in the calculation of the terminal value, equal to expected inflation. The utility value is calculated using a required rate of return after tax of 9 per cent. The required rate of return is computed on the basis of risk-free interest and added to a premium that reflects the risk in the enterprise.

The executive management has assessed the recoverable amount of goodwill as per 31 December 2010 and concluded that no write-down is necessary. Sensitivity analyses are conducted with respect to the assumptions regarding the development of the result and required rate of return. The management are of the opinion that it is improbable that possible reasonable changes in the key presumptions would bring about a need for a write-down.

Specification of intangible assets

NOK million	Lifetime	Depr. rate	Depr. method	Carrying amount 2010
Brand name SPP	10 years	10%	Straight line	121
Brand name (Hadrian Eiendom)		Not depreciated		31
IT systems	1-8 years	10-33.3%	Straight line	154
Customer lists SPP	10 years	10%	Straight line	352
Value of business in force SPP	10 years	10%	Straight line	4,937
Rights to withdraw fees from SPP Fonder	2.5 years	40%	Straight line	5
Total				**5,600**

Goodwill distributed by business acquisition

NOK million	Business area	Acquisition cost 01.01	Acc. depr. 01.01	Carrying amount 01.01	Supply/ disposal/ currency effect	Write-downs	Carrying amount 31.12
Delphi Fondsforvaltning	SB Fondene	35	-4	32			32
Hadrian Eiendom AS	SB Bank	16		16			16
Storebrand Bank ASA	SB Bank	563	-141	422			422
Other subsidiaries in the Storebrand Bank Group	SB Bank	47	-13	34	1	-5	30
SPP	SB Life	749		686	46		732
Storebrand Baltic	SB Life	4		4			4
Evoco	SB Life	4		4			4
Total		**1,420**	**-158**	**1,199**	**47**	**-5**	**1,240**

Goodwill is not amortised, but is tested annually for impairment.

28 Tangible fixed assets and properties for own use

NOK million	Equipment	Vehicles	Fixtures & fittings	Real estate	2010	2009
Carrying amount 01.01	**84**	**36**	**73**	**17**	**209**	**124**
Additions	28	3	20		51	125
Disposals	-1	-7	-1		-9	-6
Revaluation booked in balance sheet						-1
Depreciation	-24	-9	-10	-1	-44	-30
Write-downs in the period						-4
Currency diffs. from converting foreign units			1		1	
Other changes	-22		6		-16	
Carrying amount 31.12	**66**	**23**	**88**	**16**	**193**	**209**
Acquisition cost opening balance	194	54	106	42	396	294
Acquisition cost closing balance	176	45	132	43	395	396
Accumulated depreciation and write-downs opening balance	-110	-17	-33	-26	-186	-165
Accumulated depreciation and write-downs closing balance	-110	-21	-44	-27	-202	-186

Properties for own use (fair value)

NOK million	2010	2009
Carrying amount 01.01	**1,718**	**1,968**
Additions	65	944
Disposals		-1,128
Revaluation booked in balance sheet	5	-6
Depreciation/revaluation		
Write-downs in the period	-105	-24
Currency diffs. from converting foreign units	-14	
Other changes		-37
Carrying amount 31.12	**1,668**	**1,718**
Acquisition cost opening balance	1,718	1,679
Acquisition cost closing balance	1,773	1,718
Accumulated depreciation and write-downs opening balance		290
Accumulated depreciation and write-downs closing balance	-105	

Properties for own use, also see note 37.

Distribution by company and customers:		
Properties for own use - company	352	336
Properties for own use - customers	1,316	1,382
Total	**1,668**	**1,718**

Depreciation method:	Straight line
Depreciation plan and financial lifetime:	
Equipment	4-6 years
Vehicles	6 years
Fixtures & fittings	4 years
Real estate	15 years/50 years

29 Tangible fixed assets – operational leasing

Minimum future payments on operational leases for fixed assets are as follows:

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1 - 5 years	Minimum lease payment > 5 years
Lease < 1 year	6		1
Lease 1 - 5 years	44	54	3
Lease > 5 years	80	321	308
Total	**130**	**376**	**312**
Of which future lease income	42		

Amount through profit and loss account

NOK million	2010	2009
Lease payments through profit and loss account	163	195
Future lease income through profit and loss account	3	3

This primarily concerns the lease for Storebrand's head office in Lysaker, and the rental of coffee machines and photocopiers.

30 Investments and receivables in associated companies

NOK million	**2010**	**2009**
Income		
Formuesforvalting AS	310	257
Handelsbodarna AB	31	
Other	250	206
Result		
Formuesforvalting AS	21	-10
Handelsbodarna AB	-2	
Other		
Assets		
Formuesforvalting AS	326	307
Handelsbodarna AB	374	318
Other	234	230
Liabilities		
Formuesforvalting AS	166	125
Handelsbodarna AB	368	318
Other	100	97

Ownership interests in associated companies

NOK million	**Ownership interest**	**Acquisition cost**	**Carrying amount 01.01**	**Additions/ disposals**	**Share of profit**	**Share of other in-come and costs**	**Carrying amount 31.12**
Seilduksgaten 25/31 AS	50.0%	27	26		-1		25
Norsk pensjon AS	25.0%	5	4				4
Inntre Holding AS	34.3%	2	44		1		44
Formuesforvaltning AS	14.2%	90	67	6	3		76
Handelsbodarna AB	50.0%	4	3	2	-1	4	8
NREP Logistics ab (publ)	47.5%	6		6		44	50
Visit Karlstad	15.0%	1		1			1
Total		**135**	**143**	**15**	**2**	**48**	**208**
Booked in the statement of financial position:							
Investments in associated companies - company			140				148
Investments in associated companies - customers			3				60
Total investments in associated companies			**143**				**208**

Claims from associated companies

NOK million	2010	2009
Formuesforvaltning AS	39	156
Handelsbodarna AB	96	
NREP Logistics ab (publ)	131	
Total	**266**	**156**
Allocation by company and customers:		
Receivables in associated companies - company	39	
Receivables in associated companies - customers	227	156
Total receivables from associated companies	**266**	**156**

Income from associated companies

NOK million	2010	2009
Proportion of the result	2	-2
Interest income	13	
Unrealised change in value	46	
Total	**61**	**-2**
Allocation by company and customers:		
Result from investments in associated companies - company	2	-2
Result from investments in associated companies - customers	59	
Total result from associated companies	**61**	**-2**

31 Joint Ventures

Joint ventures are businesses the Group operates together with external partners.

The consolidated financial statements include the following companies with the amounts shown

NOK million	2010	2009
Income		
Storebrand Helseforsikring AS	154	135
Evoco	1	2
Group result		
Storebrand Helseforsikring AS	28	6
Evoco		
Assets		
Storebrand Helseforsikring AS	187	167
Evoco	1	1
Liabilities		
Storebrand Helseforsikring AS	96	100
Evoco		

Ownership interests

	2010	2009
Storebrand Helseforsikring AS	50%	50%
Evoco	50%	50%

32 Classification of financial assets and liabilities

NOK million	Loans and receivables	Fair value, held for sale	Fair value, FVO	Available-for sale	Liabilities at amortised cost	Total
Financial assets						
Bank deposits	8,390					8,390
Equities and units			92,843			92,843
Bonds and other fixed-income securities	48,194		148,414	8,331		204,939
Lending to financial institutions	701					701
Lending to customers	36,755		673			37,428
Accounts receivable and other short-term receivables	3,864					3,864
Derivatives		4,964				4,964
Total financial assets 2010	**97,903**	**4,964**	**241,930**	**8,331**		**353,128**
Total financial assets 2009	97,492	5,497	217,824	9,982		330,795
Financial liabilities						
Subordinated loan capital					7,606	7,606
Liabilities to financial institutions			5,856		2,197	8,053
Deposits from banking customers			179		18,620	18,799
Securities issued					11,623	11,623
Derivatives		1,252				1,252
Other current liabilities					6,718	6,718
Total financial liabilities 2010		**1,252**	**6,034**		**46,764**	**54,050**
Total financial liabilities 2009	47	2,636	7,030		49,260	58,973

33 Fair value of financial assets and liabilities at amortised cost

	2010		2009	
NOK million	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables:				
Loans to and due from financial institutions	699	698	425	425
Lending to customers	37,006	36,762	38,743	38,699
Bonds at amortised cost	48,194	48,926	44,718	44,858
Financial liabilities				
Securities issued	11,623	11,734	12,408	12,609
Liabilities to financial institutions	2,197	2,687	4,285	4,295
Deposits from banking customers	18,629	18,629	18,143	18,143
Subordinated loan capital	7,606	7,710	7,869	7,861

Lending to customers/liabilities to financial institutions/securities issued

The fair value of lending to customers subject to variable interest rates is stated as book value. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have been taken out at year end 2010. The shortfall is calculated using a discounted difference between the agreed margin and the day's market price over the remaining term to maturity. Fair value is also adjusted for individual write-downs.

The fair values of lending, liabilities to financial institutions and securities issued are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external providers. The calculations are made using the QRM risk management system.

Bonds at amortised cost

As a general rule, the fair value of bonds is based on prices obtained from Reuters and Bloomberg. Bonds that are not quoted regularly will normally be valued on the basis of recognised theoretical models. The latter is particularly true for bonds denominated in NOK. These sorts of valuations are based on discount rates consisting of swap interest rates plus a credit premium. The credit premium will often be issuer specific and normally based on a consensus of credit spreads quoted by a selected brokerage house.

Securities issued

The bonds are stated on the basis of our theoretical models using the credit spread for Storebrand ASA over swap.
Bonds are stated on the basis of registered sales of the bonds and quoted prices from brokers. All prices are quality assured in relation to EOM (end of month) reports from brokers.

Subordinated loan capital

The fair value of subordinated loan capital is determined on the basis of registered sales of the bonds and quoted prices from brokers. All prices are quality assured in relation to EOM (end of month) reports from brokers.

34 Bonds at amortised cost

	2010				2009	
NOK million	**Nominal value**	**Acquisition cost**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
State and state guaranteed	20,916	21,696	21,871	22,202	20,839	21,095
Financial and corporate bonds	10,583	10,508	10,689	10,755	11,181	11,109
Asset backed securities	12,178	10,700	10,673	10,759	7,879	7,658
Supranational organisations	5,166	4,791	4,961	5,210	4,819	4,996
Total bonds at amortised cost	**48,843**	**47,695**	**48,194**	**48,926**	**44,718**	**44,858**
Modified duration				4.5		4.8
Average effective yield			5.4%	4.6%	5.5%	4.9%

The effective yield for each security is calculated using the carrying amount and the observed market price (fair value). The effective yield of securities without observed market prices is calculated on the basis of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

35 Lending to customers

NOK million	**2010**	**2009**
Corporate market	15,187	14,781
Retail market	22,499	25,009
Gross lending	**37,686**	**39,790**
Write-down of lending losses	-257	-289
Net lending	**37,428**	**39,501**

Non-performing and loss-exposed and lending losses, guarantees, etc

NOK million	**2010**	**2009**
Non-performing and loss-exposed loans without identified impairment	436	309
Non-performing and loss-exposed loans with identified impairment	262	575
Gross non-performing loans	**698**	**884**
Individual write-downs	-174	-182
Net non-performing loans	**524**	**702**

For further information about lending, see note 8 credit risk.

36 Reinsurers' share of technical reserves

NOK million	2010	2009
Reinsurance share of gross insurance liabilities		
Balance 01.01	1,229	1,361
Change in premium and claims reserves	-966	-102
Exchange rate changes		-8
Other changes	-79	-21
Balance 31.12	**185**	**1,229**

37 Real estate

Book value of investment properties [1]

NOK million	2010	2009
Carrying amount 01.01	24,160	23,000
Supply due to purchases	2,503	677
Supply due to additions	476	305
To owner used properties		-87
From owner used properties		1,128
Disposals	-152	-635
Net write-ups/write-downs	51	-199
Exchange rate changes	21	-28
Carrying amount	**27,059**	**24,160**

1 *Consists of investment properties in Storebrand Life Insurance Group.*

Property type

NOK million	2010	2009	Duration of lease (years)	m2	Leased amount in % [1]
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	4,930	4,685	5.8	110,610	92
Rest of Greater Oslo	6,180	6,161	5.7	205,750	93
Rest of Norway	3,856	1,131	7.0	509,790	93
Shopping centres (including parking and storage)	10,656	11,180	3.3	468,735	92
Multi-storey car parks	696	692	5.8	44,085	100
Shopping centres Sweden	387		0.5	16,000	3
Cultural/conference centres and offices in Sweden	354	311	19.0	18,500	86
Taken over properties [2]	43	165			
Total investment properties	**27,102**	**24,325**		**1,373,470**	
Properties for own use	1,668	1,718	9.3	50,000	91
Total properties	**28,770**	**26,043**		**1,423,470**	

1 *The leased amount is calculated in relation to floor space.*
2 *Storebrand Bank Group has taken over properties in connection with defaulted loans. The properties are valued individually on the basis of the estimated income and costs associated with the completion/sale of the property projects.*

Geographical location

NOK million	2010	2009
Oslo - Vika/Fillipstad Brygge	5,625	5,377
Rest of Greater Oslo	7,603	8,903
Rest of Norway	14,512	11,184
Sweden	742	311
Other	289	268
Total properties	**28,770**	**26,043**

A further NOK 450 million was agreed for property purchases in 2010, but the assumption of the risk and final conclusion of contracts will occur in 2011. NOK 372 million in Storebrand and SEK 1,302 million in SPP have been committed but not drawn on in international real estate funds.

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.

Internal value calculations
An internal cash flow model is used to calculate fair value based on the following assumptions:

The individual required rate of return for the individual investment is used to discount future net cash flows.

The required rate of return is set on the basis of expected future risk free interest and an individually set risk premium. The following, among other things, is taken into account when setting the required rate of return:

- Transactions in the market
- Perceptions in the market
- Lease status (vacancy, tenant's solvency)
- Location
- Standard
- Rent level in relation to market rent
- Value per m^2
- All other information about property values, the market and the individual property

The property's market values is assessed on the basis of a long-term income perspective. Office buildings and shopping centres account for a significant proportion of the properties. 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 existing leases, estimated market rent and estimated 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. 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
Valuations are obtained from external valuers for a representative selection of properties to verify the values calculated using the internal valuation model. As per 31 December 2010, valuations were obtained for the equivalent of 37 per cent of Storebrand's property portfolio and which represent all the segments described below.

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

	Required rate of return		Volume	
Segment	**2010**	**2009**	**2010**	**2009**
Office buildings (including parking and storage):				
Oslo-Vika/Filipstad Brygge	7.50 - 8.50	7.75 - 9.25	5,625	5,377
Rest of Greater Oslo	8.25 - 10.00	7.75 - 10.00	7,559	7,611
Rest of Norway	8.75 - 9.75	8.75 - 10.00	3,856	1,131
Shopping centre portfolio	8.00 - 9.25	8.25 - 9.25	10,656	11,180
Culture and conference Sweden	7.00 - 9.00		742	311
Other			289	268

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 931 million, which is equivalent to 3.36 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.

38 Biological assets

NOK million	**2010**	**2009**
Carrying amount 01.01	552	523
Additions due to purchases/new planting (forest)	36	46
Disposals	-1	
Translation difference	-28	-70
Change in fair value less sales expenses	29	53
Carrying amount 31.12	**589**	**552**

Biological assets booked in the statement of financial statement consist of forests in the subsidiaries AS Værdalsbruket and Foran Real Estate SIA in Latvia.

Biological assets owned by the company are stated at fair value, which is defined on the basis of an alternative fair value calculation or the present value of expected net cash flow (IFRS 41 "Agriculture" nos. 20 and 21). Write-ups of other assets are recognised in the profit and loss account. Ownership rights relating to other assets are recognised at the time the purchase agreement is signed. Annual income and expenses are calculated from forestry and land.

39 Accounts receivable and other short-term receivables

NOK million	**2010**	**2009**
Accounts receivable	1,351	1,656
Pre-paid commissions	349	270
Interest earned/pre-paid expenses	246	199
Remuneration fees earned external	140	232
Receivables in connection with reinsurance	79	9
Claims on insurance brokers		389
Other current receivables	1,698	1,188
Carrying amount 31.12	**3,863**	**3,943**
Allocation by company and customers:		
Accounts receivable and other short-term receivables - company	1,900	2,041
Accounts receivable and other short-term receivables - customers	1,964	1,902
Total	**3,863**	**3,943**

Age distribution for accounts receivable, etc 31.12 (gross)

	2010		**2009**	
NOK million	**Accounts receivable**	**Receivables in connection with reinsu-rance**	**Accounts receivable**	**Receivables in connection with reinsu-rance**
Receivables not fallen due	1,154	79	1,544	
Past due 1 - 30 days	147		57	11
Past due 31 - 60 days	12		21	
Past due 61 - 90 days	17		7	
Past due > 90 days	22		49	
Gross accounts receivable/receivables from reinsurance	**1,353**	**79**	**1,678**	**11**
Provisions for losses 31.12	-2		-22	-2
Net accounts receivable/receivables from reinsurance	**1,351**	**79**	**1,656**	**9**

40 Equities and units

	2010		2009
NOK million	Acquisition cost	Fair value	Fair value
Listed equities	26,157	29,425	21,713
Unlisted equities	27,298	29,567	3,055
Fund units	32,928	33,850	48,060
Total equities and units	**86,383**	**92,843**	**72,828**

41 Bonds and other fixed-income securities

	2010		2009
NOK million	Acquisition cost	Fair value	Fair value
State and state guaranteed bonds	59,677	59,813	76,116
Financial and corporate bonds	42,322	42,179	41,257
Asset backed securities	25,389	25,049	23,846
Supranational organisations	2,937	2,833	3,230
Bond funds	27,283	26,871	11,266
Total bonds and other fixed-income securities	**157,607**	**156,745**	**155,715**

Storebrand Livsforsikring AS		
Modified duration	1.8	
Average effective yield	3.9%	
	SPP Livförsäkring	**Euroben**
Modified duration	2.4	4.9
Average effective yield	2.8%	3.0%
Storebrand Bank ASA		
Modified duration	0.2	
Average effective yield	2.8%	

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

42 Derivatives

Nominal volume

Financial derivative contracts are related to underlying amounts which are not capitalised in the statement of financial position. In order to quantify a derivative position, reference is made to amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume provides some indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions. A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Figures for average gross nominal volume are based on daily calculations of gross nominal volume.

NOK million	Gross nominal volume [1]	Average nominal volume [2]	Net nominal volume [2]	Fair value [1] Assets	Fair value [1] Liabilities
Equity derivatives	6,414	4,630	1,318		
Interest rate derivatives	88,884	250,869	33,905	2,510	649
Currency derivatives	116,255	89,742	-44,567	2,433	583
Credit derivatives	880	1,063	-764	21	20
Total derivatives 2010	**212,432**	**346,303**	**-10,108**	**4,964**	**1,252**
Total derivatives 2009	304,476	530,461	-17,461	4,002	2,126

The above table includes net positions in indirect investments.

1 *Values 31.12.*
2 *Average for the year.*

43 Currency exposure

Financial assets and liabilities in foreign currencies	**Balance sheet items items excl. currency derivatives**	**Currency forwards**	**Net position**		
NOK million	**Net on balance sheet**	**Net Sales**	**in currency**	**in NOK**	**Of which SPP Group in NOK**
AUD	123	-141	-19	-112	94
CAD	197	-223	-27	-155	141
CHF	199	-120	79	491	679
DKK	1,745	-56	1,688	1,766	1,754
EUR	2,686	-2,888	-203	-1,577	599
GBP	300	-338	-38	-345	569
HKD	322	-218	103	77	147
ILS	14		14	23	
JPY	35,444	-42,758	-7,314	-524	262
NZD	142	-144	-3	-11	7
SEK	119,208	16,488	135,695	117,321	115,812
SGD	345	-22	322	356	400
USD	4,286	-4,942	-656	-3,816	1,900
NOK [1]	11,711	-62	11,649	11,649	552
LVL	1		1	6	
Total short-term foreign currency				**125,149**	**122,917**
EUR	8	-8			
LTL	3		3	7	
SEK	16,382	-14,730	1,652	1,441	
Long-term foreign currency				**1,448**	
Insurance liabilities SPP Group in SEK				-124,532	-124,532
Total long-term foreign currency				**-123,084**	**-124,532**
Total net position foreign currency 2010				**2,065**	**-1,615**
Total net position foreign currency 2009				5,693	5,744

1 *Equity and bond funds denominated in NOK with foreign currency exposure, including in EUR and USD, amount to NOK 11 billion.*

Life and Pensions Norway
The company actively hedges the major part of its foreign currency risk. Currency risk arises from investments in international securities, and to a lesser extent from subordinated loans denominated in foreign currencies. Currency risk is hedged through forward foreign exchange contracts at the portfolio level, and currency positions are regularly monitored within specified total limits. Short positions are closed no later than the business day following the date on which they arise. In addition, there are separate limits for creating active currency positions. These positions are included in the note relating to short-term debt instruments and bonds. Storebrand utilises a currency hedging principle called block hedging, which makes currency hedging more efficient. The currency positions outstanding as per 31 December 2010 are typical of the company's small limits for currency.

Life and Pensions Sweden
SPP practices currency hedging to a certain extent with respect to its international investments. In the case of equities the currency hedging will be between 50 per cent and 100 per cent, and for other classes it actively hedges the major part of its foreign currency risk.

Bank activities
Storebrand Bank ASA hedges net items in the balance sheet with forward exchange contracts.

44 Reclassification of financial instruments

NOK million	2009 From available-for-sale/to amortised cost
Reclassification date:	**08.05.2009**
Carrying amount	9,095
Fair value	9,095
31.12	
Carrying amount	8,610
Fair value	8,632
Effect on result if not reclassified	-484

The principal and coupon interest are expected to be repaid for the reclassified paper.

The average actual interest rate for reclassified paper was 4.09 percent as per 31 December 2009.

Reclassification 2010

No reclassifications were made in 2010.

Reclassification 2009

Instruments included in the portfolio of loans and receivables are non-derivative financial assets that are not listed on an active market or subject to regular trading. The reclassification was carried out to attain a more appropriate return profile for the investments compared with the expected development in the pertinent insurance liabilities in Storebrand Life Insurance.

45 Technical insurance reserves – life insurance

Specification of balance sheet items concerning life insurance

NOK million	Group defined benefits fee-based	Group investment with choice and unit-linked fee based	Risk products	Individual and paid-up policies profit sharing	Life and Pensions Norway 2010	Guaranteed products	Unit-linked	BenCo	Life and Pensions Sweden 2010	Storebrand Group 2010	Storebrand Group 2009
Premium reserve	77,557	20,044	1,178	79,589	178,369	68,870	32,026	12,040	112,937	291,306	268,616
- of which RBNS	312		236	76	623					623	697
- of which IBNR	122		291	141	554					554	303
- of which premium income received in advance	569	21	143	19	752					752	730
Additional statutory reserves	3,308			2,131	5,439					5,439	4,646
Conditional bonus						8,504		3,000	11,503	11,503	8,689
Pensioners' surplus reserve	24				24					24	21
Premium reserve/deposit reserve	3,967	277		51	4,295					4,295	4,086
Claims reserve	95	24	400	199	718	90		2	92	810	688
- of which RBNS	94		355	105	554					554	468
- of which IBNR	1		462	94	557	90		2	92	649	219
Total change in insurance liabilities – life insurance	**84,951**	**20,346**	**1,578**	**81,971**	**188,845**	**77,464**	**32,026**	**15,042**	**124,532**	**313,377**	**286,747**
Provisions after application of sufficiency test											
Reinsurance liabilities						38			38	38	143
Total liabilities concerning insurance	**84,951**	**20,346**	**1,578**	**81,971**	**188,845**	**77,502**	**32,026**	**15,042**	**124,570**	**313,415**	**286,890**

Change in insurance liabilities – life insurance

NOK million	Premium reserve	Additional statutory reserves	Claims reserve	Premium, deposit, pen-sioners' surplus reserves	Norwegian business	SPP Group	Total Store-brand Group
Opening balance 01.01.2010	166,139	4,646	639	4,107	175,532	111,215	286,747
Realised changes in insurance liabilities							
Net realised reserves	11,994	788	79	104	12,965	6,845	19,811
Surplus from return result	3			436	439		439
Risk result assigned insurance contracts	2			76	77		77
Other assignment of profit	133				133		133
Currency differences from converting foreign units						7,799	7,799
Adjustment of insurance liabilities from other profit components		1			1	-1,196	-1,195
Total realised changes in insurance liabilities	*12,132*	*789*	*79*	*615*	*13,616*	*13,448*	*27,064*
Unrealised changes in insurance liabilities							
Transfers between funds	69	-18		-52			
Transfers to/from the company	28	21		-351	-302	-131	-433
Total unrealised changes in insurance liabilities	*97*	*3*		*-403*	*-302*	*-131*	*-433*
Closing balance 31.12.2010	**178,369**	**5,439**	**718**	**4,320**	**188,845**	**124,532**	**313,377**

46 Technical insurance reserves - P&C insurance

	Retail insurance products									
NOK million	Combi-ned	Motor vehicle	Other retail	Total retail	Total corpo-rate	Other [1]	Run-off portf. [2]	Reser-ves for Oslo Re	2010	2009
Reserve for undischarged risk										
Non-earned gross premiums	57	130	18	206	20	65			291	232
The Norwegian FSA's minimum requirement	*57*	*130*	*18*	*206*	*20*	*65*			*291*	*226*
Gross claims reserves	47	92	55	194	357	20	8	21	601	1,555
The Norwegian FSA's minimum requirement	*36*	*92*	*53*	*180*	*312*	*20*	*8*	*21*	*541*	*1,341*
Gross claims liabilities	36	92	53	180	312	4	8	21	525	1,200
Administration reserve	6	13	7	25	13	5		1	45	44
The Norwegian FSA's minimum requirement	*6*	*13*	*7*	*25*	*13*	*5*		*1*	*45*	*44*

1 Consists of natural disaster pool and the Norwegian Motor Insurance Association.
2 This consists of liabilities for insurance subscribed to before the transfer of the insurance enterprise to If in 1999 for agreements that were not renewed by If. This liability is in its entirety reinsured in If.

Gross insurance liabilities

NOK million	2010	2009
Balance 01.01	1,830	1,859
Change in premium and claims reserves	-811	-1
Change in administration reserve	1	6
Exchange rate changes	-4	-33
Other changes	-81	
Balance 31.12	**936**	**1,830**

Assets and liabilities - P&C insurance

NOK million	2010	2009
Reinsurance share of insurance technical reserves	185	1,229
Receivables concerning insurance contracts	177	151
Total assets	**361**	**1,380**
Premium reserve	291	232
Claims reserve	601	1,555
- of which RBNS	161	397
- of which IBNR	439	1,158
Administration reserve	45	44
Liabilities concerning insurance contracts	6	20
Total liabilities	**942**	**1,851**

47 Deposits from banking customers

NOK million	2010	2009
Corporate market	7,448	6,861
Retail market	11,351	11,455
Total	**18,799**	**18,316**

48 Other current liabilities

NOK million	2010	2009
Accounts payable	84	123
Accrued expenses/appropriations	577	819
Appropriations earnout	18	31
Governmental fees and tax withholding	511	541
Accrued interest	16	5
Collateral received derivatives	1 782	1 547
Short positions		525
Liabilities in connection with direct insurance	1 306	1 669
Liabilities in connection with reinsurance	48	161
Liabilities fund arbitration	89	379
Period tax liabilities		450
Minority real estate fund [1]	1 108	
Other current liabilities	1 181	877
Carrying amount 31.12	**6 718**	**7 127**

1 *After 3 years 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.*

Specification of reserves

	2010			2009
NOK million	Restructuring	Earnout	Total	Total
Reserve 01.01	8	31	39	34
Increase in the period	3	2	6	8
Amount recognised against reserves in the period	-5	-18	-23	-17
Change due to discounting		2	2	3
Reserves 31.12	**6**	**18**	**24**	**29**

49 Hedge accounting

Fair value hedging of interest risk

Storebrand uses fair value hedging for interest risk. The hedged items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over the profit and loss account (FVO) Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount of the item and are recognised in the profit and loss account.

The effectiveness of hedging is monitored at the individual security level, except in the case of structured bond loans where effectiveness is monitored at the portfolio level. Each portfolio consists of swaps and hedging items that mature within the same half-year period.

Hedging instrument/hedged item – fair value hedging

	2010				2009			
	Contract/	Carrying amount [1]			Contract/	Carrying amount [1]		
NOK million	nominal value	Assets	Liabilities	Booked	nominal value	Assets	Liabilities	Booked
Interest rate swaps	8,936	661		37	11,613	698	91	-123
Subordinated loan capital	3,339		3,653	-28	3,594		3,894	126
Liabilities to financial institutions					500		503	
Securities issued	5,594		5,862	-13	7,636		7,761	166

1 *Carrying amount 31.12.*

Currency hedging of net investment in SPP

In 2010, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in SPP. 3 month rolling currency derivatives were used in which the spot element in these is used as the hedging instrument. The effective share of hedging instruments is recognised in total comprehensive income. The net amount recognised in total comprehensive income in 2010, i.e. the effective share of the hedging instruments and the currency effect on the hedged object was NOK 29 million. The net investment in SPP is partly hedged and therefore the expectation is that future hedge effectiveness will be around 100 per cent.

Hedging instrument/hedged item - cash flow

	2010				2009			
	Contract/	Carrying amount [1]			Contract/	Carrying amount [1]		
NOK million	nominal value	Assets	Liabilities	Booked	nominal value	Assets	Liabilities	Booked
Currency derivatives	12,573	222			12,318	117		33
Underlying items		13,239				12,523		

1 *Carrying amount 31.12.*

50 Collateral

NOK million	2010	2009
Collateral for Futures trading	-1,840	-1,287
Collateral received in connection with Futures trading	978	
Received collateral for Security Lending Programme J.P. Morgan	391	586
Total received and pledged collateral	**-471**	**-701**

Pledged collateral for futures and options are adjusted daily based on the daily margin statement for the individual contracts.
Collateral linked to securities lending will be settled upon the return of lent securities.

NOK million	2010	2009
Carrying amount for bonds pledged as collateral for the bank's lending from Norges Bank	2,926	3,143
Carrying amount for bonds pledged as collateral for swap arrangement of state paper for covered bonds	5,856	6,841
Total	**8,782**	**9,985**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed by collateral in interest-bearing securities and/or the bank's deposits in Norges Bank. Storebrand Bank ASA has an F loan for NOK 1.5 billion in Norges Bank as per 31 December 2010.

51 Contingent liabilities

NOK million	2010	2009
Guarantees	302	248
Unused credit limit lending	5,844	2,984
Uncalled residual liabilities re limited partnership	5,635	4,483
Other liabilities/lending commitments	817	468
Total contingent liabilities	**12,597**	**8,182**

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

52 Securities lending and buy back agreements

Securities lending

NOK million	2010	2009
Share lending	372	558
Received collateral for shares lent	391	586
Received collateral for Security Lending Programme Handelsbanken	296	523
Received cash collateral reinvested in bonds	296	523

Storebrand Life Insurance has a securities lending agreement with J.P.Morgan. The agreement only applies to international equities. The agreement gives J.P. Morgan the right to lend out equities from this portfolio. J.P. Morgan is responsible for ensuring the lent equities are returned to Storebrand Life Insurance's portfolio immediately Storebrand Investments sells an equity. J.P. Morgan receives collateral from the equity borrower and the collateral can be placed in defined fixed income securities. Storebrand Investments receives daily summaries of the securities that have been lent out. Income linked to lending equities is settled monthly and is shared according to the agreement between Storebrand Life Insurance and J.P. Morgan.

Covered bonds - Storebrand Bank Group

NOK million	2010	2009
Carrying amount for covered bonds	7,224	7,239
Carrying amount associated with financial liabilities	5,856	6,841

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 50). The swap agreements are entered into through auctions that are administrated by Norges Bank. In the swap arrangement, the state sells state treasury bills to the bank through a time/restricted swap for covered bonds. The bank can either keep the state treasury bill and receive payment from the state when the swap falls due for repayment, or it may sell the treasury bill in the market. When the bills become due within the term of the swap agreement, the bank must purchase new bills from the state at the price that is determined by the market price for treasury bills. This roll/over will be on/going throughout the entire term of the agreement. Upon expiry of the swap agreement, the bank is obligated to purchase the covered bonds back from the state at the same price that the state purchased them for. Storebrand Bank ASA will receive the returns on the transferred covered bonds. All risk concerning the covered bonds continues to lie with Storebrand Bank ASA and covered bonds are therefore not excluded.

53 Capital requirements and solvency requirements

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

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

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

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

In the solvency margin requirement that is used for the insurance companies, this requirement is calculated as 4 per cent of the gross insurance fund. The solvency margin capital in insurance differs slightly from primary capital which is used in capital adequacy. Primary capital includes a proportion of conditional bonuses, but this capital cannot be included in the solvency margin capital. A proportion of additional statutory reserves and the risk equalisation fund are also included in the solvency margin capital.

Primary capital in capital adequacy

NOK million	**2010**	**2009**
Share capital	2,250	2,250
Other equity	16,168	14,967
Equity	**18,417**	**17,217**
Hybrid tier 1 capital	1,779	1,715
Conditional bonus	3,359	2,755
Goodwill and other intangible assets	-6,918	-6,773
Deferred tax assets	-111	-213
Risk equalisation fund	-287	-225
Deductions for investments in other financial institutions	-44	
Security reserves	-132	-101
Minimum requirement reassurance allocation	-7	-46
Capital adequacy reserve	-399	-254
Dividend not allocated in financial statements	-491	
Other	118	-137
Core (tier 1) capital	**15,285**	**13,938**
Hybrid tier 1 capital		47
Perpetual subordinated capital	5,039	5,047
Ordinary primary capital	500	675
Deductions for investments in other financial institutions	-44	
Capital adequacy reserve	-399	-254
Tier 2 capital	**5,097**	**5,515**
Net primary capital	**20,382**	**19,453**

Minimum requirements primary capital in capital adequacy

NOK million	2010	2009
Credit risk		
Of which by business area:		
Capital requirements insurance	10,672	9,406
Capital requirements banking	1,628	1,653
Capital requirements securities undertakings	14	17
Capital requirements other	60	36
Total minimum requirements credit risk	**12,373**	**11,113**
Operational risk/settlement risk	132	128
Deductions	-78	-58
Minimum requirements primary capital	**12,427**	**11,182**
Capital adequacy ratio	**13,1%**	**13,9%**
Core (tier 1) capital ratio	**9,8%**	**10,0%**

Solvency requirements for cross-sectoral financial groups

NOK million	2010	2009
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	12,427	11,182
- capital requirements insurance companies	-10,672	-9,406
Capital requirements pursuant to capital adequacy regulations	1,755	1,776
Requirements re solvency margin capital insurance	10,905	10,208
Total requirements re primary capital and solvency capital	**12,660**	**11,984**
Primary capital and solvency capital		
Net primary capital	20,382	19,453
Change in solvency capital for insurance in relation to primary capital		
Conditional bonus - not approved as solvency capital	-3,359	-2,755
Other solvency capital	2,955	2,513
Total primary capital and solvency capital	**19,978**	**19,211**
Overshoot solvency capital	**7,318**	**7,227**

54 Information about close associates

Companies in the Storebrand Group have transactions with close associates who are shareholders in Storebrand ASA and senior employees. These are transactions that are part of the products and services offered by the Group's companies to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, P&C insurance, leasing of premises, bank deposits, lending, asset management and fund saving. See note 22 for further information about senior employees.

Storebrand ASA's largest owner is Gjensidige Forsikring with an ownership interest of 24.3 percent. Storebrand Kapitalforvaltning AS sells some management services to Gjensidige Forsikring. These services are provided pursuant to commercial conditions.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the Group. See note 1 Accounting Policies for further information.

55 Number of employees

	2010	2009
Number of employees 31.12	2,206	2,280
Average number of employees	2,242	2,330
Number of person-years 31.12	2,163	2,185
Average number of person-years	2,173	2,260

56 Sold business and discontinued operations

In 2010, Storebrand Skadeforsikring AS sold the company Oslo Reinsurance Company LTD. An application for the UK authorities' approval has been submitted and a reply is awaited. Because of the sale the rules in IFRS 5 must be followed and the total net profit after tax up to and including the time of the sale is shown on a separate line in the group result after the tax cost line. At the same time assets and liabilities are separated out in separate lines in the statement of financial position until the sale has been is completed. The table below provides the result, statement of financial position and cash flow for the sold business. Sales of equities resulted in a group loss of NOK 11 million. In addition to this, the accumulated amount for revaluation differences that were previously booked against total comprehensive income are included in the result in the amount of minus NOK 32 million, confer IAS 21.

Profit and loss account

NOK million	**2010**	**2009**
Net premium income		
Net income from financial assets	-1	2
Total income	**-1**	**2**
Insurance claims for own account	13	33
Losses from sale of business	-44	
Operating costs	-6	-4
Total costs before amortisation and write-downs	**-37**	**29**
Group pre-tax profit	**-37**	**31**
Tax cost		
Profit for the period	**-37**	**31**

Statement of financial position

NOK million	**2010**
Reinsurance share of gross insurance liabilities	23
Bank deposits	50
Total assets	**73**
Paid in capital	27
Retained earnings	9
Total equity	**36**
Insurance reserves - P&C insurance	26
Other current liabilities	11
Total equity and liabilities	**73**

Cash flow analysis

NOK million	**2010**
Net receipts/payments - insurance	-23
Payments relating to operations	-6
Net receipts/payments - other operational activities	-1
Cash flow from operational activities	**-30**
Net receipts/payments - sale/purchase of property and fixed assets	
Cash flow from investment activities	
Payments - repayment of share capital	-46
Cash flow from financing activities	**-46**
Net cash flow for the period	-76
Cash and cash equivalents at start of the period	126
Cash and cash equivalents at the end of the period	**50**

1 January – 31 December

NOK million	Note	2010	2009
OPERATING INCOME			
Income from investments in subsidiaries	2	1,158	835
Net income and gains from financial instruments:			
- equities and units		11	-10
- bonds and other fixed-income securities		41	292
- financial derivatives/other financial instruments		-8	-244
Other financial instruments		1	2
Operating income		**1,204**	**874**
Interest expenses		-131	-129
Other financial expenses	7	-441	-14
OPERATING COSTS			
Personnel costs	3,4,5	-23	-54
Amortisation	12	-2	
Other operating costs		-106	-108
Total operating costs		**-131**	**-162**
Total costs		**-703**	**-306**
Pre-tax profit		**502**	**568**
Tax cost	6		
Profit/loss for the year		**502**	**568**
ALLOCATIONS			
Other equity		11	568
Allocated dividend		491	
Total allocations		**502**	**568**

1 January – 31 December

NOK million	Note	2010	2009
FIXED ASSETS			
Pension assets	4	30	367
Tangible fixed assets	12	45	41
Shares in subsidiaries	7	16,609	16,947
Total fixed assets		**16,683**	**17,355**
CURRENT ASSETS			
Owed within group	17	1,158	953
Lending to group companies	17	17	17
Other current receivables		22	11
Financial assets at fair value:			
- equities and units	8		59
- bonds and other fixed-income securities	9,11	1,313	1,152
- financial derivatives/other financial instruments	10,11,15	37	11
Bank deposits		74	48
Total current assets		**2,621**	**2,251**
Total assets		**19,304**	**19,606**
EQUITY AND LIABILITIES			
Share capital	13	2,250	2,250
Own shares	13	-19	-20
Share premium reserve	13	9,485	9,485
Total paid in equity		**11,715**	**11,714**
Other equity	13	3,919	4,313
Total equity	**13**	**15,634**	**16,026**
NON-CURRENT LIABILITIES			
Pension liabilities	4	183	186
Securities issued	11,14,15	2,898	2,256
Total non-current liabilities		**3,081**	**2,442**
CURRENT LIABILITIES			
Liabilities to financial institutions	14		914
Debt within group	17	54	142
Other financial liabilities	10,11		16
Allocated dividend	13	491	
Other current liabilities		44	65
Total current liabilities		**589**	**1,137**
Total equity and liabilities		**19,304**	**19,606**

Lysaker, 15 February 2011
The Board of Directors of Storebrand ASA
Translation – not to be signed

Birger Magnus
Chairman of the Board

Birgitte Nielsen | Jon Arnt Jacobsen | Halvor Stenstadvold | Heidi Skaaret | John S. Dueholm

Annika Lundius | Knut Dyre Haug | Kirsti Valborgland | Ann-Mari Gjøstein | Idar Kreutzer, Chief Executive Officer

CASH FLOW ANALYSIS STOREBRAND ASA

1 January – 31 December

NOK million	2010	2009
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Receipts - interest, commission and fees from customers	37	65
Net receipts/payments - securities at fair value	-51	-452
Payments relating to operations	-231	-196
Net receipts/payments - other operational activities	965	147
Net cash flow from operational activities	**720**	**-436**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net payments - sale/capitalisation of subsidiaries	-184	316
Net receipts/payments - sale/purchase of property and fixed assets	-5	-6
Net cash flow from investment activities	**-189**	**310**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments - repayments of loans	-966	-1,734
Receipts - new loans	601	1,488
Payments - interest on loans	-149	-142
Receipts - issuing of share capital	9	10
Net cash flow from financing activities	**-505**	**-379**
Net cash flow for the period	**26**	**-506**
Net movement in cash and cash equivalents	26	-506
Cash and cash equivalents at start of the period	48	553
Cash and cash equivalents at the end of the period	**74**	**48**

01 Accounting policies

The financial statements of Storebrand ASA have been prepared in accordance with the Accounting Act, generally accepted accounting policies in Norway, and the Regulations relating to annual accounts, etc, for insurance companies. Storebrand ASA does not apply IFRS to the parent company's financial statements.

Use of estimates and assumptions
The preparation of the annual financial statements has involved the use of estimates and assumptions that have affected assets, liabilities, revenue, costs and information on potential liabilities. Future events may cause these estimates to change. Such changes will be recognised in the financial statements when there is a sufficient basis for using new estimates.

Classification and valuation policies
Assets and liabilities have been valued in accordance with the general valuation rules of the Accounting Act. Assets intended for permanent ownership and use are classified as fixed assets, while assets and receivables due for payment within one year are classified as current assets. Equivalent policies have been applied to liability items.

Profit and loss account and statement of financial position
Storebrand ASA is a holding company with subsidiaries within insurance, banking and investments. The statement in the Regulations relating to annual financial statements for insurance companies has not been used. A statement that complies with the Accounting Act has been used.

Dividends and group contributions
In the company's unconsolidated accounts, investments in subsidiaries and associated companies are valued at acquisition cost less any write-downs. The main income of Storebrand ASA is the return on capital invested in subsidiaries. Group contributions and dividends received in respect of these investments are therefore recorded as operating income. Proposed and approved dividends and group contributions from subsidiaries are recognised in the unconsolidated financial statements of Storebrand ASA as income in the accounting year.

This treatment can only be applied to income earned by subsidiaries during Storebrand's ownership. If the opposite occurs, it is recognised as an equity transaction. This means that the ownership interest in the subsidiary is reduced by the received dividend or group contribution.

Tangible fixed assets
Tangible fixed assets for own use are valued at acquisition cost less accumulated depreciation. Fixed assets are written down if the carrying amount exceeds the recoverable value of the asset.

Pension liabilities for own employees
The company uses the Norwegian standard for pensions accounting NRS 6, which permits the use of IAS 19 Employee Benefits. With effect from 1 January 2010 Storebrand ASA booked actuarial gains and losses directly against equity. The entire effect of the change was recognised in 2010. The comparable figures remain unchanged.

The net pension cost for the period is made up of the sum of pension entitlement accrued in the period, interest cost on the calculated pension liability and the expected return on pension assets. Pension costs and pension liabilities for defined benefits schemes are calculated using a linear profile for the accrual of pension entitlement and expected final salary as the basis for calculating the benefit obligation, based on assumptions about discount rate, future increases in salary, pensions and social security pension benefits, the future return on pension assets and actuarial assumptions about mortality, staff turnover etc. The discount rate used is the risk-free interest rate appropriate for the remaining maturity. Where a scheme is funded, the pension assets are valued at fair value and deducted to show the net liability in the balance sheet.

The effect of changes to the pension scheme is charged to the profit and loss account as incurred, unless the change is conditional on future accrual of pension entitlement. In such a case, the effect is amortised linearly over the time until the entitlement is fully earned. Employer's social security contributions are included in pension liability and in experience adjustments included in equity.

Tax
The tax cost in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the statement of financial position to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly to equity to the extent that it relates to items that are themselves directly applied to equity.

Currency
Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

Financial instruments
Equities and units
Investments in shares in subsidiaries and associated companies are valued at cost price less any write-down of value. The need for any write-down is assessed at the end of each accounting period.

Other equities and units are valued at their fair value. Where the share or interest in question is listed on a stock exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the statement of financial position date.

Purchases of the company's own shares are treated as an equity transaction, and the holding of own shares is reported as a reduction in equity.

Bonds and other fixed income securities

Financial assets and liabilities are included in the statement of financial position from such time Storebrand becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is first recognised in the accounts, it is valued at fair value plus, in the case of a financial asset or a financial liability that is not a financial asset or a financial liability at fair value in the profit and loss account, transaction costs directly related to the acquisition or issue of the financial asset or the financial liability.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Bonds and other fixed income securities are recognised at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on a stock exchange or another regulated market place, fair value is determined as the bid price on the last trading day up to and including the statement of financial position date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives

Financial derivatives are valued at fair value. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value in the profit and loss account.

Bond loans

Bond loans are valued at amortised cost using the effective yield method. The amortised cost includes the transaction costs on the date of issue.

Accounting treatment of derivatives for hedging

Fair value hedging

Storebrand uses fair value hedging, where the item hedged is fixed rate funding measured at amortised cost. Derivatives that fall within this category are recognised at fair value in the profit and loss account. Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount of the item and are recognised in the profit and loss account.

02 Income from investments in subsidiaries

NOK million	2010	2009
Storebrand Livsforsikring AS	850	610
Storebrand Fondene AS	80	35
Storebrand Bank ASA [1]	50	35
Storebrand Kapitalforvaltning AS	178	155
Total	**1,158**	**835**

1 *Group contribution booked as equity transaction.* 130

03 Personnel costs

NOK million	2010	2009
Ordinary wages and salaries	-16	-36
Employer's social security contributions	-9	-12
Pension costs [1]	9	6
Other benefits	-8	-11
Total	**-23**	**-54**

1 *See the specification in note 4.*

04 Pensions costs and pension liabilities

Employees are insured through a defined benefit pension equivalent to 70 per cent of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme with Storebrand Livsforsikring AS. Pension payments from this scheme come into effect from the pension age, which is 67 for employees and 65 for underwriters. Pension payments to employees between 65 and 67 and pensions linked to salaries of more than 12 times the national insurance basic amount (G) are paid directly by the company. A guarantee has been pledged for earned pensions for salaries of more than 12 G upon retirement before 65 years old. As per 31 December 2010, 12 G amounts to NOK 907,692.

The company's pension scheme satisfies the requirements of this act. Storebrand ASA has substantial pension liabilities linked to pensioners who historically speaking were employed by Storebrand ASA.

The company is obliged to have an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions. The company's pension scheme satisfies the requirements of the Act. Storebrand's defined benefit scheme was closed with effect from 1 January 2011. From and including 2011, new employees will be included in Storebrand defined contribution scheme.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	**2010**	**2009**
Present value of insured pension benefit liabilities	1,630	1,676
Pension assets at fair value	-1,660	-1,720
Net pension liability/surplus for the insured schemes	-30	-44
Present value of the uninsured pension liabilities	183	218
Pension experience adjustments not applied		-356
Net pension liabilities in the statement of financial position	**153**	**-182**

Booked in the statement of financial position:

NOK million	**2010**	**2009**
Pension assets	30	367
Pension liabilities	183	186

Changes in the net defined benefits pension liabilities in the period

NOK million	**2010**	**2009**
Net pension liabilities 01.01	1,894	2,000
Net pension cost recognised in the period	4	7
Interest on pension liabilities	79	83
Pension experience adjustments	24	-9
Pensions paid	-188	-186
Net pension liability	**1,813**	**1,894**

Changes in the fair value of pension assets

NOK million	**2010**	**2009**
Pension assets at fair value 01.01	1,720	1,749
Expected return	92	106
Pension experience adjustments	-34	
Premium paid	48	34
Pensions paid	-166	-169
Net pension assets	**1,660**	**1,720**

Expected premium payments (pension assets) in 2011:	**28**	

Pension assets are based on the financial assets held by Storebrand Life Insurance, which are composed of as per 31.12:

NOK million	2010	2009
Properties and real estate	16%	15%
Bonds at amortised cost	26%	26%
Secured and other lending	2%	2%
Equities and units	21%	15%
Bonds	30%	38%
Commercial paper	2%	1%
Other short-term financial assets	3%	2%
Total	**100%**	**100%**
Booked returns on assets managed by Storebrand Life Insurance were:	4.7%	5.0%

Net pension cost booked to profit and loss account in the period

NOK million	2010	2009
Net pension cost recognised in the period	4	7
Interest on pension liabilities	79	83
Expected return on pension assets	-92	-106
Pension experience adjustments		11
Net pension cost booked to profit and loss account in the period	**-9**	**-6**

Net pension cost includes employer's national insurance contribution and is included in operating costs.

Main assumptions used when calculating net pension liability 31.12

	2010	2009
Discount rate	4,0%	4,4%
Expected return on pension fund assets in the period	4,9%	6,0%
Expected earnings growth	3,9%	4,0%
Expected annual increase in social security pensions	3,75%	4,0%
Expected annual increase in pensions in payment	2,0%	2,0%
Disability table	KU	KU
Mortality table	K2005	K2005

Financial assumptions:
The calculation assumptions are set based on the guidelines issued by the Norwegian Accounting Standards Board adjusted for company specific factors, including an expected return based on the selected investment profile.

Actuarial assumptions:
Standardised assumptions regarding the development of mortality and other demographic factors as produced by the Norwegian Financial Services Association. Average employee turnover rate of 2–3 per cent of entire workforce. The disability table was developed by Storebrand Livsforsikring AS.

Net pension liability 31.12

NOK million	2010	2009
Discounted current value of defined benefit pension liabilities	1,813	1,894
Fair value of pension assets	1,660	1,720
Deficit	**153**	**174**

05 Remuneration of the CEO and elected officers of the company

NOK '000s	**2010**	**2009**
Chief Executive Officer		
Salary	4,102	4,529
Bonus (performance-based)	1,377	1,009
Total remuneration	**5,479**	**5,538**
Other taxable benefits	266	282
Pension costs [1]	986	893
Board of Representatives	512	530
Control Committee [2]	1,295	980
Chairman of the Board	566	538
Board of Directors including the Chairman	3,505	2,805
Remuneration paid to auditors		
Statutory audit	999	1,729
Other reporting duties	986	5,317
Other non-audit services	253	169

1 Pension costs relate to accrual for the year.
2 The Control Committee covers all the Norwegian companies in the group which are required to have a control committee.

For further information on senior employees, the Board of Directors, the Control Committee and the Board's statement on fixing the salary and other remuneration of senior employees, see note 22 in the Storebrand Group.

Idar Kreutzer is the Chief Executive Officer of Storebrand ASA and the figures provided in the notes are for total remuneration from the group. He is entitled to 24 months' salary following the expiry of the normal notice period. All forms of work-related income from other sources including consultancy assignments will be deducted from such payments. He is entitled to a performance-based bonus based on the group's ordinary bonus scheme which is linked to the group's value-based management system. The group's value creation finances the overall amount of the bonus but individual performance determines allocation. The allocated bonus is credited to a bonus account and 1/3 of the balance on the bonus account is paid each year. The amount credited to the bonus bank is exposed 50 per cent to Storebrand's share price and 50 per cent to the best interest rate paid by Storebrand Bank. The balance of the bonus bank as per 31 December 2010 was NOK 4.9 million.

The CEO is a member of the Storebrand pension scheme. The discounted present value of his pension entitlement amounts to NOK 18 million. The scheme is calculated on a straight-line basis based on the financial assumptions applied in the financial statements.

06 Tax

NOK million	2010	2009
Pre-tax profit	502	568
Dividend	-8	-5
Shares realised	22	1
Permanent differences	-502	-465
Change in temporary differences	-34	-111
Tax base for the year	**-20**	**-13**
Payable tax		
Change in deferred tax		
Tax cost	**0**	**0**

Calculation of deferred tax assets and deferred tax on temporary differences and losses carried forward

NOK million	2010	2009
Tax increasing temporary differences		
Pensions	443	400
Securities		47
Total tax increasing temporary differences	**443**	**447**
Tax reducing temporary differences		
Securities	-3	
Operating assets	-19	-23
Provisions	-1	-2
Accrued pension liabilities	-183	-218
Total tax reducing temporary differences	**-206**	**-243**
Net temporary differences before losses carried forward	**237**	**203**
Losses carried forward	-1,443	-1,423
Allowances carried forward	-546	-546
Write-down of deferred tax assets [1]	1,752	1,766
Net tax increasing/(reducing) temporary differences	**0**	**0**
Net deferred tax asset/liability in the statement of financial position	**0**	**0**

1 *The statement of financial position value of deferred tax assets has been written down. This is because future income from subsidiaries will principally be in the form of dividends rather than taxable group contributions. Allowances carried forward date from the 2002 and 2003, and must be used within 10 years.*

Reconciliation of tax cost and ordinary profit

NOK million	2010	2009
Pre-tax profit	502	568
Expected tax at nominal rate (28%)	-140	-159
Tax effect of:		
dividends received	2	1
gains on equities	-6	
permanent differences	141	130
write-down of deferred tax assets	4	28
Tax cost	**0**	**0**
Effective tax rate	0%	0%

07 Parent company's shares in subsidiaries and associated companies

NOK million	Business office	Interest/ votes in %	Carrying amount 2010	2009
Subsidiaries				
Storebrand Livsforsikring AS	Oslo	100,0%	13,153	13,153
Storebrand Bank ASA [1]	Oslo	100,0%	2,630	3,055
Storebrand Kapitalforvaltning AS [2]	Oslo	100,0%	218	196
Storebrand Fondene AS [3]	Oslo	100,0%	161	131
Storebrand Skadeforsikring AS	Oslo	100,0%	359	324
Storebrand Leieforvaltning AS	Oslo	100,0%	10	10
Jointly controlled/associated companies				
Storebrand Helseforsikring AS	Oslo	50,0%	78	78
AS Værdalsbruket [4]	Værdal	25,1%	1	1
Total			**16,609**	**16,947**

1 The shares in Storebrand Bank ASA were written down by NOK 425 million in 2010. A cash flow based valuation based on the expected pre-tax result is conducted when calculating the utility value for the banking group. The management have made use of Board adopted budgets and prognoses for the coming three-year period in the calculation. A stable growth rate of 2.5 per cent is assumed in the calculation of the terminal value, equal to expected inflation. The utility value is calculated using a required rate of return after tax of 9 per cent. The required rate of return is computed on the basis of risk-free interest and added to a premium that reflects the risk in the enterprise.
2 Made a group contribution in 2010 of NOK 20 million as a capital injection.
3 Made a group contribution in 2010 of NOK 30 million as a capital injection.
4 74.9 per cent owned by Storebrand Livsforsikring AS.

08 Equities and units

NOK million	2010 Acquisition cost	2010 Fair value	2009 Acquisition cost	2009 Fair value
Listed equities			86	59
Unlisted equities	1		1	
Total equities	**1**	**0**	**87**	**59**

09 Bonds and other fixed-income securities

NOK million	2010 Acquisition cost	2010 Fair value	2009 Fair value
State and state guaranteed	397	400	309
Company bonds	646	652	552
Covered bonds	226	226	221
Supranational organisations	36	36	
Local authority, county			70
Total bonds and other fixed-income securities	**1,304**	**1,313**	**1,152**
Modified duration		0,4	0,4
Average effective yield		2,8%	2,4%

10 Financial derivatives

NOK million	Gross nominal volume	Average nominal volume	Net nominal volume	Fair value Assets	Fair value Liabilities
Interest rate swaps [1]	1,300	1,300	1,300	37	
Total derivatives 2010	**1,300**	**1,300**	**1,300**	**37**	**0**
Total derivatives 2009	3,640	1,854	1,560	11	16

1 Used for hedge accounting, also see note 15.

11 Financial risks

Credit risk by rating
Short-term holdings of interest-bearing securities.
Category of issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Total Fair value
State and state guaranteed	269	127	4		400
Company bonds		94	507	50	652
Covered bonds	226				226
Supranational organisations	4		32		36
Total 2010	**499**	**221**	**543**	**50**	**1,313**
Total 2009	500	119	477	55	1,152

Counterparties

NOK million	AA Fair value	A Fair value	Totalt Fair value
Derivatives	9	28	37
Bank deposits	74		74

Interest risk
Interest rate sensitivity is a measure of interest rate risk based on how changes in interest rates will affect the market value of bonds and other securities. An increase/reduction of 1.5 percentage points in the interest rate will change the value of bonds and other securities by NOK 5 million.

Liquidity risk

Undiscounted cash flows for financial liabilities

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	Total value	Carrying amount
Securities issued/bank loans	66	798	1,168	1,140	3,172	2,898
Total 2010	**66**	**798**	**1,168**	**1,140**	**3,172**	**2,898**
Total 2009	56	970	1,278	1,493	3,797	3,171

Storebrand ASA had as per 31 December 2010 liquid assets of NOK 1.4 billion.

Currency risk
Storebrand ASA is exposed to limited currency risk and currency amounts to NOK 0.3 million.

12 Tangible fixed assets

NOK million	Real estate	Equipment, vehicles, fixtures & fittings	2010	2009
Acquisition cost 01.01	35	31	66	60
Accumulated depreciation	-24	-1	-25	-24
Carrying amount 01.01	11	30	41	36
Additions		7	7	6
Disposals		-1	-1	
Depreciation/write-downs for the year [1]	-1	-2	-2	-1
Carrying amount 31.12	**10**	**35**	**45**	**42**

1 *Depreciation of property recognised under other financial income.*

Straight line depreciation periods for tangible fixed assets are as follows	
Equipment. fixtures and fittings	4-8 years
Vehicles	6 years
IT systems	3 years

13 Equity

NOK million	Share capital [2]	Own shares	Share premium	Other equity	Equity 2010	Equity 2009
Equity 01.01	2,250	-20	9,485	4,313	16,026	15,445
Profit for the year				502	502	568
Pension experience adjustments [1]				-414	-414	
Own shares bought back [3]		1		14	15	32
Allocated dividend				-491	-491	
Employee share [3]				-5	-5	-19
Equity 31.12	**2,250**	**-19**	**9,485**	**3,919**	**15,634**	**16,026**

1 *With effect from 1 January 2010 Storebrand ASA amended its policies such that actuarial gains and losses are recognised directly against equity.*
2 *449,909,891 shares with a nominal value of NOK 5.*
3 *In 2010, 108,628 of our own shares were bought back, while 329,539 shares were sold to our own employees.*

Holding of own shares 31 December 2010 was 3,838,932.

14 Bond loans

NOK million	Interest rate	Currency	Net nominal value	2010	2009
Bond loan 2005/2011	Variable	NOK	750	752	751
Bond loan 2009/2012	Variable	NOK	405	406	405
Bond loan 2009/2014 [1]	Fixed	NOK	550	570	555
Bond loan 2009/2014 [1]	Fixed	NOK	550	560	546
Bond loan 2010/2013 [1]	Fixed	NOK	200	210	
Bond loan 2010/2013	Variable	NOK	400	400	
Bank loan 2008/2010	Variable	EUR	110		914
Total [2]				**2,898**	**3,171**

1 *Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.*
2 *Loans are booked at amortised cost and include earned not due interest. Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed pursuant to signed loan agreements. Storebrand ASA has an unused drawing facility of EUR 210 million.*

15 Hedge accounting

The company uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level.

Hedging instrument/hedged item – fair value hedging

	2010				2009			
	Contract/ nominal	Carrying amount [1]			Contract/ nominal	Carrying amount [1]		
NOK million	value	Assets	Liabilities	Booked	value	Assets	Liabilities	Booked
Interest rate swaps	1,300	37		27	1,100	6		-8
Securities issued	1,300		1,340	-28	1,100		1,100	7

1 Carrying amount 31.12.

16 Shareholders

The 20 largest shareholders [1]

	Ownership interest in %
Gjensidige Forsikring	24.3
J.P.Morgan Chase Bank	4.4
Folketrygdfondet	4.3
State Street Bank	3.0
Fidelity Funds-Europe	2.1
Clearstream Banking	2.1
Varma Mutual Pension Company	1.8
State Street Bank	1.4
The Northern Trust	1.4
Citibank N.A.	1.4
Vital Forsikring ASA	1.3
J.P.Morgan Chase Bank	1.1
Citibank N.A.	1.1
HSBC Bank Plc	1.0
Bank Of New York	0.9
J.P.Morgan Chase Bank	0.9
Citibank N.A.	0.9
Storebrand ASA	0.9
Oslo Pensjonsforsikring	0.8
Morgan Stanley & Co	0.8
Foreign ownership of total shares	**49.7%**

1 The summary includes Nominee (client account).

17 Information about close associates

	Number of shares [1]
Senior employees	
Idar Kreutzer	96,232
Odd Arild Grefstad	30,018
Egil Thompson	19,632
Lars Aa. Løddesøl	32,149
Roar Thoresen	32,888
Hans Aasnæs	48,750
Elin M. Myrmel-Johansen	8,491
Klaus Anders Nysteen	49,807
Truls Neergård	10,967
Gunnar Rogstad	102,040
Sarah MCPhee	39,532
Board of Directors	
Leiv L. Nergaard	
Halvor Stenstadvold	8,645
Sigurd Einarsson	
Annika Lundius	
Erik Haug Hansen	6,043
Barbara Rose Milian Thoralfsson	
Knut Dyre Haug	11,800
Camilla Marianne Grieg	
Ann-Mari Gjøstein	258
Birger Magnus	20,000
Jon Arnt Jacobsen	
John S. Dueholm	
Kirsti Valborgland	2,072
Heidi Skaaret	
Birgitte Nielsen	
Control Committee	
Elisabeth Wille	747
Ole Klette	
Harald Moen	595
Ida Hjort Kraby	
Tone M. Reierselmoen	1,734
Finn Myhre	
Erling Naper	
Board of Representatives	
Arvid Grundekjøn	11,300
Merete Egelund Valderhaug	
Terje R. Venold	2,031
Karen Helene Ulletveit -Moe	
Olaug Svarva	
Johan H. Andresen jr.	
Roar Engeland	
Vibeke Hammer Madsen	
Tor Haugom	
Unn Kristin Johnsen	
Rune Pedersen	
Marius Steen	
Marianne Lie	
Kristian Wibe	
Nina Hjellup	
Tore Eugen Kvalheim	
Pål Syversen	
Paul Eggen Jr	
Per-Erik Hauge	

1 *The summary shows the number of shares owned by the individual, as well as his or her immediate family and companies where the individual exercises significant influence, confer the Accounting Act, Section 7-26.*

Transactions between group companies

NOK million	2010	2009
Profit and loss account items:		
Group contributions and dividends from subsidiaries	1,158	835
Purchase and sale of services (net)	-76	53
Statement of financial position items:		
Subordinated loans to group companies	17	17
Due from group companies	1,158	953
Payable to group companies	54	142

18 Number of employees/person-years

	2010	2009
Number of employees	11	38
Number of full time equivalent positions	11	37
Average number of employees	11	42

On this date, the Board and CEO have considered and approved the annual report and annual financial statements for Storebrand ASA and the Storebrand Group for the 2010 financial year and as per 31 December 2010 (2010 Annual Report).

The consolidated financial statements are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and interpretations, as well as the other disclosure obligations stipulated in the Norwegian Accounting Act and which must be applied as per 31 December 2010. The annual financial statements for the parent company were prepared in accordance with the Norwegian Accounting Act, Norwegian Annual Accounts Regulations for Insurance Companies and the additional requirements in the Norwegian Securities Trading Act. The annual report for the group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as per 31 December 2010.

In the best judgement of the Board and CEO the annual financial statements for 2010 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as per 31 December 2010. In the best judgement of the Board and CEO the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand ASA and the Storebrand Group. In the best judgement of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 15 February 2011
The Board of Directors of Storebrand ASA
Translation – not to be signed

Birger Magnus
Chairman of the Board

Birgitte Nielsen	Jon Arnt Jacobsen	Halvor Stenstadvold	Heidi Skaaret	John S. Dueholm
Annika Lundius	Knut Dyre Haug	Kirsti Valborgland	Ann-Mari Gjøstein	Idar Kreutzer Chief Executive Officer

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand ASA, which comprise the financial statements for the parent company and the financial statements for the group. The financial statements for the parent company comprise the balance sheets as at December 31, 2010, the income statement and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements for the group comprise the statement of financial position as at December 31, 2010, profit and loss account, the consolidated statement of comprehensive income, the statement of changes in equity, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Chief Executive Officer's Responsibility for the Financial Statements

The Board of Directors and the Chief Executive Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as The Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Page 2

Deloitte.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company give a true and fair view of the financial position of Storebrand ASA as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group give a true and fair view of the financial position of the group Storebrand ASA as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the allocation of the profit

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit complies with the law and regulations and that the information is consistent with the financial statements.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, February 15, 2011
Deloitte AS

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

Translation has been made for information purposes only

Storebrand ASA – Control Committee's Statement for 2010

At its meeting on 1 March 2011, the Control Committee of Storebrand ASA reviewed the Board of Directors' proposed company accounts, consolidated accounts and annual report for 2010 for Storebrand ASA.

With reference to the auditor's report of 15 February 2011, the Control Committee recommends that the proposed company accounts, consolidated accounts and annual report be adopted as the Annual Report and Accounts of Storebrand ASA for 2010.

Lysaker, 1 March 2011
Translation – not to be signed
Elisabeth Wille (Signed)
Chair of the Control Committee

Storebrand ASA – Board of Representatives' Statement for 2010

The Board of Directors' proposed annual report and the annual accounts, together with the auditor's report and the Control Committee's statement have, in the manner required by law, been presented to the Board of Representatives.

The Board of Representatives recommends that the Annual General Meeting approve the Board of Directors proposed Annual Report and Accounts of Storebrand ASA and the Storebrand Group.

The Board of Representatives has no further comments to the Board's proposal regarding the allocation of the profit for the year of Storebrand ASA.

Lysaker, 2 March 2011
Translation – not to be signed
Terje Venold (Signed)
Chairman of the Board of Representatives

Deloitte.

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To the management of Storebrand ASA

AUDITOR'S REPORT ON CORPORATE RESPONSIBILITY

We have reviewed the reporting on 2010 Corporate Responsibility Indicators presented in the "Our corporate responsibility work – status 2010" and in the "Our corporate responsibility work – targets 2011-2012", pages 146 – 148 in the Annual Report 2010 Storebrand ASA. The selection of indicators and the information presented are the responsibility of and have been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews with management and employees responsible for the subject matters, as well as a review on a sample basis of supporting evidence.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusion
In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

- Storebrand ASA has applied procedures, as summarised on page 147, for the purpose of collecting, compiling and validating data for 2010 for the selected indicators, to be included in the presentation on pages 146 – 148 in the Annual Report 2010 Storebrand ASA.
- The information accumulated as a result of the procedures noted above for the selected indicators is consistent with the source documentation presented to us and appropriately reflected on the pages referred to above.
- Storebrand ASA applies a reporting practice for its reporting on corporate responsibility that is aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines reporting principles and the reporting fulfils Application Level B+ according to the GRI guidelines. The GRI Index referred to on page 147 appropriately reflects where relevant information on each of the elements and performance indicators of the GRI guidelines is presented.

Oslo, 15 February, 2011
Deloitte AS

Translation – not to be signed

Preben J. Sørensen
State Authorized Public Accountant
(Corporate Responsibility)

		Status 2009	Target 2009-2010	Status 2010
FINANCIAL VALUE CREATION				
Share-holders	Return on equity after tax	8.2%	15%	10.8%
	Percentage of group profit after tax distributed as dividend	0%	>35%	34%
	Total capital adequacy ratio of Storebrand Bank	10.4%	>10%	10.6%
	Solvency margin of Storebrand Life Insurance	170%	>150%	164%
	Dow Jones Sustainability Index	Qualified	Qualified	Qualified
	FTSE4Good	Qualified	Qualified	Qualified
SOCIAL RESPONSIBILITY				
Customers	Storebrand among global leaders in responsible investments [1]	Among global leaders	Among global leaders	Among global leaders
	Investment in microfinance [2]	NOK 149 million	Explore new opportunities in microfinance and increase investments if feasible	Explored new opportunities
	Customer satisfaction in the corporate market [3]	Number 1 in the industry	Number 1 in the industry	Same level as others in industry
	Customer satisfaction – retail customers with personal adviser	66	66	65
	Customer satisfaction – other retail customers	64	64	63
	Processing time for complaints [4]	41% within 3 weeks	70% within 3 weeks	43% within 3 weeks
	Percentage of error-free inquiries via online service	99%	98%	98%
	Percentage of phone calls answered (customer service)	86%	90%	93%
	Percentage of phone calls answered within 30 sec (switchboard) [5]	91%	90%	91%
Employees	Sick leave	4.2%	4.0%	3.8%
	Proportion of Storebrand employees satisfied with their development plans [6]	63%	70%	Not measured [7]
	Proportion of employees who believe Storebrand is a great place to work [6]	76%	85%	77%
	Proportion of female managers [8]	37%	40%	38%
	Ratio of women/men in internal training programmes	Within 40-60%	Within 40- 60%	Within 40- 60%
	Measures for improving diversity in Storebrand	Some analysis initiated	Analysis	Analysis continued
	Anti-corruption	Info and training given to employees	Ensure all parts of the Group receive necessary info and training	Info and training given to all parts of the Group
	Proportion aware of what the code of ethics means in their daily work [6]	78%	90%	85%
	Proportion aware of Storebrand's corporate responsibility work [6]	76%	80%	75%
	Percentage of financial advisors who are authorised	Initiated	75%	71%
Suppliers	Procurement policy	Implemented	Implement	Implemented

		Status 2009	Target 2009-2010	Status 2010
ENVIRONMENTAL ISSUES				
Society	CO_2 emissions (metric tons) [9]	2,073	Reduce by 20% from 2,828	Reduced by 35% to 1,836
	Air travel (individual flights)	7,550	Reduce by 10% from 11,700	7,300
	Energy consumption (head office) [10]	Increased by 2.9%	160 kWh/m2 in 2010	220 kWh/m^2
	Energy consumption (managed properties) [11]	Increased by 0.8%	Reduce by 3%	Increased 0.3%
	Proportion of waste sorted (head office)	74%	60%	49%
	Proportion of waste sorted (managed properties)	54%	50%	48%
	Water consumption (head office) [10]	22,588 m3	25,000 m^3	13,413 m^3
	Water consumption (managed properties) [12]	78,041 m3	Stable level	71,774 m^3
	Paper consumption [13]	84 metric tons	Reduce by 10% to 80 metric tons	76 metric tons
	Proportion of customers in Storebrand P&C Insurance with direct debit/electronic insurance documents	36%/54%	50%/60%	37%/53%
	Prepare all managed properties for energy labeling	Analysed	Analysis	Analysed
	Proportion of electronic equipment recycled or reused	100 %	100 %	100 %
	Forest certification for Værdalsbruket	Certified	Certified	Certified

1 Assessed in analysis performed by Storebrand 2010.
2 Storebrand has committed NOK 198 million to microfinance, NOK 149 million of which was invested as of 31 December 2010.
3 Concerns the pensions and life insurance market in Norway, based on customer satisfaction survey (Norsk kundebarometer) performed by BI Norwegian School of Management.
4 2010 result includes ordinary complaints (30% within 3 weeks) and health assessments (75% within 3 weeks).
5 Changed from 20 to 30 seconds in 2010 due to new switchboard system.
6 Employee satisfaction survey (MTI), carried out by Confirmit.
7 Question removed from employee satisfaction survey in 2010.
8 Defined as managerial position with personnel responsibilities.
9 Calculated by CO_2Focus based on their approach to the GHG protocol. Calculated emissions using reported factor for certified renewable energy (electric) is 1,367 metric tonnes. The reduction target is a 2-year target based on the 2008 level.
10 2009 and 2010 results are not directly comparable due to move to new head office. Energy consumption is for heated area, total consumption was 282 kWh/m^2.
11 Based on same selection as in 2008. Energy consumption for all managed properties was 209 kWh/m^2.
12 Based on same selection as in 2008. Water consumption for all managed properties was 88 384 m^3.
13 The reduction target does not include SPP. Consumption without SPP was 67 metric tons in 2009 and 64 metric tons in 2010.

Corporate responsibility reporting

Storebrand has issued environmental reports since 1995. In addition, it has been reporting on the broader field of corporate responsibility since 1999. The Group reports according to the triple bottom line where financial, environmental and social responsibility is described. The action plan for corporate responsibility (see above) is structured around the relationships to the Group's most important stakeholders: Owners, customers, employees, suppliers, the rest of society and the international community. We use Global Reporting Initiative (GRI) as a tool for our corporate responsibility reporting. In our opinion, our reporting practices generally conform to GRI's reporting principles and qualify for level B in accordance with the guidelines. The GRI Index matrix on our website (www.storebrand.no/samfunnsansvar or www.storebrand.com) provides references to information on the indicators, whether these are completely or partly answered. The definition and boundaries of the indicators in the action plan are also described in more detail.

The targets in the action plan are for a 2-year period, while the results are reported annually. The measures for achieving the targets are anchored in and followed up by the company's different expert groups. The results are collected from all units in the Group using established reporting routines. The corporate responsibility unit also conducts separate meetings and joint meetings with indicator owners in the company. A great emphasis is placed on ensuring that the information is correct and complete, however some uncertainty may be associated with some parts of the numerical data.

Storebrand wants to ensure transparency in its work on corporate responsibility work. The reported results in the action plan are therefore reviewed by Deloitte. Reviews of this kind increase the credibility of the reporting and presented data. This also increases Storebrand's confidence that the information was appropriately collected, collated and quality assured.

OUR CORPORATE RESPONSIBILITY WORK - TARGETS 2011-2012

		Status 2010	Target 2011 - 2012
FINANCIAL VALUE CREATION			
Shareholders	Solvency margin of Storebrand Life Insurance	164%	150%
	Dow Jones Sustainability Index	74 points	≥ 75 points
	Profitability of corporate responsibility [1]	--	Analysis
SOCIAL RESPONSIBILITY			
Customers	UN's principles for responsible investments (UNPRI)	In upper quartile in 1 out of 7 areas	In upper quartile in 3 out of 7 areas
	Proportion of investments that are sustainable [2]	--	Develop indicator + baseline assessment
	Investments in microfinance and alternative asset classes [3]	Explored new opportunities	Explore new opportunities and increase investments if appropriate
	Customer satisfaction – retail customers	63	67
	Customer satisfaction - corporate customers	Same level as others in industry	Number 1 in the industry
	Customers' awareness and support of Storebrand's corporate responsibility work	--	Develop indicator + baseline assessment
	Prevention and detection of fraud	--	Ensure compliance with internal guidelines and participate in external professional forums
	Processing time for complaints	43% within 3 weeks	70% within 3 weeks
Employees	Ethics work in the Group [4]	--	85%
	Sick leave [5]	3.8%	3.5%
	Employees' health and wellbeing	--	Develop indicator + baseline assessment
	Proportion of female managers	38%	Within 40-60%
	Diversity	Analysed measures	Develop indicator + baseline assessment
	Productivity measurements LEAN	--	Develop indicator + baseline assessment
	Employees' awareness and support of Storebrand's corporate responsibility work	79%	85%
Suppliers	Environmental requirements for suppliers	Implemented guidelines	50% of new agreements contain environmental requirements
ENVIRONMENTAL CONSIDERATIONS			
Society	CO^2 emissions (metric tons)	Reduced by 35% to 1,836	Reduce by 14% to 1,584
	Air travel (individual flights)	7,300 individual flights	Stable level
	Energy consumption (externally managed properties)	--	Assess
	Energy consumption (managed properties)	209 kWh/m²	Reduce by 3% to 203 kWh/m²
	Energy consumption (head office)	220 kWh/m²	160 kWh/m²
	Environmental certification of managed properties [6]	--	50% certified

1 *Project to calculate present value of Storebrand's corporate responsibility work.*
2 *Project to identify proportion of investments that contribute substantially to sustainable development.*
3 *As per 31 December 2010, Storebrand had committed NOK 198 million to microfinancing investments, NOK 149 million of which has been invested.*
4 *Measures employee awareness, proportion of employees who complete e-learning course (every third year), proportion who participate in dilemma training and proportion of managers who have reported on compliance with the code of ethics.*
5 *Target is for 2011.*
6 *Certification of Norwegian properties according to the Norwegian environmental standard "Miljøfyrtårn".*

CORPORATE RESPONSIBILITY ACTION PLAN

The aim of the action plan is to help us achieve our ambition to be a corporate responsibility leader in the Nordic region and a world leader in responsible investment. Setting specific targets for the next 2-year period shows our stakeholders what areas we consider most important and give us goals to aim for in our day-to-day work.

The action plan has been developed in close dialogue with key personnel in various parts of the Group The indicators and targets have been carefully selected in consultation with various expert groups in the Group and the measures to achieve the targets can be found in the scorecards and actions plans for business units. The action plan is considered and approved by Storebrand's Board and the targets are followed up in the company's various expert groups.

	Reg. org. number	Interest
Storebrand ASA	**916 300 484**	
Storebrand Livsforsikring AS	**958 995 369**	**100.0%**
Storebrand Holding AB		100.0%
SPP Fonder AB		100.0%
SPP Livförsäkring AB		100.0%
SPP Liv Pensionstjänst AB		100.0%
SPP Fastigheter AB		100.0%
SPP Liv Fondförsäkring AB		100.0%
Benco Insurance Holding BV [1]		90.0%
SPP Varumärkes AB		100.0%
SPP Kundcenter AB		100.0%
Storebrand Eiendom AS	972 415 731	100.0%
Storebrand Pensjonstjenester AS	931 936 492	100.0%
Aktuar Systemer AS	968 345 540	100.0%
Storebrand Eiendom Holding AS	989 976 265	100.0%
Storebrand Kontor Oslo Sentrum AS	990 653 267	100.0%
Storebrand Kjøpesenter Holding AS	876 734 702	100.0%
Storebrand Eiendom Norge AS	990 653 402	100.0%
Storebrand Hjemmel AS	990 653 194	100.0%
Storebrand Eiendom Indirekte AS	992 183 489	100.0%
Storebrand Eiendom Invest AS	995 250 543	100.0%
Storebrand Eiendomsfond Invest AS	995 871 424	100.0%
Storebrand Finansiell Rådgivning AS	989 150 200	100.0%
AS Værdalsbruket [2]	920 082 165	74.9%
Norsk Pensjon AS	890 050 212	25.0%
SIA Foran Real Estate [3]		90.1%
Storebrand Baltic UAB		50.0%
Evoco UAB		50.0%
Storebrand Realinvesteringer AS	995 237 954	100.0%
Storebrand Livsforsikring Direct Investment Ltd. 2006-2008	994 193 066	100.0%
Storebrand Livsforsikring Vintage 1999 Ltd.	990 587 086	100.0%
Storebrand Livsforsikring Vintage 2001 Ltd.	995 574 683	100.0%
Storebrand Bank ASA	**953 299 216**	**100.0%**
Storebrand Boligkreditt AS	990 645 515	100.0%
Storebrand Eiendomskreditt AS	991 853 634	100.0%
Filipstad Tomteselskap AS	984 133 561	100.0%
Ring Eiendomsmegling AS	987 227 575	100.0%
Seilduksgaten 25-31 AS	976 698 983	50.0%
Storebrand Baltic UAB		50.0%
Hadrian Eiendom AS	976 145 364	90.9%
Hadrian Utvikling AS	975 794 784	96.1%
Bjørndalen Panorama AS	991 742 565	100.0%
Storebrand Fondene AS	**930 208 868**	**100.0%**
Storebrand Luxembourg S.A.		99.8%
Storebrand Kapitalforvaltning AS	**984 331 339**	**100.0%**
Storebrand Alternative Investments AB		100.0%
Storebrand Skadeforsikring AS	**930 553 506**	**100.0%**
Oslo Reinsurance Company (UK) Ltd. [4]		100.0%
Storebrand Helseforsikring AS	**980 126 196**	**50.0%**
Storebrand Leieforvaltning AS	**911 236 184**	**100.0%**

1 SPP Livförsäkring AB owns 81.1 per cent and Storebrand Livsforsikring AS owns 8.9 per cent of Benco Insurance Holding BV.
2 Storebrand ASA owns 25.1 per cent and the total stake in Storebrand is 100 per cent of AS Værdalsbruket.
3 SPP Livförsäkring AB owns 27.9 per cent and Storebrand Life Insurance owns 62.2 per cent of SIA Front Real Estate.
4 Storebrand has concluded an agreement concerning the sale of the company. The approval of the British authorities is expected in 2011.

Terms and expressions

GENERAL

Subordinated loan capital
Subordinated loan capital is loan capital which ranks after all other debt. Subordinated loan capital forms part of tier 2 capital in the calculation of capital adequacy.

Duration
The average remaining term of cash flow on interest-bearing securities. Modified duration is calculated on the basis of duration and is an expression of sensitivity to changes in underlying interest rates.

Equity
Equity consists of paid in capital, retained earnings and minority interests. Paid in capital includes share capital, the share premium reserve and other paid in capital. Retained earnings include other equity and other funds.

Earnings per ordinary share
Earnings per share is calculated as the majority's proportion of the result after tax costs divided by the number of shares. The number of shares used in the calculation is taken as the average number of ordinary shares outstanding over the course of the year. In case of new issues of shares, the new shares are included from the date of subscription.

CAPITAL ADEQUACY

Primary capital
Primary capital is capital eligible to fulfil the capital requirements under the authorities' regulations. Primary capital may comprise of core (tier 1) capital and tier 2 capital.

Capital requirements
A capital requirement is calculated for credit risk, market risk and operational risk. Individual assets and off-balance sheet items are given a risk weighting based on the estimated risk they represent. The capital requirement is 8 per cent of the basis for calculating credit risk, market risk and operational risk.

Capital adequacy ratio
Primary capital must at least equal the calculated capital requirement. The capital adequacy ratio is calculated by measuring total primary capital in relation to the capital requirement of 8 per cent.

Core (tier 1) capital
Core (tier 1) capital is part of primary capital and consists of the primary capital less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets, net prepaid pensions, 50 per cent of any capital adequacy reserve, and cross-ownership deductions in other financial institutions. Issued hybrid tier 1 capital can account for 15 percent of the core (tier 1) capital, while any excess can be included in the supplementary capital. A proportion of the conditional bonus is included in core (tier 1) capital pursuant to the conditions set by The Norwegian FSA.

Tier 2 capital
Tier 2 capital is part of primary capital and consists of subordinated loan capital and that proportion of hybrid tier 1 capital that is not counted as core (tier 1) capital. 50 percent of any capital adequacy reserve and cross-ownership deduction in other financial institutions is deducted. In order to be eligible as primary capital, tier 2 capital cannot exceed core (tier 1) capital. Perpetual subordinated loan capital, together with other tier 2 capital, cannot exceed 100 percent of core (tier 1) capital, whilst dated subordinated loan capital cannot exceed 50 percent of core (tier 1) capital. To be fully eligible as primary capital, the remaining term must be at least five years. If the remaining term is less, the eligible portion is reduced by 20 percent per annum.

Solvency II
Solvency II is a common set of European regulatory requirements for the insurance industry. Under Solvency II, the size of the capital requirement will be determined by the amount of risk the company is exposed to.

INSURANCE

Reinsurance (Reassurance)
The transfer of part of the risk to another insurance company.

IBNR reserves (incurred but not reported)
Reserves for the compensation of insured events that have incurred but not yet been reported to the company.

RBNS reserves (reported but not settled)
Reserves for the compensation of reported but not yet settled claims.

LIFE INSURANCE

Return on capital
The booked return on capital shows net realised income from financial assets and changes in the value of real estate, expressed as a percentage of the year's average capital in customer funds with guarantees and in the company portfolio, respectively. The market return shows the total of realised income from financial assets, changes in the value of real estate and the year's change in unrealised gains or losses, expressed as a percentage of the year's average total capital in customer funds with guarantees and in the company portfolio, respectively, at market value.

Group contracts

Defined benefit pensions (DB)
Guaranteed pension payments from a specified age for as long as the insured person lives. Alternatively it can be agreed that the pension will end at a specified age. The product is offered in both the private and the public sectors. The cover includes retirement, disability and survivor pensions.

Group defined contribution pensions (defined contribution – DC)
In group defined contribution pensions the premium is stated as a percentage of pay, while the payments are unknown. The customer bears all the financial risk during the saving period.

Group one-year risk cover
These products involve guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.

Paid-up policies (benefit) and pension capital policy (contribution)
These are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.

Group life insurance
Group life insurance in which an insured sum is payable on the death of a member of the group. Such insurance can be extended to cover disability insurance.

Unit-linked
Life insurance offering an investment choice whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested. Applies to both individual policies and group defined contribution pensions.

Individual contracts

Individual allocated annuity or pension insurance
Contracts with guaranteed payments for as long as the insured person lives. Alternatively it can be agreed that the pension will end at a specified age.

Individual endowment insurance
Contracts involving a single payment in the event of attaining a specified age, death or disability.

Individual unit linked insurance
Endowment insurance or allocated annuity in which the customer bears the financial risk.

Contractual liabilities
Allocations to premium reserves for contractual liabilities shall, as a minimum, equal the difference between the capital value of the company's future liabilities and the capital value of future net premiums (prospective calculation method). Additional benefits due to an added surplus are included.

Result

Administration result
The administration result is the difference between the premiums paid by customers pursuant to the tariff and the company's actual operating costs. The income consists of fees based on the size of customer assets, premium volumes or number in the form of unit price. Operating costs consist of, among other things, personnel costs, marketing, commissions and IT costs.

Financial result
The financial result consists of the net financial income from financial assets for the group portfolio (group and individual products without investment choice) less the guaranteed return.

Risk result
The risk result consists of premiums the company charges to cover insurance risks less the actual costs in the form of insurance reserves and payments for insured events such as death, pensions, disability and accidents.

Profit sharing and result allocated to owner
See note 2 page 67-70.

Other terms

Insurance reserves - life insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation see note 1 - accounting policies, page 64-66.

Solidity capital
The term solidity capital includes equity, subordinated loan capital, market value adjustment reserve, additional statutory reserves, conditional bonuses, surplus/deficit related to bonds at amortised cost and accrued profit. The solvency capital is also calculated as a percentage of total customer funds excluding additional statutory reserves and conditional bonus.

Solvency margin requirements
An expression of the risk associated with the insurance-related liabilities. Calculated on the basis of the insurance fund and the risk policies total for each insurance sector.

Solvency margin capital
Primary capital as in capital adequacy plus 50 percent of additional statutory reserves and risk equalisation fund, plus 55 percent of the contingency fund's for P&C insurance lower limit.

P&C INSURANCE

F.o.a.
Abbreviation for the term "for own account", i.e. before additions/ deductions for reinsurance.

Insurance reserves - P&C insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation see note 1 - accounting policies, page 66.

Insurance (technical) profit/loss
Premium income less claims and operating costs.

Cost ratio
Operating expenses as a percentage of premiums earned.

Cost percentage
Operating expenses as a percentage of premiums earned.

Claims ratio
Claims incurred as a percentage of premiums earned.

Combined ratio
The sum of the cost ratio and the claims ratio.

BANKING

Level repayment loan
Periodic payments (representing both capital and interest) on a level repayment loan remain constant throughout the life of the loan.

Annual percentage rate (APR)
The true interest rate calculated when all borrowing costs are expressed as an annual payment of interest in arrears. In calculating the APR, allowance must be made for whether interest is paid in advance or arrears, the number of interest periods per annum, and all fees and commissions.

Real rate of interest
The return produced after allowing for actual or expected inflation. Preferably expressed as a nominal rate less the rate of inflation.

Net interest income
Total interest income less total interest expense. Often expressed as a percentage of average total assets (net interest margin).

Instalment loan
An instalment loan is a loan on which the borrower makes regular partial repayments of principal in equal amounts throughout the repayment period. The borrower pays the sum of a fixed instalment amount and a reducing interest amount at each instalment date. Payments accordingly reduce over the life of the loan assuming a fixed interest rate.

FINANCIAL DERIVATIVES

The term "financial derivatives" embraces a wide range of financial instruments for which the current value and future price movements are determined by equities, bonds, foreign currencies or other traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments such as equities and bonds, and are used as a flexible and cost effective supplement to traditional instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

Share options
The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In the main, exchange traded and cleared options are used.

Stock futures (stock index futures)
Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts, which are exchange traded, and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

Basis swaps
A basis swap is an agreement to exchange principle and interest rate terms in different currencies. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Basis swaps are used for currency hedging of loans.

Forward Rate Agreements (FRA)
FRAs are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed amount and period of time. This difference is settled at the start of the future interest period. FRA contracts are particularly appropriate to the management of short-term interest rate exposure.

Credit derivatives
Credit derivatives are financial contracts that transfer all or part of the credit risk associated with loans, bonds or similar instruments from the purchaser of the protection (seller of the risk) to the seller of the protection (purchaser of the risk). Credit derivatives are tradable instruments that make it possible to transfer the credit risk associated with particular assets to a third party without selling the assets.

Interest rate futures
Interest rate futures contracts are related to government bond rates or short-term reference interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

Interest rate swaps/asset swaps
Interest rate swaps/asset swaps are agreements between two parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange floating rate payments for fixed rate payments, and this instrument is used in the management of long term interest rate risk.

Interest rate options
Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

Forward foreign exchange contracts/ foreign exchange swaps
Forward foreign exchange contracts/foreign exchange swaps relate to the purchase or sale of a currency for an agreed price at a future date. These contracts are principally used to hedge the currency exposure arising from currency denominated securities, bank deposits, subordinated loans and insurance reserves. These contracts also include spot foreign exchange transactions.

Foreign exchange options
A foreign exchange option confers a right (but not an obligation) to buy or sell a currency at a predetermined exchange rate. Foreign exchange options are used for hedging subordinated loans.

History of Storebrand

1767–1919: ROOTS

1767
Den almindelige Brand-Forsikrings-Anstalt is established in Copenhagen.

1814
Following the split from Denmark, management of the fire insurance scheme is transferred to Christiania, as the capital of Norway was called at that time. In 1913 the scheme is converted into a public sector company called Norges Brannkasse.

1847
On 4 May 1847, the P&C insurance company Christiania Almindelige Brandforsikrings-Selskab for Varer og Effecter is incorporated by private subscription. The company is referred to as Storebrand.

1861
Storebrand's owners establish Idun, the first privately owned life insurance company in Norway.

1867
The P&C insurance company Norden is established as a competitor to Storebrand.

1917
The life insurance company Norske Folk is established.

1920–1969: GROWTH AND CONSOLIDATION

1923
Storebrand acquires nearly all of the shares in Idun. The rest, with a couple of exceptions, are acquired during the 1970s.

1925
Storebrand changes its name in its articles of association from Christiania Almindelige Forsikrings-Aksjeselskap (renamed in 1915) to Christiania Almindelige Forsikrings-Aksjeselskap Storebrand. This name is kept until 1971.

1936
Storebrand acquires Europeiske – the leading travel insurance company in Norway.

1962
Storebrand initiates a new wave of acquisitions and mergers by acquiring Norrøna, which was experiencing financial problems.

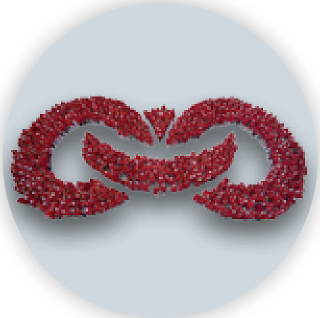
1963
Storebrand acquires Norske Fortuna. Brage and Fram merge to become the country's largest life insurance company.

Storebrand and Idun move into their own new premises in the restored Vest-Vika area of Oslo. Brage-Fram and Norske Folk follow their lead.

1970–1989: GROUP FORMATION

1978
Storebrand changes its logo – from the stylised St. Hallvard, patron saint of Oslo – and introduces "the link" as an easily recognisable trademark. The formal name of the holding company is changed to A/S Storebrand-gruppen.

1983
The Norden Group and Storebrand merge.



1984
Norske Folk and Norges Brannkasse market themselves as a single entity under the name UNI Forsikring.

1990–1999: CRISIS AND CHANGE

1990
Storebrand and UNI Forsikring agree to merge, and the merger receives official permission in January 1991.

1992
UNI Storebrand's negotiations with Skandia concerning establishing a major Norwegian led company fail to reach agreement.

1996
The company changes its name to Storebrand ASA and establishes Storebrand Bank AS.

1998
The company moves into new premises on Filipstad Brygge.

1999
Storebrand, Skandia and Pohjola consolidate their P&C insurance activities in the new Nordic, Swedish registered company, If Skadeförsäkring AB. Storebrand sells its stake five years later.

2000–2010: NEW CHALLENGES

2001
Norwegian and international stock markets fall sharply from September 2000 to February 2003.

2005
The Storting, the Norwegian parliament, rules that all companies must have an occupational pension scheme in place by 2007. Storebrand responds to the challenge with its new product, Storebrand Folkepensjon.

2006
Storebrand decides to return to P&C insurance.

2007
Storebrand acquires SPP, the Swedish life insurance and pensions provider, from Handelsbanken and forms the leading life insurance and pensions provider in the Nordic region.

2008
The financial crisis in the USA spreads to the global financial markets and during 2008 the New York Stock Exchange (Dow Jones DJIA) falls by 34 per cent and the Oslo Stock Exchange by 54 per cent.

2009
The world's equities markets bottom out in March following the heaviest fall since the 1930s. In the second half of the year the real economies of the largest countries start to recover.

Storebrand confirms it has been in talks about a possible merger with Gjensidige. The talks conclude without result.

Storebrand moves into its new head office in Lysaker in December.

2010
Storebrand emerges from the financial crisis in good shape. Storebrand works hard to prepare both employees and customers for the new pensions reform which comes into effect on 1 January 2011.

Storebrand's new energy efficient head office gains a lot of attention. The building is awarded the acclaimed 2010 City Prize by the real estate industry. The head office receives eco-lighthouse certification.

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