Storebrand Bank
Annual Report 2010

storebrand

COMPANY INFORMATION

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Senior Management:

Truls Nergaard	Managing Director
Trond Fladvad	Finance Director
Robert Fjelli	Head of Markets
Monica Kristoffersen Hellekleiv	Head of Retail Banking
Truls Nergaard	Head of Corporate Banking
Anne Grete T. Wardeberg	Head of Staff Functions

Board of Directors:

Idar Kreutzer	Chairman
Stein Wessel-Aas	Deputy chairman
Kristine Schei	Board Member
Roar Thoresen	Board Member
Maria Borch Helsengreen	Board Member
Anne-Kristine Baltzersen	Board Member
Heidi Storruste	Board Member

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Other sources of information:
Annual Reports and interim reports of Storebrand Bank ASA are published on www.storebrand.no.

Content

KEY FIGURES STOREBRAND BANK GROUP

NOK MILLION	FULL YEAR 2010	FULL YEAR 2009
Profit and Loss account: *(as % of avg. total assets)*		
Net interest income 3)	1.10 %	0.95 %
Other operating income 4)	0.42 %	0.50 %
Main balance sheet figures:		
Total assets	39 370.9	42 985.6
Average total assets 1)	41 577.7	44 665.8
Total lending to customers	34 460.1	36 123.3
Deposits from and due to customers	18 807.6	18 319.8
Deposits from and due to customers as % of gross lending	54.6 %	50.7 %
Equity	2 260.6	2 281.9
Other key figures:		
Total non-interest income as % of total income	27.65 %	34.59 %
Loan losses and provisions as % of average total lending	0.04 %	0.12 %
Non-performing and loss-exposed loans as% of total lending	2.02 %	2.45 %
Costs as % of operating income banking operations 5)	67.98 %	70.53 %
Return on equity after tax 2)	1.67 %	0.90 %
Core capital ratio	10.6 %	10.4 %

Definitions:

1) Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.

2) Annualised profit after tax adjusted for hedging ineffectiveness as % of average equity.

3) Annualised net interest income adjusted for hedging ineffectiveness.

4) Other operating income includes net fee and commission income.

5) Banking operations consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

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(Figures for 2009 shown in brackets)

MAIN FEATURES

Storebrand Bank AS is a wholly owned subsidiary of Storebrand ASA and one of four business units in the Storebrand Group. Storebrand Bank is a commercial bank and is licensed pursuant to the Securities Trading Act. The address of Storebrand Bank ASA's head office is Professors Kohts Vei 9, 1366 Lysaker, in Bærum.

The bank delivered a result before tax of NOK 129 million for 2010 compared to NOK 35 million for 2009. Storebrand Bank significantly improved the results in a number of key areas in 2010 compared with the two preceding years, and one of the bank's best operating results (result before losses) since the merger between Storebrand Bank and Finansbanken in 2003.

The combination of reduced funding costs and the trend in the margins for the bank's lending and deposit products increased the bank's net interest margin by 15 basis points compared with 2009. The bank's cost programme was implemented as planned and operating costs reduced by NOK 59 million. Losses also developed positively compared with 2009 with total losses amounting to 0.07 percent (0.19 percent) of total assets, including write-downs on companies and collateral taken over as part of loan restructurings. The bank has a robust core (tier 1) capital ratio and is well positioned to cope with the transition to the new regulatory requirements (Basel III).

Storebrand Bank ASA desires to be easy to do business with and its vision is to be the "smart choice for the modern customer".

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 rates 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 service 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 grew by 345 percent compared to 2009 and it has thus become an important sales channel for Storebrand P&C Insurance's products.

In the corporate market, Storebrand Bank 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 participated in a number of trendsetting transactions in the Norwegian market in 2010. Services in the corporate customer segment include real estate agency, project brokering, valuations and financing services. These services have been gathered under the heading "Eiendomshuset Storebrand Bank" and form a key part of the bank's focused effort on increasing other income by offering services throughout the value chain to both new and existing customers.

SUBSIDIARIES AND RELATIONSHIP WITH THE GROUP

Hadrian Eiendom AS represents the banking group's expertise within development properties and commercial property brokering. The company also offers appraisals and opportunity assessments. The bank owns 90.9 percent of the shares in Hadrian Eiendom AS as well as 96 percent of the shares in its sister company Hadrian Utvikling AS, and also has an option to acquire the remaining shares in both companies. The companies operate from their offices in Olav V's Gt. 1, Oslo.

The bank's estate agency activities in the retail market are managed in the subsidiary Ring Eiendomsmegling AS. The bank owns 100 percent of the shares in the company, which is run from the group's head office in Professors Kohts Vei 9, 1366 Lysaker, in Bærum.

In connection with collateral takeover as part of a loan restructuring in the corporate market, Storebrand Bank ASA sold a property under development to a subsidiary, Bjørndalen Panorama AS, which will complete the project. In spring 2009, Storebrand Bank ASA took over 89 percent of the units/shares in Ullensaker Boligbygg KS and Ullensaker Boligbygg AS. At the time, the equity had been lost and the units/shares were taken over in an attempt to complete the property project and to avoid bankruptcy. After all the homes were sold and delivered, the companies were insolvent and entered voluntary liquidation in November 2010.

Storebrand Bank ASA jointly owns the company Storebrand Baltic UAB together with Storebrand Livsforsikring AS. The bank owns 50 percent of the company. The company's activities are integrated with the rest of the organisation in Storebrand Bank and it delivers services across large parts of the value chain, including administration and support functions. The company is a resource centre for support services for the entire Storebrand Group, and is a key tool in the work on continuous improvement and streamlining.

The subsidiaries Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS were established in 2008 and 2009, respectively. The companies hold banking licences to issue covered bonds secured by mortgages in residential property and commercial property. Storebrand Eiendomskreditt AS will be wound up during 2011 and the company's loans have been sold to Storebrand Bank ASA.

FINANCIAL PERFORMANCE

The Storebrand Bank Group achieved a result after tax of NOK 38 million in 2010 compared to NOK 19 million in 2009.

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

Other income
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 2010 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 liquidity portfolio had an effect on the profits of minus NOK 6 million in 2010 compared to a positive effect of NOK 22 million in 2009. Other income was also affected in 2010 by the redemption of covered bonds in Storebrand Boligkreditt AS in May 2010. The effect on the result amounted to minus NOK 14 million.

Operating costs
The banking group's operating costs totalled NOK 488 million (NOK 567 million). The year's operating costs include write-downs on investment properties totalling NOK 14 million (NOK 35 million) in connection with a collateral takeover as part of a loan restructuring in the corporate market. Operating costs for the banking operations[1]) amounted to NOK 351 million (NOK 391 million), corresponding to a cost/income ratio of 68 percent in 2010 (71 percent).

The bank's cost 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 cost programme measures has resulted in 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.

Losses and non-performing loans
The bank group's non-performing and loss-exposed loans without impairment amounted to NOK 262 million (NOK 309 million) or 0.76 percent (0.86 percent) of gross lending at year-end 2010. 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 percent of gross lending. This is an improvement since year-end 2009 when the volume amounted to NOK 884 million[2]) or 2.5 percent of gross lending. Total individual and group write-downs amounted to NOK 15 million in 2010, a reduction of NOK 31 million since 2009. In addition, write-downs in investment properties in connection with collateral takeover as part of a loan restructuring (presented on a separate line under operating costs) amounted to NOK 14 million compared to NOK 35 million in 2009. 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.

Total individual and group write-downs in 2010 amounted to NOK 35 million in Storebrand Bank ASA, including realised losses in the period and including write-downs[3])in subsidiaries amounting to NOK 55 million. This is a reduction of NOK 45 million compared with 2009.

BALANCE SHEET

At year-end 2010, the bank group's total assets amounted to NOK 39 billion. Gross lending to customers amounted to NOK 34 billion at year-end 2010. This is a reduction of NOK 2 billion; equivalent to 5 percent 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 rate of decline has been reduced during the year. This trend is expected and is primarily due to a reduction in loan portfolios linked to external distributors.

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1) Consists of Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.
2) See note 4 in the Storebrand Bank Group and note 4 in Storebrand Bank ASA for the definition of non-performing and loss-exposed commitments.
3) Presented as write-downs in investment properties under operating costs in the bank group.

The bank group's retail portfolio represents 65 percent of the bank's total lending and primarily comprises low risk mortgages. The average weighted loan-to-value ratio is around 54 percent. Corporate lending accounts for 35 percent of the portfolio and at year-end 2010 the portfolio consisted of approximately 80 percent lending to cash-flow generating property and 20 percent lending to development projects. The bank has established a syndication agreement with Storebrand Life Insurance for good-quality commercial real estate 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 percent (51 percent).

The bank has a balanced funding structure and bases its borrowing on customer deposits, issuing securities and covered 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.

Covered bonds issued by Storebrand Eiendomskreditt AS were redeemed early in December 2010. During the quarter, Storebrand Bank ASA received approval from the Ministry of Finance to substitute collateral linked to the Norges Bank's swap scheme.

At year-end 2010, Storebrand Bank ASA had total assets of NOK 35 billion. Gross lending in the parent bank fell by just under NOK 3 billion due to the redemption of loans and sale of loans in the retail market to its subsidiary Storebrand Boligkreditt AS and sale of loans to the corporate market to the subsidiary Storebrand Eiendomskreditt AS.

BUSINESS AREAS

Retail Market
The bank experienced a negative development in retail customer numbers in 2010 due to the winding up of the bank's agreements with external distributors in 2009 and the competitiveness of the mortgage market. At year-end 2010, the bank had around 73,000 retail customers.

In the last few years the retail business area has continued to strengthen its distribution power through its own sales channels, which also provide commission driven income based on sales of the group's other products. In 2010, Storebrand Bank launched a substantial upgrade of its online bank, which considerably improved its customers' user experience. The goal is to establish a dialogue with customers that provides better insight into their overall financial situation than many competing online banks. The bank will continue to add new functionality to the online bank in 2011, which will further improve the customer experience.

The retail business area experienced a fall of 10 percent in its lending portfolio in 2010 compared to a fall of 7.5 percent in 2009. Deposits decreased by 2 percent compared to a reduction of 2.7 percent in 2009. The bank is in the process of implementing a stronger market position and implementing a new price and product concept. Customer surveys show the bank's retail customers are among the most satisfied in the market. These measures are intended to contribute to reversing the negative trends in the development of customer numbers and lending volume in the retail market.

Corporate Market
The bank's main focus in the corporate market has been on the commercial real estate market. The bank's competitive advantages include its long experience and high level of competence within this market segment, as well as its ability to offer comprehensive solutions and good service. The real estate business is presented under the heading "Eiendomshuset Storebrand Bank" and is actively working to offer solutions for customers throughout the entire value chain. The corporate market business area, together with other units in the Storebrand Group, also offers services to selected niches, including investors and the SME segment.

The corporate business area experienced a high level of demand in the commercial real estate market throughout 2010 and the lending portfolio increased by 7 percent (minus 6 percent). The quality of the portfolio also improved substantially throughout the year and the volume of deposits has increased by 12 percent since 2009 (9 percent).

Storebrand Markets
This business area provides advice and sales of currency and interest hedging products, stockbroking, corporate advice, and issuance of savings products. Stockbroking focuses on conducting larger transactions at competitive prices both on the Oslo Stock Exchange and on most other foreign exchanges. Online share trading developed well with respect to both the number of customers and transactions in 2010.

Corporate's work includes handling the issuing and implementation of syndicated property projects and facilitation for a number of the Storebrand Group's savings products such as, for example, Storebrand Eiendomsfond, Storebrand Optimér and Storebrand Infrastruktur.

Storebrand Boligkreditt AS
At year-end 2010, Storebrand Boligkreditt AS had 11,433 mortgages and home equity loans worth almost NOK 14 billion on its balance sheet. The quality of the portfolio

is very good and covered bonds worth a net total of NOK 11.6 billion have been issued with maturities of 4 months to 9 years. Almost NOK 4.4 billion worth of these issued in the market, while the remaining NOK 7.2 billion were placed on Storebrand Bank ASA's balance sheet. The bank has utilised NOK 5.8 billion in the covered bonds swap scheme administered by Norges Bank. At year-end 2010, 14 customers were non-performing, corresponding to NOK 18 million. This amounted to 0.1 percent of the portfolio. The average loan-to-value ratio was 46 percent compared to 51 percent in 2009. The established covered bond programme has an Aaa rating from the rating agency Moody's.

Storebrand Eiendomskreditt AS
Storebrand Eiendomskreditt AS was established to issue covered bonds secured by property mortgages. At year-end 2009, the covered bond company had commercial loans worth NOK 2.2 billion on its balance sheet. The company had issued covered bonds worth NOK 1.6 billion, which was in its entirety placed on Storebrand Bank's balance sheet and used in the government's covered bonds swap scheme. In 2010, Storebrand Bank increased its capacity for issuing covered bonds through Storebrand Boligkreditt AS. This has enabled the bank to replace the collateral in the swap scheme based on covered bonds from Storebrand Eiendomskreditt AS with bonds from Storebrand Boligkreditt AS. Covered bonds issued by Storebrand Eiendomskreditt AS were redeemed early in December 2010. As a consequence, Storebrand Bank ASA bought back commercial loans from Storebrand Eiendomskreditt AS in January 2011 and the plan is to wind up the company during the first half of 2011.

Ring Eiendomsmegling AS
2010 was a good year for the housing market. The rate of sales has normalised after two weak years and homes on the market are selling faster now than they did in 2008 and 2009. The number of homes on the market decreased in autumn 2010, but there are no signs the 2011 market will differ significantly from the 2010 market. Interest rates remain low and the demand for housing, especially in central areas, is increasing. This is stimulating both the used and project markets. House prices rose by 6-7 percent in 2010 compared to the same periods in 2009. Prices are also expected to rise in 2011, though at a somewhat weaker rate than was the case from 2009 to 2010. Ring Eiendomsmegling's market share is stable at around 2 percent on a national basis, but it has no presence in cities such as Bergen, Trondheim, Kristiansand and Drammen. This means its market position in those areas the company does operate in is higher than the national average suggests.

Ring Eiendomsmegling sold a total of 2,183 homes in 2010 compared to 2,296 homes in 2009, and achieved total revenues of NOK 88.7 million in 2010 (NOK 85.2 million). The result before tax amounted to minus NOK 5.4 million for 2010 compared to minus NOK 37.5 million for 2009. Underlying earnings in the parts of the Ring group that have continuing operations have been positive, adjusted for restructuring costs.

RISK MANAGEMENT
A bank's core activities involve value creation through exposure to acceptable risk. Storebrand Bank is proactive with regard to the risks in the business and is always striving to refine its risk management systems and processes. Overall the current risk profile is considered satisfactory and only minor adjustments are expected to be made to the risk profile in 2011.

Storebrand Bank is exposed to the following important risks: credit risk, liquidity risk, market risk, operational risk and compliance risk.

Credit risk
Storebrand Bank's overall credit exposure was reduced by NOK 2.8 billion in 2010 and amounted to NOK 42 billion as per 31 December 2010.

Lending to the corporate market amounted to just under NOK 12 billion, while the corresponding figure for the retail market was around NOK 22.5 billion.

The quality of the portfolio in the corporate market is considered to be good, and in 2010 the bank continued its work of building up a lending portfolio of good quality commercial real estate. At year-end 2010, the portfolio consists of approximately 80 percent lending to cash-flow generating property and 20 percent lending to development projects. Lending to cash-flow generating property is secured by lease properties, which at a portfolio level are characterised by a well diversified tenant profile and long-term leases.

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.

Credit risk improved throughout the year due to the establishment of new customers in satisfactory risk classification groups and the migration of existing customers to better risk classes. The concentration risk linked to large commitments in Corporate Market has decreased in the last few years. The volume of non-performing and loss-exposed loans in Corporate Market was reduced by NOK 326 million in 2010 and amounts to 2.8 percent of gross lending.

The quality of the portfolio in the retail market is considered to be very good. Loans secured by collateral in residential property account for 95 percent of retail lending. The portfolio's high collateralisation indicates a limited risk of losses. The bank has approved little unsecured credit in the retail business area.

Historically, the retail market portfolio has experienced very low losses. The increase in retail lending is regarded as very important for the bank as a whole with respect to reducing the bank’s risk. The proportion of mortgages as a percentage of the bank's total lending fell from 69 percent to 65 percent in 2010. This marginally increases the risk in the bank's total lending, but the proportion is still regarded as satisfactory.

Of the new products in the retail market, home equity loans have grown and are expected to continue to grow. This will marginally increase the risk in the portfolio, though the risk is being countered by stricter lending criteria and closer monitoring of customers with high rates of utilisation or who are not paying interest and instalments from their salary account.

The loan-to-value ratio for the home mortgages is relatively low and only a limited number of loans have been granted in excess of 80 percent of market value. The average weighted loan-to-value ratio in the bank group is around 54 percent for residential mortgages: around 90 percent of residential mortgages are within an 80 percent loan-to-value ratio and around 95 percent are within a 90 percent loan-to-value ratio. Around 56 percent of the mortgages are within a 60 percent loan-to-value ratio in the bank group.

Storebrand Bank's guarantee portfolio amounted to NOK 302 million at year-end 2010. Most of the guarantees were issued for customers in connection with property development projects in Oslo and Akershus.

At year-end 2010, the bank had NOK 3.9 billion of securities at fair value used as collateral for drawing rights to Norges Bank's overnight loans and F loans. In addition, NOK 5.9 billion had been pledged as collateral in connection with the swap scheme administered by Norges Bank.

Hadrian Eiendom AS and the real estate broking companies in Ring Eiendomsmegling AS have, in accordance with their licences for real estate broking activities, taken out statutory insurance and guarantee coverages. The companies have limited credit risk through their activities, but are like the other activities in Storebrand Bank exposed to the development of the Norwegian real estate market in both the private and commercial segments.

Liquidity risk
A substantial amount of work has been done to reduce the bank's liquidity risk in the last couple of years. The proportion of long-term funding over 1 year was around 98 percent. The deposit-to-loan ratio also improved and at year-end 2010 had increased to 55 percent from 51 percent at year-end 2009. Having a balanced funding structure in relation to the maturity dates of different terms to maturity in different markets is considered very important. The average remaining term to maturity of external finance excluding subordinated loans is 2.7 years, a reduction from 2.9 years in 2009. The proportion of total deposits in excess of NOK 2 million amounts to 33 percent, which represents an increase since 2009 (29 percent).

The bank has established good liquidity buffers. Credit agreements have been established with other banks which the bank can use to obtain liquidity if necessary. Storebrand Bank ASA is rated by S&P and Moody's, and also emphasises having relationships with several international banks. This ensures access to the international capital markets and broadens the group's sources of funding.

Market risk
Storebrand Bank's aggregate interest rate and foreign currency exposure and the maximum loss risk for its liquidity portfolio are limited by low exposure limits. Nor does the bank have an active investment strategy for equities and limits for equities are only established to cover needs associated with the management of non-performing and loss-exposed credit commitments (taken over assets).

The bank has a liquidity portfolio with a conservative investment strategy in which a maximum of 40 percent of the portfolio can be invested in banks, of which a maximum 15 percent can be invested in foreign banks. Individual exposures and terms to maturity are limited by rating requirements. Specific limits are also established for every counterparty.

Operational risk
Storebrand Bank focuses on establishing good working procedures and control routines to manage operational risk, but also works systematically on raising awareness among the bank's employees. The most important measures for reducing operational risk are systematic risk reviews in all parts of the bank at least once a quarter, as well as at the start of projects and if special events occur. The last risk review was conducted in autumn 2010. The result of the risk review, including the documentation of risks identified and descriptions of measures with time limits, are registered in the bank's internal control system. In 2010, Storebrand Bank focused in particular on ethics and the updating of internal regulations and procedures.

Disputes
During 2010 Storebrand Bank registered a decrease in the number of cases of attempted fraud against credit cards and its bank accounts. Fewer attempts get loan approvals based on false information (ID theft and forged documents) were also registered. All cases in which swindles/fraud are uncovered are dealt with by the bank's security function.

In February 2010, the bank was ordered to pay a plaintiff NOK 74 million in compensation based on the bank not meeting in court. The judgement was appealed and the court of appeal found in the bank's favour and returned the case to original court for a new judgment. The plaintiff appealed the case to the Supreme Court, which dismissed the appeal on 29 September 2010. The case will now be heard on its merits in the district court. The bank believes it is overwhelmingly likely that the claim for compensation will not succeed and has therefore not made any provisions in the annual financial statements.

In 2010, Storebrand Bank received six complaints concerning retail customers' investments in various equity-linked bonds in Storebrand. All the customers' complaints were rejected. The cases were handled according to the bank's and Storebrand Group's principles and routines. 38 customers also complained to the Complaints Board for Consumers in Banking and Finance about their investments in equivalent Storebrand products. The Complaints Board has halted its consideration of these cases.

In 2009, Storebrand Bank was sued for compensation amounting to NOK 0.4 million due to financial losses associated with investments in one of Storebrand's equity-linked bonds. Oslo City Court's judgement was entirely in the bank's favour. The judgement was appealed in its entirety by the plaintiffs to Borgarting Court of Appeal and is scheduled for consideration in 2011. The bank believes it is overwhelmingly likely that the claim for compensation will not succeed and has therefore not made any provisions in the annual financial statements as per 31 December 2010.

Compliance risk
The risk the bank will incur public sanctions or financial losses as a result of a failure to comply with external and internal regulations is defined as the bank group's compliance risk. The company pays particular attention to compliance risk from implementation of amendments to existing legislation. The compliance officer is responsible for the preparation, documentation, implementation and maintenance of the compliance process in Storebrand Bank ASA and is the head of the bank's compliance forum. The compliance officer also participates in the Storebrand Group's working groups that meet regularly to exchange information, discuss common issues and draw up common routines to ensure compliance work is as uniform and efficient as possible. Reports concerning compliance work and various problems are submitted pursuant to the established routines.

CAPITAL MANAGEMENT

Capital adequacy
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 corresponds to capital adequacy of 13.0 percent (13.5 percent) and a core (tier 1) capital ratio of 10.6 percent (10.4 percent). Storebrand Bank's core (tier 1) capital ratio target is 10 percent. The higher core (tier 1) capital ratio was due to the increase in core (tier 1) capital from the year's result and reduced the risk-weighted assets due to the reduced lending volume.

In May 2010, the bank received approval from Finanstilsynet to repay a subordinated loan of NOK 175 million early, with final maturity in 2015. The loan was repaid in July 2010.

The Storebrand Bank Group had as per 31 December 2010 satisfactory capitalisation and good liquidity. The board of directors is of the opinion that the bank's equity is satisfactory.

PERSONNEL, ORGANISATION, CORPORATE GOVERNANCE AND THE ENVIRONMENT

Personnel
Storebrand believes employee development is very important at all levels. The need for good leadership, skills development and individual development plans was also heavily focused on in 2010. General meetings, meetings for managers on all levels and team meetings for employees are held regularly. Continuous training is also facilitated via a broad spectrum of e-learning courses.

The cooperation with employee representatives is good and regularly scheduled meetings are held with the bank's executive management.

Equal opportunities/diversity
Storebrand is fully committed to increasing the number of women in senior positions in the company. As per 31 December 2010, Storebrand Bank ASA had a total of 146 employees, 50 percent of whom were women and 50 percent men. The average age is 43 and the average length of service is 10 years. 57 percent of the bank's board were women in 2010 compared to 43 percent in 2009, and the proportion of women in the management team was 33 percent compared to 16 percent in 2010. 35 percent of the bank's managers with personnel responsibilities are women compared to 31 percent in 2010. The Storebrand Bank Group had 274 employees as per 31 December 2010.

The Storebrand Group's equal opportunities and diversity work is carried out through the work of the Diversity Committee and is anchored in the belief that this work is important with respect to reflecting the market and society we work in, securing the most competent candidates, and viewing decisions from various perspectives.

Storebrand actively participates in an external mentor programme in which the majority of participants are women. Storebrand also participates in the financial industry's management training programme for women, Futura. The Storebrand Group has its own talent programme, and employee benefits such as flexible working hours and full pay if an employee, his or her child, or his or her parents are sick and during maternity leave form natural parts of its equal opportunities work. The board and management team of Storebrand Bank ASA maintain a systematic, proactive approach to promoting equal opportunities in the company.

Organisation
The year 2010 was characterised by the operationalisation of an updated retail market strategy as well as organisational adaptations for the new regulatory requirements, primarily linked to risk management and anti-money laundering. Work is also being done on continuous improvement throughout the entire organisation.

The bank again participated in the annual employee satisfaction surveys carried out by the Storebrand Group in 2010. The survey results show a year-on-year improvement and were satisfactory. Employees are our most important resource and the new building in Lysaker was designed to facilitate physical activity, health provision and general job satisfaction. Storebrand Bank ASA's sick leave rate was 3.9 percent in 2010, which is a reduction since last year when the sick leave rate was 4.3 percent.

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

Code of ethics
The Storebrand Group's code of ethics was revised and approved by the group's board in 2010. The group also has corporate guidelines for reporting and combating corruption. A professional, external channel has been established, which can be used to anonymously report situations needing attention.

Ethics were a fixed agenda item at seminars for managers, new employees and all departments in Storebrand Bank ASA in 2010. Extensive training covering ethics has also been carried out, and employees that work with customers have taken examinations associated with both the MiFid regulations and requirements associated with providing financial advice. The bank's monthly risk reports to the board include reporting on the status of anti-money laundering measures and any internal problems and fraud. All employees are monitored with respect to their compliance with established corporate principles in performance assessment interviews during the year.

Corporate responsibility
Storebrand's ambition is to be the Nordic region's leading financial group when it comes to corporate responsibility and socially responsible investments. Corporate responsibility is high on Storebrand Bank's agenda, especially with respect to ordinary banking operations and on-going initiatives. The bank's management team continuously works to raise awareness of the bank's corporate responsibility.

The bank participates in the group's work on corporate responsibility, but has also established a separate action plan. The most important activities involve raising awareness and compliance with the code of ethics in mandates, projects and routines. Anti-money laundering and financial crime measures are important in the bank's work. It is also important to ensure that the awareness of corporate responsibility becomes an integral part of the culture of the bank. We seek to address corporate responsibility in all operations so that the right attitudes are maintained in all units and processes.

The jointly controlled company Storebrand Baltic UAB complies with the same principles as the Storebrand Group. The companies Storebrand Boligkreditt AS, Storebrand Eiendomskreditt AS, Ring Eiendomsmegling AS, Hadrian Eiendom AS and Hadrian Utvikling AS also comply with the same principles.

Changes to board composition
On 1 June 2010, the Board of Representatives elected Maria Borch Helsengreen to the board, replacing Ida Helliesen who stepped down from the board on 1 January 2010 to take up a seat on Norges Bank's executive board. Odd Arild Grefstad, Group CFO, was replaced by Anne-Kristine Baltzersen, Storebrand Kapitalforvalting AS's finance director.

Truls Nergaard was appointed the CEO as per 28 June 2010.

External environment
The Storebrand Bank Group complies with Storebrand's environmental standards in relation to minimising the environmental impact of its business activities. The Storebrand Group systematically strives to reduce the business operations' impact on the environment in relation to its own operations, investments, purchasing, and property management. The bank takes part in initiatives implemented by the group.

Statement concerning company management
Storebrand Bank ASA's systems for internal control and risk management linked to the accounting process comply with the Storebrand Group's guidelines. The guidelines are approved each year by the board. The bank also buys accounting and reporting services from Storebrand Livsforsikring AS through contractual service agreements.

The bank has no special articles of association provisions that regulate the appointment and replacement of board members; instead it abides by the decisions of the group via the shared Nomination Committee.

The bank has no articles of association provisions and mandates that allow the board to decide whether or not the company shall buy back or issue its own shares or equity certificates.

GOING CONCERN

The board confirms that the company meets the requirements for the financial statements to be prepared on a going concern basis, and the annual financial statements have therefore been prepared on this basis.

EVENTS AFTER THE BALANCE SHEET DATE

Storebrand Bank is involved in ongoing legal proceedings and disputes as part of its day-to-day operations. The board of directors is unaware of any events that have occurred since the balance sheet date that would be material to the annual financial statements and consolidated financial statements as presented.

ALLOCATION OF THE RESULT FOR THE YEAR

Storebrand Bank ASA (the parent bank) recorded a profit for the year of NOK 34.3 million for 2010.

The board proposes that a tax-free group contribution of NOK 50 million be distributed to Storebrand ASA. The board regards the group's capital situation as good in relation to its risk profile and proposes to the bank's Board of Representatives and annual general meeting the following application of the year's profit:

Amount in NOK million:

Allocated group contribution after tax	50.0
Transferred from other equity	- 15.7
Total allocated	**34.3**

The company's distributable equity amounted to NOK 1.6 billion as per 31 December 2010, which represents overcoverage of primary capital in relation to the capital adequacy regulations.

STRATEGY AND OUTLOOK FOR 2011

In 2011, Storebrand Bank will continue to prioritise improving profitability in all parts of the business. The bank will also strengthen its position in the retail market by implementing a new price and product strategy, launching new services in the online bank, and playing an integral role in the Storebrand Group's efforts in the retail market. Increasing cross-sales of the bank's and Storebrand Group's other products and services will also be prioritised in 2011. The measures implemented during the year will aim to help realise the bank's ambition of establishing Norway's best direct bank and support the bank's vision of being "the smart choice for the modern customer".

In Ring Eiendomsmegling the recruitment of new employees and offices, implementation of a new online solution for customer follow-up and increased turnover per employed broker will be the main focus areas in 2011.

In the corporate customer segment, Storebrand Bank will continue its work on providing value creating services and solutions based on the banking group's overall competence and service provision within commercial real estate.

The bank will continue to implement internally developed credit risk models (IRB models) for calculating capital requirements and refine the bank's system for comprehensive risk management so the bank can apply for permission to use the IRB method at a later point in time. Despite the positive development of the credit and equity markets during 2010, the bank still considers the economic situation somewhat uncertain, especially internationally. Therefore, the bank will maintain its focus on managing its liquidity risk well, controlling operational risk in key work processes and, at the same time, closely monitoring the development of non-performing loans and loan losses.

Developments in the capital market, interest rate levels, unemployment and the property market are considered the most significant risk factors that could affect the Storebrand Bank Group's result in 2011.

Lysaker, 15 February 2011
The Board of Directors of Storebrand Bank ASA

Translation – not to be signed

Idar Kreutzer
Chairman

Stein Wessel-Aas
Deputy Chairman

Maria Borch Helsengreen
Board Member

Kristine Schei
Board Member

Anne-Kristine Baltzersen
Board Member

Roar Thoresen
Board Member

Heidi Storruste
Board Member

Truls Nergaard
CEO

PROFIT AND LOSS ACCOUNT STOREBRAND BANK GROUP

1 January - 31 December

NOK MILLION	NOTE	2010	2009
Interest income		1 522.3	1 817.7
Interest expense		-1 065.4	-1 394.4
Net interest income	**10**	**456.9**	**423.3**
Fee and commission income from banking services		91.5	94.0
Fee and commission expense for banking services		-17.8	-17.9
Net fee and commission income	**11**	**73.7**	**76.1**
Net gains on financial instruments at fair value	10	-11.2	34.9
Net income and gains from associated companies	24	-1.3	-1.2
Other income	12	113.3	114.0
Total other operating income		**100.9**	**147.8**
Staff expenses	14, 15	-204.7	-220.9
General administration expenses	14	-103.1	-110.2
Ohter operating costs	13, 14, 32, 33	-165.7	-201.0
Unrealised loss real estate at fair value, assets repossessed	31	-14.1	-34.9
Total non-interest expenses		**-487.6**	**-567.0**
Operating profit before loan losses		**143.8**	**80.2**
Loan loss for the period	16	-14.5	-45.6
Profit before tax		**129.3**	**34.5**
Tax	17	-91.1	-15.4
Profit for the year		**38.2**	**19.1**
Allocated to:			
Parent company		38.1	20.4
Minority interests		0.1	-1.3

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2010	2009
Pension experience adjustments	15	-13.6	5.5
Profit for the period		38.2	19.1
Total comprehensive income for the period		**24.6**	**24.6**
Allocated to:			
Shareholders		24.5	25.9
Minority interests		0.1	-1.3
Total		**24.6**	**24.6**

STATEMENT OF FINANCIAL POSITION STOREBRAND BANK GROUP

31 December

NOK MILLION	NOTE	2010	2009
Assets			
Cash and deposits with central banks	4, 18, 20	164.7	368.4
Loans to and deposits with credit institutions	4, 18, 22	699.4	424.3
Financial assets designated at fair value thorugh profit or loss:			
Equity instruments	8, 18, 23	5.1	1.1
Bonds and other fixed-income securities	4, 8, 18, 25, 26	3 036.2	4 484.7
Derivatives	4, 8, 18, 27	710.2	807.4
Other current assets	18, 35	262.0	544.8
Gross lending	4, 8, 19, 29	34 460.1	36 123.3
Write-down of loans	30	-257.5	-289.1
Net lending to customers	4, 18, 29	34 202.6	35 834.2
Investments in associated companies	24	24.6	25.9
Tangible assets	33	18.7	19.4
Real estate at fair value	31	43.3	165.2
Intangible assets and goodwill	32	119.8	129.7
Deferred tax assets	17	84.2	180.6
Total assets		**39 370.9**	**42 985.6**

NOK MILLION	NOTE	2010	2009
Liabilities and equity			
Liabilities to credit institutions	5, 8, 18, 19	8 052.7	10 211.8
Deposits from and due to customers	5, 8, 18, 19, 36	18 807.6	18 319.8
Other financial liabilities:			
Derivatives	4, 8, 18, 27	371.5	379.7
Commercial paper and bonds issued	5, 18, 19, 38	8 725.3	10 151.4
Other liabilities	18, 41	257.4	587.0
Provision for accrued expenses and liabilities	40	3.7	14.1
Pension liabilities	15	102.0	79.5
Subordinated loan capital	5, 18, 19, 39	790.1	960.4
Total liabilities		**37 110.3**	**40 703.8**
Share capital		960.6	960.6
Other paid-in share capital		556.3	556.3
Retained earnings		740.4	761.6
Minority interests	42	3.3	3.4
Total equity		**2 260.6**	**2 281.9**
Total liabilities and equity		**39 370.9**	**42 985.6**

Lysaker, 15 February 2011
The Board of Directors of Storebrand Bank ASA

Translation – not to be signed

Idar Kreutzer
Chairman

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Deputy Chairman

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Board Member

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Roar Thoresen
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Heidi Storruste
Board Member

Truls Nergaard
CEO

CHANGES IN EQUITY

STOREBRAND BANK GROUP

	MAJORITY'S SHARE OF EQUITY								
	PAID-IN EQUITY				OTHER EQUITY				
NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN EQUITY	TOTAL PAID-IN EQUITY	REVENUE AND COST APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	MINORITY INTEREST 1)	TOTAL EQUITY
Equity at 31.12.2008	**916.6**	**0.0**	**400.3**	**1 316.8**	**25.7**	**711.9**	**737.6**	**6.1**	**2 060.5**
Profit for the period						20.4	20.4	-1.3	19.1
Pension experience adjustments					5.5		5.5		5.5
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**5.5**	**0.0**	**5.5**	**0.0**	**5.5**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**5.5**	**20.4**	**25.8**	**-1.3**	**24.6**
Equity transactions with owners:									
Capital increase paid in	44.0	156.0		200.0					200.0
Acquisitions						-1.0	-1.0		-1.0
Other changes						-0.7	-0.7		-0.6
Equity at 31.12.2009	**960.6**	**156.0**	**400.3**	**1 516.8**	**31.2**	**730.6**	**761.7**	**3.4**	**2 281.9**
Profit for the period						38.1	38.1	0.1	38.2
Pension experience adjustments					-13.6		-13.6		-13.6
Total other comprehensive income	**0.0**		**0.0**	**0.0**	**-13.6**	**0.0**	**-13.6**	**0.0**	**-13.6**
Total comprehensive income for the period	**0.0**		**0.0**	**0.0**	**-13.6**	**38.1**	**24.5**	**0.1**	**24.6**
Equity transactions with owners:									
Receipts of group contribution						118.4	118.4		118.4
Group contribution paid						-164.4	-164.4		-164.4
Other changes						0.3	0.3	-0.2	0.1
Equity at 31.12.2010	**960.6**	**156.0**	**400.3**	**1 516.8**	**17.5**	**722.9**	**740.5**	**3.3**	**2 260.6**

1) See note 42 Minority interests.

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the statement of financial position. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium reserve 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.

Storebrand Bank pays particular attention to the active management of equity in the banking 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 must be procured by the holding company Storebrand Bank ASA.

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

The banking group's goal is to achieve a core (tier 1) capital ratio of 10% over time. In general, the equity of the banking 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 45.

CASH FLOW STATEMENT STOREBRAND BANK GROUP

1 January - 31 December

NOK MILLION	NOTE	2010	2009
Cash flow from operations			
Receipts of interest, commissions and fees from customers		1 682.7	1 966.5
Payments of interest, commissions and fees to customers		-474.0	-592.5
Net disbursement/payments on customer loans		1 651.1	2 773.1
Net receipts/payments of deposits from banking customers		472.7	31.1
Net receipts/payments - securities at fair value		1 689.0	-925.5
Net receipts/payments - real estate at fair value		95.7	-94.7
Payments - taxes		-5.2	-5.9
Payments of operating costs		-493.0	-460.5
Net receipts/payments on other operating activities		51.2	192.6
Net cash flow from operating activities		**4 670.2**	**2 884.2**
Cash flow from investment activities			
Net payments on purchase/sale of fixed assets etc.		-21.7	-22.2
Net cash flow from investment activities		**-21.7**	**-22.2**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt		-3 646.0	-6 607.1
Receipts - new loans and issuing of bond debt		2 107.5	269.5
Payments - interest on loans		-620.2	-694.3
Payments - repayments of subordinated loan capital		-175.0	
Payments - interest on subordinated loan capital		-34.6	-36.9
Net receipts/payments of liabilities to credit institutions		-2 162.7	3 789.7
Receipts - issuing of share capital and other equity			200.0
Receipts - group contribution		118.4	
Payments - group contribution / dividends		-164.4	
Net cash flow from financing activities		**-4 577.1**	**-3 079.1**
Net cash flow in period		**71.4**	**-217.0**
Net cash flow in period		71.4	-217.0
Cash and bank deposits at the start of the period			3.9
Cash and bank deposits at the start of the period for new companies		792.7	1 005.8
Cash and bank deposits at the end of the period		**864.1**	**792.7**
Cash and deposits with central banks	20	164.7	368.4
Loans to and deposits with credit institutions	22	699.4	424.3
Total cash and bank deposits in the balance sheet		**864.1**	**792.7**

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.

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 group contribution are financial activities.

Cash/cash equivalents
Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions.
Last year's figures have been restated in accordance with this definition.

NOTES TO THE ACCOUNTS

Note 1: Accounting policies

The accounting policies used in the consolidated financial statements of Storebrand Bank ASA 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 Bank ASA are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and accompanying interpretations, as well as the other Norwegian disclosure obligations pursuant to the Accounting Act, the annual accounts regulations for banks, financial undertakings, etc and the Securities Trading Act.

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 the financial statements and information on potential liabilities. The final values realised may differ from these estimates. See note 2 for further information about this.

No changes to the accounting policies were made in 2010.

Standards and interpretations of existing standards and where Storebrand has not chosen early application
The company has not made any changes in applied accounting policies 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 not had an effect on the group’s financial reporting as per 31 December 2010.

Summary of central accounting policies for important balance sheet items
The assets side of the balance sheet primarily consists of financial instruments. The majority of the financial instruments fall into the category "Lending and receivables" and are stated at amortised cost, while other financial instruments are stated at fair value. The liabilities side of the company's balance sheet primarily consists of financial instruments (liabilities). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The accounting policies are described in more detail below.

Consolidation
The consolidated financial statements combine Storebrand Bank ASA and companies where Storebrand Bank 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 percent 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 is used to recognise acquired entities. Oppkjøpsmetoden brukes ved regnskapsføring av oppkjøpte enheter. Investments in associated companies (normally investments of between 20 percent and 50 percent 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 translation differences are included in 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.

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 materials and intangible assets and liabilities that have been taken over are valued as 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 percent of a company, 100 percent of the extra value or shortfall in market value is recognised in the statement of financial position, with the exception of goodwill of which only Storebrand Bank'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 statement of financial position. Goodwill is valued 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 as part of the value of the write-down recognized in the investment.

Goodwill is not amortised, but is tested annually for impairment. If the relevant dicounted 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 business in the group include the goodwill related to the business 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 useable lifetimes are valued at acquisition cost reduced by 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.
Straight-line depreciation is applied over the following periods: IT systems 3 – 8 years

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 intangible asset in question. This also applies to the disposal value.

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 in the Storebrand Bank Group consist primarily of taken over commitments linked to lending activities in the corporate market. Investment properties primarily consist of flats under construction. See note 31 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 Bank 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 valued at fair value. First time recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a 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 statement of financial position 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, loans and receivables as well as financial liabilities not at fair value in the profit and loss account, are valued 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 are objective signs 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 (i.e. the 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)
- loans and receivables

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 Bank'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.

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 valued 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.

Derivatives
Definition of a derivative
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, 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 for hedging
Fair value hedging
Storebrand uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives that fall within this category are recognised at fair value in the profit and loss account, while changes in the value of the hedged item that relate to the risk hedged are applied to the book value of the item and are recognised in the profit and loss account.

Financial hedging for fixed-rate deposits and lending in Storebrand Bank uses this type of hedge accounting. Due to of the unified policies for measuring hedged items and hedging instruments in the other parts of the group, this hedging reflects the group's ordinary valuation rules.

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

Structured products
Storebrand Bank has issued equity index linked bonds. These products principally comprise the issue of a bond and the sale of an equity index option. At the time of issue, the equity index option is measured at fair value since the option is a derivative that is not closely related to the bond issue. The bonds issued are simultaneously measured at amortised cost. No gain is recognised in respect of structured gains at the time of issue ("day 1 gains").

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

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.

Estimate deviations and the effect of changed assumptions are recognised in total comprehensive income in the period they occur. 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 pension liability and in experience adjustments shown in equity.

Storebrand has both insured and uninsured pension arrangements. The insured scheme in Norway is insured with Storebrand Livsforsikring AS.

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

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

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.

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 statement of financial position 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 charge 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 total comprehensive income. 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 companies in the group will have sufficient taxable profit in the future to make use of the tax asset.

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

Note 2: 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.

In general the following factors will often play a key role in the generation of the result:
- Development of interest rate and equity markets
- Risk management, and changes to the assets' composition over the year
- Development of the real estate market
- Development of costs

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

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.

Please also refer to note 8 in which the valuation of financial instruments is described in more detail.

Financial instruments valued at amortised costs 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. In the case of banking group lending, both individual and group write-downs are used. Group write-downs on lending are calculated separately for commercial and retail loans. 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.

Intangible assets
Goodwill and intangible assets with undefined usable lifetimes are tested for impairment annually. 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.

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 (IAS 19).

Note 3: Risk Management

The Storebrand Bank Group is affected by credit risk, liquidity risk, market risk, operational risk and compliance risk. The bank group's risk strategy forms the basis for the management of the forms of risks through policies aimed at achieving the bank's desired risk profile. The risk strategy is set by the board and updated at least once a year.

The Risk Management unit prepares a monthly risk report in which all forms of risk are monitored in relation to their respective policies. The risk report is considered by the balance sheet management committee and the bank's board.

Note 4: Credit risk

The risk of losses resulting from a custmer's liability or underwillingness to fulfill its obligations. Covers the risk of the collateral being less effective than expected (residual risk) and concentration risk. Credit risk includes counterparty risk.

Risk management
The risk strategy establishes overall limits for how much credit risk the bank group is willing to accept. The willingness to accept risk is tailored to the bank's risk appetite and risk profile, solvency, profitability, liquidity and growth targets, as well as the bank's strategy otherwise, including equity requirements for credit activities. At a more detailed level the bank's risk strategy will provide limits for the bearing elements of credit policies for the Corporate Market and Retail Market business areas.

Credit policies describe general principles for granting credit. The policy for Corporate Market is also linked to special areas such as development projects within commercial property and concentration risk.

The bank group's routines for credit management are set forth in credit handbooks for Corporate Market and Retail Market.
The credit handbooks were primarily written for customer account managers and others who participate in the credit approval process. The credit handbook contains common guidelines (or rules) for credit activities in the bank group and is intended to ensure comprehensive and consistent credit approval processes.

The credit handbooks and approved routines stipulate specific criteria for monitoring non-performance, loan covenants, loss assessments and annual commitment reviews. Furthermore, models for risk classification ensure uniform portfolio risk assessments and reporting risk trends. Specialist functions have been established for depository, establishing loans and managing the customer portfolio.

Treasury is exposed to credit risk in relation to its counterparties in the investment portfolio. The permitted counterparties and portfolio composition are described in the investment policy and counterparty risk policy for Storebrand Bank ASA. Counterparty risk associated with trading in financial derivatives with customers as counterparties is included in credit risk. The credit handbook for Corporate Market describes how the commitment for permitted financial derivatives is calculated. Markets secures customer derivative trades by carrying out offset transactions in derivatives. These transactions entail counterparty

Risk control
The bank's risk reporting provides the bank's management with continuous information about the development of the bank's credit risk in relation to target risk.

The most important control of credit risk is carried out and administered by the Credit Control unit which:
- Bears ongoing responsibility for ensuring routines in the credit areas conform to the approved risk profile and are being abided by in day-to-day work.
- Participates in credit meetings in Corporate Market and checks the formalities in all credit cases. This includes the credit mandates, analyses, correct use of routines, compliance with strategy and balance between risk and earnings potential.
- Ensures adequate risk classification systems in the credit areas are in place and being used consistently.
- On an independent basis identifies, checks and reports credit risk.

Continues next page

Note 4: Credit risk *Continued*

- Checks that loss assessments and loss reporting in the bank comply with routines and ensures correct reporting and monitoring for non-performing and loss-exposed commitments.
- Ensures the checking and approval of monthly granting records in Corporate Market and the preparation of reports for the board.
- Assesses the need for and proposes updates to the credit handbooks for Corporate Market and Retail Market and routine handbook for Corporate Market, and recommends changes to the head of finance and economy. Ensures that the updates conform to the bank's risk profile, risk strategy and business strategy in the two credit areas.
- Makes suggestions regarding the internal audit plan for the two credit areas.
- As required, supports external auditors' reviews of the credit process in the two business areas.

Customer exposure due to trading financial derivatives with customers is continuously reported by Markets to Corporate Market and price performance is monitoring against the commitment, approved line and breach clauses. Middle Office carries out its own spot checks of this reporting. Middle Office also checks whether or not equity trading credit customers are within their applicable limits. Back Office in Markets monitors these customers continuously. Trades carried out by Treasury with counterparties are checked by Middle Office against special routines and job descriptions.

Analysis of credit risk by type of financial instrument

	MAXIMUM CREDIT EXPOSURE	
NOK MILLION	2010	2009
Liquidity portfolio	3 036.2	4 484.7
Total commitments customers 1)	38 234.7	39 550.4
Equity options		4.1
Interest rate swaps	657.7	655.3
Basis swaps		105.4
Forward foreign exchange contracts	52.5	42.6
Total	**41 981.1**	**44 842.5**
1) Of which net loans to and amounts due form customers measured at fair value:	673.1	758.3

The amounts stated for the various financial instruments constitute the value recognised in the balance sheet, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees. (See "Credit exposure for lending activities" below).

Credit risk liquidity portfolio

Credit risk per counterparty

Short-term holdings of interest-bearing securities

Issuer category

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUE
Sovereign and Government Guaranteed	903.6					903.6	2 101.4
Credit bonds	65.5	102.2	252.2	20.0		440.0	1 936.6
Mortage and asset backed bonds	1 241.4	451.2				1 692.6	446.7
Total	**2 210.5**	**553.4**	**252.2**	**20.0**		**3 036.2**	**4 484.7**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value balance sheet	1.5	3.0	1.9			6.3	11.3
Change in vaule recognised in the profit and loss during period	1.5	-0.4	-5.9	-0.3	-0.1	-5.2	24.5

Credit risk on loans to and deposits with credit institutions and central bank

Credit risk per counterparty

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUE
Norway	164.7					164.7	368.4
Total deposits with central bank	**164.7**					**164.7**	**368.4**
Norway		667.9			30.3	698.2	423.5
Lithuainia					1.2	1.2	0.7
Total loans to and deposits with credit institutions		**667.9**		**0.0**	**31.5**	**699.4**	**424.3**
Total loans to and deposits with credit institutions and central bank	**164.7**	**667.9**		**0.0**	**31.5**	**864.1**	**792.7**

Continues next page

Note 4: Credit risk *Continued*

Credit exposure for lending activities

Corporate market

Lending to the corporate market amounted to around NOK 12.0 billion. There is also around NOK 600 million in unused credit facilities and about NOK 300 million in guarantees. Lending of around NOK 3 billion, which has been syndicated to Storebrand Livsforsikring AS, is being also managed.

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 Corporate Market's portfolio is secured by collateral other than real estate. The portfolio's collateral is principally investment/commercial properties.

Mortgages for more than NOK 800 million 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. More than NOK 400 million was granted in Oslo and around NOK 400 million in Bergen and Stavanger.

Around 26 per cent of the balance is for group debtors, whose commitments total more than NOK 200 million. Group debtors are defined pursuant to the definition in the regulations that apply to major commitments. 24 per cent of the balance is against group debtors, whose commitments total just under NOK 50 million. 50 per cent of the lending is to customers with consolidated exposure of between NOK 50 million and NOK 200 million. The bank has 11 group debtors whose commitments total more than NOK 200 million and 63 group debtors with total lending of between NOK 50 million and NOK 200 million. Large commitments have been reduced in recent years.

The bank's exposure is secured by mortgages located in Oslo equivalent to 75 per cent. The remaining lending is against collateral primarily located around Oslo and some in the Bergen and Stavanger areas.

The mortgages are stated at market value in addition to own valuations based on yield assessments. In addition to this around 70 per cent of the mortgage objects were appraised externally upon the establishment of Storebrand Eiendomskreditt AS in autumn 2008. Transfers of loans to Storebrand Eiendomskreditt require external valuations.

A classification model is used for borrowers in the real estate sector in order to determine their debt service capacity. The model comprises both qualitative and quantitative elements. The qualitative element systematically evaluates the qualitative factors of the project and the borrower that are deemed important. The factors evaluated include management, structure, board of directors, history, market, political risk, and tenants.

The quantitative element is evaluated differently for building loans and debt instrument loans. Building loans are evaluated on the basis of the contingency reserve for unforeseen costs, sales buffer, off-plan sales, and project management.

Debt instrument loans are evaluated quantitatively by means of cash flow analysis and various key figures. Cash flow is calculated over the lifetime of the project.

Risk classification for lending to corporate customers takes the form of credit scores on a scale of 1 to 5, where 1 represents the best score. The first score is for the borrower's ability to pay (debt servicing capacity). The second score is for the quality of the collateral (collateral ratio/loan-to-collateral value ratio).

Storebrand Bank classifies all corporate market customers and selected retail customers (including private investors, etc) in order to identify risk in the bank's lending portfolio. The commitments are classified both when first established and whenever changes are made. Corporate market customers are also reclassified annually or as required. The classifications thus provide a picture of the current risk exposure in the portfolio at any given time.

The greatest risk for the instalment loans/debt instrument loans is the tenant risk. In the case of building loans the two greatest risks are associated with building costs and off-plan sales. These are closely monitored by the bank.

Between 85 per cent and 90 per cent of loans that are performing or are not in arrears have a loan-to-collateral value ratio lower than 80 per cent. Around 90 per cent to 95 per cent of the loans have a loan-to-collateral value ratio lower than 90 per cent. Other new lending largely has a loan-to-collateral value ratio significantly lower than 100 per cent.

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.

The volume of non-performing and loss-exposed loans without impairment is small. These loans are well collateralised and the loan-to-collateral value ratio is lower than 90 per cent for commitments with the highest loan-to-collateral value ratio.

In the case of non-performing and loss-exposed loans with impairment, the collateral is considered insufficient. The write-downs that have been carried out take into the fact that the collateral does not cover the commitments and other costs associated with the non-performance and loss-exposure. The losses that have been recognised are regarded as sufficient. As per today, the bank does not believe that new losses will arise due to these customers.

In the event of non-performance the bank will sell the collateral or take over the assets if this is most appropriate. This is most relevant in the case of development projects. The parent bank's current portfolio contains two taken over commitments.
These commitments total NOK 71 million and are classified by the parent bank as non-performing and loss-exposed loans with impairment. The provisions that have been made are considered sufficient.

Continues next page

Note 4: Credit risk *Continued*

Retail Market
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.

The collateral for non-performing loans without impairment for retail customers is essentially good. The average loan-to-collateral ratio for these loans is 66 per cent. Residential mortgages accounted for around NOK 240 million of the volume of non-performing and loss-exposed loans. Around NOK 195 million of the loans have a loan-to-collateral value ratio lower than 80 per cent, and around NOK 215 million have a loan-to-collateral value ratio lower than 90 per cent. The collateral for residential mortgages that are between 1 and 90 days past due is also good. The collateral is sold in the retail market. It is not taken over by the bank.

Around NOK 160 million has been drawn in the credit card portfolio and the unused credit facilities amount to around NOK 550 million. Around NOK 130 million has been drawn in overdrafts and the unused facilities amount to around NOK 340 million.

Commitments per customer group 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES [1]	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Development of building projects	1 152.1	36.0	4.3	1 192.4
Sale and operation of real estate	8 570.7	253.4	569.9	9 394.0
Service providers	1 251.1	7.1	11.1	1 269.2
Wage-earners	23 121.6	1.2	2 845.7	25 968.5
Other	364.6	3.9	42.1	410.6
Total	**34 460.1**	**301.6**	**3 473.0**	**38 234.7**
Write-downs of individual loans	-173.6			-173.6
Write-downs of groups of loans	-83.9			-83.9
Total loans to and due from customers	**34 202.6**	**301.6**	**3 473.0**	**37 977.2**

[1]) Guarantees include NOK 65 million in undrawn credit limits.

Commitments per customer group 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES [1]	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Development of building projects	1 436.3	127.1	149.2	1 712.6
Sale and operation of real estate	7 292.5	159.2	120.5	7 572.2
Service providers	1 321.2	2.5	3.6	1 327.3
Wage-earners	25 690.5	1.2	2 794.8	28 486.5
Other	382.9	40.5	28.5	451.9
Total	**36 123.3**	**330.4**	**3 096.6**	**39 550.4**
Write-downs of individual loans	-182.0			-182.0
Write-downs of groups of loans	-107.2			-107.2
Total loans to and due from customers	**35 834.2**	**330.4**	**3 096.6**	**39 443.2**

[1]) Guarantees include NOK 82.7 million in undrawn credit limits.

The classification into customer groups is based on Statistics Norway's satndard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

Continues next page

Note 4: Credit risk *Continued*

Average volume of total commitments per customer group 2010

NOK MILLION	AVERAGE VOLUME LOANS TO AND DUE FROM CUSTOMERS	AVERAGE VOLUME GUARANTEES	AVERAGE VOLUME UNDRAWN CREDIT LIMITS	AVERAGE VOLUME TOTAL COMMITMENTS
Development of building projects	1 294.2	81.6	76.7	1 452.5
Sale and operation of real estate	7 931.6	206.3	345.2	8 483.1
Service providers	1 286.1	4.8	7.3	1 298.2
Wage-earners	24 406.0	1.2	2 820.2	27 227.5
Other	373.8	22.2	35.3	431.2
Total	**35 291.7**	**316.0**	**3 284.8**	**38 892.6**

Average volume of total commitments per customer group 2009

NOK MILLION	AVERAGE VOLUME LOANS TO AND DUE FROM CUSTOMERS	AVERAGE VOLUME GUARANTEES	AVERAGE VOLUME UNDRAWN CREDIT LIMITS	AVERAGE VOLUME TOTAL COMMITMENTS
Development of building projects	1 565.2	126.8	112.3	1 804.3
Sale and operation of real estate	7 786.7	185.2	282.8	8 254.7
Service providers	1 294.2	37.7	11.9	1 343.8
Wage-earners	26 962.9	1.1	2 781.0	29 745.0
Other	372.3	4.5	19.2	396.0
Total	**37 981.3**	**355.3**	**3 207.3**	**41 543.9**

Given the relatively even development of the balance sheet and changes to business codes in 2010, the average of 31 December 2010 and 31 December 2009 is a best estimate for the average of the portfolio.

Average volume of total commitments per customer group 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIMENT	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
Eastern Norway	28 592.9	301.2	2 769.7	31 663.8	200.4	399.8	600.1	141.3	458.8
Western Norway	3 266.1	0.2	435.1	3 701.3	49.8	10.4	60.2	5.9	54.3
Southern Norway	418.7		69.8	488.6	0.6		0.6		0.6
Mid-Norway	1 293.8		96.7	1 390.5	5.1	0.3	5.3	0.3	5.1
Northern Norway	584.2	0.3	61.6	646.0	5.3		5.3		5.3
Foreign	304.5		40.0	344.5	0.4	25.6	26.0	26.1	-0.2
Total	**34 460.1**	**301.6**	**3 473.0**	**38 234.7**	**261.6**	**436.0**	**697.6**	**173.6**	**524.0**

Average volume of total commitments per customer group 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIMENT	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
Eastern Norway	29 189.9	330.2	2 388.7	31 908.8	218.2	501.6	719.8	134.1	585.6
Western Norway	3 878.6	0.2	451.5	4 330.3	55.5	20.1	75.6	9.2	66.4
Southern Norway	482.8		72.5	555.4	3.9	8.6	12.5	4.6	7.9
Mid-Norway	1 537.2		97.0	1 634.2	15.2	3.6	18.8	1.7	17.1
Northern Norway	733.4		60.3	793.8	10.6	13.1	23.7	4.2	19.5
Foreign	301.4		26.5	327.9	5.8	27.8	33.6	28.1	5.5
Total	**36 123.3**	**330.4**	**3 096.6**	**39 550.4**	**309.1**	**574.8**	**883.9**	**182.0**	**702.0**

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Note 4: Credit risk *Continued*

Total engagement amount by remaining term to maturity 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	112.0	45.7	21.9	179.6
1 - 3 months	191.7	0.2	15.4	207.3
3 months - 1 year	1 449.4	29.4	300.3	1 779.1
1 - 5 years	5 632.1	226.3	1 306.8	7 165.2
More than 5 years	27 075.0		1 828.5	28 903.5
Total	**34 460.1**	**301.6**	**3 473.0**	**38 234.7**

Total engagement amount by remaining term to maturity 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	352.0	28.9	18.8	399.7
1 - 3 months	636.3	39.3	34.5	710.0
3 months - 1 year	1 609.3	27.9	126.1	1 763.3
1 - 5 years	2 679.9	191.4	339.2	3 210.5
More than 5 years	30 845.9	42.9	2 578.0	33 466.8
Total	**36 123.3**	**330.4**	**3 096.6**	**39 550.4**

Age distribution of overdue engagements without write-downs 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	600.1		5.0	605.1
Overdue 31 - 60 days	165.2	1.3	1.8	168.2
Ovedue 61- 90 days	21.2		0.1	21.3
Overdue more than 90 days	258.0		3.6	261.6
Total	**1 044.5**	**1.3**	**10.5**	**1 056.3**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	197.5		2.9	200.4
Western Norway	49.3		0.5	49.8
Southern Norway	0.6			0.6
Mid-Norway	5.0			5.1
Northern Norway	5.3			5.3
Foreign	0.4			0.4
Total	**258.0**		**3.6**	**261.6**

Age distribution of overdue engagements without write-downs 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	2 155.3		21.3	2 176.5
Overdue 31 - 60 days	138.5		0.6	139.1
Ovedue 61- 90 days	29.4		0.2	29.6
Overdue more than 90 days	307.6		1.5	309.1
Total	**2 630.8**		**23.6**	**2 654.3**
Engagements overdue more than 90 days by geographical area:				
Eastern Norway	217.0		1.1	218.2
Western Norway	55.2		0.3	55.5
Southern Norway	3.9			3.9
Mid-Norway	15.1			15.1
Northern Norway	10.5		0.1	10.6
Foreign	5.8			5.8
Total	**307.6**		**1.5**	**309.1**

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Note 4: Credit risk *Continued*

Only non-performing and loss-exposed loans are classified by geographical area in this overview.
The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

Commitments are regarded as non-performing and loss exposed:
- when a credit facility has been overdrawn for more than 90 days
- when a repayment loan has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded a non-performance.

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing and loss exposed. The number of days is counted from when the arrears exceed NOK 2,000.
The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

Credit risk per customer group 2010

NOK MILLION	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PERFORMING IMPAIRMENT	TOTAL WRITE-DOWNS OF INDIVIDUAL LOANS	TOTAL VALUE CHANGES	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS DURING PERIOD
Development of building projects	9.4		9.4	9.8	-0.3	3.2
Sale and operation of real estate	262.1		262.1	48.5	213.6	-4.6
Service providers	4.1	6.5	10.6	4.4	6.2	-4.2
Wage-earners	134.5	254.7	389.2	84.6	304.7	-5.4
Other	25.8	0.4	26.2	26.4	-0.2	2.7
Total	**436.0**	**261.6**	**697.6**	**173.6**	**524.0**	**-8.4**

Credit risk per customer group 2009

NOK MILLION	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PERFORMING IMPAIRMENT	TOTAL WRITE-DOWNS OF INDIVIDUAL LOANS	TOTAL VALUE CHANGES	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS DURING PERIOD
Development of building projects	17.5		17.6	6.6	11.0	9.3
Sale and operation of real estate	376.8	2.5	379.3	53.1	326.2	-27.3
Service providers	8.2		8.2	8.6	-0.4	2.3
Wage-earners	148.8	299.8	448.6	89.9	358.6	-19.9
Other	23.5	6.7	30.2	23.7	6.5	2.9
Total	**574.8**	**309.1**	**883.9**	**182.0**	**702.0**	**-32.7**

Taken over mortgaged assets
In the event of non-performing loans Storebrand Bank ASA will sell the collateral or take over the assets if this is most appropriate. The bank has two taken over assets held as their own subsidiaries in the Storebrand Bank Group and internal transactions have been eliminated in the normal manner.

Continues next page

Note 4: Credit risk *Continued*

Financial assets at fair value through profit and loss (FVO)

	LENDING TO CUSTOMERS		LIQUIDITY PORTFOLIO	
NOK MILLION	2010	2009	2010	2009
Book value	673.1	758.3	3 036.2	4 487.7
Maximum exposure to credit risk	673.1	758.3	3 036.2	4 487.7
Book value of related credit derivatives that reduce credit risk				
This year's change in fair value of financial assets due to change in credi risk			-5.1	19.3
Accumulated change in fair value of financial assets due to change in credit risk			6.3	18.9
This year's change in their value of related credit derivatives				
Accumulated change in their valure of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account in accordance with the fair vaule option (FVO) the first time they are recognised in those cases another measurement would result in an inconsistency in the profit and loss account.

Financial liabilities at fair value through profit and loss (FVO)

NOK MILLION	2010	2009
Book value	6 034.4	7 014.4
Maximum exposure to credit risk		
Book value of related credit derivatives that reduce credit risk		
The year's change in fair value of liabilities due to changes in credit risk	7.3	10.4
Difference between book value of liabilities and contractual amount due at maturity	4.1	11.4
Accumulated change in fair value of liabilities due to changes in credit risk	7.3	10.4
Difference between book value of liabilities and contractual amount due at maturity	4.1	11.4

Credit risk derivatives

Credit risk per counterparty

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUE
England							185.9
Norway		69.5		302.5		372.1	590.3
Sweden	82.3	12.7				95.0	31.2
Denmark		3.0	240.2			243.2	
Total	**82.3**	**85.2**	**240.2**	**302.5**		**710.2**	**807.4**
Change in value:							
Total change in value balance sheet			-177.0			-177.0	898.1
Change in value recognised in the profit and loss during period	82.3	85.2	-28.9	302.5		441.1	-486.8

Equity options, interest rate swaps, basis swaps and forward foreign exchange contracts
Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 5: Liquidity risk

The risk of the bank group, holding company or subsidiaries being unable to meet their obligations without incurring significant extra costs in the form of reduction in prices of assets which have to be sold or in the form of particularly expensive funding.

Risk management
The risk strategy establishes general limits for how much liquidity risk the bank group is willing to accept. The liquidity risk policy is based on the strategy and describes the principles for liquidity management and specifies stress testing, minimum liquidity reserves and funding indicators for measuring liquidity risk. In addition to this an annual funding strategy and funding plan are drawn up by the bank's Treasury department that set out the overall limits for the bank's funding activities.
Stress tests are used to illustrate the expected effects on the balance sheet and/or cash flows of various scenarios and are also used to set the bank's targets for minimum liquidity reserves. The stress tests assume the full utilisation of the limits set by the board. The actual risk bearing capacity is evaluated against the desired risk willingness based on the stress tests.

Every year the bank draws up a contingency plan to ensure the liquidity situation would properly managed in stressed periods. Stress tests are defined in the liquidity risk policy and the contingency plan is drawn up pursuant to the liquidity risk policy.

The treasury function in the bank's Markets department is responsible for the bank's liquidity management and Middle Office in the Risk Management unit monitors and reports on the utilisation of limits pursuant to the liquidity strategy.

Risk control
The risk control of the liquidity risk includes monthly reports of liquidity indicators and monitoring the development of the bank's maturity profile. Both parts are included in the management's continuous reporting to the board via risk reports and the CEO's business briefings. The monitored liquidity indicators are described in the risk strategy and liquidity policy. Middle Office checks trades carried out by Treasury afterwards to check the trades comply with the applicable policies.

Non-discounted cash flows - financial liabilties

NOK MILLION	0 - 6 MONTHS	6 - 12 MONTHS	1 - 3 YEARS	3 - 5 YEARS	MORE THAN 5 YEARS	TOTAL	BOOK VALUE
Liabilities to credit institutions	1 199.2	2 558.1	4 111.7	1 009.2		8 878.3	8 052.7
Deposits from and due to customers	18 647.3	160.3				18 807.5	18 807.6
Commercial paper and bonds issued	642.4	148.7	3 663.8	3 547.9	1 050.5	9 053.3	8 725.3
Other liabilities	257.4					257.4	257.4
Subordinated loan capital	12.6	120.8	441.0	291.0		865.4	790.1
Undrawn credit limits	3 487.1					3 487.1	
Lending commitments	816.6					816.6	
Total financial liabilities 2010	**25 062.6**	**2 987.9**	**8 216.6**	**4 848.1**	**1 050.5**	**42 165.7**	**36 633.1**
Derivatives related to funding 31.12.10	**-92.7**	**6.0**	**-143.7**	**-114.4**	**4.3**	**-340.6**	**319.7**
Total financial liabilities 2009	28 037.3	3 456.7	12 065.6	6 889.4	6 932.7	57 381.7	40 230.4

The amounts includes accrued interests.

The due overview included interest. Implicit forward interest rates based on the yield curve on 31 December 2010 are used to calculate interest costs for lending with FRN conditions. The due overview was set up using the ORM risk management system.

Specification of subordinated loan capital

NOK MILLION ISIN CODE	ISSUER	NET NOM. VALUE	CURRENCY	INTEREST	CALL-DATE	BOOK VALUE
Dated subordinated loan capital						
NO001034566	Storebrand Bank ASA	100.0	NOK	Floating	21.12.2011	100.1
NO001036427	Storebrand Bank ASA	250.0	NOK	Floating	08.05.2012	251.0
NO001040278	Storebrand Bank ASA	150.0	NOK	Floating	19.12.2012	150.3
Other subordinated loan capital						
NO00177116	Storebrand Bank ASA	9.3	NOK	Fixed	perpetual	9.3
Tier 1 hybrid capital						
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	110.9
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.5
Total subordinated loan capital 2010						**790.1**
Total subordinated loan capital 2009						960.4

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Note 5: Liquidity risk *Continued*

Specification of liabilites to credit institutions

NOK MILLION	2010	2009
Total liabilites to credit institutions without fixed maturity at amortised cost	**5.4**	**22.8**
F-loan:		
Maturity 2010		527.3
Maturity 2011	500.0	
Maturity 2012	1 012.1	1 009.0
Loan with floating interest rate:		
Maturity 2010		1 128.1
Maturity 2011	78.1	83.2
Maturity 2012	350.0	350.0
Maturity 2013	250.0	250.0
Accrued expenses	1.2	
Total liabilities to credit institutions with fixed maturity at amortised cost	**2 191.4**	**3 347.6**
Borrowings under the Norwegian Government's Swap arrangement:		
Maturity 2010		992.1
Maturity 2011	2 365.1	2 359.8
Maturity 2013	2 500.4	2 500.9
Maturity 2014	990.4	988.6
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	**5 855.9**	**6 841.4**
Total liabilities to credit institutions	**8 052.7**	**10 211.8**

As per 31 December 2010, the bank had only one current credit facility. A NOK 1,250 million term loan and revolving credit facility was signed in October 2010, of which NOK 500 million is a term loan and NOK 750 million a revolving credit facility.

The loan agreements contain standard covenants. Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS were in compliance with all relevants terms in 2010.

Specification of commercial paper and bonds issued

NOK MILLION ISIN CODE	ISSUER	NET NOM. VALUE	CURRENCY	INTEREST	MATURITY	BOOK VALUE
NO001059268	Storebrand Bank ASA	400.0	NOK	Fixed	28.02.2011	400.9
Total commercial paper						**400.9**
Bond loans						
NO001043982	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	336.1
NO001045553	Storebrand Bank ASA	327.0	NOK	Fixed	03.09.2012	341.5
NO001051323	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	314.8
NO001047340	Storebrand Bank ASA	408.0	NOK	Floating	21.11.2013	416.5
NO001049263	Storebrand Bank ASA	900.0	NOK	Floating	20.02.2012	904.2
NO001050777	Storebrand Bank ASA	548.0	NOK	Floating	30.04.2014	556.0
NO001059077	Storebrand Bank ASA	300.0	NOK	Floating	10.05.2013	301.2
NO001054848	Storebrand Bank ASA	500.0	SEK	Floating	26.01.2012	434.7
Total bond loans						**3 605.0**
Covered bonds						
NO0010428584	Storebrand Boligkreditt AS	1 000	NOK	Fixed	06.05.2015	1 106.3
NO0010428592	Storebrand Boligkreditt AS	640	NOK	Floating	02.05.2011	642.6
NO0010466071	Storebrand Boligkreditt AS	1 250	NOK	Fixed	24.04.2014	1 366.9
NO0010548373	Storebrand Boligkreditt AS	1 000	NOK	Fixed	28.10.2019	1 036.8
NO0010575913	Storebrand Boligkreditt AS	550	NOK	Floating	03.06.2016	549.9
Total covered bonds						**4 702.5**
Structured bond loans						
NO001035920	Storebrand Bank ASA	17.0	NOK	Zero coupon	23.05.2011	16.9
Total structured bond loans						**16.9**
Total commercial paper and bonds issued 2010						**8 725.3**
Total commercial paper and bonds issued 2009						10 151.4

The loan agreements contain standard covenants. Storebrand Bank ASA, Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS were in compliance with all relevants terms in 2010.

Note 6: Market risk

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. Covers counterparty risk when trading financial instruments as well as equity, interest rate and currency risk.

Risk management
The risk strategy sets general limits for the management and control of the market risk primarily associated with the bank's long-term investments in equity instruments and fixed income securities. The bank is also exposed to a small degree of currency risk.

The market risk policies stipulate limits for the market risk the bank is willing to accept. The bank group's market risk is primarily managed and checked through daily monitoring of risk exposures in relation to the policy and continuous analyses of outstanding positions.

The exposure limits are reviewed and renewed by the board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements, as well as risk capacity and willingness.

Risk control
The Middle Office in the Risk Management unit is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. Monthly reports for the individual portfolios are produced for the bank's balance sheet management committee and the board.

The monitored market risk indicators are described in the risk strategy, interest risk policy and currency risk policy.

In the event of market risk changes that occur during the first year, the affect on the result and equity will be as shown below based on the balance sheet as of 31 December 2010:

Effect on income

NOK MILLION	AMOUNT
Interest rate -1.5%	-27.4
Interest rate +1.5%	28.1

Effect on net profit/equity [1])

NOK MILLION	AMOUNT
Interest rate -1.5%	-27.4
Interest rate +1.5%	28.1

[1]) Before tax effect.

The note demonstrates 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. Account has been taken of the one-time effect such an immediate change in interest rates would have on the items recognised at fair value and hedging value and of the effects the change in interest rates would have on the result for the remainder of the interest rate duration period before the change in interest rate has income and cost related effects. The sensitivity calculation was carried out using the ORM risk management system.
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.

See also note 28 regarding foreign exchange risk.

Note 7: Operational risk

The risk of financial losses resulting from ineffective, inadequate or failing internal processes or systems, human error, external events or non-compliance with internal guidelines. Violations of the law and regulations could prevent the Group achieving its goals and this part of the compliance risk is covered by operational risk.

Risk management
Operational risk management and compliance with laws, regulations and internal rules are an integral part of the management responsibilities of all managers in the Storebrand Group. Risk assessments and internal control reporting are linked to a unit's ability to achieve its goals. Risk assessments are registered and documented in Easy Risk Manager (ERM).

Storebrand's Group Control unit is responsible for coordinating the risk assessment process and is ERM's system owner. The management structure for operational risk management conforms to the organisation of the group (corporate management model).

Storebrand Bank's operational risk is managed via the operational risk policy. Risk Management is responsible for monitoring operational risk in the bank.

Storebrand Bank's compliance officer is able to pull up risks defined as high with regard to breaches of external/internal regulations in ERM.

Risk control
If the risk assessment assumes the implementation of planned improvement measures, the measures must be documented and reported via ERM. Routines for any spot checks or other forms of regular quality control and the results from these must also be documented.

The work on operational risk is summarised each year in a report that is considered by the bank's board. The status of the operational risk measures is reported by the internal audit function and internal control review measures are also reported every six months to the chief risk officer in the Storebrand Group and to the Audit Committee as part of the management's reporting of internal control.

Middle Office in the Risk Management unit carries out numerous checks and reconciliations in connection with monthly, quarterly and annual financial statements in order to check and reduce operational risk.
In addition to this the bank's compliance officers, financial crime unit and internal auditor carry out spot checks within a number of the bank's most important work processes. The results of these are reported to the bank's management team and board.

Compliance risk

The risk the Group will incur public sanctions or financial losses as a result of a failure to comply with external and internal regulations.

Risk management
Storebrand Bank's compliance risk is managed through routines for the bank's compliance officer. Compliance risk is also managed by the compliance officer:

- Maintaining an overview of the law and regulations that apply at any given time and how responsibility for complying with these is allocated in the organisation.
- Monitoring that the company is complying with its obligations pursuant to the Securities Trading Act and pertinent regulations and other framework conditions.
- Regularly assessing the company's routines and guidelines in relation to the company's risk profile.
- Functioning as an internal adviser for employees with regard to compliance.

The compliance officer participates in the group's working group that meets regularly to exchange information, discuss common problems and draw up common routines.

Risk control
The compliance officer is responsible for keeping the compliance log pursuant to special routines and carries out continuous spot checks in relation to compliance with own account trading regulations, MiFid regulations, etc. In order to be able to identify problem areas by gaining an overall overview of things that are going wrong internally, the bank introduced event reporting from and including 1 December 2010. Events have to be reported continuously to the compliance officer pursuant to special routines. The compliance officer is responsible for maintaining a log of reported events in a special events log. Reported events will be reviewed and dealt with in the bank's compliance forum in 2011. The events log will also provide line management with a very good basis for assessing/implementing measures that can reduce a unit's operational risk.

Note 8: Valuation of financial instruments at fair value

Specification of financial assets at fair value

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.12.2010	BOOK VALUE 31.12.2009
Shares		5.1		5.1	1.1
Lending to customers		673.1		673.1	758.3
Sovereign and Government Guaranteed	903.6			903.6	2 101.4
Credit bonds		440.0		440.0	1 936.6
Mortage and asset backed bonds		1 692.7		1 692.7	446.7
Total bonds	**903.6**	**2 132.7**	**0.0**	**3 036.2**	**4 484.7**
Equity derivatives				0.0	0.2
Interest rate derivatives		342.5		342.5	443.9
Currency derivatives		-3.9		-3.9	-16.4
Total derivatives	**0.0**	**338.7**	**0.0**	**338.7**	**427.7**
Derivatives with a positive fair value		710.2		710.2	807.4
Derivatives with a negative fair value		-371.5		-371.5	-379.7
Specification of financial liabilities at fair value					
Liabilities to credit institutions		5 855.9		5 855.9	6 841.4
Deposits from and due to customers		178.5		178.5	173.0
Total financial liabilities	**0.0**	**6 034.4**	**0.0**	**6 034.4**	**7 014.4**

Changes between quoted prices and observable pre-conditions

NOK MILLION	AMOUNT
From quoted prices to observable pre-conditions	0.0
From observable pre-condtitions to quoted prices	0.0

Storebrand Bank Group carries out a comprehensive process to ensure that the values established for financial instruments are as in line with the market as possible. Listed financial instruments are valued on the basis of official prices on boursed obtained via Reuters and Bloomberg. 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 dicount 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, exhcange rates, and volatilities that provide the basis for valuations are obtained from Reuters, Bloomberg and Norges Bank.

Storebrand Bank Group 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 Storebrand 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 indentical assets in active markets
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 coverd 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 price 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, and non-standardised interest rate and currency derivatives are also classified as level 2.

Level 3: Financial instruments valued on the basis of information that is not observable pursuant to bye level 2
Investments classified as level 3 encompass investments in primarily unlisted/private companies. At year-end 2010, the Storebrand Bank Group had no investments classified at this level.

Note 9: Segment information

Analysis of profit and loss account by activity:

NOK MILLION	CORPORATE 2010	CORPORATE 2009	RETAIL 2010	RETAIL 2009	MARKETS 2010	MARKETS 2009	REAL ESTATE BROKING 2010	REAL ESTATE BROKING 2009	TREASURY OTHER 2010	TREASURY OTHER 2009	TOTAL 2010	TOTAL 2009
Profit and loss items:												
Net external interest income	195.9	174.7	275.0	307.0	3.2	7.4		-3.8	-17.2	-62.0	456.9	423.3
Net internal interest income												
Net interest income	**195.9**	**174.7**	**275.0**	**307.0**	**3.2**	**7.4**	**0.0**	**-3.8**	**-17.2**	**-62.0**	**456.9**	**423.3**
Net external fee and commission income	9.5	12.1	37.4	34.5	29.6	29.4		0.0	-2.8	0.1	73.7	76.1
Net internal fee and commission income												
Net fee and commission income	9.5	12.1	37.4	34.5	29.6	29.4	0.0	0.0	-2.8	0.1	73.7	76.1
Other external operating income	23.7	13.8	2.9	4.6	31.6	31.1	88.7	85.2	-46.0	13.1	100.9	147.8
Other internal operating income												
Total other operating income	23.7	13.8	2.9	4.6	31.6	31.1	88.7	85.2	-46.0	13.1	100.9	147.8
Operating costs	-82.1	-63.9	-218.2	-257.2	-62.8	-68.7	-94.1	-118.9	-16.3	-23.4	-473.5	-532.1
Unrealised loss real estate at fair value, assets repossessed									-14.1	-34.9	-14.1	-34.9
Total operating costs	-82.1	-63.9	-218.2	-257.2	-62.8	-68.7	-94.1	-118.9	-30.4	-58.3	-487.6	-567.0
Operating profit before loan losses	147.0	136.7	97.1	88.9	1.6	-0.8	-5.4	-37.5	-96.5	-107.1	143.8	80.2
Loan losses and write-downs	-20.4	-61.6	-12.2	-18.9					18.1	34.9	-14.5	-45.6
Ordinary profit from continuing operations	126.6	75.1	84.9	70.0	1.6	-0.8	-5.4	-37.5	-78.4	-72.2	129.3	34.5
Ordinary profit from businesses discontinued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance sheet items:												
Gross lending	12 000.2	11 249.0	22 498.8	25 009.0					-38.9	-134.7	34 460.1	36 123.3
Lendring write-downs	-180.0	-237.1	-91.4	-83.5					13.9	31.5	-257.5	-289.1
Net customer lending	11 820.2	11 011.9	22 407.4	24 925.5	0.0	0.0	0.0	0.0	-25.0	-103.2	34 202.6	35 834.2
Other assets									5 168.3	7 151.4	5 168.3	7 151.4
Total assets	11 820.2	11 011.9	22 407.4	24 925.5	0.0	0.0	0.0	0.0	5 143.3	7 048.2	39 370.9	42 985.6
Deposits from and due to customers	7 323.5	6 565.0	11 350.8	11 628.0					133.3	126.8	18 807.6	18 319.8
Other liabilities	3 543.1	3 456.6	10 242.5	14 047.3					4 517.1	4 880.0	18 302.7	22 383.9
Equity	953.6	990.3	814.1	969.3					492.9	322.3	2 260.6	2 281.9
Total liabilities and equity	11 820.2	11 011.9	22 407.4	26 644.6	0.0	0.0	0.0	0.0	5 143.3	5 329.1	39 370.9	42 985.6
Key figures:												
Cost as % of income	36 %	32 %	69 %	74 %	98 %	101 %	106 %	146 %	-46 %	-119 %	75 %	82 %
Deposits from and due to customers as % of gross lending	61 %	58 %	50 %	46 %					-343 %	-94 %	55 %	51 %
Total level of provisioning write-downs	53 %	38 %	28 %	22 %							37 %	32 %

Business segments are the company's primary reporting segments.

Description of the segments:

Commercial Banking: This segment comprises deposits from and lending to commercial customers, principally real estate investors/developers.

Retail Banking: Deposits from and lending to retail customers, including credit cards. Lending is principally mortgage lending secured against residential real estate. The segment include deposits from and lending to retail customers in Storebrand Boligkreditt AS. The segment also includes the bank's share in Storebrand Baltic UAB in Lithuaina on 50%. The ownership interest is classified as a jointly venture. Net profit in 2010 is NOK 0,8 million (see note 24).

Markets: This business area includes all the bank's activities in structured products, real estate funds, Storebrand Optimér ASA, Storebrand Infrastruktur ASA and stockbroking activities. The subsidiaries Hadrian Eiendom AS and Hadrian Utvikling AS are also included in this area, where the bank respectively had a 90.9% ownership interst and 96.09% ownership interest at the close of 2010. Net profit for Hadrian Eiendom AS and Hadrian Utivkling AS are respectively NOK 4.6 million and minus NOK 1.4 million in 2010.

Real estate broking: This segment solely comprises Ring Eiendomsmegling AS with subsidiaries in which the bank owns 100.0% of the company at the close of 2010.

Indirect income and indirect costs have been allocated on the basis of estimated use of resources.
Elimination of double counting applies principally to customer transactions carried out in collaboration between Markets and the relevant customer segment.

The effects of financial hedging and the investment portfolio are not allocated between business areas and are reported solely as part of the item treasury/others.

Note 10: Net income from financial instruments

NOK MILLION	2010	2009
Net interest income		
Interest and other income on loans to and deposits with credit institutions	19.9	28.3
Interest and other income on loans to and due from customers	1,388.3	1,662.1
Interest on commercial paper, bonds and other interest-bearing securities	106.0	115.6
Other interest income and related income	8.1	11.7
Total interest income 1)	**1 522.3**	**1 817.7**
Interest and other expenses on debt to credit institutions	-284.6	-277.7
Interest and other expenss on deposits from and due to customers	-451.5	-606.5
Interest and other expenses on securities issued	-267.1	-410.4
Interest and expenses on subordinated loan capital	-31.8	-38.9
Other interest expenses and related expenses	-30.3	-60.8
Total interest expense 2)	**-1 065.4**	**-1 394.4**
Net interest income	**456.9**	**423.3**
1) *Of which total interest income on financial assets that are not at fair value through profit or loss*	*1 377.8*	*1 675.0*
2) *Of which total interest expenses on financial liabilities that are not at fair value through profit or loss*	*-845.0*	*-1 227.0*

Interest expense and changes in value of funding FVO:

NOK MILLION	2010	2009
Interest expense funding FVO	-220.4	-167.4
Changes in value of funding FVO	-7.3	15.9
Net expense funding FVO	**-227.7**	**-151.5**

Net income and gains from financial assets and liabilities at fair value:

NOK MILLION	2010	2009
Equity instruments		
Dividends received from equity investments	0.3	0.0
Net gains/losses on realisation of equity investments	-0.1	2.3
Net change in fair value of equity investments	0.1	-0.2
Total equity investments	**0.3**	**2.1**
Commercial paper and bonds		
Realised gain/loss on commercial paper and bonds	-0.9	3.6
Unrealised gain/loss on commercial paper and bonds	-4.7	18.9
Total gain/loss on commercial paper and bonds	**-5.5**	**22.5**
Financial derivatives and foreign exchange		
Realised gain/loss on financial derivatives, held for trading	-10.7	3.8
Unrealised gain/loss on financial derivatives, held for trading	4.7	6.5
Total financial derivatives and foreign exchange	**-6.0**	**10.3**
Net income and gains from financial assets and liabilities at fair value	**-11.2**	**34.9**
Net gain/loss on financial assets at fair value through profit or loss:		
Financial assets designated at fair value upon initial recognition	-11.7	49.4
Financial assets classified as held for trading	8.2	-7.8
Changes in fair value of assets due to changes in credit risk	6.3	45.4
Net gain/loss on financial liabilities at fair value through profit or loss:		
Financial liabilities designated at fair value upon initial recognition	-7.3	15.9
Financial liabilities classified as held for trading		

Note 11: Net commission income

NOK MILLION	2010	2009
Fees related to banking operations	51.3	50.3
Commission from sale of group products	0.8	1.1
Commission from saving products	25.5	24.8
Commissions from stockbroking	5.1	5.9
Fees from loans	6.4	7.8
Other fees and commission receivable	2.3	4.0
Total fees and commissions receivable [1])	**91.5**	**94.0**
Fees and commssision payable relating to banking operations	-13.5	-15.4
Commission payable on saving products	-3.5	-2.0
Commission payable on stockbroking	-0.7	-0.5
Other fees and commission payable	-0.1	0.0
Total fees and commissions payable [2])	**-17.8**	**-17.9**
Net commission income	**73.7**	**76.2**
[1]) *Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through profit or loass*	*55.1*	*55.1*
[2]) *Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through profit or loass*	*-13.5*	*-15.4*

Other fee and commission income and fee and commission expense are related to charges on services bought and sold.

Note 12: Other income

NOK MILLION	2010	2009
Income from real estate broking	102.5	101.0
Income from Markets	1.9	0.6
Gain on sale of real estate	3.5	7.7
Other income	5.4	4.7
Total other income	**113.3**	**114.0**

Note 13: Remuneration paid to auditors

Remuneration excluding value added tax:

NOK 1000	2010	2009
Statutory audit	1 465	2 124
Other reporting duties	564	1 277
Taxation advice	29	30
Other non-audit services	159	296
Total	**2 217**	**3 727**
Of which remuneration to Deloitte AS (excl. VAT):		
Statutory audit	1 461	1 976
Other reporting duties	564	1 255
Taxation advice	29	23
Other non-audit services	159	296
Total	**2 213**	**3 550**

Note 14: Operating expenses

NOK MILLION	2010	2009
Ordinary wages and salaries	145.2	151.0
Employer's social security contributions	24.1	24.5
Other staff expenses	16.7	25.5
Pension cost (see note 15) [1]	19.4	19.9
Total staff expenses	**205.3**	**220.9**
IT costs	87.3	90.1
Printing, postage etc.	6.4	10.1
Travel, entertainment, courses, meetings	5.7	5.5
Other sales and publicity costs	3.8	4.5
Total general administration expenses	**103.2**	**110.2**
Depreciation fixed assets and intangible assets (see note 32 and 33)	32.9	36.6
Contract personnel	6.5	24.7
Operating expenses on rented premises	23.0	28.7
Inter-company charges for services [2]	43.5	51.4
Other operating expenses	60.0	59.5
Total other operating expenses	**165.9**	**201.0**
Total operating expenses	**474.4**	**532.1**

[1] 1) Pension costs include NOK 1.5 million recognized by subsidiaries that operate defined contribution pension schemes.

[2] Services purchased from the group contain costs relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

Note 15: Pensions

Employees of Storebrand Bank ASA are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pension payments from the this scheme come into effect from the pension age, which is 67. Pension payments between 65 and 67 and pensions in excess of 12G 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 of 31 December 2010, 12 G amounts to NOK 907,692. Pension rights are part of the group's collective employment agreement. The company has a duty to operate an occupational pension scheme pursuant to the Act on mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK MILLION	2010	2009
Present value of insured pension liability	142.1	117.0
Pension assets at fair value	-90.5	-82.4
Net pension liability/surplus for the insured schemes	51.6	34.6
Present value of uninsured pension liability	50.4	44.9
Net pension liabilities in the statement of financial position	**102.0**	**79.5**

Includes employer's NI contributions on net underfunded liabilities.

Experience adjustments applied to equity

NOK MILLION	2010	2009
Year's change in experience adjustments included in equity after tax	-13.6	5.5
Accumulated experience adjustments included in equity	17.5	31.2

Changes in the net defined benefits pension liabilities in the period

NOK MILLION	2010	2009
Net pension liability at 01.01. incl. provision for employer's NI contribution	161.9	154.2
Net pension cost recognised in the period incl. rovision for employer's NI contribution	17.5	16.8
Interest on pension liabilities	6.9	6.4
Experience adjustments	12.4	-11.5
Pension paid	-4.7	-2.8
Reversed employer's NI contribution	-1.6	-1.3
Net pension liability at 31.12.	**192.5**	**161.9**

Continues next page

Note 15: Pensions *Continued*

Change in the fair value of pension assets

NOK MILLION	2010	2009
Pension assets at fair value at 01.01.	82.4	74.0
Expected return	4.6	4.5
Experience adjustments	-6.5	-3.8
Premium paid	11.5	9.3
Pensjons paid	-1.5	-1.5
Net pension assets at 31.12.	**90.5**	**82.4**

Expected premium payments (pension assets) in 2011: NOK 11.5 million.

Pension assets are based on the financial assets held by Storebrand Livsforsikring composed as of 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 %	39 %
Commercial paper	2 %	1 %
Other short-term financial assets	3 %	2 %
Total	**100 %**	**100 %**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring.
The book (realised) return on the assets was 4.7 % in 2010, 5.0 % in 2009 and 2.0 % in 2008.

Net pension cost booked to profit and loss account specified as follows:

NOK MILLION	2010	2009
Current service cost including employer's NI contributions	17.5	16.8
Interest on pension liabilities	6.9	6.4
Expected return on pension assets	-4.6	-4.5
Correction for pension cost included earlier years	-1.9	0.0
Net pension cost booked to profit and loss account in the period	**17.9**	**18.8**

Net pension cost includes nation insurance contributions and is included in operating expenses. See note 14.

Main assumptions used when calculating net pension liability at 31.12.

NOK MILLION	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	3.8 %	4.0 %
Expected annual increase in pensions payment	2.0 %	2.0 %
Disability table	KU	KU
Mortality table	K2005	K2005

Standardised assumptions on mortality/disability and other demographic factors as produced by the Norwegian Financial Services Association. Average employee turnover rate of 2 - 3% of entire workforce.
The disability table was developed by Storebrand Livsforsikring AS.

Net pension liability at 31.12.

NOK MILLION	2010	2009	2008	2007	2006
Discounted current value of defined benefit pension liabilities	192.5	161.9	154.2	147.6	146.1
Fair value of pension assets	90.5	82.4	74.0	78.1	76.0
Deficit (surplus)	102.0	79.5	80.1	69.5	70.1
Fact based adjustments liabilities	-6.4	-4.6	-23.7		
Fact based adjustments pension assets	6.5	-3.8	-16.4		

Sensitivity analysis pension calculations

NOK MILLION	2010	
Change in discounting rate	1 %	-1 %
Percentagewise change in pension:		
Pension liabilities	-19 %	26 %
The period's net pension costs	-21 %	30 %

The pension liabilities are specifically sensitive to changes in the discounting rate. A reduction in discounting rate seen in isolation would result in an increase in the pension liabilities.

Note 16: Losses on loans and guarantees

NOK MILLION	2010	2009
Write-downs of loans and guarantees for the period		
Change in individual write-downs for the period	63.9	67.4
Change in grouped write-downs for the period	23.3	-18.8
Other corrections to write-downs	-2.4	-9.9
Realised losses in period on commitments specifically provided for previously	-102.9	-92.1
Realised losses on commitments not specifically provided for previously	-1.1	-0.3
Recoveries on previously realised losses	4.7	8.0
Write-downs of loans and guarantees for the period	**-14.5**	**-45.6**
Interest recognised to profit on loans subject to write-downs	12.1	7.4

Note 17: Tax

TAX CHARGE FOR THE YEAR

NOK MILLION	2010	2009
Tax payable for the period	25.4	46.7
Changes in deferred tax/deferred tax asset	65.7	-31.3
Total tax cost	**91.1**	**15.4**

Reconciliation of expected and actual tax charge

NOK MILLION	2010	2009
Ordinary pre-tax profit	129.5	34.5
Expected tax on income at nominal rate	36.2	9.7
Tax effect of:		
Permanent differences	-6.7	-3.7
Write-downs of deferred tax assets		-13.4
Reversal of recognised provision for group contribution between parent bank and it's subsidiaries	40.0	22.9
Changes earlier years	21.6	
Tax charge	**91.1**	**15.4**
Tax payable	25.4	46.7
- tax effect of group contribution paid		
Tax payable in the statement of financial position (see note 35)	**25.4**	**46.7**

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

NOK MILLION	2010	2009
Tax increasing timing differences		
Operating assets	35.6	44.7
Financial instruments	51.0	
Other	0.1	6.9
Total tax increasing timing differences	**86.7**	**51.6**
Tax reducing timing differences		
Pensions	-102.0	-79.5
Provisions	-9.3	-24.5
Financial instruments		-528.1
Total tax reducing timing differences	-111.3	-632.2
Losses/allowances carried forward	-306.6	-110.5
Net base for deferred tax/tax assets	-331.2	-691.1
Write-down of deferred tax asset	30.4	46.0
Net base for deferred tax and deferred tax asset	-300.8	-645.1
Net deferred asset/liability in the balance sheet	**84.2**	**180.6**

Note 18: Classification of financial instruments

NOK MILLION	LOANS AND RECEIVABLES	FAIR VALUE, TRADING	FAIR VALUE, FVO	LIABILITIES AT AMORTISED COST	TOTAL
Financial assets					
Cash and deposits with central banks	164.7				164.7
Loans to and deposits with credit institutions	699.4				699.4
Equity instruments			5.1		5.1
Bonds and other fixed-income securities			3 036.2		3 036.2
Derivatives		710.2			710.2
Lending to customers	33 529.6		673.1		34 202.6
Other assets	262.0				262.0
Total financial assets 2010	**34 655.6**	**710.2**	**3 714.4**	**0.0**	**39 080.2**
Total financial assets 2009	36 413.4	807.4	5 244.1	0.0	42 464.9
Financial liabilities					
Deposits from and due to credit institutions			5 855.9	2 196.8	8 052.7
Deposits from and due to customers			178.5	18 629.0	18 807.6
Commercial paper and bonds issued				8 725.3	8 725.3
Derivatives		371.5			371.5
Other liabilities				257.4	257.4
Subordinated loan capital				790.1	790.1
Total financial liabilities 2010	**0.0**	**371.5**	**6 034.4**	**30 598.6**	**37 004.6**
Total financial liabilities 2009	0.0	379.7	7 014.4	33 216.0	40 610.1

Note 19: Fair value of financial assets and liabilities at amortised cost

NOK MILLION	2010 BOOK VALUE	2010 BOOK VALUE	2009 BOOK VALUE	2009 BOOK VALUE
Assets				
Loan and receivables:				
Loans to and deposits with credit institutions, amortised cost	699.4	698.1	424.3	424.3
Lending to customers, amortised cost	33 787.0	33 567.5	35 365.1	35 139.3
Liabilities				
Deposits from and due to credit institutions, amortised cost	2 196.8	2 687.2	3 370.4	3 380.2
Deposits from and due to customers, amortised cost	18 629.0	18 629.0	18 146.8	18 146.8
Commercial paper and bonds issued, amortised cost	8 725.3	8 785.6	10 151.4	10 324.6
Subordinated loan capital, amortised cost	790.1	772.4	960.4	948.9

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 had had they 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.

Note 20: Cash and deposits with central banks

NOK MILLION	2010	2009
Cash	2.1	1.6
Deposits with central banks at amortised cost, loans and receivables	162.6	366.9
Total cash and deposits with central banks	**164.7**	**368.4**

Note 21: Balances held for customers and liability to customers

NOK MILLION	2010	2009
Balances held for customers	275.1	269.7
Liability to customers	255.5	246.4
Over/under cover	**19.6**	**23.3**

Balances held for customers and liability to customers arise in respect of the activities of Ring Eiendomsmegling AS and Hadrian Eiendom AS, which are authorised to operate as real estate brokers. Over/under cover is included in the item 'Other current assets' and the item 'Loans to and deposits with credit institutions'. See also note 22 and note 35.

Note 22: Loans to and deposits with credit institutions

NOK MILLION	2010	2009
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	699.4	424.3
Total loans to and deposits with credit institutions at amortised cost	**699.4**	**424.3**
Of which:		
Over/-under cover of balances held for customers of Ring Eiendomsmegling AS	19.6	17.4

Note 23: Shares and other equity instruments

NOK MILLION	OWNERSHIP INTEREST	FAIR VALUE 2010	FAIR VALUE 2009
Storebrand Institusjonelle Investor ASA	5.15%	0.9	0.7
Visa Inc. A-shares		0.4	
Skjærhallen Brygge AS	3.13%	3.4	0.0
Other		0.3	0.3
Total		**5.1**	**1.1**
Of which			
Listed shares			
Unlisted shares		5.1	1.1

Shares and other equity instruments are classified as financial assets at fair value through profit and loss.

The shares in Skjærhallen Brygge AS were taken over by Storebrand Bank ASA in connection with a non-performing and loss-exposed commitment. The shares was later sold to the subsidiary Filipstad Tomteselskap AS, which was listed as the owner as per 31 December 2010.

Note 24: Investments in associated companies and joint ventures

Associated companies
Main accounting figures for associated companies - figures shown are the share of Storebrand Bank Group.

NOK MILLION	2010	2009
Revenue:		
Seilduksgaten 25/31 AS	1.3	2.0
Profit & Loss:		
Seilduksgaten 25/31 AS	-1.3	-1.2
Assets:		
Seilduksgaten 25/31 AS	15.1	16.3
Liabilities:		
Seilduksgaten 25/31 AS	18.7	18.7

Investments in associated companies are accounted for on the equity method.

Ownership interests in associated companies

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	BALANCE SHEET VALUE AT 1.1.	ADDITIONS/ DISPOSALS	SHARE IN PROFIT	BALANCE SHEET VALUE AT 31.12.
Seilduksgaten 25/31 AS	50 %	27.1	25.9	0.0	-1.3	24.6
Total		**27.1**	**25.9**	**0.0**	**-1.3**	**24.6**

Joint ventures

Overview of companies included in the accounts - figures shown are the share of Storebrand Bank Group:

NOK MILLION	2010	2009
Revenue:		
Storebrand Baltic UAB	8.8	6.3
Profit & Loss:		
Storebrand Baltic UAB	0.8	0.5
Assets:		
Storebrand Baltic UAB	3.1	2.1
Liabilities:		
Storebrand Baltic UAB	1.2	0.8

Joint ventures are businesses the bank group operates together with Storebrand Livsforsikring As.
Investments are recognised through proportional consolidation.

Ownership interests in joint ventures

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	BOOK VALUE PER 31.12.10	PROFIT 2010
Storebrand Baltic UAB	50 %	0.4	0.5	0.8
Total		**0.4**	**0.5**	**0.8**

The figures shown relates to the proportion owned by Storebrand Bank ASA.

Note 25: Bonds and other fixed income securities at fair value through profit and loss

NOK MILLION	COMMERCIAL PAPER	BONDS	2010 TOTAL	2009 TOTAL
Commercial paper and bonds, book value	803.6	2 232.7	3 036.2	4 484.7
Nominal value	807.0	2 222.0	3 029.0	4 484.7
Acquisition cost	797.4	2 215.8	3 013.2	4 474.0
Analysis by sector of issuer:				
Sovereign and Government Guaranteed	803.6	100.0	903.6	2 101.4
Credit bonds		440.0	440.0	1 936.6
Mortage and asset backed bonds		1 692.7	1 692.7	446.7
Total	**803.6**	**2 232.7**	**3 036.2**	**4 484.7**
Modified duration	0.21	0.13	0.15	0.16
Average effective yield per 31.12.	2.10 %	3.01 %	2.77 %	2.15 %

All securities are denominated in NOK.
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.

Note 26: Transferred financial assets (swap agreements)

NOK MILLION	2010	2009
Covered bonds:		
Booked value	7 224.5	7 239.3
Booked value associated with financial liabilities	5 855.9	6 841.4

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 44). The swap agreements are entered into through auctions that are administrated by Norges Bank. Int the swap agreement, 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.

Note 27: Financial derivatives

Nominal volum
Financial derivative contracts are related to underlying amounts which are not capitalised in the balance sheet. In order to quantify a derivative position, reference is made to underlying amounts such as nominal principal, nominal volume, etc. Nominal volume is calculated differently for different classes of derivative, and gives an 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 gives an 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 derivative.
In contrast to gross nominal volume, net nominal volume also takes into account the direction of the instruments' market risk exposure 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. A long position in a currency derivative produces a gain if the currency strengthens against the NOK.
Average gross nominal volume is based on monthly calculations of gross nominal volume.

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Note 27: Financial derivatives *Continued*

2010

NOK MILLION	GROSS NOM. VALUE 2)	AVERAGE NOM. VALUE 3)	NET NOM. VALUE 2)	FAIR VALUE 2) ASSETS	FAIR VALUE 2) LIABILITY
Share derivatives	173.1	436.7	22.3	0.0	0.0
Interest rate derivatives 1)	27 245.1	33 328.4	9 203.3	657.7	315.2
Currency derivatives	4 423.9	4 392.9	-42.3	52.5	56.3
Total derivatives	**31 842.1**	**38 158.0**	**9 183.3**	**710.2**	**371.5**

2009

NOK MILLION	GROSS NOM. VALUE 2)	AVERAGE NOM. VALUE 3)	NET NOM. VALUE 2)	FAIR VALUE 2) ASSETS	FAIR VALUE 2) LIABILITY
Share derivatives	572.2	859.5	57.1	4.1	3.8
Interest rate derivatives 1)	39 937.1	36 988.6	8 128.1	760.7	316.9
Currency derivatives	5 192.8	4 617.3	561.4	42.6	59.0
Total derivatives	**45 702.0**	**42 465.3**	**8 746.6**	**807.4**	**379.7**

1) Interest rate swaps are included accrued interest.
2) Value at 31.12.
3) Average for the year.

Note 28: Foreign exchange risk

Financial assets and liabilities in foreign currency

NOK MILLION	STATEMENT OF FINANCIAL POSITION ITEMS ASSETS	STATEMENT OF FINANCIAL POSITION ITEMS LIABILITIES	CURRENCY FORWARDS NET SALE	NET POSITION IN CURRENCY	NET POSITION IN NOK
CHF	59.4	9.4	-49.5	0.1	0.5
DKK	4.2	3.9		0.3	0.3
EUR	36.4	143.9	107.2		-0.2
GBP	18.3	20.0	1.6		-0.1
JPY	8.1		-8.1		
SEK	69.6	438.8	369.2		
USD	55.5	21.6	-33.0	0.1	0.9
Other	0.8	0.3			0.5
Total 2010					**1.8**
Total 2009					-4.8

Storebrand Bank ASA hedges the net currency position in its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

Note 29: Loan portfolio and guarantees

NOK MILLION	LENDING TO CUSTOMERS 2010	LENDING TO CUSTOMERS 2009
Lending to customers at amortised cost	33 787.0	35 365.0
Lending to customers at fair value	673.1	758.3
Total gross lending to customers	34 460.1	36 123.3
Write-downs on individual loans (see note 30)	-173.6	-182.0
Write-downs on groups of loans (see note 30)	-83.9	-107.2
Net lending to customers	**34 202.6**	**35 834.2**

See note 4 for analysis of loan portfolio and guarantees per customer group.

Note 30: Write-downs of loans and guarantees

NOK MILLION	2010	2009
Write downs of individual loans 01.01	218.9	262.4
Losses realised in the period on individual loans previously written down	-102.9	-92.1
Write-downs of individual loans for the period	79.2	71.8
Reversals of write-downs of individual loans for the period	-68.1	-69.0
Other corrections to write-downs [1])	46.5	8.9
Write-downs of individual loans at 31.12	**173.6**	**182.0**
Write-downs of groups of loans and guarantees 01.01	107.2	88.4
Grouped write-downs for the period	-23.3	18.8
Write-downs of groups of loans and guarantees etc. 31.12	**83.9**	**107.2**
Total write-downs	**257.5**	**289.1**

[1]) Other corrections to write-downs relates to effects of amortisation.

The bank has no provision for guarantees as at 31.12.10 and as at 31.12.09.

Note 31: Real estate at fair value

NOK MILLION	2010	2009
Book value at 01.01.	165.2	
Supply due to purchases		94.3
Supply due to addition	56.3	79.2
Supply due to taken over properties		26.6
Disposals	-164.0	0.0
Net wirte-ups/write-downs	-14.1	-34.9
Book value at 31.12	**43.3**	**165.2**

In connection with the take over of collateral associated with loss exposed commitments in the corporate market, Storebrand Bank and Storebrand Bank's subsidiaries activated real estate under development. Storebrand Bank ASA has taken over shares in companies with loan commitments, and the companies are consolidated as subsidiaries in Storebrand Bank Group.

Continues next page

Note 32: Intangible assets and goodwill

NOK MILLION	BRAND NAME	IT-SYSTEMS	ORDER BACKLOG	CUSTOMER LISTS	GOODWILL	TOTAL 2010	TOTAL 2009
Acquistion cost at 01.01	30.7	137.3	10.0	1.1	63.3	242.3	228.0
Additions in the period:							
Purchased separately		17.6			1.7	19.4	1.2
Purchased through merger, acquistion or similar						0.0	13.8
Disposals in the period					-0.8	-0.8	0.4
Acquisition cost at 31.12	**30.7**	**154.9**	**10.0**	**1.1**	**64.2**	**260.9**	**243.4**
Accumulated depreciation and write-downs at 01.01	89.2	9.6	1.0	12.9	112.7	85.2	
Depreciation in the period		17.6	0.5			18.1	25.8
Write-downs in the period		4.9			5.4	10.3	2.8
Accumulated depreciation and write-downs at 31.12	**0.0**	**111.7**	**10.0**	**1.1**	**18.3**	**141.1**	**113.7**
Book value at 31.12	**30.7**	**43.2**	**0.0**	**0.0**	**45.9**	**119.8**	**129.7**

Intangible assets are depreciated on a linear basis over periods from four months to eight years. The brand name identified on the acquisition of Hadrian Eiendom AS is not subject to depreciation. Depreciation and write-downs of intangible assets are included in the line "Other operating costs" in the profit and loss account. During 2010 Storebrand Bank has made a write-down of intangible assets by totally NOK 4.9 million. The write-down is mainly related to it systems for credit risk which no longer are in use.
IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc. All capitalised expenses in respect of systems development relate to work carried out by external resources. The estimate of economic lifetime are reviewed annually.

Analysis of goodwill by business acquisition

NOK MILLION	ACQUISITION COST 01.01	ACCUMULATED DEPRECIATION 01.01	BOOK VALUE 01.01	ADDITIONS / DISPOSALS	WRITE-DOWNS	BOOK VALUE 31.12.
Hadrian Eiendom AS	16.1		16.1			16.1
Eiendomsringen Skedsmo AS	8.3		8.3	0.8		9.2
Værnes & Eckmann Eiendom AS	4.7	-2.0	2.7			2.7
Bodø Eiendomsmegling AS	3.0		3.0			3.0
Akershus Eiendomsmegling AS	14.2	-4.1	10.1	-0.5		9.5
Eiendomssirkelen AS	6.9	-2.0	4.9	0.6		5.5
Hadrian Utvikling AS	5.4		5.4		-5.4	0.0
Total	**63.4**	**-12.9**	**50.4**	**0.9**	**-5.4**	**45.9**

An impairment test of Hadrian Utvikling AS has been completed and goodwill has been written down to fair value by NOK 5.4 million.

Note 33: Fixed assets

NOK MILLION	VEHICLES, FIXTURES AND FITTINGS	IT	REAL ESTATE 1)	TOTAL 2010	TOTAL 2009
Book value at 01.01	9.8	3.9	5.7	19.4	20.6
Additions	4.4			4.4	8.3
Disposals	-0.7			-0.7	-1.4
Depreciation	-2.4	-1.7	-0.4	-4.5	-4.5
Write-downs in the period				0.0	-3.6
Book value at 31.12	**11.1**	**2.2**	**5.3**	**18.7**	**19.4**
Opening acquisition cost	20.7	6.8	7.9	35.4	36.9
Closing acquisition cost	24.1	6.8	7.9	38.8	35.4
Opening accumulated depreciation and write-downs	-10.9	-2.9	-2.3	-16.0	-18.4
Closing accumulated depreciation and write-downs	-12.9	-4.6	-2.6	-20.1	-16.1

For each class of fixed assets:

Metode for måling av kostpris	Acquisition cost	Acquisition cost	Acquisition cost
Avskrivningsmetode	linear	linear	linear
Avskrivningsplan og økonomisk levetid	3 - 10 years	4 - 6 years	15 years

1) Holiday cabins valued on the cost method.

Depreciation of fixed assets is included in the line "Other operating costs" in the profit and loss account.
There are no restrictions on rights to fixed assets. No fixed assets have been pledged as collateral for liabilities.

Note 34: Operational leasing

Minimum future payments on operational leases for fixed assets are as follows:

NOK MILLION	MINIMUM LEASE PAYMENTS LESS THAN 1 YEAR	MINIMUM LEASE PAYMENTS BETWEEN 1 - 5 YEARS	MINIMUM LEASE PAYMENTS NORE THAN 5 YEARS
Operational leasing agreements less than 1 year	5.1	0.0	0.0
Operational leasing agreements between 1 - 5 years	6.1	11.8	0.0
Operational leasing agreements more than 5 years	10.4	41.6	39.9
Total	**21.6**	**53.4**	**39.9**
Of which future leasing income	1.8		

Amount through profit and loss account

NOK MILLION	2010	2009
Lease payments through profit and loss account	25.2	28.7
Future lease income through profit and loss account	3.0	2.6

Costs are included in the lines "General administration expenses" and "Other operating costs".

Lease contracts relate to copying machines with a normal lease period of 36 months, as well as a lease of motor cars and office premises with an third party external to the group that runs more than 5 years.
Lease contract related to office premises in Storebrand's new head-office at Lysaker runs to 31.10.2019.

Companies in the group also have lease contracts related to franking machine, printers, computers and projectors, but are not included in this note as the amounts are considered to have no material effect in the accounts.

Note 35: Other current assets

NOK MILLION	2010	2009
Interest accrued	120.0	98.7
Other accrued income	22.2	18.6
Due from customers	3.4	7.4
Due from stockbrokers	16.0	57.9
Due from customers stockbrokerage	74.6	331.0
Balances held for customers and liability to customers, real estate broking (note 21)	0.0	5.9
Other assets	25.9	25.4
Total other current assets	**262.0**	**544.8**

Note 36: Deposits from customers

NOK MILLION	2010	2009
Deposits from customers	17 598.7	17 733.2
Term loans and deposits from customers	1 208.9	586.7
Total deposits from customers	**18 807.6**	**18 319.8**

Deposits with agreed maturity relate to deposits for a contractually agreed period. Deposits without agreed maturity relates to deposits with no fixed period where the customer has unrestricted access to the deposit.

Deposits from customers per sector and industry classification and geographical distribution:

NOK MILLION	2010	2009
Sector and industry classification		
Development of building projects	203.4	193.7
Sale and operation of real estate	2 409.2	1 850.6
Service providers	3 018.3	2 808.2
Wage-earners	10 885.9	11 010.5
Other	2 290.8	2 456.7
Total	**18 807.6**	**18 319.8**
Geographic distribution		
Eastern Norway	14 444.6	14 081.1
Western Norway	2 333.5	2 201.1
Southern Norway	231.4	250.5
Mid-Norway	516.7	520.9
Northern Norway	809.0	817.5
Foreign	472.3	448.7
Total	**18 807.6**	**18 319.8**

Note 37: Hedge accounting

Storebrand uses fair value hedging for interest risk, when the hedging items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over the income statement (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount ot the item and are recognised in the profit and loss account. Hedging effectiveness is monitored at the individual item level except for structured bond loans where hedging effectiveness is monitored at the portfolio level. Each portfolio comprises swaps and hedged items with maturity within the same half year period. Hedging effectiveness when the hedge is created measures the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the event of a 2-percentage point interest rate shock.
Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging is expected to be highly efficient in the period.

	2010			2009		
	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Interest rate swaps	4 297.0	300.5		7 026.5	403.8	90.8
Total interest rate derivatives	4 297.0	300.5	0.0	7 026.5	403.8	90.8
Total derivatives	4 297.0	300.5	0.0	7 026.5	403.8	90.8

	2010			2009		
	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Total underlying items	4 294.0		4 522.0	7 142.6		7,270.2
Hedging effectiveness - prospective			100 %			93 %
Hedging effectiveness - retrospective			96 %			104 %

Gain/loss on fair value hedging: 2)

	2010	2009
NOK MILLION	GAIN / LOSS	GAIN / LOSS
On hedging instruments	-22.2	-151.0
On items hedged	15.0	165.5

1) Book value at 31.12.
2) Amounts included in the line "Net interest income".

Note 38: Securities issued

NOK MILLION	2010	2009
Commercial paper	400.9	0.0
Bond loans	8 324.4	10 151.4
Total securities issued	**8 725.3**	**10 151.4**

See also note 5 for analysis of securities issued.

Note 39: Subordinated loan capital

NOK MILLION	2010	2009
Dated subordinated loan capital	501.3	674.7
Other subordinated loan capital	9.3	9.3
Tier 1 hybrid capital	279.4	276.4
Total subordinated loan capital	**790.1**	**960.4**

See also note 5 for analysis of subordinated loan capital and Tier 1 hybrid capital.

NOK MILLION	2010	2009
Subordinated loan capital included in capital adequacy calculation	790.1	960.4
Interest expense		
Interest expense booked in respect of subordinated loan capital	31.8	68.2

All subordinated loans are denominated in NOK.

Note 40: Provisions

	PROVISIONS FOR RESTRUCTURING	
NOK MILLION	2010	2009
Provisions 1 January	7.0	7.1
Provisions during the period	0.8	6.0
Provisions using during the period	-4.0	-6.1
Total provisions 31 December	**3.7**	**7.0**
Classified as:		
Provision for accrued expenses and liabilities	3.7	7.0

Provisions concern restructuring in Storebrand Bank ASA carried out in 2008 and 2009. Expected settlement time for the provision is partly in 2010 and partly in the period 2010-2013.

Note 41: Other liabilities

NOK MILLION	2010	2009
Money transfers	2.8	15.1
Accrued interest expenses financial debt	16.5	5.3
Accrued expenses and prepaid income	68.7	64.3
Accounts payable	8.0	51.0
Payable to stockbrokers	34.3	143.1
Payable to customers stockbrokerage	54.7	233.4
Tax payable (see note 17)	25.4	46.0
Other debt	46.9	28.6
Total other liabilities	**257.4**	**587.0**

Note 42: Minority interests

NOK MILLION	2010	2009
Minority interests at 1.1.	3.4	6.1
Share of profits due to minority interests	0.1	-1.3
Dividend to minority interests	-0.2	
Purchase of minority interests		-1.5
Minority interests at 31.12.	**3.3**	**3.4**

Relates to minority interests in Hadrian Eiendom AS, Hadrian Utvikling AS and Sørlandsbygg Holding AS where Storebrand Bank ASA held 90.9%, 96.09% and 70 % resprectively at 31.12.2010.

Note 43: Off balance sheet liabilities and contingent liabilities

NOK MILLION	2010	2009
Guarantees	301.6	247.7
Undrawn credit limits	4 049.8	3 096.3
Lending commitments	816.6	467.8
Total contingent liabilities	**5 168.0**	**3 811.8**

Guarantees are mainly payment guarantees and contract guarantees. See also note 4.
Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on residential mortgage loans.

Note 44: Collateral

Collateral pledged and received
The subsidiary Hadrian Eiendom AS has concluded an agreement concerning the pledging of collateral via the Norwegian Association of Real Estate Agents and TrygVesta amounting to NOK 30 million with the limit of NOK 10 million per channeling per claimant. Otherwise, the banking group has not received any collateral except securities pledged as collateral for F-loans in Norges Bank and securities pledged as collateral in connection with the scheme for swapping covered bonds for government papers (see table below). This note does not cover collateral on lending to customers.

Collateral and security pledged

NOK MILLION	2010	2009
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	2 926.3	3 143.5
Booked value of bonds pledged as collateral for swap agreement of state paper for covered bonds	5 855.9	6 841.4
Total	**8 782.2**	**9 984.9**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has a F-loan for NOK 1.5 billion in Norges Bank as per 31.12.2010.

In connection with the package of measures by the authorities concerning the banks, Storebrand Bank ASA has entered into an agreement involving the following amounts to conditions and terms for a swap agreement of covered bonds for state treasury bills:

NOK MILLION AMOUNT	ISSUED	MATURITY	INTEREST RATE CONDITIONS
979.2	17.12.2008	21.12.2011	NIBOR minus 20bp
1 385.5	28.01.2009	21.12.2011	NIBOR minus 20bp
496.5	06.05.2009	19.03.2014	NIBOR minus 20bp
493.8	04.06.2009	19.03.2014	NIBOR minus 20bp
493.5	17.06.2009	20.03.2013	NIBOR minus 20bp
491.5	09.09.2009	18.12.2013	NIBOR pluss 24bp
1 487.9	21.10.2009	18.09.2013	NIBOR pluss 70bp

Note 45: Capital Adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the Regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. The valuation rules used in the company's accounts form the basis for consolidation. Consolidation is, in the main, carried out in accordance with the same principles as used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. Companies in which the group has a minority interest are included on a proportional basis applying the percentage interest held by the group at 31 December 2010.
The figure for primary capital includes profit for the year.

Net primary capital

NOK MILLION	2010	2009
Share capital	960.6	960.6
Other equity	1 300.0	1 321.3
Total equity	2 260.6	2 281.9
Deductions:		
Goodwill	-45.9	-50.4
Intangible assets	-73.9	-79.3
Deferred tax asset	-84.2	-180.6
Provision for group contribution	-50.0	
Addition:		
Perpetual subordinated bonds	279.4	276.4
Proportion of pension experience adjustments not amortised		
Core capital	**2 286.0**	**2 248.0**
Supplementary capital	509.2	684.0
Deductions		
Net primary capital	**2 795.2**	**2 932.0**

Minimum capital requirement

NOK MILLION	2010	
Credit risk	1 627.7	1 653.1
Of which:		
Local and regional authorities		1.6
Institutions	28.6	56.1
Corporates	618.2	545.6
Loans secured on real estate	817.8	846.4
Retail market	54.0	77.5
Loans past-due	58.0	77.7
Covered bonds	13.5	4.0
Other	37.6	44.3
Total minimum requirement for credit risk	**1 627.7**	**1 653.1**
Settlement risk	0.5	
Total minimum requirement for market risk	**0.5**	**0.0**
Operational risk	97.1	91.9
Deductions		
Write-downs of groups of loans	-6.7	-8.6
Minimum requirement for capital base	**1 718.6**	**1 736.4**

Capital adequacy

	2010	2009
Capital ratio	13.0 %	13.5 %
Core capital ratio	10.6 %	10.4 %

The company uses the standard method for credit risk and market risk, and the basic method for operational risk.
The minimum requirement for the capital ratio is 8%.

Note 46: Changes in the composition of the group

The subsidiary Storebrand I AS has changed its name to Konghellegaten Panorama AS and the company was sold in June 2010.
There has been conducted 3 issues of totally NOK 3.3 million in Hadrian Utvikling AS in 2010, and Storebrand Bank ASA has at the close of the year an ownership stake of 96.09 per cent. A NOK 41.9 million issue has also been conducted in Bjørndalen Panorama AS in March 2010.
Storebrand Bank ASA's holding of shares in Bjørndalen Panorama AS have been written down by NOK 55.5 million in 2010.
The subsidiaries Bjørndalen Panorama AS and Bjørndalen Tomteselskap AS have been merged and will be continued as Bjørndalen Panorama AS.
The subsidiaries Ullensaker Boligbygg AS and Ullensaker Boligbygg KS petitioned for winding up in November 2010 and were subject to liquidation proceedings as per 31 December 2010.

Note 47: Close associates

Transactions with group companies

	2010 OTHER GROUP COMPANIES 1)	2009 OTHER GROUP COMPANIES 1)
Interest income		
Interest expense	0.2	0.2
Services sold	4.7	6.4
Services purchased	66.7	82.6
Due from	1.3	5.0
Liabilities to	62.1	14.7

Transactions with group companies are based on the principle of transactions at arm's length.

1) Other group companies are companies in other sub-groups within Storebrand group.

Transactions with other related parties
Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA. The bank has recognized NOK 8.1 million to profit in the accounts for 2010 and the bank has a receivable due from the company of NOK 3.0 million as of 31.12.10. The fees paid to the bank are based on the arm's length principle.

Storebrand Bank ASA also defines Storebrand Infrastruktur ASA as a related party since the general manager of Storebrand Infrastruktur ASA is an employee of Storebrand Bank ASA and the company's objective is to offer alternative savings products to the bank's customers. Storebrand Infrastruktur ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Infrastruktur ASA. The bank has recognized NOK 1.1 million to profit in the accounts for 2010 and the bank has a receivable due from the company of NOK 0.1 million as of 31.12.10. The fees paid to the bank are based on the arm's length principle.

Loans to employees:

NOK MILLION	2010	2009
Loans to employees of Storebradn Bank ASA	82.6	165.3
Loans to employees of Storebradn Bank group including Storebrand Bank ASA	1 592.7	1 628.7

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions. The bank has not provided guarantees or security for borrowing by employees.

Number of employees:

	2010	2009
Number of employees at 31 December 1)	274	282
Number of employees expressed as full-time equivalent positions 1)	270	276

1) Includes employees and person-years in Storebrand Bank ASA, Ring Eiendomsmegling AS, Hadrian Eiendom AS, Hadrian Utvikling AS and 50 percent of employees and person-years in Storebrand Baltic UAB.

PROFIT AND LOSS ACCOUNT STOREBRAND BANK ASA

1 January - 31 December

NOK MILLION	NOTE	2010	2009
Interest income		1 249.0	1 529.4
Interest expense		-946.2	-1 215.4
Net interest income	**10**	**302.8**	**314.0**
Fee and commission income from banking services		104.5	101.1
Fee and commission expense for banking services		-17.8	-14.7
Net fee and commission income	**11**	**86.7**	**86.4**
Net gains on financial instruments at fair value	10	-18.8	56.3
Net income and gains from associated companies	23	-1.3	-1.2
Other income	12	78.8	74.3
Total other operating income		**58.8**	**129.4**
Staff expenses	14, 15	-141.4	-151.9
General administration expenses	14	-86.7	-96.9
Ohter operating costs	13, 14, 32, 33	-104.9	-159.6
Total non-interest expenses		**-332.9**	**-408.4**
Operating profit before loan losses		**115.4**	**121.5**
Loan loss for the period	16	-35.3	-80.1
Profit before tax		**80.0**	**41.3**
Tax	17	-45.7	-10.9
Profit for the year		**34.3**	**30.5**
Transfers and allocations:			
Transferred to/from other equity		-15.7	-87.9
Provision for group contribution		50.0	118.4
Total transfers and allocations		**34.3**	**30.5**

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2010	2009
Pension experience adjustments	15	-13.6	5.5
Profit for the period		34.3	30.5
Total comprehensive income for the period		**20.7**	**35.9**

STATEMENT OF FINANCIAL POSITION STOREBRAND BANK ASA

31 December

NOK MILLION	NOTE	2010	2009
Assets			
Cash and deposits with central banks	4, 18, 20	164.7	368.4
Loans to and deposits with credit institutions	4, 18, 19, 21	3 842.0	2 320.0
Financial assets designated at fair value thorugh profit or loss:			
Equity instruments	8, 18, 22	1.6	1.0
Bonds and other fixed-income securities	4, 8, 18, 25, 26	10 260.6	11 402.8
Derivatives	4, 8, 18, 27, 37	470.0	390.2
Other current assets	18, 35	1 922.9	2 223.6
Gross lending	4, 18, 19, 29	18 482.3	21 301.1
Write-down of loans	30	-269.6	-336.0
Net lending to customers	4, 18, 29	18 212.6	20 965.1
Investments in associated companies	23	25.1	26.4
Tangible assets	33	15.5	15.7
Intangible assets and goodwill	32	42.2	48.1
Deferred tax assets	17	83.6	175.7
Total assets		**35 040.9**	**37 937.0**

NOK MILLION	NOTE	2010	2009
Liabilities and equity			
Liabilities to credit institutions	5, 8, 18, 19	8 320.2	10 355.5
Deposits from and due to customers	5, 18, 19, 36	18 817.5	18 344.7
Other financial liabilities:			
Derivatives	4, 8, 18, 27	371.5	289.0
Commercial paper and bonds issued	5, 18, 19, 37, 38	4 022.8	4 853.5
Other liabilities	5, 18, 41	323.6	730.4
Provision for accrued expenses and liabilities	40	3.7	14.1
Pension liabilities	15	102.0	79.5
Subordinated loan capital	5, 18, 19, 39	790.1	960.4
Total liabilities		**32 751.4**	**35 627.2**
Share capital		960.6	960.6
Other paid-in share capital		156.0	156.0
Retained earnings		518.7	518.7
Minority interests		654.3	674.6
Total equity		**2 289.6**	**2 309.8**
Total liabilities and equity		**35 040.9**	**37 937.0**

Lysaker, 15 February 2011
Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Idar Kreutzer *Chairman*	Stein Wessel-Aas *Deputy Chairman*	Kristine Schei *Board Member*	Roar Thoresen *Board Member*
Maria Borch Helsengreen *Board Member*	Anne-Kristine Baltzersen *Board Member*	Heidi Storruste *Board Member*	Truls Nergaard *CEO*

CHANGES IN EQUITY

STOREBRAND BANK ASA

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN EQUITY	TOTAL PAID-IN EQUITY	REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
	PAID-IN EQUITY				OTHER EQUITY			
Equity at 31.12.08	**916.6**		**400.3**	**1 316.9**	**23.7**	**733.3**	**757.0**	**2 073.9**
Profit for the period						30.5	30.5	30.5
Pension experience adjustments					5.5		5.5	5.5
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**5.5**	**0.0**	**5.5**	**5.5**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**5.5**	**30.5**	**35.9**	**35.9**
Equity transactions with owners:								
Capital increase paid in	44.0	156.0		200.0				200.0
Group contribution received			118.4	118.4				118.4
Provisions for group contribution						-118.4	-118.4	-118.4
Equity at 31.12.2009	**960.6**	**156.0**	**518.7**	**1 635.3**	**29.2**	**645.3**	**674.6**	**2 309.8**
Profit for the period					-13.6	34.3	20.7	20.7
Pension experience adjustments								
Total other comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**-13.6**	**34.3**	**20.7**	**20.7**
Equity transactions with owners:								
Provision for group contribution						-50.0	-50.0	-50.0
Change in group contribution received 2009						55.1	55.1	55.1
Change in provision for group contribution 2009						-46.0	-46.0	-46.0
Equity at 31.12.2010	**960.6**	**156.0**	**518.7**	**1 635.3**	**15.6**	**638.7**	**654.3**	**2 289.6**

The entire share capital of NOK 960.6 million made up of 64,037,183 shares (of nominal value NOK 15) is owned by Storebrand ASA.

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly on the statement of financial position. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium reserve 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.

Storebrand Bank ASA pays particular attention to the active management of equity in the banking 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 must be procured by the holding company Storebrand ASA.

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

The company's goal is to achieve a core (tier 1) capital ratio of 10% over time. In general, the equity of the company 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 company's fulfilment of the capital requirements, see note 44.

CASH FLOW STATEMENT

1 January - 31 December

NOK MILLION	NOTE	2010	2009
Cash flow from operations			
Receipts of interest, commissions and fees from customers		988.0	1,436.6
Payments of interest, commissions and fees to customers		-474.0	-592.5
Net disbursement/payments on customer loans		2 799.4	6 182.1
Net receipts/payments of deposits from banking customers		453.9	31.1
Net receipts/payments - securities at fair value		1 557.8	-4 468.3
Payments - taxes		5.6	5.7
Payments of operating costs		-324.9	-348.5
Net receipts/payments on other operating activities		-91.3	138.9
Net cash flow from operating activities		**4 914.5**	**2 385.0**
Cash flow from investment activities			
Net payments on purchase/capitalisation of subsidiaries		-52.2	-823.1
Net payments on purchase/sale of fixed assets etc.		-19.7	-21.1
Net cash flow from investment activities		**-71.9**	**-844.2**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt		-1 527.8	-5 209.6
Receipts - new loans and issuing of bond debt		699.8	954.0
Payments - interest on loans		-435.6	-540.5
Payments - repayments of subordinated loan capital		-175.0	0.0
Payments - interest on subordinated loan capital		-34.6	-36.9
Net receipts/payments of liabilities to credit institutions		-2 039.3	3 789.7
Receipts - issuing of share capital and other equity			200.0
Receipts - group contribution		200.1	24.9
Payments - group contribution / dividends		-211.9	-13.0
Net cash flow from financing activities		**-3 524.3**	**-831.4**
Net cash flow in period		**1,318.2**	**709.4**
Net cash flow in period		1 318.2	709.4
Cash and bank deposits at the start of the period for new companies		2 688.4	1 979.0
Cash and bank deposits at the end of the period		**4 006.7**	**2 688.4**
Cash and deposits with central banks	20	164.7	368.4
Loans to and deposits with credit institutions	21	3 842.0	2 320.0
Total cash and bank deposits in the statement of financial position		**4 006.7**	**2 688.4**

The cash flow analysis shows the company'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 company will be classified as operational.

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 group contribution are financial activities.

Cash/cash equivalents
Cash/cash equivalents are defined as claims on central banks and lending to and claims on financial institutions. Last year's figures have been restated in accordance with this definition.

NOTES TO THE ACCOUNT

Note 1: Accounting policies

The accounting policies used in the unconsolidated financial statements of Storebrand Bank ASA are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Basic policies
- The unconsolidated financial statements of Storebrand Bank ASA are prepared in accordance with the Accounting Act and section 1-5 of the annual accounts regulations for banks, financial undertakings, etc. that deal with the simplified application of EU-approved International Financial Accounting Standards (IFRS), as well as the additional Norwegian information requirements that follow from the Accounting Act, the annual accounts regulations for banks, financial undertakings, etc and the Securities Trading Act (hereafter referred to as simplified IFRS).
- Simplified IFRS permits recognition to profit and loss of provisions for dividend and group contribution, and allows the Board of Director's proposal for dividend and group contribution to be recognized as a liability on the balance sheet date. The full application of IFRS stipulates that dividend and group contribution must remain part of equity until approved by the company's general meeting. Other than this, simplified IFRS requires the use of the same accounting principles as the full application of IFRS.

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 the financial statements and information on potential liabilities. The final values realised may differ from these estimates. See note 2 for further information about this.

No changes to the accounting policies were made in 2010.

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

The company has not made any changes in applied accounting policies 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 not had an effect on the company's financial reporting as per 31 December 2010.

Summary of central accounting policies for important balance sheet items
The assets side of the balance sheet primarily consists of financial instruments. The majority of the financial instruments fall into the category "Lending and receivables" and are stated at amortised cost, while other financial instruments are stated at fair value. The liabilities side of the company's balance sheet primarily consists of financial instruments (liabilities). With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost.

The accounting policies are described in more detail below.

Goodwill
Goodwill acquired through interests in associated companies is included in the investment in the associated company and is tested as part of the value of the write-down recognized in the investment.

Goodwill is not amortised, but is tested annually for impairment. If the relevant dicounted 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 business in the group include the goodwill related to the business 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 useable lifetimes are valued at acquisition cost reduced by 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.
Straight-line depreciation is applied over the following periods:

IIT systems 3 - 8 years

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 intangible asset in question. This also applies to the disposal value.

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.

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 Bank 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 valued at fair value. First time recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a 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 statement of financial position 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, loans and receivables as well as financial liabilities not at fair value in the profit and loss account, are valued 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 are objective signs 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 (i.e. the 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)
- loans and receivables

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 Bank'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 Bank'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.

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 valued 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.

Derivatives
Definition of a derivative
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, 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 for hedging
Fair value hedging
Storebrand Bank uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives that fall within this category are recognised at fair value in the profit and loss account, while changes in the value of the hedged item that relate to the risk hedged are applied to the book value of the item and are recognised in the profit and loss account.

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

Structured products
Storebrand Bank has issued equity index linked bonds. These products principally comprise the issue of a bond and the sale of an equity index option. At the time of issue, the equity index option is measured at fair value since the option is a derivative that is not closely related to the bond issue. The bonds issued are simultaneously measured at amortised cost. No gain is recognised in respect of structured gains at the time of issue (“day 1 gains”).

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

Pension liabilities for own employees
Storebrand Bank'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.

Estimate deviations and the effect of changed assumptions are recognised in total comprehensive income in the period they occur. 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 pension liability and in experience adjustments shown in total comprehensive income.

Storebrand Bank has both insured and uninsured pension arrangements. The insured scheme in Norway is insured with Storebrand Livsforsikring AS.

Tangible fixed assets
The company's tangible fixed assets comprise equipment, fixtures and fittings, vehicles and IT systems.

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

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. 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 statement of financial position 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 charge 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 recorded 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.

Note 2: 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.

In general the following factors will often play a key role in the generation of the result:
- Development of interest rate and equity markets
- Risk management, and changes to the assets' composition over the year
- Development of the real estate market
- Development of costs

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

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.

Please also refer to note 8 in which the valuation of financial instruments is described in more detail.

Financial instruments valued at amortised costs 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. In the case of banking group lending, both individual and group write-downs are used. Group write-downs on lending are calculated separately for commercial and retail loans. 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.

Intangible assets

Goodwill and intangible assets with undefined usable lifetimes are tested for impairment annually. 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.

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 (IAS 19).

Note 3: Risk Management

Storebrand Bank ASA is affected by credit risk, liquidity risk, market risk, operational risk and compliance risk. The company's risk strategy forms the basis for the management of the forms of risks through policies aimed at achieving the bank's desired risk profile. The risk strategy is set by the board and updated at least once a year.

The Risk Management unit prepares a monthly risk report in which all forms of risk are monitored in relation to their respective policies. The risk report is considered by the balance sheet management committee and the bank's board.

Note 4: Credit risk

The risk of losses resulting from a custmer's liability or underwillingness to fulfill its obligations. Covers the risk of the collateral being less effective than expected (residual risk) and concentration risk. Credit risk includes counterparty risk.

Risk management

The risk strategy establishes overall limits for how much credit risk the bank group is willing to accept. The willingness to accept risk is tailored to the bank's risk appetite and risk profile, solvency, profitability, liquidity and growth targets, as well as the bank's strategy otherwise, including equity requirements for credit activities. At a more detailed level the bank's risk strategy will provide limits for the bearing elements of credit policies for the Corporate Market and Retail Market business areas. Credit policies describe general principles for granting credit. The policy for Corporate Market is also linked to special areas such as development projects within commercial property and concentration risk. The bank group's routines for credit management are set forth in credit handbooks for Corporate Market and Retail Market. The credit handbooks were primarily written for customer account managers and others who participate in the credit approval process. The credit handbook contains common guidelines (or rules) for credit activities in the bank group and is intended to ensure comprehensive and consistent credit approval processes. The credit handbooks and approved routines stipulate specific criteria for monitoring non-performance, loan covenants, loss assessments and annual commitment reviews. Furthermore, models for risk classification ensure uniform portfolio risk assessments and reporting risk trends. Specialist functions have been established for depository, establishing loans and managing the customer portfolio.

Treasury is exposed to credit risk in relation to its counterparties in the investment portfolio. The permitted counterparties and portfolio composition are described in the investment policy and counterparty risk policy for Storebrand Bank ASA. Counterparty risk associated with trading in financial derivatives with customers as counterparties is included in credit risk. The credit handbook for Corporate Market describes how the commitment for permitted financial derivatives is calculated. Markets secures customer derivative trades by carrying out offset transactions in derivatives. These transactions entail counterparty risk. The derivatives policy stipulates the financial derivatives the bank can trade.

Risk control

The bank's risk reporting provides the bank's management with continuous information about the development of the bank's credit risk in relation to target risk.
The most important control of credit risk is carried out and administered by the Credit Control unit which:

- Bears ongoing responsibility for ensuring routines in the credit areas conform to the approved risk profile and are being abided by in day-to-day work.
- Participates in credit meetings in Corporate Market and checks the formalities in all credit cases. This includes the credit mandates, analyses, correct use of routines, compliance with strategy and balance between risk and earnings potential.

Note 4: Credit risk *Continued*

- Ensures adequate risk classification systems in the credit areas are in place and being used consistently.
- On an independent basis identifies, checks and reports credit risk.
- Checks that loss assessments and loss reporting in the bank comply with routines and ensures correct reporting and monitoring for non-performing and loss-exposed commitments.
- Ensures the checking and approval of monthly granting records in Corporate Market and the preparation of reports for the board.
- Assesses the need for and proposes updates to the credit handbooks for Corporate Market and Retail Market and routine handbook for Corporate Market, and recommends changes to the head of finance and economy. Ensures that the updates conform to the bank's risk profile, risk strategy and business strategy in the two credit areas.
- Makes suggestions regarding the internal audit plan for the two credit areas.
- As required, supports external auditors' reviews of the credit process in the two business areas.

Customer exposure due to trading financial derivatives with customers is continuously reported by Markets to Corporate Market and price performance is monitoring against the commitment, approved line and breach clauses. Middle Office carries out its own spot checks of this reporting. Middle Office also checks whether or not equity trading credit customers are within their applicable limits. Back Office in Markets monitors these customers continuously. Trades carried out by Treasury with counterparties are checked by Middle Office against special routines and job descriptions.

Analysis of credit risk by type of financial instrument

	MAXIMUM CREDIT EXPOSURE	
NOK MILLION	2010	2009
Liquidity portfolio	10 260.6	11 402.8
Total commitments customers [1])	20 629.2	23 330.0
Equity options		4.1
Interest rate swaps	417.5	340.2
Forward foreign exchange contracts	52.5	42.6
Total	**31 359.8**	**35 119.6**
[1]) Of which net loans to and amounts due form customers measured at fair value:	673.1	758.3

The amounts stated for the various financial instruments constitute the value recognised in the balance shett, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees.

Credit risk liquidity portfolio

Credit risk per counterparty
Short-term holdings of interest-bearing securities
Issuer category

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUE
Sovereign and Government Guaranteed	903.6					903.6	2 101.4
Credit bonds	65.5	102.2	252.2	20.0		440.0	1 936.6
Mortage and asset backed bonds	8 465.9	451.2				8 917.1	7 364.8
Total	**9 435.0**	**553.4**	**252.2**	**20.0**	**0.0**	**10 260.6**	**11 402.8**

Rating classes are based on Standard & Poors.

Change in vaule:							
Total change in value balance sheet	1.4	3.0	1.9			6.3	28.2
Change in vaule recognised in the profit and loss during period	-15.2	-0.4	-5.9	-0.3	-0.1	-21.8	42.9

Credit risk on loans to and deposits with credit institutions and central bank

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUEI
Norway	164.7					164.7	368.4
Total deposits with central bank	**164.7**	**0.0**	**0.0**	**0.0**	**0.0**	**164.7**	**368.4**
Norway	3 422.0	420.0				3 842.0	2 320.0
Total loans to and deposits with credit institutions	**3 422.0**	**420.0**	**0.0**	**0.0**	**0.0**	**3 842.0**	**2 320.0**
Total loans to and deposits with credit institutions and central bank	**3 586.7**	**420.0**	**0.0**	**0.0**	**0.0**	**4 006.7**	**2 688.4**

Continues next page

Note 4: Credit risk *Continued*

Credit exposure for lending activities
Corporate market
Lending to the corporate market amounted to around NOK 9.7 billion. There is also around NOK 600 million in unused credit facilities and about NOK 300 million in guarantees. Lending of around NOK 3 billion, which has been syndicated to Storebrand Livsforsikring AS, is being also managed.

About 70 per cent of total loans of Corporate market in the parent bank, are for income generating real estate. Just under 20 per cent are for building projects. Less than 5 per cent of the portfolio is secured by collateral other than real estate. The portfolio's collateral is principally investment/commercial properties.

Mortgages for more than NOK 800 million 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. More than NOK 400 million was granted in Oslo and around NOK 400 million in Bergen and Stavanger.

Around 26 per cent of the balance is for group debtors, whose commitments total more than NOK 200 million. Group debtors are defined pursuant to the definition in the regulations that apply to major commitments. 24 per cent of the balance is against group debtors, whose commitments total just under NOK 50 million. 50 per cent of the lending is to customers with consolidated exposure of between NOK 50 million and NOK 200 million. The bank has 11 group debtors whose commitments total more than NOK 200 million and 63 group debtors with total lending of between NOK 50 million and NOK 200 million. Large commitments have been reduced in recent years.

The bank's exposure is secured by mortgages located in Oslo equivalent to 75 per cent. The remaining lending is against collateral primarily located around Oslo and some in the Bergen and Stavanger areas.

The mortgages are stated at market value in addition to own valuations based on yield assessments. In addition to this around 70 per cent of the mortgage objects were appraised externally upon the establishment of Storebrand Eiendomskreditt AS in autumn 2008. Transfers of loans to Storebrand Eiendomskreditt AS require external valuations.

A classification model is used for borrowers in the real estate sector in order to determine their debt service capacity. The model comprises both qualitative and quantitative elements. The qualitative element systematically evaluates the qualitative factors of the project and the borrower that are deemed important. The factors evaluated include management, structure, board of directors, history, market, political risk, and tenants.

The quantitative element is evaluated differently for building loans and debt instrument loans. Building loans are evaluated on the basis of the contingency reserve for unforeseen costs, sales buffer, off-plan sales, and project management.
Debt instrument loans are evaluated quantitatively by means of cash flow analysis and various key figures. Cash flow is calculated over the lifetime of the project.
Risk classification for lending to corporate customers takes the form of credit scores on a scale of 1 to 5, where 1 represents the best score. The first score is for the borrower's ability to pay (debt servicing capacity). The second score is for the quality of the collateral (collateral ratio/loan-to-collateral value ratio).
Storebrand Bank classifies all corporate market customers and selected retail customers (including private investors, etc) in order to identify risk in the bank's lending portfolio. The commitments are classified both when first established and whenever changes are made. Corporate market customers are also reclassified annually or as required. The classifications thus provide a picture of the current risk exposure in the portfolio at any given time.

The greatest risk for the instalment loans/debt instrument loans is the tenant risk. In the case of building loans the two greatest risks are associated with building costs and off-plan sales. These are closely monitored by the bank.

Arround 80 per cent of loans that are performing or are not in arrears have a loan-to-collateral value ratio lower than 80 per cent. Around 90 per cent of the loans have a loan-to-collateral value ratio lower than 90 per cent. Other new lending largely has a loan-to-collateral value ratio significantly lower than 100 per cent.

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.

The volume of non-performing and loss-exposed loans without impairment is small. These loans are well collateralised and the loan-to-collateral value ratio is lower than 90 per cent for commitments with the highest loan-to-collateral value ratio.

In the case of non-performing and loss-exposed loans with impairment, the collateral is considered insufficient. The write-downs that have been carried out take into the fact that the collateral does not cover the commitments and other costs associated with the non-performance and loss-exposure. The losses that have been recognised are regarded as sufficient. As per today, the bank does not believe that new losses will arise due to these customers.

In the event of non-performance the bank will sell the collateral or take over the assets if this is most appropriate. This is most relevant in the case of development projects. The parent bank's current portfolio contains two taken over commitments. These commitments total NOK 71 million and are classified by the parent bank as non-performing and loss-exposed loans with impairment. The provisions that have been made are considered sufficient.

Continues next page

Note 4: Credit risk *Continued*

Retail Market
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 loans in the retail market are essentially secured by residential property mortgages. There is about NOK 8.2 billion in lending to housing commitments with a further around NOK 600 million in unused credit facilities. The total commitment in housing commitments is thus around NOK 8.8 billion.

The average weighted loan-to-collateral value ratio in the bank group is around 67 per cent for residential mortgages, around 76 per cent of residential mortgages are within an 80 per cent loan-to-collateral value ratio and around 90 per cent are within a 90 per cent loan-to-collateral value ratio. Around 35 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.

The collateral for non-performing loans without impairment for retail customers is essentially good. The average loan-to-collateral ratio for these loans is 69 per cent. Residential mortgages accounted for around NOK 200 million of the volume of non-performing and loss-exposed loans. Around NOK 160 million of the loans have a loan-to-collateral value ratio lower than 80 per cent, and around NOK 185 million have a loan-to-collateral value ratio lower than 90 per cent. The collateral for residential mortgages that are between 1 and 90 days past due is also good. The collateral is sold in the retail market. It is not taken over by the bank. Around NOK 160 million has been drawn in the credit card portfolio and the unused credit facilities amount to around NOK 550 million. Around NOK 130 million has been drawn in overdrafts and the unused facilities amount to around NOK 340 million.

Commitments per customer group 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES 1)	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Development of building projects	994.8	59.2	4.3	1 058.3
Sale and operation of real estate	7 099.3	258.5	584.0	7 941.8
Service providers	759.5	7.1	11.1	777.6
Wage-earners	9 380.1	1.2	1 469.1	10 850.4
Other	248.5	3.9	18.3	270.7
Total	**18 482.3**	**329.8**	**2 086.7**	**20 898.8**
Write-downs of individual loans	-187.6			-187.6
Write-downs of groups of loans	-82.0			-82.0
Total loans to and due from customers	**18 212.6**	**329.8**	**2 086.7**	**20 629.2**

1) Guarantees include NOK 65 million in undrawn credit limits.

Commitments per customer group 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES 1)	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Development of building projects	1 290.8	127.1	149.2	1 567.1
Sale and operation of real estate	5 828.4	159.2	120.5	6 108.1
Service providers	988.4	2.5	3.6	994.5
Wage-earners	12 912.2	1.2	1 516.0	14 429.4
Other	281.3	40.5	15.2	337.0
Total	**21 301.1**	**330.4**	**1 804.5**	**23 436.1**
Write-downs of individual loans	-229.9			-229.9
Write-downs of groups of loans	-106.1			-106.1
Total loans to and due from customers	**20 965.1**	**330.4**	**1 804.5**	**23 100.1**

1) Guarantees include NOK 82.7 million in undrawn credit limits.

The classification into customer groups is based on Statistics Norway's standard for sector and business classification.
The individual customer's classification is determined by the customer's primary activity.

Continues next page

Note 4: Credit risk *Continued*

Average volume of total commitments per customer group 2010

NOK MILLION	AVERAGE VOLUME LOANS TO AND DUE FROM CUSTOMERS	AVERAGE VOLUME GUARANTEES	AVERAGE VOLUME UNDRAWN CREDIT LIMITS	AVERAGE VOLUME TOTAL COMMITMENTS
Development of building projects	1 142.8	93.1	76.7	1 312.7
Sale and operation of real estate	6 463.9	208.8	352.2	7 024.9
Service providers	874.0	4.8	7.3	886.1
Wage-earners	11 146.1	1.2	1 492.5	12 639.9
Other	264.9	22.2	16.8	303.8
Total	**19 891.7**	**330.1**	**1 945.6**	**22 167.4**

Average volume of total commitments per customer group 2009

NOK MILLION	AVERAGE VOLUME LOANS TO AND DUE FROM CUSTOMERS	AVERAGE VOLUME GUARANTEES	AVERAGE VOLUME UNDRAWN CREDIT LIMITS	AVERAGE VOLUME TOTAL COMMITMENTS
Development of building projects	1 565.2	126.8	112.3	1 804.3
Sale and operation of real estate	7 786.7	185.2	282.8	8 254.7
Service providers	1 294.2	37.7	11.9	1 343.8
Wage-earners	15 309.3	1.1	1 736.4	17 046.8
Other	277.7	4.5	12.8	295.0
Total	**26 233.1**	**355.3**	**2 156.2**	**28 744.6**

Given the relatively even development of the balance sheet and changes to business codes in 2010, the average of 31 December 2010 and 31 December 2009 is a best estimate for the average of the portfolio.

Commitments per geographical area 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARAN-TEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVI-DUAL LOANS	NET NON-PER-FORMING LOANS
Eastern Norway	16 005.7	329.4	1 734.2	18 069.3	172.5	372.1	544.6	155.3	389.3
Western Norway	1 315.4	0.2	220.0	1 535.5	42.7	10.4	53.0	5.9	47.2
Southern Norway	140.6		35.3	175.9	0.6		0.6		0.6
Mid-Norway	615.3		40.3	655.6	5.1	0.3	5.3	0.3	5.1
Northern Norway	209.2	0.3	40.7	250.1	5.3		5.3		5.3
Foreign	196.2		16.3	212.5	0.4	25.6	26.0	26.1	-0.2
Total	**18 482.3**	**329.8**	**2 086.7**	**20 898.8**	**226.6**	**408.3**	**635.0**	**187.6**	**447.4**

Commitments per geographical area 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARAN-TEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING AND LOSS-EXPOSED LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVI-DUAL LOANS	NET NON-PER-FORMING LOANS
Eastern Norway	17 689.9	330.2	1 439.6	19 459.7	176.2	675.8	852.0	182.0	670.0
Western Norway	1 955.8	0.2	230.9	2 186.9	50.5	20.1	70.6	9.2	61.4
Southern Norway	245.5		39.3	284.8	3.9	8.6	12.5	4.6	7.9
Mid-Norway	819.7		43.1	862.8	10.0	3.6	13.6	1.7	11.9
Northern Norway	381.8		38.3	420.1	9.2	13.1	22.3	4.2	18.1
Foreign	208.4		13.2	221.6	5.8	27.8	33.6	28.1	5.5
Total	**21 301.1**	**330.4**	**1 804.5**	**23 436.0**	**255.7**	**749.0**	**1 004.7**	**229.9**	**774.8**

Continues next page

Note 4: Credit risk *Continued*

Total engagement amount by remaining term to maturity 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	35.1	47.7	7.2	90.0
1 - 3 months	237.8	0.2	15.4	253.5
3 months - 1 year	1 435.6	35.9	312.5	1 784.0
1 - 5 years	4 990.5	246.1	1 306.6	6 543.2
More than 5 years	11 783.2		445.1	12 228.2
Total	**18 482.3**	**329.8**	**2 086.7**	**20 898.8**

Total engagement amount by remaining term to maturity 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	172.8	28.9	8.0	209.7
1 - 3 months	613.9	39.3	34.5	687.7
3 months - 1 year	1 547.2	27.9	126.1	1 701.2
1 - 5 years	2 273.6	191.4	339.2	2 804.2
More than 5 years	16 693.6	42.9	1 296.7	18 033.3
Total	**21 301.1**	**330.4**	**1 804.5**	**23 436.0**

Age distribution of overdue engagements without write-downs 2010

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	487.1	0.0	3.9	491.1
Overdue 31 - 60 days	106.4	1.3	0.5	108.2
Overdue 61- 90 days	19.5		0.1	19.6
Overdue more than 90 days	223.1		3.5	226.6
Total	**836.2**	**1.3**	**8.1**	**845.6**
Engagements overdue by more than 90 days by geographical area:				
Eastern Norway	169.7		2.8	172.5
Western Norway	42.1		0.5	42.7
Southern Norway	0.6			0.6
Mid-Norway	5.0			5.1
Northern Norway	5.3			5.3
Foreign	0.4			0.4
Total	**223.1**	**0.0**	**3.5**	**226.6**

Age distribution of overdue engagements without write-downs 2009

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	2 082.5		21.3	2 103.8
Overdue 31 - 60 days	110.0		0.6	110.6
Overdue 61- 90 days	23.5		0.2	23.7
Overdue more than 90 days	254.1		1.5	255.7
Total	**2 470.2**	**0.0**	**23.6**	**2 493.7**
Engagements overdue by more than 90 days by geographical area:				
Eastern Norway	175.1		1.1	176.2
Western Norway	50.2		0.3	50.5
Southern Norway	3.9			3.9
Mid-Norway	9.9			10.0
Northern Norway	9.2		0.1	9.2
Foreign	5.8			5.8
Total	**254.1**	**0.0**	**1.5**	**255.7**

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Note 4: Credit risk *Continued*

Only non-performing and loss-exposed loans are classified by geographical area in this overview. The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

Engasjementer vurderes som misligholdt
- The definition of non-performing and loss exposed was changed in Q4 2009. Commitments are regarded as non-performing and loss exposed:
- when a credit facility has been overdrawn for more than 90 days
- when a repayment loan has arrears older than 90 days
- when a credit card has arrears older than 90 days and the credit limit has been overdrawn. If a repayment plan has been agreed with the customer and is being adhered to, the overdraft is not regarded a non-performance.

When one of the three situations described above occurs, the commitment and the rest of the customer's commitments are regarded as non-performing and loss exposed. The number of days is counted from when the arrears exceed NOK 2,000.
The account is given a clean bill of health when there are no longer any arrears. The amount in arrears at the time of reporting can be less than NOK 2,000.

Credit risk per customer group 2010

NOK MILLION	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PERFORMING LOANS	TOTAL WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS DURING PERIOD
Development of building projects	18.3		18.3	23.8	-5.4	4.2
Sale and operation of real estate	225.6		225.6	48.5	177.0	-39.5
Service providers	4.1	6.5	10.6	4.4	6.2	-4.2
Wage-earners	134.5	219.7	354.2	84.6	269.7	-5.4
Other	25.8	0.4	26.2	26.4	-0.2	2.7
Total	**408.3**	**226.6**	**635.0**	**187.6**	**447.4**	**-42.3**

Credit risk per customer group 2009

NOK MILLION	NON-PERFORMING LOANS WITHOUT EVIDENCE OF IMPAIRMENT	NON-PERFORMING LOANS WITH EVIDENCE OF IMPAIRMENT	GROSS NON-PERFORMING LOANS	TOTAL WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS DURING PERIOD
Development of building projects	17.5		17.6	19.6	-2.0	9.3
Sale and operation of real estate	537.0	2.5	539.5	88.0	451.5	-27.3
Service providers	8.2		8.2	8.6	-0.4	2.3
Wage-earners	162.8	246.4	409.1	89.9	319.2	-19.9
Other	23.5	6.7	30.2	23.7	6.5	2.9
Total	**749.0**	**255.7**	**1,004.7**	**229.9**	**774.8**	**-32.7**

Taken over mortgaged assets
In the event of non-performing loans Storebrand Bank ASA will sell the collateral or take over the assets if this is most appropriate. The bank has two taken over assets at the end of 2010. The commitments applies to development of building projects and amount to NOK 71 million. The commitments are classified as non-performing loans with evidence of impairment. The individual write-downs which have been made, are considered as sufficient.

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Note 4: Credit risk *Continued*

Financial assets at fair value through profit and loss (FVO)

	LENDING TO CUSTOMERS		LIQUIDITY PORTFOLIO	
NOK MILLION	2010	2009	2010	2009
Book value	673.1	758.3	10 260.6	11 402.8
Maximum exposure to credit risk	673.1	758.3	10 260.6	11 402.8
Book value of related credit derivatives that reduce credit risk		0.0		0.0
This year's change in fair value of financial assets due to change in credi risk			-21.8	42.9
Accumulated change in fair value of financial assets due to change in credit risk			6.3	42.9
This year's change in their value of related credit derivatives				
Accumulated change in their valure of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account in accordance with the fair vaule option (FVO) the first time they are recognised in those cases another measurement would result in an inconsistency in the profit and loss account.

Financial liabilities at fair value through profit and loss (FVO)

NOK MILLION	2010	2009
Book value	5 855.9	7 014.4
Maximum exposure to credit risk		
Book value of related credit derivatives that reduce credit risk		
The year's change in fair value of liabilities due to changes in credit risk	7.3	10.4
Difference between book value of liabilities and contractual amount due at maturity	4.1	11.4
Accumulated change in fair value of liabilities due to changes in credit risk	7.3	10.4
Difference between book value of liabilities and contractual amount due at maturity	4.1	11.4

Credit risk derivatives

Credit risk per counterparty

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NIG FAIR VALUE	TOTAL 2010 FAIR VALUE	TOTAL 2009 FAIR VALUE
Great Britain						0.0	4.1
Norway		69.5		302.5		372.1	355.0
Sweden	82.3	12.7				95.0	31.2
Denmark		3.0				3.0	0.0
Total	**82.3**	**85.2**	**0.0**	**302.5**	**0.0**	**470.0**	**390.2**

Rating classes are based on Standard & Poors.

	AAA	AA	A	BBB	NIG	TOTAL 2010	TOTAL 2009
Change in value:							
Total change in value balance sheet	82.3	85.2		302.5		470.0	390.2
Change in value recognised in the profit and loss during period	82.3	-27.7	-62.5	302.5	-214.7	79.9	-486.8

Equity options, interest rate swaps, basis swaps and forward foreign exchange contracts
Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 5: Liquidity risk

The risk of the bank group, holding company or subsidiaries being unable to meet their obligations without incurring significant extra costs in the form of reduction in prices of assets which have to be sold or in the form of particularly expensive funding.

Risk management
The risk strategy establishes general limits for how much liquidity risk the bank group is willing to accept. The liquidity risk policy is based on the strategy and describes the principles for liquidity management and specifies stress testing, minimum liquidity reserves and funding indicators for measuring liquidity risk. In addition to this an annual funding strategy and funding plan are drawn up by the bank's Treasury department that set out the overall limits for the bank's funding activities.
Stress tests are used to illustrate the expected effects on the balance sheet and/or cash flows of various scenarios and are also used to set the bank's targets for minimum liquidity reserves. The stress tests assume the full utilisation of the limits set by the board. The actual risk bearing capacity is evaluated against the desired risk willingness based on the stress tests.

Every year the bank draws up a contingency plan to ensure the liquidity situation would properly managed in stressed periods. Stress tests are defined in the liquidity risk policy and the contingency plan is drawn up pursuant to the liquidity risk policy.

The treasury function in the bank's Markets department is responsible for the bank's liquidity management and Middle Office in the Risk Management unit monitors and reports on the utilisation of limits pursuant to the liquidity strategy.

Risk control
The risk control of the liquidity risk includes monthly reports of liquidity indicators and monitoring the development of the bank's maturity profile. Both parts are included in the management's continuous reporting to the board via risk reports and the CEO's business briefings. The monitored liquidity indicators are described in the risk strategy and liquidity policy. Middle Office checks trades carried out by Treasury afterwards to check the trades comply with the applicable policies.

Non-discounted cash flows - financial liabilties

NOK MILLION	0 - 6 MONTHS	6 - 12 MONTHS	1 - 3 YEARS	3 - 5 YEARS	MORE THAN 5 YEARS	TOTAL	BOOK VALUE
Liabilities to credit institutions	1 199.2	2 558.1	4 111.7	1 009.2		8 878.2	8 320.2
Deposits from and due to customers	18 657.2	160.3				18 817.5	18 817.5
Commercial paper and bonds issued	492.2	76.6	2 604.5	953.7	319.3	4 446.3	4 022.8
Other liabilities	323.6					323.6	323.6
Subordinated loan capital	12.6	120.8	441.0	291.0		865.4	790.1
Undrawn credit limits	2 086.7					2 086.7	
Lending commitments	816.6					816.6	
Total financial liabilities 2010	**23 588.1**	**2 915.9**	**7 157.2**	**2 253.9**	**319.3**	**36 234.4**	**32 274.2**
Derivatives related to funding 31.12.10	**-13.8**	**-4.2**	**-34.8**	**-20.9**	**-8.5**	**-82.2**	**79.5**
Total financial liabilities 2009	24 942.3	3 251.5	6 951.6	5 076.5	668.7	40 890.6	35 244.5

The amounts includes accrued interests.

The due overview included interest. Implicit forward interest rates based on the yield curve on 31 December 2010 are used to calculate interest costs for lending with FRN conditions. The due overview was set up using the ORM risk management system.

Specification of subordinated loan capital

NOK MILLION ISIN CODE	ISSUER	NET NOM. VALUE	CURRENCY	INTEREST	CALL-DATE	BOOK VALUE
Dated subordinated loan capital						
NO001034566	Storebrand Bank ASA	100.0	NOK	Floating	21.12.2011	100.1
NO001036427	Storebrand Bank ASA	250.0	NOK	Floating	05.05.2012	251.0
NO001040278	Storebrand Bank ASA	150.0	NOK	Floating	19.12.2012	150.3
Other subordinated loan capital						
NO00177116	Storebrand Bank ASA	9.3	NOK	Fixed	prepetual	9.3
Tier 1 hybrid capital						
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.2014	110.9
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.2014	168.5
Total subordinated loan capital 2010						**790.1**
Total subordinated loan capital 2009						960.4

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Note 5: Liquidity risk *Continued*

Specification of liabilites to credit institutions

NOK MILLION	2010	2009
Total liabilites to credit institutions without fixed maturity at amortised cost	**272.8**	**166.5**
F-loan:		
Maturity 2010		527.3
Maturity 2011	500.0	
Maturity 2012	1 012.1	1 009.0
Loan with floating interest rate:		
Maturity 2010		1 128.1
Maturity 2011	78.1	83.2
Maturity 2012	350.0	350.0
Maturity 2013	250.0	250.0
Accrued expenses	1.2	
Total liabilities to credit institutions with fixed maturity at amortised cost	**2 191.4**	**3 347.6**
Borrowings under the Norwegian Government's Swap arrangement:		
Maturity 2010		992.1
Maturity 2011	2 365.1	2 359.8
Maturity 2013	2 500.4	2 500.9
Maturity 2014	990.4	988.6
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	**5 855.9**	**6 841.4**
Total liabilities to credit institutions	**8 320.1**	**10 355.5**

As per 31 December 2010, the bank had only one current credit facility. A NOK 1,250 million term loan and revolving credit facility was signed in October 2010, of which NOK 500 million is a term loan and NOK 750 million a revolving credit facility.

The loan agreements contain standard covenants.
Storebrand Bank ASA was in compliance with all relevants terms in 2010.

Specification of commercial paper and bonds issued

NOK MILLION ISIN CODE	ISSUER	NET NOM. VALUE	CURRENCY	INTEREST	MATURITY	BOOK VALUEI
NO001059268	Storebrand Bank ASA	400.0	NOK	Fixed	28.02.2011	400.9
Total commercial paper						**400.9**
Bond loans						
NO001043982	Storebrand Bank ASA	310.0	NOK	Fixed	04.06.2015	336.1
NO001045553	Storebrand Bank ASA	327.0	NOK	Fixed	03.09.2012	341.5
NO001051323	Storebrand Bank ASA	300.0	NOK	Fixed	25.05.2016	314.8
NO001047340	Storebrand Bank ASA	408.0	NOK	Floating	21.11.2013	416.5
NO001049263	Storebrand Bank ASA	900.0	NOK	Floating	20.02.2012	904.2
NO001050777	Storebrand Bank ASA	548.0	NOK	Floating	30.04.2014	556.0
NO001059077	Storebrand Bank ASA	300.0	NOK	Floating	10.05.2013	301.2
NO001054848	Storebrand Bank ASA	500.0	SEK	Floating	26.01.2012	434.7
Total bond loans						**3 605.0**
Structured bond loans						
NO001035920	Storebrand Bank ASA	17.0	NOK	Zero coupon	23.05.2011	16.9
Total structured bond loans						**16.9**
Total commercial paper and bonds issued 2010						**4 022.8**
Total commercial paper and bonds issued 2009						4 853.5

The loan agreements contain standard covenants.
Storebrand Bank ASA was in compliance with all relevants terms in 2010.

Note 6: Market risk

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. Covers counterparty risk when trading financial instruments as well as equity, interest rate and currency risk.

Risk management
The risk strategy sets general limits for the management and control of the market risk primarily associated with the bank's long-term investments in equity instruments and fixed income securities. The bank is also exposed to a small degree of currency risk.

The market risk policies stipulate limits for the market risk the bank is willing to accept. The bank group's market risk is primarily managed and checked through daily monitoring of risk exposures in relation to the policy and continuous analyses of outstanding positions.

The exposure limits are reviewed and renewed by the board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements, as well as risk capacity and willingness.

Risk control
The Middle Office in the Risk Management unit is responsible for the ongoing, independent monitoring of market risk. The means of controlling market risk include monthly reports of the market risk indicators. Monthly reports for the individual portfolios are produced for the bank's balance sheet management committee and the board.

The monitored market risk indicators are described in the risk strategy, interest risk policy and currency risk policy.

In the event of market risk changes that occur during the first year, the affect on the result and equity will be as shown below based on the balance sheet as of 31 December 2010:

Effect on income

NOK MILLION	AMOUNT
Interest rate -1.5%	19.5
Interest rate +1.5%	-17.4

Effect on net profit/equity [1])

NOK MILLION	AMOUNT
Interest rate -1.5%	19.5
Interest rate +1.5%	-17.4

[1]) Before tax effect.

The note demonstrates 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. Account has been taken of the one-time effect such an immediate change in interest rates would have on the items recognised at fair value and hedging value and of the effects the change in interest rates would have on the result for the remainder of the interest rate duration period before the change in interest rate has income and cost related effects. The sensitivity calculation was carried out using the ORM risk management system.
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.

See also note 28 regarding foreign exchange risk.

Note 7: Operational risk

The risk of financial losses resulting from ineffective, inadequate or failing internal processes or systems, human error, external events or non-compliance with internal guidelines. Violations of the law and regulations could prevent the Group achieving its goals and this part of the compliance risk is covered by operational risk.

Risk management
Operational risk management and compliance with laws, regulations and internal rules are an integral part of the management responsibilities of all managers in the Storebrand Group. Risk assessments and internal control reporting are linked to a unit's ability to achieve its goals. Risk assessments are registered and documented in Easy Risk Manager (ERM).

Storebrand's Group Control unit is responsible for coordinating the risk assessment process and is ERM's system owner. The management structure for operational risk management conforms to the organisation of the group (corporate management model).

Storebrand Bank's operational risk is managed via the operational risk policy. Risk Management is responsible for monitoring operational risk in the bank.

Storebrand Bank's compliance officer is able to pull up risks defined as high with regard to breaches of external/internal regulations in ERM.

Risk control
If the risk assessment assumes the implementation of planned improvement measures, the measures must be documented and reported via ERM. Routines for any spot checks or other forms of regular quality control and the results from these must also be documented.

The work on operational risk is summarised each year in a report that is considered by the bank's board. The status of the operational risk measures is reported by the internal audit function and internal control review measures are also reported every six months to the chief risk officer in the Storebrand Group and to the Audit Committee as part of the management's reporting of internal control.

Middle Office in the Risk Management unit carries out numerous checks and reconciliations in connection with monthly, quarterly and annual financial statements in order to check and reduce operational risk.
In addition to this the bank's compliance officers, financial crime unit and internal auditor carry out spot checks within a number of the bank's most important work processes. The results of these are reported to the bank's management team and board.

Risk management
Storebrand Bank's compliance risk is managed through routines for the bank's compliance officer. Compliance risk is also managed by the compliance officer:

- Maintaining an overview of the law and regulations that apply at any given time and how responsibility for complying with these is allocated in the organisation.
- Monitoring that the company is complying with its obligations pursuant to the Securities Trading Act and pertinent regulations and other framework conditions.
- Regularly assessing the company's routines and guidelines in relation to the company's risk profile.
- Functioning as an internal adviser for employees with regard to compliance.

The compliance officer participates in the group's working group that meets regularly to exchange information, discuss common problems and draw up common routines.

Compliance risk

The risk the Group will incur public sanctions or financial losses as a result of a failure to comply with external and internal regulations

Risk control
The compliance officer is responsible for keeping the compliance log pursuant to special routines and carries out continuous spot checks in relation to compliance with own account trading regulations, MiFid regulations, etc. In order to be able to identify problem areas by gaining an overall overview of things that are going wrong internally, the bank introduced event reporting from and including 1 December 2010. Events have to be reported continuously to the compliance officer pursuant to special routines. The compliance officer is responsible for maintaining a log of reported events in a special events log. Reported events will be reviewed and dealt with in the bank's compliance forum in 2011. The events log will also provide line management with a very good basis for assessing/implementing measures that can reduce a unit's operational risk.

Note 8: Valuation of financial instruments at fair value

Specification of financial assets at fair value

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.12.2010	BOOK VALUE 31.12.2009
Shares		1.6		1.6	1.0
Lending to customers		673.1		673.1	758.3
Sovereign and Government Guaranteed	903.6			903.6	2 101.4
Credit bonds		440.0		440.0	1 936.6
Mortage and asset backed bonds		8 917.1		8 917.1	7 364.8
Total bonds	**903.6**	**9 357.1**	**0.0**	**10 260.6**	**11 402.8**
Equity derivatives				0.0	0.2
Interest rate derivatives		102.3		102.3	117.4
Currency derivatives		-3.9		-3.9	-16.4
Total derivatives	**0.0**	**98.5**	**0.0**	**98.5**	**101.2**
Derivatives with a positive fair value		470.0		470.0	390.2
Derivatives with a negative fair value		-371.5		-371.5	-289.0

Specification of financial liabilies at fair value

NOK MILLION	QUOTED PRICES	OBSERVABLE PRE-CONDITIONS	NON-OBSERVABLE PRE-CONDITIONS	BOOK VALUE 31.12.2010	BOOK VALUE 31.12.2009
Liabilities to credit institutions		5 855.9		5 855.9	6 841.4
Deposits from and due to customers		178.5		178.5	173.0

Changes between quoted prices and observable pre-conditions

NOK MILLION	AMOUNT
From quoted prices to observable pre-conditions	
From observable pre-conditions to quoted prices	

Storebrand Bank ASA 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 prices on boursed obtained via Reuters and Bloomberg. 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 dicount 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, exhcange rates, and volatilities that provide the basis for valuations are obtained from Reuters, Bloomberg and Norges Bank.

Storebrand Bank ASA 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 Storebrand 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 indentical assets in active markets
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 coverd 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 price 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, and non-standardised interest rate and currency derivatives are also classified as level 2.

Level 3: Financial instruments valued on the basis of information that is not observable pursuant to bye level 2
Investments classified as level 3 encompass investments in primarily unlisted/private companies. At year-end 2010, the Storebrand Bank Group had no investments classified at this level.

Note 9: Segment information

The management's segment reporting for Storebrand Bank is only done at a group level.

See note 9 under the Storebrand Bank Group.

Note 10: Net income from financial instruments

NOK MILLION	2010	2009
Net interest income		
Interest and other income on loans to and deposits with credit institutions	79.2	69.3
Interest and other income on loans to and due from customers	819.6	1 167.2
Interest on commercial paper, bonds and other interest-bearing securities	342.2	281.2
Other interest income and related income	8.1	11.7
Total interest income 1)	**1 249.0**	**1 529.4**
Interest and other expenses on debt to credit institutions	-288.2	-274.1
Interest and other expenss on deposits from and due to customers	-456.2	-607.2
Interest and other expenses on securities issued	-139.4	-234.4
Interest and expenses on subordinated loan capital	-31.8	-38.9
Other interest expenses and related expenses	-30.5	-60.8
Total interest expense 2)	**-946.2**	**-1 215.4**
Net interest income	**302.8**	**314.0**
1) *Of which total interest income on financial assets that are not at fair value through profit or loss*	*870.1*	*1 221.1*
2) *Of which total interest expenses on financial liabilities that are not at fair value through profit or loss*	*-725.8*	*-1 048.0*

Interest expense and changes in value of funding FVO:

NOK MILLION	2010	2009
Interest expense funding FVO	-220.4	-167.4
Changes in value of funding FVO	-7.3	15.9
Net expense funding FVO	**-227.7**	**-151.5**

Net income and gains from financial assets and liabilities at fair value:

NOK MILLION	2010	2009
Equity instruments		
Dividends received from equity investments	0.3	
Net gains/losses on realisation of equity investments	-0.1	2.3
Net change in fair value of equity investments	0.1	-0.2
Total equity investments	**0.3**	**2.1**
Commercial paper and bonds		
Realised gain/loss on commercial paper and bonds	-0.2	3.5
Unrealised gain/loss on commercial paper and bonds	-21.8	42.9
Total gain/loss on commercial paper and bonds	**-22.1**	**46.4**
Financial derivatives and foreign exchange		
Realised gain/loss on financial derivatives, held for trading	-1.7	2.7
Unrealised gain/loss on financial derivatives, held for trading	4.7	5.2
Total financial derivatives and foreigh exchange	**3.0**	**7.9**
Net income and gains from financial assets and liabilities at fair value	**-18.8**	**56.3**
Net gain/loss on financial assets at fair value through profit or loss:		
Financial assets designated at fair value upon initial recognition	-28.8	48.4
Financial assets classified as held for trading	17.1	-10.3
Changes in fair value of assets due to changes in credit risk	6.3	42.9
Net gain/loss on financial liabilities at fair value through profit or loss:		
Financial liabilities designated at fair value upon initial recognition	-7.3	15.9
Financial liabilities classified as held for trading		

Note 11: Net commission income

NOK MILLION	2010	2009
Fees related to banking operations	51.3	50.3
Commission from sale of group products	0.8	1.1
Commission from saving products	25.5	24.8
Commissions from stockbroking	5.1	5.9
Fees from loans	19.4	18.1
Other fees and commission receivable	2.3	4.0
Total fees and commissions receivable 1)	**104.5**	**104.3**
Fees and commssision payable relating to banking operations	-13.5	-15.4
Commission payable on saving products	-3.5	-2.0
Commission payable on stockbroking	-0.7	-0.5
Other fees and commission payable	-0.1	
Total fees and commissions payable 2)	**-17.8**	**-17.9**
Net commission income	**86.7**	**86.4**
1) *Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through profit or loass*	*55.1*	*55.0*
2) *Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through profit or loass*	*-13.5*	*-15.4*

Other fee and commission income and fee and commission expense are related to charges on services bought and sold.

Note 12: Other income

NOK MILLION	2010	2009
Loss on sale of subsidiaries	-0.2	
Write-downs of shares in subsidiaries	-11.4	
Receipts of group contribution from subsidiaries	87.9	81.7
Services sold to Storebrand Baltic UAB		0.7
Income from Markets	1.9	0.6
Loss on sale of loans to fair value		-13.5
Gain on sale of real estate		4.1
Other income	0.5	0.6
Total other income	**78.8**	**74.3**

Note 13: Remuneration of the auditor

Remuneration excluding value added tax:

NOK 1000	2010	2009
Statutory audit	428	860
Other reporting duties	181	324
Taxation advice	13	16
Other non-audit services	63	108
Total	**685**	**1 308**

All remuneration for statutory auditing concerns Deloitte AS.

Note 14: Operating expenses

NOK MILLION	2010	2009
Ordinary wages and salaries	92.1	93.6
Employer's social security contributions	15.8	16.3
Other staff expenses	15.6	23.2
Pension cost (see note 15)	17.9	18.8
Total staff expenses	**141.4**	**151.9**
IT costs	79.6	86.3
Printing, postage etc.	4.0	7.0
Travel, entertainment, courses, meetings	2.1	2.2
Other sales and publicity costs	0.9	1.5
Total general administration expenses	**86.7**	**96.9**
Depreciation fixed assets and intangible assets (see note 32 and note 33)	25.9	23.3
Contract personnel	7.4	26.0
Operating expenses on rented premises	13.6	16.9
Inter-company charges for services 1)	46.6	49.0
Fee regarding sale of loans to Storebrand Boligkreditt AS 2)	-11.8	23.9
Other operating expenses	23.1	20.5
Total other operating expenses	**104.9**	**159.6**
Total operating expenses	**332.9**	**408.4**

1) Services purchased from the group contain costs relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

2) The agreement concerning compensations was terminated in February 2010.

Note 15: Pensions

Employees of Storebrand Bank ASA are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pension payments from the this scheme come into effect from the pension age, which is 67. Pension payments between 65 and 67 and pensions in excess of 12G 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 of 31 December 2010, 12 G amounts to NOK 907,692. Pension rights are part of the group's collective employment agreement. The company has a duty to operate an occupational pension scheme pursuant to the Act on mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK MILLION	2010	2009
Present value of insured pension liability	142.1	117.0
Pension assets at fair value	-90.5	-82.4
Net pension liability/surplus for the insured schemes	51.6	34.6
Present value of uninsured pension liability	50.4	44.9
Net pension liabilities in the statement of financial position	**102.0**	**79.5**

Includes employer's NI contributions on net underfunded liabilities.

Continues next page

Note 15: Pensions *Continued*

Experience adjustments applied to equity

NOK MILLION	2010	2009
Year's change in experience adjustments included in equity after tax	-13.6	5.5
Accumulated experience adjustments included in equity	15.6	29.2

Changes in the net defined benefits pension liabilities in the period

NOK MILLION	2010	2009
Net pension liability at 01.01. incl. provision for employer's NI contribution	161.9	154.2
Net pension cost recognised in the period incl. rovision for employer's NI contribution	17.5	16.8
Interest on pension liabilities	6.9	6.4
Experience adjustments	12.4	-11.5
Pension paid	-4.7	-2.8
Reversed employer's NI contribution	-1.6	-1.3
Net pension liability at 31.12.	**192.5**	**161.9**

Change in the fair value of pension assets

NOK MILLION	2010	2009
Pension assets at fair value at 01.01.	82.4	74.0
Expected return	4.6	4.5
Experience adjustments	-6.5	-3.8
Premium paid	11.5	9.3
Pension paid	-1.5	-1.5
Net pension assets at 31.12.	**90.5**	**82.4**

Expected premium payments (pension assets) in 2011: NOK 11.5 million.

Pension assets are based on the financial assets held by Storebrand Livsforsikring composed as of 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 %	39 %
Commercial paper	2 %	1 %
Other short-term financial assets	3 %	2 %
Total	**100 %**	**100 %**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring.
The book (realised) return on the assets was 4.7 % in 2010, 5.0 % in 2009 and 2.0 % in 2008.

Net pension cost booked to profit and loss account specified as follows:

NOK MILLION	2010	2009
Current service cost including employer's NI contributions	17.5	16.8
Interest on pension liabilities	6.9	6.4
Expected return on pension assets	-4.6	-4.5
Correction for pension cost included earlier years	-1.9	
Net pension cost booked to profit and loss account in the period	**17.9**	**18.8**

Net pension cost includes nation insurance contributions and is included in operating expenses. See note 14.

Continues next page

Note 15: Pensions *Continued*

Main assumptions used when calculating net pension liability at 31.12.

NOK MILLION	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	3.8 %	4.0 %
Expected annual increase in pensions payment	2.0 %	2.0 %
Disability table	KU	KU
Mortality table	K2005	K2005

Standardised assumptions on mortality/disability and other demographic factors as produced by the Norwegian Financial Services Association. Average employee turnover rate of 2 - 3% of entire workforce.
The disability table was developed by Storebrand Livsforsikring AS.

Net pension liability at 31.12.

NOK MILLION	2010	2009	2008	2007	2006
Discounted current value of defined benefit pension liabilities	192.5	161.9	154.2	147.6	146.1
Fair value of pension assets	90.5	82.4	74.0	78.1	76.0
Deficit (surplus)	**102.0**	**79.5**	**80.1**	**69.5**	**70.1**
Fact based adjustments liabilities	-6.4	-4.6	-23.7		
Fact based adjustments pension assets	6.5	-3.8	-16.4		

Sensitivity analysis pension calculations

NOK MILLION	2010	
Change in discounting rate	1 %	-1%
Percentagewise change in pension:		
Pension liabilities	-19.0 %	26.0 %
The period's net pension costs	-21.0 %	30.0 %

The pension liabilities are specifically sensitive to changes in the discounting rate. A reduction in discounting rate seen in isolation would result in an increase in the pension liabilities.

Note 16: Losses on loans and guarantees

NOK MILLION	2010	2009
Write-downs of loans and guarantees for the period		
Change in individual write-downs for the period	42.3	32.5
Change in grouped write-downs for the period	24.1	-18.4
Other corrections to write-downs	-2.4	-9.9
Change in individual write-downs on guarantees for the period 1)		
Realised losses in period on commitments specifically provided for previously	-102.9	-92.1
Realised losses on commitments not specifically provided for previously	-1.1	-0.3
Recoveries on previously realised losses	4.7	8.0
Write-downs of loans and guarantees for the period	**-35.3**	**-80.1**
Interest recognised to profit on loans subject to write-downs	17.2	7.4

Note 17: Tax

TAX CHARGE FOR THE YEAR

NOK MILLION	2010	2009
Tax payable for the period		46.0
Changes in deferred tax/deferred tax asset	45.7	-35.2
Total tax cost	**45.7**	**10.9**

Reconciliation of expected and actual tax charge

NOK MILLION	2010	2009
Ordinary pre-tax profit	80.0	41.3
Expected tax on income at nominal rate	22.4	11.6
Tax effect of:		
Realised shares	0.1	0.4
Associated companies	-0.4	-0.5
Permanent differences	-0.4	-0.6
Change of tax assessment earlier years	24.0	
Total tax charge	**45.7**	**10.9**
Tax payable		
- tax effect of group contribution paid		
Tax payable in the statement of financial position	**0.0**	**0.0**

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

NOK MILLION	2010	2009
Tax increasing timing differences		
Operating assets	4.2	10.8
Financial instruments	26.5	50.7
Total tax increasing timing differences	**30.7**	**61.5**
Tax reducing timing differences		
Pensions	-102.0	-79.5
Provisions	-8.2	-24.5
Financial instruments	-2.6	-585.0
Total tax reducing timing differences	**-112.8**	**-689.0**
Losses/allowances carried forward	-216.6	
Net base for deferred tax/tax assets	-298.7	-627.5
Net deferred tax/tax asset in the statement of financial position	**83.6**	**175.7**

Analysis of tax payable and deferred tax applied to equity

NOK MILLION	2010	2009
Pension experience adjustments	5.3	-2.1
Total	**5.3**	**-2.1**

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments. The bank produces an annual profit, and this is expected to continue in future years.
Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

Note 18: Classification of financial instruments

NOK MILLION	LOANS AND RECEIVABLES	FAIR VALUE, TRADING	FAIR VALUE, FVO	LIABILITIES AT AMORTISED COST	TOTAL
Financial assets					
Cash and deposits with central banks	164.7				164.7
Loans to and deposits with credit institutions	3 842.0				3 842.0
Equity instruments			1.6		1.6
Bonds and other fixed-income securities			10 260.6		10 260.6
Derivatives		470.0			470.0
Lending to customers	17 539.6		673.1		18 212.6
Other assets	1 922.9				1 922.9
Total financial assets 2010	**23 469.2**	**470.0**	**10 935.3**	**0.0**	**34 874.5**
Total financial assets 2009	25 118.5	390.2	12 162.1		37 670.8
Financial liabilities					
Deposits from and due to credit institutions			5 855.9	2 464.3	8 320.2
Deposits from and due to customers			178.5	18 638.9	18 817.5
Commercial paper and bonds issued				4 022.8	4 022.8
Derivatives		371.5			371.5
Other liabilities				323.6	323.6
Subordinated loan capital				790.1	790.1
Total financial liabilities 2010	**0.0**	**371.5**	**6 034.4**	**26 239.7**	**32 645.6**
Total financial liabilities 2009		289.0	7 014.4	28 230.1	35 533.5

Note 19: Fair value of financial assets and liabilities at amortised cost

NOK MILLION	2010 BOOK VALUE	BOOK VALUE	2009 BOOK VALUE	BOOK VALUE
Assets				
Loan and receivables:				
Loans to and deposits with credit institutions, amortised cost	3,842.0	3,842.0	2,320.0	2,320.0
Lending to customers, amortised cost	17,809.2	17,577.1	20,542.8	20,273.5
Liabilities				
Deposits from and due to credit institutions, amortised cost	2,464.3	2,964.0	3,514.1	3,523.9
Deposits from and due to customers, amortised cost	18,638.9	18,638.9	18,171.7	18,171.7
Commercial paper and bonds issued, amortised cost	4,022.8	4,096.2	4,853.5	4,996.9
Subordinated loan capital, amortised cost	790.1	772.4	960.4	948.9

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 had had they 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.

Note 20: Cash and deposits with central banks

NOK MILLION	2010	2009
Cash	2.1	1.6
Deposits with central banks at amortised cost, loans and receivables	162.6	366.9
Total cash and deposits with central banks	**164.7**	**368.4**

Note 21: Loans to and deposits with credit institutions

NOK MILLION	2010	2009
Total loans to and deposits with credit institutions without fixed maturity at amortised cost	3 842.0	2 320.0
Total loans to and deposits with credit institutions at amortised cost	**3 842.0**	**2 320.0**

Note 22: Shares and other equity instruments

NOK MILLION	OWNERSHIP INTEREST	FAIR VALUE 2010	FAIR VALUE 2009
Storebrand Institusjonelle Investor ASA	5.15%	0.9	0.7
Visa Inc. A-shares		0.4	
Other		0.3	0.3
Total		**1.6**	**1.0**
Of which			
Listed shares			
Unlisted shares		1.6	1.0

Shares and other equity instruments are classified as financial assets at fair value through profit and loss.

Note 23: Investments in associated companies and joint ventures

Associated companies
Main accounting figures for associated companies - figures shown are the share of Storebrand Bank ASA.

NOK MILLION	2010	2009
Revenue:		
Seilduksgaten 25/31 AS	1.3	2.0
Profit & Loss:		
Seilduksgaten 25/31 AS	-1.3	-1.2
Assets:		
Seilduksgaten 25/31 AS	15.1	16.3
Liabilities:		
Seilduksgaten 25/31 AS	18.7	18.7

Investments in associated companies are accounted for on the equity method.

Ownership interests in associated companies

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	STATEMENT OF BALANCE SHEET VALUE AT 1.1.	ADDITIONS/ DISPOSALS	SHARE IN PROFIT	STATEMENT OF BALANCE SHEET VALUE AT 31.12.
Seilduksgaten 25/31 AS	50 %	30.0	25.9	0.0	-1.3	24.6
Total		**30.0**	**25.9**	**0.0**	**-1.3**	**24.6**

Joint ventures

Overview of companies included in the accounts - figures shown are the share of Storebrand Bank ASA:

NOK MILLION	2010	2009
Revenue:		
Storebrand Baltic UAB	8.8	6.3
Profit & Loss:		
Storebrand Baltic UAB	0.8	0.5
Assets:		
Storebrand Baltic UAB	3.1	2.1
Liabilities:		
Storebrand Baltic UAB	1.2	0.8

Joint ventures are businesses the bank operates together with Storebrand Livsforsikring As.
Investments are recognised through proportional consolidation.

Ownership interests in joint ventures

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	VALUE AS AT 31.12.10	PROFIT 2010
Storebrand Baltic UAB	50 %	0.4	0.5	0.8
Total		**0.4**	**0.5**	**0.8**

Note 24: Investments in subsidiaries

NOK MILLION	REGISTERED OFFICE	OWNERSHIP INTEREST	SHARE OF VOTES	SHARE CAPITAL	COST PRICE	BOOK VALUE 31.12.10	BOOK VALUE 31.12.09
Storebrand Boligkreditt AS	Oslo	100.0%	100.0%	350.0	661.2	661.2	596.7
Ring Eiendomsmegling AS	Oslo	100.0%	100.0%	55.1	103.8	103.8	97.1
Hadrian Eiendom AS 1)	Oslo	90.9%	90.9%	0.1	39.2	39.2	38.2
Hadrian Utvikling AS	Oslo	96.1%	96.1%	0.5	13.9	2.5	10.6
Filipstad Tomteselskap AS	Oslo	100.0%	100.0%	0.5	2.0	2.0	2.0
Bjørndalen Tomteselskap AS 2)	Oslo						20.0
Bjørndalen Panorama AS 3)	Oslo	100.0%	100.0%	2.2	72.0	16.5	10.1
Ullensaker Boligbygg AS 3)	Ullensaker	89.0%	89.0%	2.5	0.0	0.0	0.0
Ullensaker Boligbygg KS 3)	Ullensaker	89.0%	89.0%	45.0			0.0
Konghellegaten Panorama AS 4)	Oslo						0.4
Sørlandsbygg Holding AS 5)	Kristiansand	70.0%	70.0%	0.3	1.5	0.2	0.2
Storebrand Eiendomskreditt AS 5)	Oslo	100.0%	100.0%	450.0	750.3	750.3	750.0
Total investments in subsidiaries					**1 643.9**	**1 575.7**	**1 525.3**

1) Storebrand Bank ASA has a call option to acquire the remaining shares in the company that can be exercised from 30.06.2011 to 31.12.2011. The option has no market value.
2) The subsidiaries Bjørndalen Panorama AS and Bjørndalen Tomteselskap AS have been merged and will be continued as Bjørndalen Panorama AS.
3) The subsidiaries Ullensaker Boligbygg AS and Ullensaker Boligbygg KS petitioned for winding up in November 2010 and were subject to liquidation proceedings as per 31 December 2010.
4) Formerly Storebrand I AS. The company has been sold in 2010.
5) The company will be liquidated in 2011.

Note 25: Bonds and other fixed income securities at fair value through profit and loss

NOK MILLION	COMMERCIAL PAPER	BONDS	2010 TOTAL	2009 TOTAL
Commercial paper and bonds, book value	803.6	9 457.1	10 260.6	11 402.8
Nominal value	807.0	9 420.0	10 227.0	11 347.0
Acquisition cost	797.4	9 421.6	10 219.1	11 336.0
Analysis by sector of issuer:				
Sovereign and Government Guaranteed	803.6	100.0	903.6	2 101.4
Credit bonds		440.0	440.0	1 936.6
Mortage and asset backed bonds		8 917.1	8 917.1	7 364.8
Total	**803.6**	**9 457.1**	**10 260.6**	**11 402.8**
Modified duration	0.21	0.14	0.15	0.14
Average effective yield per 31.12.	2.10 %	2.98 %	2.91 %	2.39 %

All securities are denominated in NOK.
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.

Note 26: Transferred financial assets (swap agreements)

NOK MILLION	2010	2009
Covered bonds:		
Book value coverd bonds	7 224,5	7 239,3
Book value associated with financial liabilities	5 855,9	6 841,4

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 43). The swap agreements are entered into through auctions that are administrated by Norges Bank. Int the swap agreement, 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.

Note 27: Financial derivatives

Nominal volum
Financial derivative contracts are related to underlying amounts which are not capitalised in the balance sheet. In order to quantify a derivative position, reference is made to underlying amounts such as nominal principal, nominal volume, etc. Nominal volume is calculated differently for different classes of derivative, and gives an 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 gives an 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 derivative.
In contrast to gross nominal volume, net nominal volume also takes into account the direction of the instruments' market risk exposure 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. A long position in a currency derivative produces a gain if the currency strengthens against the NOK. Average gross nominal volume is based on monthly calculations of gross nominal volume.

2010

NOK MILLION	GROSS NOM. VALUE 2)	AVERAGE NOM. VALUE 3)	NET NOM. VALUE 2)	FAIR VALUE 2) ASSETS	LIABILITY
Share derivatives	173.1	436.7	22.3		
Interest rate derivatives 1)	23 995.1	26 010.0	5 953.3	417.5	315.2
Currency derivatives	4 423.9	4 392.9	-42.3	52.5	56.3
Total derivatives	**28 592.1**	**30 839.6**	**5 933.3**	**470.0**	**371.5**

2009

NOK MILLION	GROSS NOM. VALUE 2)	AVERAGE NOM. VALUE 3)	NET NOM. VALUE 2)	FAIR VALUE 2) ASSETS	LIABILITY
Share derivatives	572.2	859.5	57.1	4.1	3.8
Interest rate derivatives 1)	26 462.0	25 719.4	2 229.1	343.5	226.1
Currency derivatives	5 192.8	4 617.3	561.4	42.6	59.0
Total derivatives	**32 226.9**	**31 196.1**	**2 847.6**	**390.2**	**289.0**

1) Interest rate swaps are included acrued interest.
2) Value at 31.12.
3) Average for the year.

Note 28: Foreign exchange risk

Financial assets and liabilities in foreign currency

NOK MILLION	STATEMENT OF FINANCIAL POSITION ITEMS ASSETS	LIABILITIES	CURRENCY FORWARDS NET SALE	NET POSITION IN CURRENCY	IN NOK
CHF	59.4	9.4	-49.5	0.1	0.5
DKK	4.2	3.9	0.0	0.3	0.3
EUR	36.4	143.9	107.2		-0.2
GBP	18.3	20.0	1.6		-0.1
JPY	8.1	0.0	-8.1	0.0	
SEK	69.6	438.8	369.2		
USD	55.5	21.6	-33.0	0.1	0.9
Other	0.8	0.3			0.5
Total 2010					**1.8**
Total 2009					-4.8

Storebrand Bank ASA hedges the net currency position in its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

Note 29: Loan portfolio and guarantees

	LENDING TO CUSTOMERS	
NOK MILLION	2010	2009
Lending to customers at amortised cost	17 809.2	20 542.8
Lending to customers at fair value	673.1	758.3
Total gross lending to customers	**18 482.3**	**21 301.1**
Write-downs on individual loans (see note 30)	-187.6	-229.9
Write-downs on groups of loans (see note 30)	-82.0	-106.1
Net lending to customers	**18 212.6**	**20 965.1**

See note 4 for analysis of lending to customers and guarantees per customer group.

Note 30: Write-downs of loans and guarantees

NOK MILLION	2010	2009
Write downs om individual loans 01.01	229.9	262.4
Losses realised in the period on individual loans previously written down	-102.9	-92.1
Write-downs of individual loans for the period	82.2	71.8
Reversals of write-downs of individual loans for the period	-68.1	-21.1
Other corrections to write-downs [1])	46.5	8.9
Write-downs of individual loans at 31.12	**187.6**	**229.9**
Write-downs of groups of loans and guarantees 01.01	106.1	87.7
Grouped write-downs for the period	-24.1	18.4
Write-downs of groups of loans and guarantees etc. 31.12	**82.0**	**106.1**
Total write-downs	**269.6**	**336.0**

[1]) Other corrections to write-downs relates to effects of amortisation.

The bank has no provision for guarantees as at 31.12.10 and as at 31.12.09.

Note 31: Real estate at fair value

NOK MILLION	2010	2009
Book value at 01.01.		
Supply due to taken over properties		87.0
Disposals		-87.0
Book value at 31.12	**0.0**	**0.0**

Storebrand Bank ASA has not had any real estates at fair value in the 2010 accounts.

The amounts for 2009 in this note is related to the take over of collateral associated with a loss exposed commitment in the corporate market, Storebrand Bank ASA activated real estate under development. The building project was sold to a subsidiary of the bank, Bjørndalen Panorama AS, which will complete the project.

Note 32: Intangible assets

NOK MILLION	IT-SYSTEMS	TOTAL 2010	IT-SYSTEMS	TOTAL 2009
Acquisition cost at 01.01	137.3	137.3	123.4	123.4
Additions in the period:				
Purchased separately	16.3	16.3	13.8	13.8
Acquisition cost at 31.12.	**153.6**	**153.6**	**137.3**	**137.3**
Accumulated depreciation and write-downs at 01.01	89.2	89.2	69.3	69.3
Depreciation in the period	17.3	17.3	19.9	19.9
Write-downs in the period	4.9	4.9		0.0
Accumulated depreciation and write-downs at 31.12	**111.4**	**111.4**	**89.2**	**89.2**
Book value at 31.12	**42.2**	**42.2**	**48.1**	**48.1**

For each class of intangible assets:

Depreciation method	linear method	linear method
Economic life	3 - 8 years	3 - 8 years
Rate of depreciation	12.5% -33.33%	12.5% -33.33%

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc.
All capitalised expenses in respect of systems development relate to work carried out by external resources.
The estimate of economic liftetime are reviewed annually.

During 2010 Storebrand Bank has made a write-down of intangible assets by totally NOK 4.9 million.
The write-down is mainly related to it systems for credit risk which no longer are in use.

Note 33: Fixed assets

NOK MILLION	VEHICLES, FIXTURES AND FITTINGS	IT	REAL ESTATE 1)	TOTAL 2010	TOTAL 2009
Book value at 01.01	8,3	3,9	3,5	15,7	13,3
Additions	4,1			4,1	7,3
Disposals	-0,7			-0,7	-1,4
Depreciation	-1,6	-1,7	-0,4	-3,6	-2,8
Write-downs in the period				0,0	-0,7
Book value at 31.12.	**10,2**	**2,2**	**3,1**	**15,5**	**15,7**
Opening acquisition cost	8,9	6,8	5,7	21,4	23,1
Closing acquisition cost	12,0	6,8	5,7	24,5	21,4
Opening accumulated depreciation and write-downs	-0,6	-2,9	-2,3	-5,7	-9,7
Closing accumulated depreciation and write-downs	-1,8	-4,6	-2,6	-9,0	5,7

For each clas of fixed assets:

Method for measuring cost price	Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	linear	linear	linear
Depreciation period and economic life	3 - 10 years	4 years	15 years

There are no restrictions on rights to fixed assets. No fixed assets have been pledged as collateral for liabilities.

1) Holiday cabins valued on the cost method.

Note 34: Operational leasing

Minimum future payments on operational leases for fixed assets are as follows:

NOK MILLION	MINIMUM LEASE PAYMENTS LESS THAN 1 YEAR	MINIMUM LEASE PAYMENTS BETWEEN 1 - 5 YEARS	MINIMUM LEASE PAYMENTS MORE THAN 5 YEARS
Operational leasing agreements less than 1 year	1.8		
Operational leasing agreements between 1 - 5 years	1.1	1.5	
Operational leasing agreements more than 5 years	9.6	38.4	36.8
Total	**12.5**	**39.9**	**36.8**
Of which future leasing income	1.4		

Amount through profit and loss account

NOK MILLION	2010	2009
Lease payments through profit and loss account	15.6	18.3
Future lease income through profit and loss account	2.6	2.4

Lease contracts are mainly related to office premises in Storebrand's new head-office at Lysaker. This lease runs to 31.10.2019, and a lease of office premises with an third party external to the group runs to 31.7.2011.

Costs are included in the lines "General administration expenses" and "Other operating costs".

Note 35: Other assets

NOK MILLION	2010	2009
Interest accrued	90.2	72.7
Other accrued income	12.5	14.6
Due from customers	0.3	1.8
Shares in subsidiaries 1)	1 575.7	1 525.3
Due form group companies	150.1	210.0
Due from stockbrokers	16.0	57.9
Due from customers stockbrokerage	74.6	331.0
Other assets	3.7	10.3
Total other assets	**1 922.9**	**2 223.6**

1) See note 24.

Note 36: Deposits from customers

NOK MILLION	2010	2009
Deposits from customers	17 608.6	17 758.1
Term loans and deposits from customers	1 208.9	586.7
Total deposits from customers	**18 817.5**	**18 344.7**

Deposits from customer per sector and industry classification and geographical distribution

NOK MILLION	2010	2009
Sector and industry classification		
Development of building projects	203.4	193.7
Sale and operation of real estate	2 419.1	1 875.5
Professional and financial services	3 018.3	2 808.2
Wage-earners	10 885.9	11 010.5
Other	2 290.8	2 456.7
Total	**18 817.5**	**18 344.7**
Geographic distribution		
Eastern Norway	14 454.5	14 106.0
Western Norway	2 333.5	2 201.1
Southern Norway	231.4	250.5
Mid-Norway	516.7	520.9
Northern Norway	809.0	817.5
Foreign	472.3	448.7
Total	**18 817.5**	**18 344.7**

Note 37: Hedge accounting

Storebrand uses fair value hedging for interest risk, when the hedging items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over the income statement (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount ot the item and are recognised in the profit and loss account. Hedging effectiveness is monitored at the individual item level except for structured bond loans where hedging effectiveness is monitored at the portfolio level. Each portfolio comprises swaps and hedged items with maturity within the same half year period. Hedging effectiveness when the hedge is created measures the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the event of a 2-percentage point interest rate shock.
Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging is expected to be highly efficient in the period.

	2010			2009		
	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Interest rate swaps	1 047.0	60.3		2 666.5	92.0	0.1
Total interest rate derivatives	1 047.0	60.3	0.0	2 666.5	92.0	0.1
Total derivatives	1 047.0	60.3	0.0	2 666.5	92.0	0.1

	2010			2009		
	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Total underlying items	1 044.0		1 109.4	2 782.6		2 806.8
Hedging effectiveness - prospective			99 %			89 %
Hedging effectiveness - retrospective			90 %			110 %

Gain/loss on fair value hedging: 2)

NOK MILLION	2010 GAIN / LOSS	2009 GAIN / LOSS
On hedging instruments	6.8	-43.2
On items hedged	-7.3	45.0

1) Book value at 31.12.
2) Amounts included in the line "Net interest income".

Note 38: Securities issued

NOK MILLION	2010	2009
Commercial paper	400.9	
Bond loans	3 621.9	4 853.5
Total secutities issued	**4 022.8**	**4 853.5**

See note 5 for analysis of securities issued.

Note 39: Subordinated loan capital

NOK MILLION	2010	2009
Dated subordinated loan capital	501.3	674.7
Other subordinated loan capital	9.3	9.3
Tier 1 hybrid capital	279.4	276.4
Total subordinated loan capital	**790.1**	**960.4**

NOK MILLION	2010	2009
Subordinated loan capital included in capital adequacy calculation	790.1	960.4
Interest expense		
Interest expense booked in respect of subordinated loan capital	31.8	38.9

All subordinated loans are denominated in NOK.

Note 40: Provisions

	PROVISIONS FOR RESTRUCTURING	
NOK MILLION	2010	2009
Provisions at 01.01.	7.0	5.3
Provisions during the period	0.8	6.0
Provisions using during the period	-4.0	-4.3
Total provisions at 31.12.	**3.7**	**7.0**
Classified as:		
Provision for accrued expenses and liabilities	3.7	7.0

Provisions concern restructuring in Storebrand Bank ASA carried out in 2008 and 2009. Expected settlement time for the provision is partly in 2010 and partly in the period 2010-2013.

Note 41: Other liabilities

NOK MILLION	2010	2009
Payable to Storebrand group companies	35.8	32.5
Money transfers	2.8	15.1
Group contribution payable to group companies	115.5	211.9
Accounts payable	7.5	4.9
Payable to stockbrokers	34.3	143.1
Payable to customers stockbrokerage	54.7	233.4
Accrued interest expenses financial debt	16.5	5.3
Accrued expenses and prepaid income	42.8	47.5
Other debt	13.8	36.6
Total other liabilities	**323.6**	**730.4**

Note 42: Off balance sheet liabilities and contingent liabilities

NOK MILLION	2010	2009
Guarantees	301.6	247.7
Undrawn credit limits	8 227.5	8 826.1
Lending commitments	816.6	467.8
Total contingent liabilities	**9 345.6**	**9 541.6**

Guarantees are mainly payment guarantees and contract guarantees. See also note 4.
Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on residential mortgage loans.

Note 43: Collateral

Received and pledged collateral
Storebrand Bank ASA has not received or pledged any collateral except securities pledged as collateral for F-loans in Norges Bank and securities pledged as collateral in connection with the scheme for swapping covered bonds for government papers (see table below). This note does not cover collateral on lending to customers.

Collateral and security pledged

NOK MILLION	2010	2009
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	3 935.1	3 195.6
Booked value of bonds pledged as collateral for swap agreement of state paper for covered bonds	5 855.9	6 841.4
Total	**9 791.0**	**10 037.0**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank.
Storebrand Bank ASA has a F-loan for NOK 1.5 billion in Norges Bank as per 31.12.2010.

In connection with the package of measures by the authorities concerning the banks, Storebrand Bank ASA has entered into an agreement involving the following amounts to conditions and terms for a swap agreement of covered bonds for state treasury bills:

NOK MILLION AMOUNT	ISSUED	MATURITY	INTEREST RATE CONDITIONS
979.2	17.12.2008	21.12.2011	NIBOR minus 20bp
1 385.5	28.01.2009	21.12.2011	NIBOR minus 20bp
496.5	06.05.2009	19.03.2014	NIBOR minus 20bp
493.8	04.06.2009	19.03.2014	NIBOR minus 20bp
493.5	17.06.2009	20.03.2013	NIBOR minus 20bp
491.5	09.09.2009	18.12.2013	NIBOR pluss 24bp
1 487.9	21.10.2009	18.09.2013	NIBOR pluss 70bp

Note 44: Capital Adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the Regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies.
The valuation rules used in the company's accounts form the basis for consolidation. Consolidation is, in the main, carried out in accordance with the same principles as used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. Companies in which the group has a minority interest are included on a proportional basis applying the percentage interest held by the group at 31 December 2010.
Profit for the year is included in the primary capital.

Net primary capital

NOK MILLION	2010	2009
Share capital	960.6	960.6
Other equity	1 329.0	1 349.2
Total equity	2 289.6	2 309.8
Deductions:		
Intangible assets	-42.2	-48.1
Deferred tax asset	-83.6	-175.7
Addition:		
Perpetual subordinated loan capital	279.4	276.4
Core capital	**2 443.1**	**2 362.4**
Supplementary capital	509.1	684.0
Deductions		
Net primary capital	**2 952.2**	**3 046.4**

Minimum capital requirement

NOK MILLION	2010	
Credit risk	1 320.2	1 357.9
Of which:		
Local and regional authorities		1.6
Institutions	234.9	235.2
Corporates	475.6	389.5
Loans secured on real estate	393.8	469.0
Retail market	54.0	77.5
Loans past-due	55.4	75.0
Covered bonds	71.3	62.1
Other	35.2	48.0
Total minimum requirement for credit risk	**1 320.2**	**1 357.9**
Total minimum requirement for market risk	**0.0**	**0.0**
Operational risk	65.5	70.0
Deductions		
Write-downs of groups of loans	-6.6	-8.5
Minimum requirement for capital base	**1 379.2**	**1 419.4**

Capital adequacy

	2010	2009
Capital ratio	17.1 %	17.2 %
Core capital ratio	14.2 %	13.1 %

The company uses the standard method for credit risk and market risk, and the basic method for operational risk.
The minimum requirement for the capital ratio is 8%.

Note 45: Remuneration of senior employees and elected officiers of the company

Remunerations of senior employees and elected officiers at 31.12.10

NOK 1000	REMUNERATION 11)	BONUS-BANK 1)	1/3 BONUS-BANK PAYMENT IN 2011 1)	POST-TERMINATION SALARY (MONTHS)	PENSION ACCRUED FOR THE YEAR	DISCOUNTET PRESENT VALUE OF PENSION
Senior employees						
Truls Nergaard (CEO) 10)	3 183	299	300	18	886	1 515
Monica Kristoffersen Hellekleiv	1 261	114	138		293	3 005
Anne Grete T. Wardeberg	1 560	77	127		418	3 544
Trond Fladvad	1 627	191	197		473	1 780
Robert Fjelli	1 839	138	379		520	1 703
Lars Syse Christiansen	1 607	204	235		174	524
Klaus-Anders Nysteen (formerly CEO) 10)	1 691					
Board of Directors 6)						
Idar Kreutzer 7)	5 745	5 129	1 710	24	986	18 008
Roar Thoresen 8)	3 581	947	882	18	968	8 537
Heidi Storruste	148					
Steinar Wessel-Aas	148					
Kristine Schei	148					
Anne-Kristine Baltzersen 8)	1 224	261	137		312	3 553
Maria Borch Helsengreen	150					
Controll Committee of Storebrand Bank ASA 9)						
Finn Myhre						
Maria Borch Helsengreen						
Tone Margrethe Reierselmoen						
Jan Ljone	75					
Controll Committee of Storebrand ASA 9)						
Finn Myhre	245					
Tone Margrethe Reierselmoen	90					
Elisabeth Wille	270					
Harald Moen	200					
Ida Hjort Kraby	200					
Ole Klette	200					
Erling Naper	90					

NOK 1000	NO. OF SHARES 2)	LOANS 3)	INTEREST RATE AT 31.12.10	REPAYMENT-PERIOD 4)	OUTSTANDING AMOUNT 5)
Senior employees					
Truls Nergaard (CEO) 10)	10 967				
Monica Kristoffersen Hellekleiv	1 977	2 420	3.34 %	2028	
Anne Grete T. Wardeberg	3 467				
Trond Fladvad	4 496	5 163	3.00%/3.35%	2012/2017/2032	
Robert Fjelli	1 100	3 569	3.00%/3.35%	2019/2039	
Lars Syse Christiansen	877	1 616	3.00 %	2038	
Klaus-Anders Nysteen (formerly CEO) 10)	49 807	3 175	3.50 %	2020	
Board of Directors 6)					
Idar Kreutzer 7)	96 232	13 061	3.00%/3.34%/3.74%	2018/2025/2037	
Roar Thoresen 8)	32 888	1 564	3.00 %	2032	
Heidi Storruste	1 228	2 700	3.00%/3.35%	2019/2037	
Steinar Wessel-Aas	0	7 520	3.75%/4.05%	2021/2031	
Kristine Schei					
Anne-Kristine Baltzersen 8)	3 571	1 618	3.00 %	2021	
Maria Borch Helsengreen	50				
Controll Committee of Storebrand Bank ASA 9)					
Finn Myhre		8 426	3.34 %	2014/2025/2030	
Maria Borch Helsengreen	50				
Tone Margrethe Reierselmoen	1 734	547	3.75 %	2021	
Jan Ljone					
Controll Committee of Storebrand ASA 9)					
Finn Myhre					
Tone Margrethe Reierselmoen					
Elisabeth Wille	747				
Harald Moen	595				
Ida Hjort Kraby					
Ole Klette					
Erling Naper					

Continues next page

Note 45: Remuneration of senior employees and elected officiers of the company *Continued*

1) Outstanding in bonus bank at 31.12.10 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 Charirman of the Board, received an intitial 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% to Storebrand's share price and 50% to the best interest rate paid by Storebrand Bank. Over time the balance in the "share bank" and "interest bank" will grow separately.
In accordance with the annual general meeting's decision a long-term incentive scheme was established in 2008 for the group's management team and other senior employees. In connection with the establishment of this, the previously withheld bonuses earned from 2008 and before have been paid. Storebrand has also made an extra contribution that equals the size of this amount. The payment was reported as salary/bonus and taxed as income. The net payment less tax, was in its entirety spent on purchasing shares with a lock-in period of 3 years.

2) 2) The summary shows the number of shares owned in Storebrand ASA by the individual, as well as his or her close family and companies where the individual exercises significant influence (cf. Accounting Act 7-26).

3) Loans to senior employees and members of the Board of Directors are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions.

4) The years shown are the years in which the loans are contractually due to be repaid.

5) Loan payment due but not yet paid.

6) Remuneration paid represents remuneration paid in connection with the individual's appointment to the Board of Directors of Storebrand Bank ASA.

7) Idar Kreutzer, the Chairman of the Board, does not receive any remuneration from Storebrand Bank ASA for this appointment, and the company has no liability towards the Chairman of the Board in the event of termination of or change to this appointment. Idar Kreutzer is the Chief Executive Officer of Storebrand ASA. He is entitled to salary for 24 months after the expiry of the normal notice period. Such payments will be reduced by all work-related income during this period, including consultancy assignments. He is entitled to a performance-related bonus based on Storebrand's ordinary bonus scheme, payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year.

8) Neither Roar Thoresen nor Anne-Kristine Baltzersen receives any remuneration from Storebrand Bank ASA for their appointments as members of the Board. The remuneration shown in the note relates to salary and benefits paid by Storebrand Livsforsikring AS and Storebrand Kapitalforvaltning AS in respect of their employment by the company. In addition to information in this note, Anne-Kristine Baltzersen will receive NOK 124' in payment from bonus bank in 2011.

9) Storebrand Bank ASA has had from 1 July 2010 a joint control committee with Storebrand ASA. Of the members of Storebrand Bank ASA's former control committee only Jan Ljone has been paid remuneration by the bank.

10) Former CEO Klaus-Anders Nysteen left Storebrand Bank ASA on 1 May 2010. Truls Nergaard, former head of Corporate Market, was appointed as the new CEO on the same date.

11) **Specification of remuneration**

NOK MILLION	SALARY / FEE	BONUS	ADDITIONAL REMUNERATION	OTHER TAXABLE BENEFITS 1)	TERMINATION PAYMENT	TOTAL REMUNERATION
Senior employees						
Truls Nergaard (CEO)	1 983	959	240			3 183
Monica Kristoffersen Hellekleiv	1 030	123	108			1 261
Anne Grete T. Wardeberg	1 151	295	114			1 560
Trond Fladvad	1 367	148	112			1 627
Robert Fjelli	1 459	274	105			1 839
Lars Syse Christiansen	1 235	282	91			1 607
Klaus-Anders Nysteen (formerly CEO)	1 254	352	85			1 691

1) *Comprises company car, telephone, insurance, concressionary interest rate and other contractual benefits.*

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Note 45: Remuneration of senior employees and elected officiers of the company *Continued*

Remunerations of senior employees and elected officiers at 31.12.09

NOK MILLION	SALARY / FEE	BONUS	ADDITIONAL REMUNERATION	OTHER TAXABLE BENEFITS 1)	TERMINATION PAYMENT	TOTAL REMUNERATION
Senior employees						
Klaus-Anders Nysteen (CEO)	3 532	57	352	18	757	2 419
Monica Kristoffersen Hellekleiv	1 563	70	123		256	2 366
Anne Grete T. Wardeberg	1 439	44	115		213	1 596
Mikkel Andreas Vogt	1 948		195		425	1 033
Trond Fladvad	1 950	43	148		408	1 140
Robert Fjelli	2 185		274		483	1 113
Lars Syse Christiansen	1 183				154	314
Truls Nergaard	1 406	177	259		658	491
Board of Directors 6)						
Idar Kreutzer 7)	5 820	4 130	1 377	24	893	15 401
Roar Thoresen 8)	3 548	329	676	18	902	6 895
Heidi Storruste	145					
Steinar Wessel-Aas	145					
Kristine Schei	145					
Odd Arild Grefstad 8)	3 325	1 368	556	18	578	8 373
Ida Helliesen	145					
Controll Committee						
Finn Myhre	168					
Maria Borch Helsengreen	120					
Tone Margrethe Reierselmoen	120					
Jan Ljone	120					

NOK 1000	NO. OF SHARES 2)	LOANS 3)	INTEREST RATE AT 31.12.10	REPAYMENT-PERIOD 4)	OUTSTANDING AMOUNT 5)
Senior employees					
Klaus-Anders Nysteen (CEO)	50 999	3 254	3.2%/2.8%	2026/2017	
Monica Kristoffersen Hellekleiv	1 100	2 519	3.20 %	2028	
Anne Grete T. Wardeberg	2 590	0			
Mikkel Andreas Vogt	3 732	1 970	3.2%/2.8%	2028/2013	
Trond Fladvad	3 619	5 273	3.65%/3.2%/2.8%	2032/2017/2012	
Robert Fjelli	1 100	3 890	3.2%/2.8%	2039/2019	
Lars Syse Christiansen	0	1 653	2.80 %	2038	
Truls Nergaard	0	0			
Board of Directors 6)					
Idar Kreutzer 7)	93 355	12 242	3.49%/2.8%/3.19%	2037/2025/2018	
Roar Thoresen 8))	28 282	3 763	3.64%/2.8%	2029/2013	
Heidi Storruste	1 228	2 761	3.2%/2.8%		
Steinar Wessel-Aas	0				
Kristine Schei	0				
Odd Arild Grefstad 8)	25 960	2 602	3.19%/2.8%	2024/2019	
Ida Helliesen	0				
Controll Committee					
Finn Myhre	0	1 169	3.19 %	2025/2014	
Maria Borch Helsengreen	50				
Tone Margrethe Reierselmoen	1 734	588	3.50 %	2021	
Jan Ljone	0				

Continues next page

Note 45: Remuneration of senior employees and elected officiers of the company *Continued*

1) Outstanding in bonus bank at 31.12.09 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 Charirman of the Board, received an intitial 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% to Storebrand's share price and 50% to the best interest rate paid by Storebrand Bank. Over time the balance in the "share bank" and "interest bank" will grow separately. In accordance with the annual general meeting's decision a long-term incentive scheme was established in 2008 for the group's management team and other senior employees. In connection with the establishment of this, the previously withheld bonuses earned from 2008 and before have been paid. Storebrand has also made an extra contribution that equals the size of this amount. The payment was reported as salary/bonus and taxed as income. The net payment less tax, was in its entirety spent on purchasing shares with a lock-in period of 3 years.

2) The summary shows the number of shares owned in Storebrand ASA by the individual, as well as his or her close family and companies where the individual exercises significant influence (cf. Accounting Act 7-26).

3) Loans to senior employees and members of the Board of Directors are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions.

4) The years shown are the years in which the loans are contractually due to be repaid.

5) Loan payment due but not yet paid.

6) Remuneration paid represents remuneration paid in connection with the individual's appointment to the Board of Directors of Storebrand Bank ASA.

7) Idar Kreutzer, the Chairman of the Board, does not receive any remuneration from Storebrand Bank ASA for this appointment, and the company has no liability towards the Chairman of the Board in the event of termination of or change to this appointment. Idar Kreutzer is the Chief Executive Officer of Storebrand ASA. He is entitled to salary for 24 months after the expiry of the normal notice period. Such payments will be reduced by all work-related income during this period, including consultancy assignments. He is entitled to a performance-related bonus based on Storebrand's ordinary bonus scheme, payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year.

8) 8) Neither Roar Thoresen nor Odd Arild Grefstad receives any remuneration from Storebrand Bank ASA for their appointments as members of the Board. The remuneration shown in the note relates to salary and benefits paid by Storebrand Livsforsikring AS in respect of their employment by the company.

9) **Specification of remuneration**

NOK MILLION	SALARY / FEE	BONUS	ADDITIONAL REMUNERATION	OTHER TAXABLE BENEFITS 1)	TERMINATION PAYMENT	TOTAL REMUNERATION
Senior employees						
Klaus-Anders Nysteen (CEO)	2 422	899		211		3 532
Monica Kristoffersen Hellekleiv	1 022	428		113		1 563
Anne Grete T. Wardeberg	948	384		107		1 439
Mikkel Andreas Vogt	1 287	539		122		1 948
Trond Fladvad	1 310	521		119		1 950
Robert Fjelli	1 428	652		105		2 185
Lars Syse Christiansen	1 017	144		22		1 183
Truls Nergaard	1 257	0		149		1 406

1) *Comprises company car, telephone, insurance, concressionary interest rate and other contractual benefits.*

The Board of Storebrand Bank ASA will submit a statement to the 2011 annual general meeting on the salary and other remuneration of senior employees, cf. Section 6-16a of the Public Limited Liabilities Companies Act, based on the Group's previously adopted guidelines concerning remuneration for senior employees in Storebrand.

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.

Continues next page

Note 45: Remuneration of senior employees and elected officiers of the company *Continued*

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.

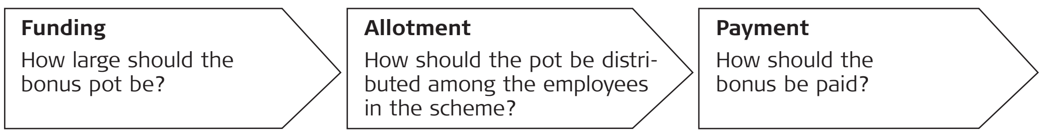
Senior employees in Storebrand can, in addition to their fixed salary, receive remuneration in the form of an annual bonus, participation in the Group’s group pension scheme, usual benefits in the form of free newspapers, telephone, company car scheme, and other personal benefits. Senior employees may 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 the coming 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.

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Note 45: Remuneration of senior employees and elected officiers of the company *Continued*

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.

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Note 45: Remuneration of senior employees and elected officiers of the company *Continued*

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 31.12.09, 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.

Note 46: Close associates

Transactions with group companies

NOK MILLION	SUBSIDIARIES	OTHER GROUP COMPANIES	SUBSIDIARIES	OTHER GROUP COMPANIES
Interest income	313.4		228.5	
Interest expense	14.1	0.2	1.1	0.2
Services sold	13.1	4.7	10.4	6.4
Services purchased		66.7	0.2	79.5
Due from	3 656.9	1.3	2 185.1	5.0
Liabilities to	372.1	62.1	169.7	10.3

Transaction with group companies are based on the principle of transactions at arm's length.

Lending transferred to Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS
Storebrand Bank ASA shall arrange the transfer and return of loans when changes have to be made, i.e. if there is a need to increase borrowing, change from variable to fixed interest, convert to empoloyee loan or convert to a mortgage loan. The costs form part of the contractual administration fees. The mortgages will be transferred on commercial terms.
Non-performing loans in Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS remain in the undertaking. These loans will, pursuant to the service agreement with Storebrand Bank ASA, be treated in the same way as non-performing loans in the bank. Specific non-performance reports are prepared for non-performing loans in Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.
These loans do not form part of the credit undertaking's total collateral.

Loan to employees can be transferred to Storebrand Boligkreditt AS. The difference between the market interest rate and the subsidised interest rate is covered monthly by the company in which the debtor is employed.

Overview of transferred lending:

NOK MILLION	2010	2009
To Storebrand Boligkreditt AS	7 504.1	6 488.5
From Storebrand Boligkreditt AS	2 815.5	2 724.2
To Storebrand Eiendomskreditt AS	438.3	2 178.0
From Storebrand Eiendomskreditt AS	65.8	127.3

Storebrand Bank AS has not pledged any guarantees in connection with loans to Storebrand Boligkreditt AS and Storebrand Eiendomskreditt AS.

Transactions with other related parties
Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA.
The bank has recognized NOK 8.1 million to profit in the accounts for 2010 and the bank has a receivable due from the company of NOK 3.0 million as of 31.12.10. The fees paid to the bank are based on the arm's length principle.

Storebrand Bank ASA also defines Storebrand Infrastruktur ASA as a related party since the general manager of Storebrand Infrastruktur ASA is an employee of Storebrand Bank ASA and the company's objective is to offer alternative savings products to the bank's customers. Storebrand Infrastruktur ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Infrastruktur ASA.
The bank has recognized NOK 1.1 million to profit in the accounts for 2010 and the bank has a receivable due from the company of NOK 0.1 million as of 31.12.10. The fees paid to the bank are based on the arm's length principle.

Continues next page

Note 46: Close associates *Continued*

Loans to employees

NOK MILLION	2010	2009
Loans to employees of Storebrand Bank ASA	82.6	165.3
Loans to employees of Storebrand group inclueded Storebrand Bank ASA	560.7	1 161.1

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to and individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions. The bank has not provided guarantees or security for borrowing by employees.

Number of employees:

	2010	2009 1)
Number of employees at 31 December	146	170
Number of employees expressed as full-time equivalent positions	144	166

1) No. of employees as per 31 December 2009 in Storebrand Bank ASA includes 8 people subject to reorganisation measures with no work duties.

Storebrand Bank ASA and the Storebrand Bank Group

- Declaration by the Board of Directors and the Managing Director

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Bank ASA and the Storebrand Bank Group for the 2010 financial year and as per 31 December 2010 (Annual Report 2010).

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 the Norwegian regulations for the annual accounts of banks and finance companies 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, the Norwegian regulations for the annual accounts of banks and finance 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, Norwegian Accounting Standard no. 16 and the Norwegian regulations for the annual accounts of banks and finance companies as per 31 December 2010.

In the best judgement of the Board and CEO the annual financial statements and consolidated 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
assets, liabilities, financial standing and results as a whole of the parent company and the group 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 Bank ASA and the Storebrand Bank 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 Bank ASA

Translation - not to be signed

Idar Kreutzer
Chairman

Stein Wessel-Aas
Deputy Chairman

Maria Borch Helsengreen
Board Member

Kristine Schei
Board Member

Anne-Kristine Baltzersen
Board Member

Roar Thoresen
Board Member

Heidi Storruste
Board Member

Truls Nergaard
Managing Director

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Bank ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements
We have audited the accompanying financial statements of Storebrand Bank 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 statement of financial position as at December 31, 2010, the profit and loss account, the statement of comprehensive income, the statement of changes in equity 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, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and 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 Managing Director's Responsibility for the Financial Statements
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with simplified IFRS according to the Norwegian accounting act § 3-9 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 Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 misstatement.

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.

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 Bank ASA as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with simplified IFRS according to the Norwegian accounting act § 3-9.

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 Bank 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, 15 February 2011
Deloitte AS

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

Translation has been made for information purposes only

Control Committee's Statement for 2010

At its meeting on 1 March 2011, the Control Committee of Storebrand Bank ASA reviewed the Board of Directors' proposed Annual Report and Accounts for 2010 for Storebrand Bank ASA and the Storebrand Bank Group.

With reference to the auditor's report of 15 February 2011, the Control Committee recommends that the Annual Report and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Bank ASA and the Storebrand Bank Group for 2010.

Lysaker, 1 March 2011

Translation - not to be signed

Elisabeth Wille
Chairman of the Control Committee

Board of Representatives' Statement 2010

The Board of Directors' proposal for the Annual Report and 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 proposal for the Annual Report and Accounts of Storebrand Bank ASA and the Storebrand Bank Group.

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the result for the year of Storebrand Bank ASA.

Lysaker, 2 March 2011

Translation - not to be signed

Terje Venold
Chairman of the Board of Representatives

storebrand

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Februar 2011. R.S.