Annual report 2011

Storebrand Livsforsikring AS

storebrand

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Report of the board of directors

Storebrand Livsforsikring primarily operates in Norway and its head office is in Lysaker Park in the Municipality of Bærum.

Storebrand's position as a leading player in the Nordic occupational pension market strengthened through 2011. In addition, several strategic and organisational adjustments were implemented in order to increase focus on the retail market. The reason for this initiative is the transition from defined benefit to defined contribution occupational pension schemes, where the individual employees have a greater involvement. Business relationships give the Group a strategic advantage in the relationships established with company employees.

OUTLOOK

Fusion of corporate and retail markets

The shift from defined benefit to defined contribution occupational pension schemes has led to both risks and investment options being transferred from employer to employee. In addition, the pensions reform will lead to lower future pension payments for many employees. In sum, this increases both the need and interest in pensions and private savings significantly.

Storebrand currently has 1.8 million retail customers in Norway and Sweden, divided into pure retail market customers, employees of businesses with occupational pensions in Storebrand and people who have a paid-up policy or a pension capital certificate in the company.

Strategic Initiative

Our research shows that a large percentage of employees who have their pensions with Storebrand also want personal advice and guidance on, among other things, pensions and savings. Pension relationships provide Storebrand a good opportunity to contact and to give personal advice to many people. In Norway, between 60,000 and 80,000 new employees start to work in companies that have occupational pensions with Storebrand.

As part of Storebrand's focus on the retail market a series of measures are being implemented to ensure that we are perceived and experienced as an attractive choice for customers. Marketing and sales efforts have been strengthened and coordinated. The goal is a good customer experience, where customers receive guidance tailored their own life situation and in the way they want it. This means that advisory services, prices and the impression left should be the same in all Storebrand channels, be it on the internet, telephone, in letters or in face-to-face meetings. Specific customer promises are designed as a response to what customers have told us that they want. From 2012, Storebrand will work systematically and purposefully to fulfil customer promises.

The Group's vision has been simplified and changed to "Our customers recommend us." The vision will be actively used as an internal prioritisation tool.

Regulatory framework conditions

The Board places great emphasis on ensuring that the Group actively adapts to the challenges and opportunities the changes in the framework provide. Storebrand will be an active contributor to the work of drafting new legislation in areas that are of paramount importance to the Group. The main activities in 2011 have involved the adaptation of occupational pension regulations to the pensions reform and preparations for the implementation of Solvency II in Norway.

Pensions reform

The pensions reform was introduced in the National Insurance Scheme with effect from 1 January 2011. The adaptation of the regulations for occupational pension schemes in the private sector to the new national insurance is being implemented in two phases. Phase 1 was the introduction of flexible withdrawal of pensions from 62 years and continued accrual of pension in occupational pension schemes if one continues to work - the same principles that apply to the National insurance Scheme. These changes came into effect simultaneously with the social security reform on 1 January 2011. Storebrand made the necessary adjustments so that pension customers could take advantage of the new options in the pension system from the time the legislation came into force.

In 2011, the Banking Law Commission has been working on Phase 2: Adapting pension products to the other two main pillars of the new National Insurance: Pension entitlement for all years of service, and life expectancy adjustments. It is expected that a report, with proposals for new regulations for occupational pension schemes, will be published in the summer of 2012. This report will then be sent for consultation before the Finance Ministry submits a bill for consideration by Parliament. Private occupational pensions will then be adapted to the pensions reform. One can expect the new legislation to come into force in a couple of years. The framework regulations for insurance-based occupational pension products that are adapted to the new earning model in the National Insurance Scheme (pension entitlement for all years of service), life expectancy adjustments and maximum ceilings for savings in defined contribution pensions, are among the topics that are being considered in this round.

Storebrand's products, system solutions and settlement processes have been renewed due to the pensions reform. The pensions calculator, which is available externally on the websites Mitt kundeforhold (My customer relationship) and Bedriftsportalen (Corporate Portal), was launched in January 2011 and provides customers with wide-ranging possibilities to simulate a variety of pension and flexible withdrawal scenarios.

Solvency II

The introduction of capital requirements under Solvency II will most likely be postponed until 2014. A proposal for legal implementation of Solvency II was presented in August 2011. The main challenge in the implementation of Solvency II in Norway is the lack of consistency between Solvency II principles and existing Norwegian conditions governing business and product regulations for life insurance. In March 2011, Norway's FSA presented a paper proposing certain amendments to the Norwegian conditions governing business in order to adapt them to Solvency II. This, together with the Financial Crisis Committee's indication of the need for adjustments in Norwegian regulations, was submitted to the Banking Law Commission for further consideration.

On 17 January 2012, the Banking Law Commission published the report NOU 2012:3 Paid-up policies and capital requirements. The report assessed the consequences that Solvency II will have on the Norwegian occupational pension system. It notes that Solvency II will result in a significant tightening of capital requirements for life insurance companies. Paid-up policies are highlighted as a particularly challenging area. This is because the companies, for this product, cannot price the guaranteed return annually, as is the case for active benefit plans. Solvency II requires on-going market value valuation of both assets and liabilities. Lack of correlation between long liabilities and short investment triggers high capital requirements related to interest rate risk. Solvency II assumes that life insurance companies have access to a long and deep interest rate market so that long liabilities can be offset by long low risk investments. This premise is not fulfilled in Norway because of low government debt and the short fixed interest terms on bonds available. These conditions are described in the report from the Banking Law Commission. It points out that the interest rate risk under Solvency II, and capital requirements as a result of this, can be neutralised if the companies can invest in low risk bonds with maturities corresponding to the paid-up policies to maturity.

In NOU 2012:3, the Banking Law Commission describes a "worst case" scenario where capital requirements, as a result of future paid-up policies, cannot be handled without significant adjustments to the framework (NOU 2012:3 page 39).

The assessments that the Banking Law Commission presents in the report correspond, to a large extent, with the assessments that Storebrand has previously expressed regarding the need for adjustments of the Norwegian framework to Solvency II. Changes in the Norwegian regulations are necessary to ensure a good and stable occupational pension system for companies and employees alike.

The Banking Law Commission proposes legislative amendments that may help to curb the issuance of paid-up policies. It is also proposes changes that contribute to a better adaptation of paid-up policies to the capital requirements of Solvency II.

Storebrand is in favour of the proposed measures, but emphasises that these are not sufficient to solve the challenges related to the introduction of Solvency II under current Norwegian regulations. Storebrand is in a constructive dialogue with the authorities on these issues.

The Banking Law Commission will proceed with the new regulations for insurance-based occupational pension schemes adapted to the pensions reform and changes in market conditions. The main issues in this work are:

- Designing new insurance-based pensions schemes that are competitive alternatives in relation to both companies' costs and the pension schemes' return risk and biometric risk, in order to diminish the effects of a new capital requirements regime.
- Handling of pension benefits earned under existing pension schemes in the transition to the new insurance-based pension schemes. Avoiding incentives for the liquidation of existing pension schemes and a large-scale issuance of new paid-up policies is considered important.

The Banking Law Commission plans to revert to this in May/June 2012.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Storebrand Livsforsikring AS owns 100 percent of Storebrand Holding AB, which in turn owns 100 percent of the SPP Group and SPP Fonder AB. SPP is a leading Swedish provider of life insurance and occupational pensions. SPP offers unit linked products, traditional insurance, and defined benefits pension products, as well as consultancy services covering occupational pensions and insurance and administration solutions for local authorities and other organisations. Together Storebrand and SPP want to create the leading life insurance and pensions provider in the Nordic region. SPP's head office is in Stockholm.

Storebrand Livsforsikring AS owns 90 percent of BenCo Insurance Holding, which in turn owns Nordben Life & Pension Insurance Company Ltd on Guernsey and Euroben Life & Pension Ltd with headquarter in Dublin. The companies offer pension products to multinational companies. In 2011, SPP's share in Benco was sold to Storebrand Livsforsikring AS based on fair value.

Storebrand offers actuarial services, systems solutions and other types of services associated with the operation of pension funds through its subsidiaries Aktuar Systemer AS and Storebrand Pensjonstjenester AS.

Storebrand Livsforsikring AS established a branch in Sweden in 2005. The branch offers pension insurance and unit linked agreements based on Norwegian law in the Swedish market. The branch no longer makes new sales. The branch was integrated with SPP in 2008.

Storebrand Finansiell Rådgivning AS was established as a wholly owned subsidiary in order to satisfy statutory changes within financial advice (MiFid Regulations) which came into force on 1 November 2007.

Storebrand Eiendom Holding AS is the holding company for real estate activities. The company is 100 per cent owned by Storebrand Livsforsikring AS. In 2011, Storebrand Eiendom Indirekte AS was sold from Storebrand Eiendom Holding to Storebrand Livsforsikring at fair value. Storebrand Eiendom Indirekte invests primarily in foreign real estate funds.

Storebrand Eiendom AS manages properties for Storebrand and SPP, nationally and internationally. The company is 100 per cent owned by Storebrand Livsforsikring AS. Storebrand Livsforsikring AS also owns 100 per cent in Storebrand Realinvesteringer AS that manages investments in real estate.

Storebrand Livsforsikring AS owns 66 percent of Foran Real Estate in Latvia, as well as 29 percent through SPP Livförsäkring AB. The company invests in forests in Latvia.

Storebrand Livsforsikring AS owns 50 per cent of the equities in Storebrand Baltic UAB in Lithuania. Storebrand Bank ASA owns the other 50 per cent of the equities in the company. The company acts as a resource centre for support services for the entire Storebrand Group, and is a key tool in the work on continuous improvement and streamlining. Storebrand Livsforsikring AS together with Mirror Accounting AS owns the company Evoco UAB in Lithuania. The company delivers services such as recruitment, accounting and language training to Norwegian companies in Lithuania.

RESULT

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

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

The tables below summarises the information in the consolidated financial statements for Storebrand Livsforsikring AS based on IFRS principles and a table showing the reconciliation against NGAAP.

Income tax expenses
Storebrand Livsforsikring had an income tax expense of NOK 730 million for 2011. In the Storebrand Group, the tax loss carry-forwards together with other deductible temporary differences have previously exceeded the taxable temporary differences, so that there has not been a need to allocate a provision for deferred tax. In 2011, the tax loss carry-forwards were lower, partly as a result of the fall in the equity market, and the taxable temporary differences have increased so that at year-end 2011, there was a net deferred tax of NOK 804 million. The largest temporary differences that have affected deferred tax are related to investment properties that are in their own companies in the customer portfolios and that are treated for accounting purposes as a taxable temporary difference.

The Norwegian and the Swedish business are presented exclusive internal transactions.

Result Storebrand Livsforsikring Group according to IFRS principles

NOK million	**2011**	**2010**
Storebrand Life Insurance	481	783
Insurance	223	148
SPP	291	410
Asset Management	89	90
Profit before amortisation	1,083	1,430
Amortisation intangible assets	-361	-351
Pre-tax profit/loss	722	1,079
Tax	-730	388
Profit/loss	-8	1,467

The next pages referes to the development in results for Storebrand Life Insurance, SPP and Insurance.

Storebrand Life Insurance

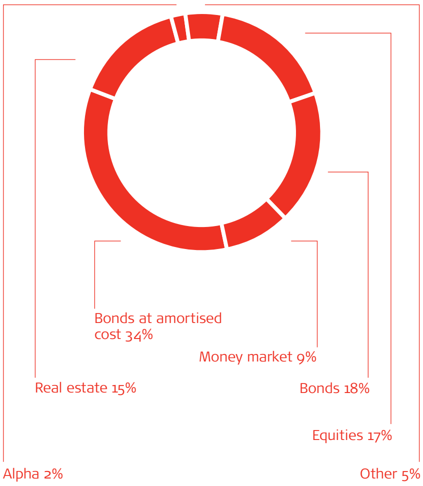
- Strong return relative to competitors enables the building up of buffers and longevity reserves
- Stable development of administration and risk results during the quarter
- 12 per cent growth in premium income for defined-contribution pensions in 2011

The business area Storebrand Life Insurance offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals.

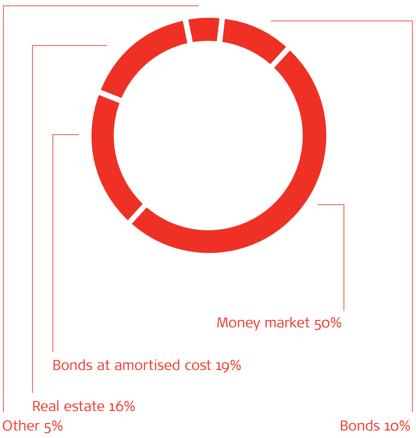
RESULT
Intra-group transactions - BenCo
In November, an internal transaction was carried out in the Group, where SPP Livförsäkring AB's stake in Benco Holding (the parent company of Euroben and Nordben) was sold to Storebrand Livsforsikring AS. The purpose of the transaction was to create a simpler ownership structure of Benco in the Group, in that the previously shared ownership between SPP and Storebrand Livsforsikring AS was gathered in Storebrand Livsforsikring. Furthermore, the transaction contributed to a strengthening of SPP Group's capital and solvency. Storebrand Livsforsikring now owns 90 per cent of Benco's equity. Mandatum and Varma own the remaining shares. Benco is now reported as part of Storebrand Life Insurance and has been incorporated into historic figures.

FIGURE: ASSETS PROFILES

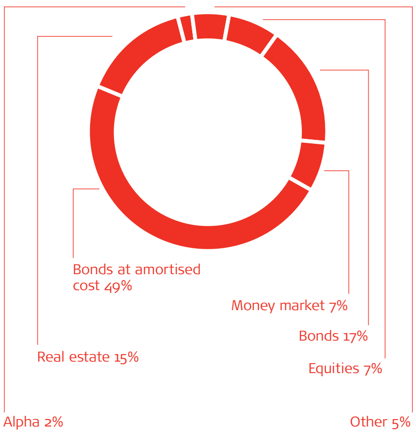
GROUP DEFINED BENEFIT TOTAL:



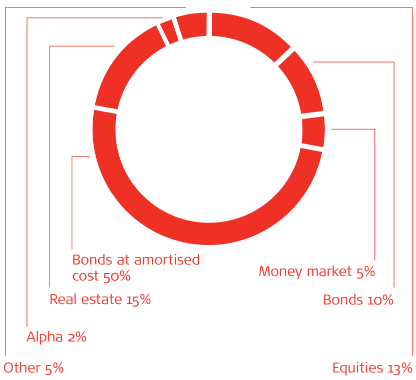
COMPANY PORTFOLIO:



PAID-UP POLICIES:



INDIVIDUAL:



Financial performance Storebrand Life Insurance

NOK million	2011	2010
Administration result	101	58
Risk result	117	152
Financial result [1]	-226	58
Price of interest guarantee and profit risk	520	557
Other	-32	-43
Pre-tax profit/loss	**481**	**783**

[1] Investment result and profit sharing

Administration result

There has been a good development in the administration result to the owner in 2011. Throughout the year, we have been working on cost-saving measures that have proven effective. On the income side, the turbulent financial markets had negative implications for defined contribution pensions and unit-linked, but this is offset by good results in the group pension portfolio.

Risk result

The reduction in the risk result compared with last year is quite significant, and was due to the on-going strengthening the disability provisions for collective one-year risk in 2011.

For group pensions, NOK 147 million was allocated to the risk equalisation fund in 2011. At the end of 2011, the risk equalisation fund totalled NOK 404 million kroner. The risk equalisation fund for paid-up policies totals NOK 65 million at the end of 2011, which is an increase of NOK 23 million for the year.

Financial result

2011 has been marked by considerable turbulence in the financial markets. Long-term rates have declined significantly, while the uncertainty in the financial markets has resulted in increased credit spreads. Lower interest rates make a positive contribution to returns in the short term, while higher credit spreads adversely affect the yield. Equity markets have fallen both in Norway and internationally.

Return on investment portfolios with guarantees

Market investment return group portfolio

Portfolio	2011	2010
Total	3.4%	6.1%
Total group (DB)	3.0%	6.4%
Paid-up policies	3.8%	6.0%
Individual	3.2%	6.0%

Booked investment return group portfolio

Portfolio	2011	2010
Total	4.6%	4.9%
Total group (DB)	4.8%	4.6%
Paid-up policies	4.7%	4.9%
Individual	3.6%	6.0%

Market return defined contribution pensions

Market investment return investment portfolio

	2011	2010
Careful pension	2.8%	6.7%
Balanced pension	-1.2%	10.3%
Aggressive pension	-5.3%	13.4%

With the exception of a small proportion of individual products and of group pension products with multi-year guaranteed interest rate, the book yield on customer portfolios was sufficient to meet the average guaranteed interest rate and generate a profit to customers of NOK 0.5 billion. The average annual interest rate guarantee for the various customer portfolios is in the range 3.1 per cent to 3.7 per cent. The guarantee rate for new business was reduced to 2.5 per cent as a result of low interest rates.

In its letter of December 2011, the Norwegian FSA requested life insurance companies to prioritise the allocation of profits in order to strengthen premium reserves in order to satisfy the assumptions of future longer life expectancy. As a result, Storebrand Life Insurance in 2011 set aside NOK 1.1 billion to strengthen the premium reserve for group pension and paid-up policies.

In addition to this, Storebrand follows an on-going plan to build up reserves for individual pension insurance and paid-up policies due to lower mortality assumptions. According to plan, NOK 323 million was allocated in 2011. Overall, the owner's profit was charged with NOK 180 million in 2011 as a result of building up longevity reserves.

At year-end 2011, the amount by which the reserves still need to be built up was calculated at around NOK 170 million for individual pension insurance. The plan is to complete the build up of the reserves by the end of 2012. This build up of reserves can be covered from the positive booked return. If the booked return for the individual portfolio is higher than 5.8 per cent, this build-up could take place at no cost to the owner.

Storebrand Life Insurance is funded through a combination of equity and subordinated loans. The proportion of subordinated debt is about 30 per cent, and amounted to NOK 6.6 billion at the end of 2011. Interest expenses on subordinated loans are approximately NOK 130 million net per quarter for the next 12 months. The company portfolio had a gross return of 5.1 per cent in 2011 compared with 5.8 per cent in 2010. The returns are negatively impacted by increased credit spreads in the banking sector. The company portfolio had a net result in 2011 of minus NOK 120 million, compared with minus NOK 55 million in the preceding year.

Price of interest guarantee and profit risk

A total of NOK 520 million was recognised as income from upfront pricing of the interest guarantee and profit from risk for group defined benefits in 2011, a decline of NOK 37 million on the preceding year. The decrease was due the implementation of heralded changes in prices and the transition to defined contribution pensions.

Statment of financial position

For customer portfolios with guarantee, allocation to equities in 2011 was reduced in favour of an increase in allocation to long-term bonds.

Share in equity and other units	**31.12.2011**	**31.12.2010**
Agressive profile	21%	21%
Standard profile	17%	17%
Careful profile	9%	9%
Paid-up total	7%	7%
Individual total	13%	13%

The allocation to long-term bonds in the company portfolio rose and money market exposure declined correspondingly.

Assets under management rose in 2011 by approximately NOK 3 billion and aggregated NOK 213 billion at year-end. The increase was driven by the positive return, while net migration of customer assets reduced the increase.

MARKET

Premium income exclusive transfer of premium reserves

NOK million	**2011**	**2010**
Group pension - defined benefit	9,147	8,154
Group with investment choice	3,812	3,409
Total group pension insurance	**12,959**	**11,563**
Paid-up policies	116	98
Individual endowment and pension	584	761
Individual with investment choice	929	1,993
Total individual endowment- and pension insurance	**1,629**	**2,852**
BenCo	700	759
Total	**15,288**	**15,174**

In general, premium income for group defined benefit pensions is declining gradually as a result of steady transition to defined contribution pensions. The increase this year is partly due to wage growth. There is good growth in premium income for defined contribution schemes for businesses. There are no longer writing traditional individual capital and pension, and this has led to a decline in premium income compared with previous years. The decline in premium income for unit-linked is a result of the good sales of the guarantee account in the previous year not being maintained to the same degree.

Sales
Three local authorities decided in 2010 to transfer their pension schemes from Storebrand with effect from 1 January 2011. The recorded net migration from Storebrand was NOK 4,690 million, compared with a net inflow of NOK 1,859 million in 2010.

Corporate and public sector
Storebrand has been very successful within occupational pensions in recent years and has seen a net transfer balance in the last 7 years worth a net inflow around NOK 11 billion. 2011 was, however, a weaker years for sales, being particularly affected by the competitive situation in the public sector and the loss of two of our local authorities with public occupational pensions.

Storebrand is the market leader in the occupational pensions in the private sector with a market share of 30 per cent of gross premiums written for defined contribution pensions and 43 per cent for defined benefits pensions[1)]. The private sector market has been characterised by a strong shift from defined benefit to defined contribution pensions, and it is expected that this trend will continue in 2012. Changed framework conditions for defined benefit pension and the expectation of increased contribution rates will enhance this development. Storebrand is focusing on further developing product and service solutions that are adapted to new conditions and to customer needs.

The retail market
In the retail market, Storebrand has launched a new offensive strategy with high ambitions and has implemented a number of measures that are aimed at supporting the initiative. In 2011, total sales were lower than expected, especially as a result of low net fund product sales because of the negative developments in financial markets.

Storebrand invests heavily in providing affordable products and solutions to employees of our corporate clients, and this market showed a positive trend in 2011. Storebrand is implementing a number of initiatives in the retail market and is improving a number of solutions and service concepts for our customers. The goal is to enhance customer satisfaction, increase the number of customers and increase the number of customers with several product links.

New business
Total new premiums (APE) worth NOK 658 million were signed in 2011 compared with NOK 1,314 million in 2010. The decline is primarily due to the lower APE for group defined benefit and defined contribution pensions, but was also reduced somewhat for unit-linked.

- Guaranteed products: NOK 325 million in 2011 compared with NOK 778 million in 2010.
- Unit-linked: NOK 299 million in 2011 compared with NOK 499 million in 2010.
- BenCo: NOK 34 million in 2011 compared with NOK 37 million in 2010.

SPP
- Administration result increased by 30 per cent
- Weakened financial result
- Premium income from unit linked insurance increased by 7 per cent

The business area SPP offers pension and insurance solutions, as well as advice to companies in the competitive segment of the occupational pensions market. The company also offers private pension savings, as well as sickness and health insurance.

[1)] FNO statistics at Q3 2011

RESULT

Financial performance SPP

NOK million	2011	2010
Administration result	99	76
Risk result	289	290
Financial result	-226	11
Other	129	34
Result before amortisation	**291**	**410**
Amortisation intangible assets	-358	-348
Pre-tax profit/loss	**-67**	**63**

Administration result
The administration result was NOK 23 million higher than in the preceding year. Revenues rose by 7 per cent, due to the growth in assets under management and higher fee-based income. Expenses rose by 5 per cent. The high volume of sales and a larger portion of sales going through brokers, resulting in higher commission costs, can explain this.

Risk result
In 2011, the risk result was NOK 289 million, compared with NOK 290 million in the preceding year. The disability result, which accounts for most of the risk result, is still good. Fewer and shorter disability cases than expected resulted in the capitalisation of reserves, which gave a strong risk result, albeit lower than last year.

In December, the risk activities' reinsurance agreement was terminated, which had a positive effect of NOK 85 million. A new reinsurance agreement has been negotiated with effect from 1 January 2012. The new agreement limits SPP's exposure to disability and mortality risk among private individuals.

Financial result
The financial result was negative during the period and amounted to NOK 226 million for the year as a whole. A weak equity market and declining interest rates during the period contributed to the negative financial result. The return of the various portfolios depends on developments in financial markets. The portfolios have different exposures to, for example, equities, fixed income and currency markets, since they have investment profiles that are adapted to the liabilities. The return will therefore vary. Due to falling interest rates, all portfolios have enjoyed positive returns during the period. In portfolios with a high allocation to fixed income securities, the yield was good and gave a gross return of NOK 319 million, compared with NOK 154 million in 2010.

Falling interest rates increase the value of the guaranteed liabilities. The annual return was not sufficient to cover this increase. This, together with an open equity exposure, led to a deferred capital grant (LCG) of minus NOK 741 million against NOK 100 million in 2010. The company has a hedge portfolio to reduce the effect of falling stock markets on the result. The weak stock market meant that the hedge portfolio recorded a gain of NOK 131 million. Other effects on the financial result aggregated minus NOK 65 million.

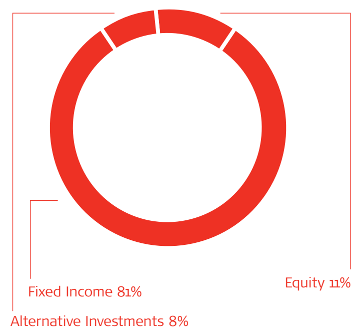
Investment return

Portfolio	2011	2010
Defined Benefit (DB)	8.6%	7.1%
Defined Contribution (DC)		
P250 [1]	3.3%	5.3%
P300 [1]	7.6%	6.0%
P520 [1]	12.5%	7.1%
AP (Retirement pension)	2.8%	0.2%

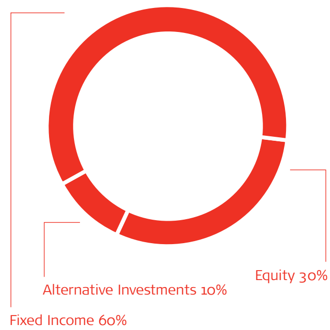
[1] Maximum interest rate guarantee in the portfolios P250, P300 and P520 is 2.5 per cent, 4 per cent and 5.2 per cent respectively.

OTHER RESULT
The other result developed very positively during the year, amounting to NOK 129 million, compared with NOK 34 million in 2010. The result consists of the return on the company's own investments, representing the equity, which are largely invested in the short interest-bearing securities. The good result is due to the short-term interest rates rising significantly over the past year.

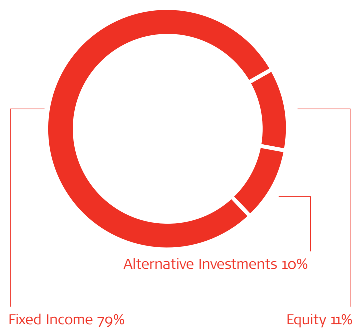
DEFINED BENEFIT (DB)



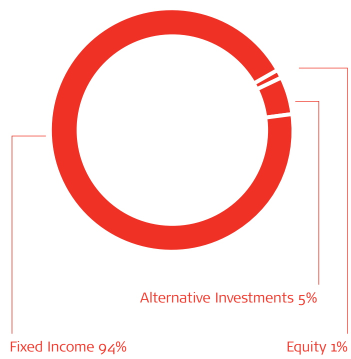
DEFINED CONTRIBUTION (DC) P250



DEFINED CONTRIBUTION (DC) P300



DEFINED CONTRIBUTION (DC) P520



STATEMENT OF FINANCIAL POSITION

SPP adjusts its exposure to equity in line with market developments and the risk-bearing capacity of the portfolio by way so-called dynamic risk management. The portion of shares in the portfolios has been reduced during the year. As is the case for the Norwegian life insurance business, interest rate guarantees on new sales were reduced because of low interest rates, and from 1 January 2012 this interval is 0 to 0.5 per cent.

During the course of the year, the buffer capital (conditional bonus) decreased by NOK 1.1 billion to NOK 7.4 billion. This decrease is due to falling equity markets and lower interest rates.

In 2011, total assets rose from NOK 109 billion to NOK 113 billion. Capital within unit-linked insurance was unchanged at NOK 32 billion, despite a weak stock market. The value of the capital stock fell by 8 per cent during the year. However, this was offset by the continued good net inflow to unit-linked insurance products. Assets under management in traditional insurance had on average a return of 8 per cent, so that the capital has increased to NOK 81 billion.

MARKET

SPP has continued to record good new sales of current premiums for SPP's core business, occupational pension that is exposed to competition. Thanks to an attractive unit-linked offer and a competitive unit-linked insurance product SPP enjoyed a good sales performance in 2011.

Premium income

In 2011, we experienced a continuation in the shift from traditional insurance to unit-linked insurance. This is beneficial to the company as profitability is higher in unit-linked business. Unit-linked insurance accounted to approximately 59 per cent of the premium income, an increase of 10 percentage points. Premium income for unit-linked insurance rose by 4 per cent, while it declined by 31 per cent for traditional insurance.

Premium income exclusive transfer of premium reserves

NOK million	2011	2010
Guaranteed products	2,632	3,030
Unit Linked	3,633	388
Total	**6,265**	**6,418**

SPP strengthened its position for unit linked in the Swedish occupational pensions market in 2011. The market share of unit-linked products rose from 13 to 15 per cent in the open occupational insurance market that is exposed to competition. Net premium income (premiums minus claims payments) and transfers increased in unit-linked from NOK 2,358 million to NOK 2,634 million in 2011. Net premium income in traditional products aggregated minus NOK 2,220 million, up from minus NOK 1,502 million in 2010.

New business

In 2011, new sales were slightly higher than the year before. Sales excluding options centres rose by 15 per cent, from NOK 984 million to NOK 1,034 million. Sales by the company's own sales staff and sales through agents both contributed to the increase.

Unit-linked continued to account for the largest proportion of new business. Of total sales, the proportion of unit-linked was 69 per cent.

- Guaranteed products: NOK 323 million in 2011 compared with NOK 291 million in 2010.
- Unit-linked: NOK 695 million in 2011 compared with NOK 683 million in 2010.
- Other: NOK 16 million in 2011 compared with NOK 10 million in 2010.

INSURANCE

- **Impared risk result**

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

Financial performance

NOK million	2011	2010
Premiums earned, net	1,149	1,099
Claims incurred, net	-833	-845
Operating costs	-193	-199
Insurance result	**124**	**55**
Net financial result	99	93
Profit before tax	**223**	**148**

	2011	2010
Claims ratio	72%	77%
Cost ratio	17%	18%
Combined ratio	89%	95%

New business

Risk products: NOK 99 million in 2011compared with NOK 199 million in 2010.

RECONCILIATION TABLES TOWARDS PROFIT AND LOSS ACCOUNT

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

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

RISK AND CAPITAL SITUATION

Storebrand's income is dependent on external factors which are somewhat uncertain. The most important are capital markets developments and changes in life expectancy in the Norwegian and Swedish populations.

Storebrand's customers want financial security, if something unforeseen should occur, and to maintain their purchasing power on retirement. To satisfy these needs, Storebrand offers various solutions for pension savings and products that ensure further income if, for example, customers lose the capacity to work. The products present the insurance company with an insurance risk, where inter alia, the customers' life expectancy and capacity for work are risk factors. Because of return guarantees, the products also entail interest rate risk. In the Swedish business, this interest rate risk is reflected in the income statement inasmuch as the liabilities are recognised at market value. The introduction of Solvency II rules with effect from 2014 will mean that the market value of provisions will have far greater importance also in the Norwegian business.

Premiums earned are invested in various forms of securities until the assets, including yield, are repaid to customers as a pension or compensation. Storebrand therefore assumes capital market risk by selling these products, with the aim of generating excess returns for both customers and owners. The products are developed, operated and managed by Storebrand and the company is, therefore exposed to operational risk in these transactions.

Continuous monitoring and active risk management are core areas in the Group. The basis for risk management lies with the Board's annual administrative handling of the strategy and planning process, including determination of the risk appetite, risk targets and overall risk limits for the business. Risk management and internal control is an integral part of Storebrand's management responsibility.

Both Storebrand Life Insurance and SPP employ dynamic risk management in their everyday management. The methodology employed shall ensure that the companies maintain a good risk-bearing capacity through continuous adaptation of asset allocation and financial risk to the company's solvency and risk capital. The effect of market declines is muted, while customers and owners can participate in market upturns. Daily calculations in separate modelling tools based on the latest market and portfolio development, form the basis for decisions about possible asset adjustments after a pre-defined framework. By exercising this type of risk management, the company expects to produce good returns each year and over time.

Operational risk refers to the risk of direct or indirect losses resulting from inadequate or failed internal processes or systems, human error or external incidents. The company seeks to reduce operational risk through clear procedures, clear descriptions of responsibilities and documented authorities. In addition, internal audit independent control is carried in accordance with board-approved audit projects. The major operational risks are associated with regulatory changes, major IT projects and the accompanying risk of operational and commercial implications. The management team carries out an annual review of risks and improvement, which results in improvement measures. The risk assessment is presented to and considered by the Board.

STOREBRAND LIFE INSURANCE

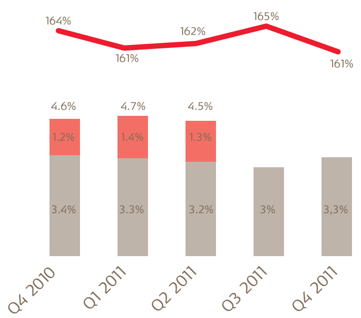
Major risk factors are financial risk - interest rates, equities, real estate and credit - and the insurance risk inherent in increased life expectancy and disability rates.

Exposure to increased life expectancy and disability is associated with the insurance's long duration. The tariffs are based on historical statistical material, and the company has strategies for implementation of future demand for reserve strengthening and to reduce the owner's risk from changes in portfolios to the lowest possible level. Significant portions of the savings products have return guarantees. The company's greatest financial risk is linked to its ability to meet the annual interest rate guarantees. This sets the framework for the types of investments and the implementation of risk management. Most of the new sales are products where customers choose the risk profile of their pension savings and themselves bear the return risk on their accumulated pension funds.

For guaranteed business, high interest rates over time are preferable to low interest rates. The falling interest rates in 2011 resulted, therefore, all other things being equal, a higher risk for the company. This risk is not reflected in the current rules for financial accounting and solvency requirements. New solvency regulations - Solvency II - from 2014 will take into account this interest rate risk. One important stabilising measure is the significant volume of assets in the category of "long-term bonds" that are not recognised at current market value, but which provide a stable current book return significantly above the interest rate guarantee. Liquidity risk is managed by the significant financial investments that enjoy extremely good liquidity.

2011 was characterised by market turmoil and a great deal of uncertainty in the 2nd half, especially regarding the servicing of the large debt burden for many countries in the Euro zone. World stock market indexes fell, long interest rates in countries outside of the Euro crisis fell sharply, and the credit premium on bonds rose somewhat. This also affects Storebrand Life Insurance. The return on customer funds that were invested in equities was clearly negative, while falling interest rates generated higher returns than expected. Mortgage bonds gave returns somewhat below expectation, while real estate provided a yield approximately as expected. Exposure to the debt-ridden Euro countries, the so-called PIIGS nations, is limited.

In order to ensure sufficient capital to service its obligations, Norway's FSA requires that the insurance industry stress tests both assets and liabilities pursuant to pre-defined templates. This is referred to as "Risk- based Supervision" and is a step in the direction of the forthcoming European regulations for life insurance, Solvency II.



Marked value adjustment reserve in per cent of customer funds with guarantee

Additional statutory reserves in per cent of customer funds with guarantee

Solvency margin

SOLIDITY

NOK million	**2007**	**2008**	**2009**	**2010**	**2011**
Equity	14,304	15,247	14,004	15,069	15,031
Subordinated loan capital	8,814	9,833	6,637	6,642	6,630
Risk equalisation fund	197	153	225	287	469
Market value adjustment reserve	3,889		31	1,971	
Additional statutory reserves	5,757	3,437	4,646	5,439	5,442
Conditional bonuses	13,699	7,499	8,689	11,503	10,038
Reserves on bonds held at amortised cost	40	-313	140	732	1,757
Profit carried forward	1,340		952	1,067	742
Total	**48,041**	**35,856**	**35,324**	**42,710**	**40,109**

Solvency capital declined by NOK 2.6 billion as a result of the positive performance and the reduced customer buffer, which amounted to NOK 40.1 billion at the end of 2011. As a result of year-end allocations, NOK 371 million of the year's profit was transferred to additional statutory reserves. Business ceded and deductions for additional statutory reserves covering interest guarantees on individual contacts amounting to NOK 165 million resulted in the level of the company's additional reserves being unchanged in 2011. The market value adjustment reserve was reduced by NOK 2.0 billion and the balance at year-end was zero. Unrealised gains on bonds recorded at amortised cost rose by NOK 1 billion as a result of the fall in interest rates and aggregated NOK 1.8 billion at the end of 2011.

Storebrand Livsforsikring Group's capital adequacy ratio was 13.8 per cent at the end of 2011, virtually unchanged from the preceding year. Storebrand Livsforsikring Group's solvency margin was 161 per cent, a fall of 3 percentage points. The decline in the solvency margin is, inter alia, due to estimated tax cost. On the other hand, the solvency margin rose following permission from the Norwegian FSA to change the manner in which investments in real estate with stakes of between 10 and 15 per cent are dealt with. This change was implemented in Q3 2011. For Storebrand Livsforsikring this change resulted in a 5 percentage points improvement in the solvency margin. An allocation was made for a NOK 200 million group contribution to Storebrand ASA.

SPP

SPP is exposed to the same types of risks as Storebrand Life Insurance. Differences in product design, regulatory framework and asset allocation result, however, in a somewhat different risk situation. SPP's benefits based products are inflation adjusted, and thus part of the portfolio is exposed to inflation risk. Interest rate risk is reflected in the liabilities since they are market assessed under the Swedish rules in both in the financial statements and for the calculation of solvency capital. The investment portfolio is adjusted to the current interest rate sensitivity of insurance liabilities in the financial statements. Different calculation methods result in the interest rate sensitivity in the calculation of SPP's solvency is greater than in the financial statements. The sharp fall in long Swedish interest rates in the autumn of 2011 had a moderately negative effect on financial results, but a significant negative effect on the company solvency quota. Negative financial markets and dynamic risk management led to a gradual reduction in the proportion of equities in 2011.

Customer returns in 2011 were good, especially in the profiles with low exposure to the equity market. The largest positive contribution to customer returns came from the bond portfolios, especially portfolios with low credit risk, following the sharp fall in long Swedish interest rates.

If the value of the assets is lower than the value of the liabilities to customers, as a result of return lower than the performance guarantees that have been issued, a so-called "net deferred capital contribution" arises, for which provisions are made in the accounts. "Net deferred capital contributions" can be reversed by good portfolio returns and/or increased market interest rates.

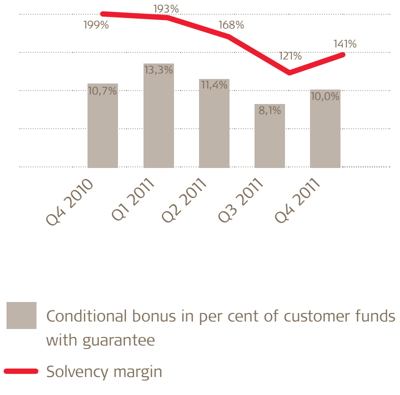
At the end of the year, SPP's solvency ratio of 141 per cent compared with 199 per cent at the end of 2010. In Sweden the solvency calculation discounts insurance liabilities using a market interest rate. During the year, interest rates fell sharply in Sweden. This resulted in the insurance liabilities in the solvency calculation rising and the solvency capital falling. To ensure a stable solvency margin in volatile interest rate markets, it was resolved to strengthen SPP Livförsäkring AB's capital with a capital injection of NOK 0.9 billion.

The Swedish Financial Supervisory Authority's stress test is referred to as "Traffic Light Reporting" and has much in common with the "Risk-based Supervision" in Norway.

CAPITAL SITUATION

Storebrand pays particular attention to the active management of equity and loans in the group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the group's capital requirements. The goal of the capital management is to ensure an effective capital structure and ensure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. The group's goal is to achieve a solvency margin in the life business of more than 150 per cent over time. In addition, Storebrand Livsforsikring AS' goal is to attain an A level rating. At the year-end, Storebrand Livsforsikring AS had A3 and A- ratings from Moody's and Standard & Poor's respectively, unchanged from 2010.

Solidity



REGULATORY MATTERS

Norwegian life insurance companies must satisfy two sets of capital adequacy requirements – one set that monitors the company's assets (Basel) and one set that monitors liabilities (Solvency I). With effect from 2008, life insurance companies in Norway are subject to new regulations on capital adequacy that are an adaptation of the new capital adequacy rules for banks (through Basle II). The Basel regulations, combined with Solvency I are expected to apply to life insurance companies until the introduction of the common European capital adequacy regulations for insurance company, Solvency II.

SUSTAINABILITY

Storebrand Group has worked systematically and purposefully with corporate social responsibility (CSR) for over 15 years. Long before most other players in the financial sector related to socially responsible criteria for their investments, Storebrand had a research department with methods to define the best companies as regards CSR. Storebrand's ambition has long been to be the leading player in the field of corporate social responsibility in the Nordic countries. In 2011, decisions were taken to ensure that this position is maintained in a world undergoing rapid change, where sustainability is an important competitive factor. Reporting of key figures in sustainability is certified by an independent third party and is shown in the Storebrand Group's annual report. Work on sustainable investments is described in more detail in the Storebrand Group's annual report.

FROM CSR TO SUSTAINABILITY

For 15 years, Storebrand has used CSR as a concept for the work being carried out within the environment, social issues and social commitment. To ensure long-term development as a company calls for more than just assuming responsibility. It calls for a sustainable strategy. The concept of sustainability defines the core of long-term success, "sustainable development should maintain this generation's needs without compromising the ability of future generations to meet their own needs [1]". This is a guiding star for the Group's strategic planning and daily operations, and is followed up, among other things, by asset management's analysis of enterprises in the investment process. Sustainability is also one of the Group's new promises to its customers.

In the spring of 2011, the Board of Directors resolved a further development of the Group's work on sustainable investments. Since 2005, the Group has had a minimum standard for sustainable investments that applies to all funds managed by the Group. This resolution implies that the ESG parameters (Environmental, Social and Governance) shall be taken into consideration in all investment decisions. The purpose is to identify companies that are best positioned to meet future challenges from a sustainability perspective.

WORLD-CLASS SUSTAINABLE ENTERPRISE

The Group requires sustainability in all internal processes and decisions. The Purchasing Department has requirements for sustainability as one of three essential criteria, HR has ethics and employee satisfaction high on the agenda, and sustainability is largely integrated into the core business. This means that Storebrand for 13 consecutive years has been eligible to be included in the Dow Jones Sustainability Index as one of the 10 per cent most sustainable companies in the world in our industry. Storebrand is to be found on the SAM Sustainability Leaders list for 2012. Furthermore, Storebrand qualified for the FTSE4Good, Leadership Index of the Carbon Disclosure Project and came in 9th on the list of the most sustainable companies in the world at Global 100, which the World Economic Forum compiles.The value of the Group's work on sustainable investments also received wide recognition as the Group in 2011 was awarded "Sustainable Asset Owner of the Year" by Financial Times and IFC, part of the World Bank

CHANGES IN PSI - PRINCIPLES FOR SUSTAINABLE INSURANCE

In 2012, UNEP FI, the United Nations Environment programme, will introduce the principles for sustainable insurance, an expansion of UNPRI - which are the UN Principles for Responsible Investment. These principles will be an important tool for the industry's sustainability efforts and hopefully contribute to building confidence in the financial and insurance industry globally, which for years has struggled with low a confidence rate among people in general. Storebrand has been involved in formulating the policies and preparing the business to deliver on the new principles for sustainable insurance.

[1] Definition of sustainable development from the Brundtland Commission Report 1987.

ENVIRONMENT

Storebrand is committed to reducing the environmental impact of its business, both through its own operations, investments, procurement and real estate management. The absolute greatest impact on the environment can be achieved through the strict requirements that our investments are subjected to. The Group's head office at Lysaker is a building with high environmental demands, and we work constantly to reduce energy consumption in all properties that we manage ourselves The Group is also working on eco-labelling of its properties. At the end of 2011, 60 per cent of the real estates that Storebrand operates and manages are Eco-lighthouse certified. All are energy labelled.

The Group works to eliminate all company cars in Norway and Sweden and has both electric cars and bicycles that can be borrowed. The environment weighs heavily on all our procurement.

Although the Group is actively working to reduce emissions, it is not currently possible to reduce CO2 emissions to a zero level. To compensate for this, Storebrand purchases UN-certified carbon quotas (CER, Certified Emissions Reductions) covering emissions from air flights, energy consumption and company cars. The Group became Norway's first carbon neutral financial player in 2008 and has since been climate neutral

HUMAN RESOURCES AND ORGANISATION

Storebrand Livsforsikring AS is a wholly owned subsidiary of Storebrand ASA. At year-end, the Storebrand Livsforsikring Group had 1,717 employees, compared with 1,656 at the beginning of the year. The average age is 44 years and average length of service is 9 years.

EQUALITY AND DIVERSITY

In all Storebrand's job listings, the Group emphasises that it is committed to diversity and that we encourage qualified candidates to apply regardless of age, gender, disability, cultural background or sexual orientation. The Group's working environment surveys are an important tool to measure the employees' experience of Group diversity, and the importance of having this topic on the agenda.

43 per cent of the members of the Board of Storebrand Livsforsikring AS are women, as are 17 per cent of the Storebrand Group's executive management team. At year-end 38 per cent of those with management responsibilities in the Storebrand Group were women.

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

In 2011, 15 employees over the retirement age of 65 were in work, compared to 38 in 2010. In Norway, the Group hired 33 new people over the age of 45.

SICK LEAVE

Health and satisfaction are included in all business area scorecards and health has consistently been high on the agenda of the group in 2011. In the health indicator physical working conditions are included, and a range of measures have been introduced to ensure that the Group's physical working conditions are the best possible. There is still much that can be improved and work will continue into the coming year. Action on many fronts has led the Group being able to record stability in sickness leave in 2011, which at the beginning of the year was targeted at 3.5 per cent. The sick leave rate in Storebrand Livsforsikring was 4.7 per cent for 2011, compared to 4.9 per cent in 2010 and 5.3 per cent in 2009. SPP had a sick leave rate of 2.4 per cent and Storebrand Baltic 2.5 per cent. Storebrand Group became an "inclusive workplace" (IA) company in 2002 and enjoys a close and good cooperation with The Norwegian Labour and Welfare Service (NAV). Storebrand has its own health clinic and in 2011 it had just over 5,800 medical consultations. With an average of 9 consultations per employee this has contributed positively to the Storebrand Group's low sickness figures.

Head office employees can train in their own sports hall during working hours and the sports club, which has administrative responsibility for activities in the hall, has more than 900 members covering 17 branches of athletics.

No injuries to people, property damage, or accidents of significance were reported in Storebrand in 2011.

SKILLS AND TRAINING

A common e-learning platform has made the training on offer more visible and available than before. This has resulted in more people taking advantage of the varied training the company offers. The Group has developed training plans for different roles in Storebrand, in which skills training in all arenas is combined. There are also standardised courses on offer that are readily available to all employees.

It was important to improve customer relationships, and courses in customer communications and sales have been held throughout the year. Storebrand has used internal resources in this effort to raise the level of competency.

In 2011, there has also been considerable focus on the authorisation scheme for financial advisors (AFR) in terms of the theoretical knowledge test and practical examination. In all, six theme days were arranged in preparation for the knowledge test.

In 2010/2011, Storebrand's trainee programme was adjusted in line with the retail market strategy, and a more diverse group of trainees were employed with a focus on the subject matter, customer or project. The programme runs for two years and gives trainees a unique experience of the entire Group. The trainees are offered four trainee positions in Norway, SPP or in Lithuania, and feedback from trainees and the areas in which the trainees work are very good. In addition, we offer a summer programme for students who have one year left before taking their masters degree.

Storebrand is working continuously to strengthen personal and professional development in the Group and emphasises performance appraisal as an important part of this. All employees go through two mandatory appraisals a year involving follow-up and documentation of performance, collaboration and compliance with corporate values. In 2012, performance appraisals will be even more important as a way of supporting the Group's efforts to strengthen customer orientation.

ETHICS AND TRUST

Storebrand lives on trust. It is not a physical product that is sold, but a promise to be there when needed, be it tomorrow, in ten years or in forty years. Therefore, we set stringent demands on the high ethical standards of the Group's employees. All employees are measured on performance, behaviour and attitudes. One of the group's core values in 2011 was To be trusted and one of the Group principles was We take social responsibility.

CORPORATE GOVERNANCE

Storebrand Livsforsikring's systems for internal control and risk management of the accounting process comply with Storebrand Group's guidelines. Storebrand's Board of Directors and its executive management review corporate governance principles annually. Storebrand established its corporate governance principles in 1998. In accordance with § 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance dated 20 October 2011, Storebrand issues a statement of the principles and practices of corporate governance. For a detailed account of Storebrand Livsforsikring's corporate governance and a report on corporate governance, see the separate article to be found in section 10 of Storebrand Group's annual report.

Storebrand Livsforsikring's articles of association stipulate that the company shall have the same nomination committee as Storebrand ASA, and hence is part of Storebrand Group's processes for appointing and replacing Board members.

Storebrand Livsforsikring has no provisions in the articles of association nor has it issued any authorities that allow the Board to resolve that the company shall repurchase or issue own shares or equity capital certificates

Eight board meeting were held in 2011, one of which was a strategy meeting. The manner in which the Board of Directors works is regulated by way of separate Board instructions. Storebrand ASA's board has two advisory committees that are common for the entire Storebrand

Group, namely the Remuneration Committee and the Audit Committee. In 2011, a Compensation Committee was also established as a joint committee for Storebrand ASA, Storebrand Livsforsikring AS, Storebrand Bank ASA, Storebrand Kapitalforvaltning AS and Storebrand Finansiell Rådgivning AS, pursuant to Section 3, paragraph three of the Compensation Regulations. The Compensation Committee is in addition to the Remuneration Committee. The committee cannot make decisions on behalf of the individual board.

CHANGES TO THE BOARD OF DIRECTORS

Peik Norenberg and Erik Haug Hansen have replaced Andreas Enger and Gorm Leiknes on the Board in 2011. The Board of Directors thanks the retiring members for their valuable efforts for the company.

IMPROVEMENTS IN EFFICIENCY

In recent years, Storebrand has in worked actively to streamline its operations. LEAN has been introduced as the working method in all circles, in order to ensure that we enjoy an on-going improvement of work processes. By streamlining processes and establishing self-service solutions for customers, as well as increased use of labour in Lithuania, the cost.-level is reduced. This work will continue with undiminished force.

In March 2011, Storebrand Group was reorganised and all sales and marketing forces for the Norwegian part of the Group were gathered in the life insurance company. This has resulted in a stronger customer front and an opportunity to better coordinate and exploit the resource base. As part of this reorganisation, support functions were streamlined and reduced in scope. In the new organisation, the life insurance company also benefits from the product responsibility for unit-linked and personal risk products being integrated and coordinated with similar activities and expertise in SPP and Storebrand Livsforsikring respectively. In addition, the Group's Nordic resources related to asset-liability management and investment strategies brought under the same roof and organised as part of Storebrand Life Insurance. Overall, this contributes to better resource exploitation for the life company and the Group alike.

GROWTH

Storebrand Livsforsikring expects a growth in total assets of between 4 and 8 per cent per year in the business market. More and more companies choose to close their defined benefit plans and growth is taking place within defined contribution schemes. The introduction of the pensions reform is increasing awareness of pensions and provides room for providing good solutions for additional private savings.

APPLICATION OF THE YEAR'S RESULT

The Board confirms that the financial statements were prepared on the basis of a going concern assumption.

The following application of the profit of NOK 443 million is proposed:

Group contribution:	NOK	200 million
Other equity:	NOK	76 million
Risk equalisation fund:	NOK	167 million

The company's distributable equity amounts to NOK 3,115 million.

Lysaker, 13 February 2012
The Board of Directors of Storebrand Livsforsikring AS
Translation – Not to be signed

Ider Kreutzer
Chairman of the Board

Peik Norenberg

Tove Margrete Storrødvann

Else-Lill Grønli

Erik Haug Hansen

Inger Johanne Bergstøl

Egil Thompson

Odd Arild Grefstad
Chief Executive Officer

Accounts and notes

Profit and Loss account

1 January – 31 December

Storebrand Livsforsikring Group 2010	2011	NOK million	Note	Storebrand Livsforsikring AS 2011	2010
		TECHNICAL ACCOUNT:			
23,015	22,799	Gross premiums written		15,801	15,592
-321	-317	Reinsurance premiums ceded		-68	-74
5,582	2,637	Premium reserves transferred from other companies	16	2,317	5,358
28,277	**25,120**	**Premiums for own account**	**13,14**	**18,050**	**20,876**
58	72	Income from investments in subsidiaries, associated companies and joint-controlled companies	28	1,784	1,366
		of which from investments in real estate companies		1,779	1,335
7,453	8,248	Interest income and dividends etc. from financial assets	17	5,213	4,893
1,144	1,190	Net operating income from real estate	18		
2,949	414	Changes in investment value	17	-2,181	1,835
2,312	2,314	Realised gains and losses on investments	17	662	1,596
13,916	**12,238**	**Total net income from investments in the collective portfolio**	**13**	**5,478**	**9,690**
		Income from investments in subsidiaries, associated companies and joint-controlled companies	28	133	98
		of which from investments in real estate companies		132	96
990	1,427	Interest income and dividends etc. from financial assets	17	655	340
82	87	Net operating income from property	18		
2,943	-4,948	Changes in investment value	17	-1,638	1,072
466	452	Realised gains and losses on investments	17	459	526
4,481	**-2,982**	**Total net income from investments in the investment choice portfolio**	**13**	**-390**	**2,035**
935	**995**	**Other insurance related income**	**13**	**162**	**162**
-16,877	-16,574	Gross claims paid		-10,560	-11,145
47	83	Claims paid - reinsurance		18	6
-118	37	Gross change in claims reserve		28	-79
-4,575	-8,172	Premium reserves etc. transferred to other companies	16	-7,050	-3,522
-21,524	**-24,626**	**Claims for own account**	**13**	**-17,564**	**-14,742**
-6,852	-7,767	To/from premium reserve, gross		-1,202	-6,934
-759	-98	To/from additional statutory reserves in connection with claims/repurchase		-98	-759
-1,940	1,971	Change in value adjustment fund		1,971	-1,940
-97	-95	Change in premium fund, deposit fund and the pension surplus fund		-95	-97
-48	-44	To/from technical reserves for non-life insurance business		-44	-48
-2,427	2,182	Change in conditional bonus			
22	42	Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	16	42	22
-12,101	**-3,807**	**Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations**	**13,39**	**576**	**-9,756**
-9,618	-3,135	Change in premium reserve		-3,445	-5,060
-178	2	Change in other provisions		2	-178
-9,796	**-3,133**	**Changes in insurance obligations recognised in the Profit and Loss account - investment portfolio separately**	**13,39**	**-3,443**	**-5,238**
-304	-256	Profit on investment result		-256	-304
-70	-163	Risk profit allocated to the insurance agreements		-163	-70
-133	-90	Other allocation of profit		-90	-133
-507	**-510**	**Funds allocated to insurance contracts**	**13**	**-510**	**-507**

Profit and Loss account

1 January – 31 December

Storebrand Livsforsikring Group 2010	2011	NOK million	Note	Storebrand Livsforsikring AS 2011	2010
-501	-313	Management expenses		-126	-365
-475	-516	Selling expenses	19	-334	-299
59	53	Change in pre-paid direct selling expenses	19		
-1,391	-1,608	Insurance-related administration expenses (incl. commissions for reinsurance received)		-910	-719
198	291	Reinsurance commissions and profit participation			
-2,109	**-2,093**	**Insurance-related operating expenses**	13	-1,370	-1,384
-272	**-239**	**Other insurance related expenses after reinsurance share**	**13**	**-186**	**-217**
1,299	**962**	**Technical insurance result**		**802**	**919**
		NON-TECHNICAL ACCOUNT			
4	-4	Income from investments in subsidiaries, associated companies and joint-controlled companies	28	153	138
		of which from investments in real estate companies		91	69
333	518	Interest income and dividends etc. from financial assets	17	738	605
60	59	Net operating income from real estate	18		
-45	21	**Changes in investment value**	17	-27	-68
240	51	Realised gains and losses on investments	17	83	218
591	**645**	**Net income from investments in company portfolio**		**947**	**892**
474	**558**	**Other income**		**2**	
-36	-29	Management expenses		-10	-18
-1,264	-1,385	Other costs		-530	-517
-1,301	**-1,414**	Management expenses and other costs linked to the company portfolio		**-540**	**-536**
-236	**-211**	**Profit or loss on non-technical account**		**409**	**357**
1, 064	**751**	**Profit before tax**		**1,211**	**1,276**
388	**-730**	**Tax costs**	**23**	**-811**	
1,452	**22**	**PROFIT BEFORE OTHER COMPREHENCIVE INCOME**		**400**	**1,276**
-233	-118	Actuarial gains and losses on defined benefit pensions - benefits to employees	20	-72	-202
-57	76	Change in value adjustment reserve own buildings			
29	117	Re-statement differences			
57	-76	Adjustment of insurance liabilities			
	122	Tax on other comprehensive income		116	
-204	**121**	**Other comprehensive income**		**44**	**-202**
1,248	**142**	**COMPREHENSIVE INCOME**		**443**	**1 074**

Statement of financial position

31 December

Storebrand Livsforsikring Group 2010	2011	NOK million	Note	Storebrand Livsforsikring AS 2011	2010
		ASSETS			
		ASSETS IN COMPANY PORTFOLIO			
740	745	Goodwill	24		
5,499	5,182	Other intangible assets	24	91	82
6,239	**5,926**	**Total intangible assets**		**91**	**82**
1,188	1,264	Real estate at fair value	27		
352	407	Real estate for own use	27,35		
123	125	Equities and units in subsidiaries, associated companies and joint-controlled companies	28	8,633	7,722
		of which investments in real estate companies		1,541	1,338
39	69	Lending to and securities issued by subsidiaries, associated companies	28	8,342	8,141
7	5	Lending	9,25,26	5	7
	169	Bonds held to maturity	9,25,26,29	169	
299	1,334	Bonds at amortised cost	9,25,26,29	1,334	299
341	312	Equities and other units at fair value	25,30	170	168
13,839	15,006	Bonds and other fixed-income securities at fair value	9,25,31	4,769	5,565
538	316	Derivatives at fair value	9,25,32	316	536
317	192	Other financial assets	9,25,34	139	254
17,042	**19,199**	**Total investments**		**23,879**	**22,692**
176	**203**	**Reinsurance share of insurance obligations**		**203**	**176**
1,119	1,177	Receivables in connection with direct business transactions		1,125	996
78	118	Receivables in connection with reinsurance transactions		9	
21	24	Receivables with group company		91	82
1,615	1,418	Other receivables		567	493
2,834	**2,737**	**Total receivables**		**1,792**	**1,571**
109	76	Tangible fixed assets	35	60	95
1,605	2,897	Cash, bank		1,377	488
	26	Tax assets	23		
589	616	Other assets designated according to type	37		
2,303	**3,615**	**Total other assets**		**1,438**	**582**
349	406	Pre-paid direct selling expenses			
84	79	Other pre-paid costs and income earned and not received		29	35
433	485	Total pre-paid costs and income earned and not received		29	35
29,027	**32,164**	**Total assets in company portfolio**		**27,431**	**25,138**
		ASSETS IN CUSTOMER PORTFOLIOS			
24,239	25,547	Real estate at fair value	27		
1,229	1,291	Real estate for own use	27,35		
60	106	Equities and units in subsidiaries, associated companies and joint-controlled companies	28	30,152	26,860
		of which investments in real estate companies		29,669	26,433
227	428	Lending to and securities issued by subsidiaries, associated companies	28		
	7,983	Bonds held to maturity	9,25,26,29	7,983	
47,895	62,976	Bonds at amortised cost	9,25,26,29	62,976	47,895
3,109	2,896	Lending	9,25,26	2,896	3,109
52,921	46,776	Equities and other units at fair value	25,30	25,857	26,003
121,282	107,175	Bonds and other fixed-income securities at fair value	9,25,31	37,532	59,839
3,338	5,136	Financial derivatives at fair value	9,25,32	208	1,531
4,898	4,542	Other financial assets	9,25,34	1,036	2,538
259,199	**264,855**	**Total investments in collective portfolio**		**168,640**	**167,776**

Statement of financial position

31 December

Storebrand Livsforsikring Group 2010	2011	*NOK million*	Note	Storebrand Livsforsikring AS 2011	2010
1,632	1,925	Real estate at fair value	27		
88	102	Real estate for own use	27,35		
		Equities and units in subsidiaries, associated companies and joint-controlled companies	28	2,318	1,853
		of which investments in real estate companies		2,299	1,838
110	114	Lending	9,25,26	114	110
39,571	38,160	Equities and other units at fair value	25,30	12,203	11,171
16,449	20,858	Bonds and other fixed-income securities at fair value	9,25,31	13,447	11,332
341	14	Financial derivatives at fair value	9,25,32	14	338
1,020	905	Other financial assets	9,25,34	841	995
59,210	**62,079**	**Total investments in investment choice portfolio**		**28,936**	**25,800**
318,409	**326,934**	**Total assets in customer portfolios**		**197,576**	**193,575**
347,436	**359,098**	**TOTAL ASSETS**		**225,007**	**218,713**
		EQUITY AND LIABILITIES			
3,430	3,430	Share capital		3,430	3,430
9,271	9,271	Share premium reserve		9,271	9,271
12,701	**12,701**	**Total paid in equity**		**12,701**	**12,701**
287	469	Risk equalisation fund		469	287
2,359	2,153	Other earned equity		3,115	3,057
207	177	Minority interests			
2,853	**2,799**	**Total retained equity**		**3,584**	**3,343**
5,326	5,311	Perpetual subordinated loan capital		5,311	5,326
1,500	1,502	Perpetual capital		1,502	1,500
6,825	**6,813**	**Total subordinate loan capital etc.**	**8**	**6,813**	**6,825**
233,176	239,842	Premium reserves		154,956	153,607
5,173	5,208	Additional statutory reserves		5,208	5,173
1,971		Market value adjustment reserve			1 971
810	774	Claims allocation		689	718
3,700	3,640	Premium fund, deposit fund and the pension surplus fund		3,640	3,700
11,503	10,038	Conditional bonus			
577	648	Other technical reserve		648	577
256,910	**260,151**	**Total insurance obligations in life insurance - contractual obligations**	**38,39**	**165,142**	**165,746**
58,129	61,452	Premium reserve		28,207	24,762
1	1	Claims allocation		1	1
266	233	Additional statutory reserves		234	266
620	289	Premium fund, deposit fund and the pension surplus fund		289	620
59,016	**61,974**	**Total insurance obligations in life insurance - investment choice portfolio separately**	**38,39**	**28,730**	**25,648**
982	1,077	Pension liabilities etc.	20	820	738
226	830	Tax liabilities	23	695	
82	108	Other provisions for liabilities		62	57
1,290	**2,016**	**Total provisions for liabilities**		**1,577**	**794**
1,302	1,600	Liabilities in connection with direct insurance		1,066	857
9	1	Liabilities in connection with reinsurance		1	9
880	2,197	Financial derivatives	11,25,32	1,518	679
874	1,187	Liabilities to group companies		235	875
4,319	7,345	Other liabilities	40	3,454	944
7,385	**12,329**	**Total liabilities**		**6,274**	**3,364**

Statement of financial position

31 December

Storebrand Livsforsikring Group				Storebrand Livsforsikring AS	
2010	**2011**	*NOK million*	**Note**	**2011**	**2010**
456	315	Other accrued expenses and received, unearned income		187	291
456	**315**	**Total accrued expenses and received, unearned income**		**187**	**291**
347,436	**359,098**	**TOTAL EQUITY AND LIABILITIES**		**225,007**	**218,713**

Lysaker, 13 February 2012
The Board of Directors of Storebrand Livsforsikring AS
Translation – Not to be signed

Ider Kreutzer
Chairman of the Board

Peik Norenberg | Tove Margrete Storrødvann | Else-Lill Grønli

Erik Haug Hansen | Inger Johanne Bergstøl | Egil Thompson

Odd Arild Grefstad
Chief Executive Officer

Reconsiliation of change in equity

STOREBRAND LIVSFORSIKRING AS

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

[1] 34,304,200 equities of NOK 100 par value.

[2] Restricted equity NOK 469 million.

STOREBRAND LIVSFORSIKRING GROUP

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

[1] Restricted equity NOK 469 million.

Cash flow analysis

1 January – 31 December

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

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Note 1 | Corporate information and accounting policies

1. CORPORATE INFORMATION
Storebrand Livsforsikring AS owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Livförsäkring AB. On acquiring the Swedish activities in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009. Storebrand has submitted an application to maintain the current group structure, and it is of the opinion that it is natural to see possible changes in the group structure in light of the upcoming solvency framework (Solvency II). In 2011, SPP Livförsäkring AB's stake in the subsidiary Benco was sold to Storebrand Livsforsikring AS.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS
The accounting policies applied in the Group accounts are described below. These policies are applied consistently for similar transactions and other events under similar circumstances.

The annual accounts are prepared pursuant to the Regulations governing annual accounts etc. for insurance companies, as amended with effect from 01.01.2008.

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS
The preparation of the annual financial statements in accordance with applicable laws and regulations requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See note 3 for further information about this.

3. CHANGES IN ACCOUNTING POLICIES
The Insurance Activity Act with associated regulations was amended in 2011 so that there is no longer any requirement for an administration provision for non-life insurance. Effective 1 January 2011, this shall be transferred from a separate provision in retained earnings to other retained earnings. On the same date, the claims provision for non-life insurance shall include a separate provision for future claims settlement costs for outstanding claims incurred. The comparative figures have been restated in accordance with these conditions.

4. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES RELATING TO SIGNIFICANT STATEMENT OF FINANCIAL POSITION ITEMS
The asset side of the Group's statement of financial position comprises, for the most part, financial instruments and investment properties. Investment properties are recognised at fair value, Most of the financial instruments are recognised at fair value, whilst other financial instruments that are included in the category Lending and receivables and Held to maturity are recognised at amortised cost. Capitalised intangible assets, which mainly comprise excess of purchase price relating to insurance contracts, are recognised in the statement of financial position. These assets are recognised at cost less an annual amortisation.

The liabilities side of the Group's statement of financial position comprises, for the most part, financial instruments (liabilities) and technical insurance reserves. With the exception of derivatives, which are recognised at fair value, the majority of the financial liabilities are recognised at amortised cost.

Technical insurance reserves are intended to cover liabilities relating to issued insurance contracts, and the requirement is that these reserves shall be adequate. Various methods and principles are used when assessing the reserves for different insurance contracts. A considerable part of the insurance liabilities relate to insurance contracts with interest guarantees. Recognised liabilities relating to Norwegian insurance contracts with interest guarantees are discounted at the market rate (liquid and non-liquid swap rate). In the case of unit-linked insurance contracts, reserves are the savings element will correspond to the related asset portfolios.

The accounting policies are explained in more detail below.

5. CONSOLIDATION
The consolidated financial statements include Storebrand Livsforsikring AS and the subsidiaries in which Storebrand Livsforsikring has a controlling influence. Controlling influence is normally achieved when the Group owns, directly or indirectly, more than 50 per cent of the shares in the company, and the Group is able to exercise control over the company. Minority interests are included in the Group's equity. Subsidiaries included in the group portfolio are recognised using the equity method, while the subsidiaries included in the corporate portfolio are recognised at cost. For subsidiaries that prepare accounts in accordance with principles other than those that apply to the insurance company, the subsidiary's financial statements are restated to comply with the principles under which the insurance company's accounts are prepared.

BUSINESS COMBINATIONS
When acquiring a company, the purchase method of account is applied. Acquisition cost is measured at fair value, taking into account possible equity instruments, in addition to direct costs relating to the acquisition. Any issue expenses that arise are not included in acquisition costs, but are charged to equity.

Identified tangible and intangible assets and liabilities that have been acquired are assessed at fair value on the acquisition date. If the acquisition costs exceed the value of the identified assets and liabilities, the difference is recognised in the financial statements as goodwill. If the acquisition cost is less that the identified assets and liabilities, the difference is recorded in the profit and loss account at the time the transaction is carried out. If less that 100 per cent of the company is acquired, 100 per cent of excess values or shortfall in market value is recognised in the statement of financial position, with the exception of goodwill, where only Storebrand's share is recognised.

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

When investments are made, including those in investment properties, the company considers whether the acquisition is a business combination pursuant to IFRS 3. When such acquisitions do not cover business combinations, the purchase method is not applied, pursuant to IFRS3 Business Combination, so that possible excess values are not calculated and no provisions are made for deferred tax as in a business combination.

FUNCTIONAL CURRENCY AND CURRENCY TRANSLATION OF FOREIGN COMPANIES
The Group's functional currency is the Norwegian Krone (NOK). Foreign companies included in the consolidated financial statements, which have 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 effective at year-end. Because of the difference in the exchange rates applied when converting profit and loss account and statement of financial position items, any differences are recorded directly against total profit. Conversion differences are recorded against total profit.

ELIMINATION OF INTERNAL TRANSACTIONS

Internal receivable and payables, internal profit s and losses, interest and dividends etc. between Group companies are eliminated in the consolidated financial statement. Transactions between customer portfolios and the life insurance company's or other Group unit portfolios, are not eliminated in the consolidated accounts, Pursuant to the life insurance regulations, transactions with customer portfolios are based on the arms-length principle.

6. INCOME RECOGNITION

PREMIUM REVENUE

Net premium revenue includes the year's premiums written (including savings elements), premium reserves transferred and reinsurance. Annual premiums are accrued on a straight-line basis. Fees for issuing Norwegian interest guarantees and profit element risk are included in premium revenue.

INCOME FROM REAL ESTATE AND FINANCIAL ASSETS

Income from real estate and financial assets is described in sections 9 and 10.

OTHER INCOME

Fees are recorded when the income is dependable and earned, fixed fees are taken to income as the service is delivered and success fees are taken to income when the success criteria have been fulfilled.

7. 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 recognised at acquisition cost at the time of acquisition. Goodwill acquired by acquiring subsidiaries is classified as intangible assets.

Goodwill is not amortised, but is tested annually for impairment. Goodwill is tested for impairment when there are indicators showing that such impairment has taken place. A test of the recoverable amount of goodwill is carried out at least once a year.

If the relevant discounted cash flow is lower than the book value, goodwill is written down to fair value. Write-downs of goodwill are never reversed, even if there is information in future periods that the impairment no longer exists or is of a lesser amount.
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.

Goodwill relating to acquisitions of interests in associated companies is included in the investment in that associate company, and test for impairment as part of the book value of the write-down.

8. INTANGIBLE ASSETS

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

Intangible assets with unspecified useful 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.

9. INVESTMENT REAL ESTATE

Investment real estate are recognised 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.

Primarily, investment real estate consist of centrally located office buildings and shopping centres. Real estate leased to tenants outside the Group are classified as investment properties. In the case of real estate partly occupied by the Group for its own use and partly let to tenants, the identifiable tenanted portion is treated as an investment real estate.

See note 20 for more information about investment real estates.

10. FINANCIAL INSTRUMENTS

10.1 GENERAL POLICIES AND DEFINITIONS

Recognition and derecognition

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

Financial assets are derecognised when the contractual right to the cash flows from the financial assets expire, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, of 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. when the contractual liability has been fulfilled, cancelled or has expired.

Definition of amortised cost

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

Definition of fair value

See definition of fair value in section 9. 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 price on the last trading day, up to and including the statement of financial position date.

If a market for a financial instrument is not active, fair value is determined by using recognised 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 similar, discounted cash flow analysis, and options pricing models. If the 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 is estimated based on the current market rate of interest on similar lending. When estimating the fair value of a loan, consideration is also given to the development of the associated credit risk in general.

Impairment of doubtful financial assets

In the case of financial assets that are recognised at amortised value, consideration is given on each statement of financial position date as to whether there is objective evidence that the value of a financial asset or a group of financial assets is impaired.

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

Losses that are expected as a result of future events, irrespective of how probably they are, not included.

10.2 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
- Investments held to maturity
- Loans and receivables
- Available for sale

Held for sale

A financial asset is classified as held for sale if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the short term, is part of a portfolio of identified financial instruments that are managed on a portfolio basis and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- 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 recorded at fair value on the statement of financial position date. Changes in fair value are recognised in the profit and loss account.

At fair value through profit or loss in accordance with the fair value option (FVO)

A significant proportion of Storebrand's financial instruments are classified at fair value through profit and loss because:

- such classification reduces the 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.

Investments held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity and that a company has the intention and ability to hold to maturity, with the exclusion of:

- assets that are designated in initial recognition as assets at fair value in profit and loss, and
- assets that are defined as loans and receivables.

Assets held to maturity are recognised at amortised costs using the effective interest method.

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 on initial recognition as assets at fair value over profit or loss.

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

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

Available for sale

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

10.3 SHARE LENDING

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

10.4 DERIVATIVES

Derivatives are defined as follows:

A derivative is a financial instrument or other contract within the scope of IAS 39 and which has all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar reaction 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 financial instruments that are held for sale. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value over profit or loss.

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

10.5 ACCOUNTING TREATMENT OF DERIVATIVES THAT ARE HEDGING

Fair value hedging

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

Hedging of net investments

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

The total loss or gain in equity is recognised in the profit and loss account when the foreign business is sold or wound up.

Storebrand uses the regulations governing hedging of net investments in respect of the investment in the subsidiary Storebrand Holding AB.

10.6 FINANCIAL LIABILITIES

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method or at fair value.

11. ACCOUNTING FOR THE INSURANCE BUSINESS

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

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

An explanation of the accounting policies for the most important technical insurance reserves can be found below.

11.1 GENERAL - LIFE INSURANCE

Result for policyholders

Guaranteed return of the premium reserve and the premium fund and other returns to customers are recorded under the item guaranteed returns and allocations to policyholders.

Claims for own account

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

Changes in insurance liabilities
These comprise premium savings that are taken to income under premium income and that are paid under claims. This item also includes guaranteed returns on the premium reserve and the premium fund, as well as returns to customers beyond the guarantees.

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

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

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

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

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

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

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

Sales costs
Sales costs in the Norwegian life insurance business are expensed, whilst in the Swedish subsidiaries sales costs are recorded in the statement of financial position and amortised. '

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

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

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

The pensioners' surplus fund comprises surplus assigned to the premium reserve in respect of pensions in group payments. The fund is applied each year as a single premium payment to secure additional benefits for pensioners.

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

Market value adjustment reserve
The current year's net unrealised gains/losses on financial assets at fair value in the group portfolio in Storebrand Livsforsikring AS are allocated to/reversed from the adjustment fund in the statement of financial position assuming the portfolio has a net unrealised excess value. That part of the current year's net unrealised gains/losses on financial current assets denominated in foreign currencies that can be attributed to fluctuations in exchange rates is not transferred to the adjustment fund. Similarly, the change in the value of the hedging instrument is not transferred to the adjustment fund, but is charged directly to the profit and loss account. The foreign exchange fluctuations associated with investments denominated in foreign currencies are largely hedged through foreign exchange contracts on a portfolio basis. Transactions with In accordance with legal security funds are considered realisations inasmuch as the company, as an investor, cannot be considered to have control over the securities fund. Pursuant to accounting standard for insurance contracts (IFRS 4) the adjustment fund is shown as a liability.

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

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

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

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

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

11.4 P&C INSURANCE
Costs related to insurance claims are recognised when the claims occur.

The following allocations have been made:
Reserve for unearned premium for own account concerns on-going policies that are in force at the time the financial statements were closed and is intended to cover the contracts' remaining risk period.

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

The insurance companies in the Group are subject to their own specific legal requirements for technical insurance reserves, including security reserves etc.

12. PENSION LIABILITIES FOR OWN EMPLOYEES
Storebrand Group has country-specific pension schemes for its employees. With effect from 1.1.2011, Storebrand Group in Norway provides it employees with defined contribution pension schemes. Through to 31.12.2010, Storebrand had a defined benefits scheme for its Norwegian employees. The Norwegian benefits scheme was closed to new members with effect from 1.1.2011, and existing members could elect to transfer to the defined contribution scheme.

In Sweden, SPP, has agreed, in accordance with The Finance Companies Service Pension Plan ((BTP Plan), predefined collective pension plans for its employees. A predefined pension implies that an employee is guaranteed a certain pension based on the pay scale at the time of retirement on termination of the employment arrangement.

12.1 DEFINED BENEFITS SCHEME
Pension costs and pension liabilities for defined benefits schemes are calculated on a straight-line earnings profile and anticipated final salary as the calculation basis, based on assumptions relating to the discount rate, future wage adjustments, pensions and benefits from the National Insurance Scheme, future yields on pension assets and actuarial assumptions relating to mortality, disability, and voluntary retirement. Since there was no active market for high quality corporate bonds in Norway, the discount rate has been set at risk-free rate (government bond) taking into consideration the remaining period to maturity. The period's net pension cost comprises the sum of the period's pension earnings, the interest cost on the estimated liability, and the expected return on the pension assets.

Actuarial gains and the effect of changes in assumptions are recognised in comprehensive income in the statement of recognised income, expenses and changes in the period in which they occur. The effects of changes in pension plans are recognised as they occur, unless plan changes are conditional on future earnings. The effect is distributed on a straight-line basis over the period through to the benefit being fully earned. Employer's contributions to the National Insurance Scheme are included as part of the pension liability and as part of the estimate deviation shown in the total result.

Storebrand has an insured and an uninsured pension plan. The insured plan in Norway is written by Storebrand Livsforsikring AS.

12.2 DEFINED CONTRIBUTION SCHEME
The defined contribution scheme implies that the Group pays an annual contribution to the employees' collective pension savings. The future pension will depend on the size of the contribution and the annual yield on pension savings. The Group has no further obligations in respect of work performed after the annual contribution has been paid. There are no provisions for incurred pension liabilities in such schemes. Defined contribution schemes are expensed directly.

13. 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 recognised at acquisition cost less accumulated depreciation and any write-downs.

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

The depreciation period and the depreciation method are reviewed annually to ensure that the method and period used correspond with the useful economic life of the asset in question. This also applies to the residual value. Real estates are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are evaluated separately for each component.

Assets are assessed for impairment if there are indications of a decline in its value. Any write-downs are recognised as the difference between the book value and the recoverable amount. The recoverable amount is the highest of fair value less selling expenses and the value in use. On every reporting date, the possibility of reversing earlier write-downs on non-financial assets is assessed.

14. TAX
The tax cost in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax, and is based on the IAS 12 Taxable Profit accounting standard. 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 values of assets and liabilities for accounting and tax purposes. Deferred tax assets are recognised in the statement of financial position to the extent it is considered likely that the companies in the Group will have sufficient taxable profit in the future to make use of the tax asset.

On 1 January 2012, the Ministry of Finance distributed, for consultation purposes, its proposal to limit the exemption method for shares etc. owned by life insurance companies and pension companies. This refers primarily to shares that are included in the Norwegian life insurance companies' customer portfolios. Under the proposal, any amendment to the legislation will take place with effect from 1.1.2012. The proposal is subject to a great deal of uncertainty, and the existing tax regulations have been applied when calculating the tax at 31.12.2011 for the Norwegian activities.

Deferred tax is calculated on the basis of the Group's carry forward tax losses, tax-reducing temporary differences and tax-increasing temporary differences. The Group's tax-increasing temporary differences also include temporary differences linked to the Group's investment properties. These properties are primarily found in the Norwegian life company's customer portfolio and in companies that are owned by Storebrand Eiendom Holding AS, which in turn is directly owned by Storebrand Livsforsikring AS. Even though these property companies are included in the customer portfolio, and can be sold virtually free of tax, the tax-increasing temporary differences linked to the underlying properties are included in the Group's temporary differences, where deferred tax is calculated at a 28 per cent nominal tax rate.

15. LEASES
A lease agreement is classified as a financial lease agreement if it significantly transfers the risk and return inherent in the ownership. Other leases are classified as operational lease agreements. Storebrand has no financial lease agreements.

16. CASH FLOW ANALYSIS
The cash flow analysis is prepared using the direct method, and shows cash flows grouped according to sources and applications. Cash is defined as cash, receivables from central banks and receivables from financial institutions at call.
The cash flow analysis is classified by operating, investing and financing activities

17. BIOLOGICAL ASSETS
Pursuant to IAS 41, investments in forestry are considered biological assets. Biological assets are assessed at fair value, which is defined based on alternative fair value estimates, or the present value of expected net cash flows. Changes in the value of biological assets are recorded at the time the purchase agreement is signed. Annual revenues and expenses are calculated for forestry and outlying fields.

18. SHARE-BASED REMUNERATION
Storebrand Group has share-based remuneration for key personnel. The fair value of the share options is set on the allotment date. This evaluation is based on recognised evaluation models adjusted to the characteristics of the options in question. The value set at the allotment date is accrued in the profit and loss account over the option's earning period with a corresponding increase in equity. The amount is considered a cost and is adjusted to reflect the actual number of share options earned. The earning period is the period from the scheme is established and through to the options being fully earned.

Note 2 | Profit sharing and result allocated to owners – life insurance

The profit and loss account for a life insurance company includes result elements relating to both customers and owner. The result generation comprises net yield on the company's equity and risk products where the profit devolves entirely on the owner. In the case of Storebrand, the risk products are included in the segment Insurance and are not part of life insurance. There are also products with profit sharing where the profit is distributed to the customers. In addition, there are collective pension products with interest guarantees where the customer pays a fee for the interest guarantee. Unit Linked products are fee based and without any interest guarantee

This note provides a description of the content of the various elements of the generated result and an overview of the results allocated to ownwes and customers.

If one were to regroup profit and loss, one could divide the profit between customers and owner in the following elements:

- **Administration result**

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

- **Risk result**

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

- **Financial result**

The financial result consists of the net financial income from financial assets for the group portfolio less the guaranteed return. In addition to which there is the yield on the equity and subordinated debt. Any return-based fees are included in the financial result.

GENERATION OF RESULT TO THE OWNER

The following is a description of the results for the segments Storebrand Livsforsikring and SPP.

FINANCIAL PERFORMANCE - STOREBRAND LIFE INSURANCE

NOK million	Defined benefit fee based	Defined contribution and unit-linked fee based	Individual and paid-up policies profit sharing	BenCo	Company portfolio/ other	2011	2010
Administration result	-69	69	67	34		101	66
Risk result	147	-69	20	19		117	152
Financial result [1)]		13	-131	12	-120	-226	50
Profit from risk and interest guarantee	504	16				520	557
Other	-18				-14	-32	-43
Pre-tax profit/loss	**564**	**29**	**-44**	**65**	**-134**	**481**	**783**
Assets under management (billions)	83	23	85	14	8	213	212

[1)] Investment result and profit sharing

Administration result

The administration result line includes all products apart from traditional individual products with profit sharing. Administration and management costs are paid annually in advance. The insurance company must then meet any deficit in the administration and management result, and similarly any profit is retained by the company. Where a policy's assets are managed in the investment choice portfolio, the fee charged for asset management must be shown as a separate element.

Risk result

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

Financial result

The net return on share capital devolves on the company. Share capital consists of equity and subordinated loans.

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

Profit sharing

Profit sharing is also included in the financial result line. A modified profit sharing regime was introduced for old and new individual policies that have left group pension insurance policies (paid-up policies), which allows the company to retain up to 20 per cent of the profit from returns after any allocations to additional statutory reserves. The modified profit sharing model means that any negative risk result can be deducted from the customers' interest profit before sharing, if it is not covered by the risk equalisation fund. Individual endowment insurance and pensions written by the company prior to 1 January 2008 will continue to apply the profit rules effective prior to 2008. New contracts may not be established in this portfolio. The company can retain up to 35 per cent of the total result after allocations to additional statutory reserves.

Price of return guarantee and profit risk

The return guarantees in group pension insurance with a return guarantee must be priced upfront. The level of the return guarantee, size of the buffer capital (additional statutory reserves and unrealised gains), and the investment risk of the portfolio in which the pensions assets are invested determines the price that the customer pays for his or her return guarantee. Return guarantees are priced on the basis of the risk to which the equity is exposed. Group pension customers can choose an investment profile with a low proportion of equities, which normally results in a lower risk of losses and lower expected return. A larger proportion of equities will normally result in a higher expected return, but also a higher price for the return guarantee. The insurance company bears all the downside risk, and must carry reserves against the policy if the buffer reserves are insufficient or unavailable.

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

Other result

Comprises inter alia the results from subsidiaries.

Customers' result generation

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

FINANCIAL PERFORMANCE - SPP

NOK million	**Guaranteed products**	**Unit Linked**	**Company portfolio**	**2011**	**2010**
Administration result	44	43	12	99	76
Risk result	282	7		289	290
Financial result	-226			-226	7
Other/currency			129	129	38
Profit before amortisation	**100**	**50**	**141**	**291**	**410**
Assets under management (billions)	81	32	10	124	117

Administration result

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

Risk result

The risk result is paid to the owners in its entirety for all products

Financial result

In the case of insurance products with guaranteed interest, the financial result is primarily affected by three components:

- profit sharing
- indexing fee
- changes in deferred capital contribution to cover guaranteed capital

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

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

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

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

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

Other result

The other result consists of the return on assets not managed for account of the policyholders, equity and depreciation on intangible assets and interest expenses on subordinated loans.

Note 3 | Important accounting estimates, discretionary judgments and contingent liabilities

When preparing the consolidated accounts, management must make estimates, discretionary judgments and make assumptions on uncertain values. 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 presented. The actual results may vary from the accounting estimates.

The Group's most important estimates and judgments that can result in major changes to values included are explained below:

REFERRING TO LIFE INSURANCE IN GENERAL

In the consolidated accounts, insurance liabilities with a guaranteed interest rate are included, but using different principles in the Norwegian and the Swedish activities. An immaterial asset (value of business in force – VIF) linked to the insurance contracts in the Swedish activities is also included. There are several elements that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to trends in life expectancy and invalidity, and legal aspects such as amendments to legislation and judgments handed down in court cases etc. In the long term, a low interest rate will represent a challenge for insurance contracts with a guaranteed interest rate and, together with a reduced customer buffer, can have an impact on the amount recorded that is linked to the insurance contracts. The Norwegian insurance contracts with interest guarantees are discounted at the premium calculation rate (approximately 3.5 per cent on average). The Swedish insurance liabilities with interest guarantee are discounted based on a swap yield curve where parts of the yield curve are not liquid. The non-liquid part of the yield curve is estimated on the basis of long-term expectations regarding real interest rates and inflation.

Pursuant to the IFRS 4 Insurance Contracts standard, the insurance liabilities included shall be adequate and a liability adequacy test shall be carried out. The Norwegian insurance liabilities are calculated in accordance with regulations peculiar to Norway, including the Act relating to Insurance Activity Act and regulations. For the Norwegian life insurance liabilities, a test is carried out at a general level by conducting an analysis that is based on the Norwegian premium reserve principles. The analysis is based on the assumptions made when estimating embedded value, where the company uses best estimates of the future basic elements based on current experience. The test implies that the company analyses current margins between assessments in the reservation basis and the assumptions in the Embedded Value analysis. This test was also carried out prior to implementing IFRS 4.

On acquisition of the Swedish insurance company SPP, intangible assets were capitalised in the consolidated accounts relating to the values of SPP Group's insurance contracts, whilst SPP Group's recorded technical insurance reserves were continued in Storebrand's consolidated accounts. The intangible assets were often referred to as "Value of business in force" (VIF), and these intangible assets, together with associated capitalised sales costs and insurance liabilities are test for adequacy. The test is passed if book liabilities are larger than or equal to the net liabilities assessed at an estimated market value, including expected owner's profit. This test looks at embedded value estimates and follows IAS 37

Storebrand satisfies the liability adequacy tests for 2011 and it has, therefore, no impact on the profit and loss account for 2011. There will be uncertainty associated with these tests. For more details about the uncertainty associated with the technical insurance reserves, please see below.

In Storebrand's life insurance activities, changes in estimates relating to technical insurance reserves, financial instruments and investment properties assigned to life customers will not necessarily have any impact on the owner's result, but changes in estimates and assessment may have an effect on the owner's result. One major factor will be the whether the life customers' assets, including the current year' return, exceeds guaranteed liabilities. There will be uncertainty associated with these tests. For more details about the uncertainty associated with the insurance provisions, see below

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

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

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

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

In general, the following will often be key factors in the generation of the result for customers and/or the owners

- Performance of interest rate and equity markets, as well as commercial property trends
- Composition of assets and risk management, and changes in the assets' composition over the year
- Buffer capital level for various products
- Buffer capital related to the individual insurance contract
- Trends of life expectancy, mortality and illness - assumptions
- Development of costs – assumption

INVESTMENT REAL ESTATE

Investment real estate are recognised at fair value. The commercial real estate market in Norway is not particularly liquid nor is it transparent. Uncertainty will be linked to the valuations and these require the exercising of judgment, especially in periods with turbulent finance markets.

Key elements included in valuations and which require the exercising of judgment are:

- Market rent and vacancy trends
- The quality and duration of rent incomes
- Owners' costs
- Technical standards and any need for upgrading
- Discount rates for both certain and uncertain cash flow, as well as residual value

FINANCIAL INSTRUMENTS AT FAIR VALUE

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, and for these investments various valuation techniques are applied in order to fix fair value. These include private equity investments, investments in foreign properties, and other financial instruments where theoretical models are used in pricing. Any changes to the assumptions could affect the recognised values. The majority of such financial instruments are included in the customer portfolio.

Please also refer to note 11 in which the valuation of financial instruments is described in more detail.

FINANCIAL INSTRUMENTS AT AMORTISED COST

Financial instruments stated at amortised cost are assessed on the statement of financial position date to see whether there are objective indications of any impairment in the value of financial asset or a group of financial assets.

Some discretion must be used when assessing whether there is an impairment, and if so the size of the impairment. The degree of uncertainty is higher when there is unrest in the financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect the way one considers whether there is any indication of impairment. There will therefore be uncertainty linked to the size of recognised individual write-downs and group write-downs. This will apply to provisions relating to loans in the private and the corporate markets and to bonds that are recognised at amortised cost.

TECHNICAL INSURANCE RESERVES

Technical insurance reserves in life insurance are based on assumptions concerning life expectancy, mortality, disability, interest rate levels, and future costs, etc. Changes in such assumptions will affect the size of the liabilities, which in turn can affect the owner's result. In the Norwegian life insurance business, the majority of the calculated payments are discounted by the appropriate guaranteed interest rate. Storebrand continuously builds up reserves to new tariffs in connection with increased life expectancy, and the building up of reserves in a time-limited period can be charged to the running return. Any deficient future return in connection with this may reduce the profit allocated to the owner.

In the Swedish business (SPP), the insurance liabilities are largely discounted using a yield curve in which parts of the yield curve are not liquid, and insurance liabilities in the Swedish business are impacted by changes in the market rate. Since different rate are used for assets and liabilities, changes in interest rates will affect the owner's result and equity.

See note 6 for further information about insurance risk.

INTANGIBLE ASSETS

Goodwill and intangible assets with undefined useful economic lives are tested annually for impairment. Goodwill is allocated to the Group's cash flow generating units. The test's valuation involves estimating the cash flows that arise in the relevant cash flow generating units and applying a relevant discount rate. Tangible fixed assets and other intangible assets are assessed annually to ensure that the method and period being used correspond with economic realities.

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

An intangible asset that arises from development (or the development phase of an internal project) shall be recognised if all the following elements can be documented:

- technical assumptions for completing the intangible asset with a view to it becoming available for use or sale
- the enterprise intends to complete the intangible asset and put it into use or sell it
- the enterprise has the ability to use the intangible asset or to sell it
- how the intangible asset will probably generate economic benefits. I.e. can the enterprise show that there is a market for the intangible asset's products or for the intangible asset per se, or, in the event that it is to be used internally, the usefulness of the intangible asset
- Availability of adequate technical, financial and other resources to complete the development and to start sig or to sell the intangible asset
- The enterprise's ability to reliably measure the expenditure attributable to the intangible asset while it is under development

PENSIONS OWN EMPLOYEES

The present 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 are 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. There is considerable uncertainty linked to the assumptions regarding future real interest rates, future adjustments of the national insurance Scheme's base rate and future inflation rates.

DEFERRED TAX

The consolidated accounts contain significant temporary differences between the values of assets for accounting purposes and for tax purposes. The current Norwegian tax regulations have been applied when calculating deferred tax in the Norwegian business. In the case of certain investments and positions, the tax calculation will be based on estimates that may deviate from the final assessed figures.

On 1 January 2012, the Ministry of Finance distributed, for consultation purposes, its proposal to limit the exemption method for shares etc. held by life insurance companies and pension companies in customer portfolios. Under the proposal, these rules may apply from 1.1.2012. An implementation of the new tax regulations can have an impact on the deferred tax calculation.

CONTINGENT LIABILITIES

The companies in the Storebrand Group operate an extensive business in Norway and abroad, and may become a party to litigations. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 4 | Risk management and internal control

Storebrand Group's life insurance customers want security for their own economy in the event that anything unforeseen might occur, and they want to be able to maintain their purchasing power as pensioners. To satisfy these needs, for a considerable time the Group has sold various pension products and products that secure future earnings if, for example, the customer should be disabled. The products pose an insurance risk, where i.a. the customers' life expectancy and working ability are risk factors. Because of the return guarantees, the products also present a financial market risk in the form of interest risk. In the Swedish business, this interest risk is reflected in the financial accounts since the liabilities are recognised at market value. The implementation of the Solvency II rules with effect from 2014 will imply that the market value of reserves will be very important to the Norwegian business as well.

Premiums paid are invested in securities until the assets, including the yield, are repaid to the customers as pensions or compensation. Storebrand Group assumes, therefore, a further financial market risk to satisfy the customers' needs and through its goal to achieve an excess return. The products are created, serviced and managed by the various companies that make up Storebrand Group and the company assumes, therefore, also operational risk, for example through errors in the management of the customers' assets.

Continuous monitoring and active risk management are therefore core areas of the Group's activities and organisation. The basis for risk management is laid down in the Board's annual handling of the strategy and plan process, which sets the risk appetite, risk targets and overriding risk limits for the operations. In Storebrand Group, responsibility for risk management and internal control is an integrated part of management responsibility.

ORGANISATION

<u>The Board of Direcotors</u> shall ensure that the company has the approriate systems for risk management and internal control.

<u>The Chief Executive Officer</u> shall, in accordance with the guidelines adopted by the Board of Directors, arrange for the establishment of acceptable risk management and internal control, continuous risk follow, and ensure that the risks are satisfactorily covered, ensue that the company's risk management and internal control is implemented, monitored and documented, and provide the Board of Directors with relevant and timely information about the company's risks, risk management and internal control.

<u>Managers</u> at all levels in the organisation are responsible for risks, risk management and internal control within their own area of responsibility, and shall continuously consider the implementation of internal control.

The managements prepare annual internal control reports that show how the internal control that has been established functions. At least once a year, the Chief Executive Officer shall prepare an overall review of the risk situation and submit this to the Board of Directors for action.

Storebrand has staff members who are dedicated to following up and managing risks for various product groups and for the company as a whole. Control functions, i.e. risk management, internal control and compliance shall support the line organisation in identifying, assessing, managing and controlling risk-taking. Responsibility for the Group's control functions for risk management and internal control lie with the Group's Chief Financial Officer.

COMPLIANCE

The compliance function is an advisory function that supports the Board and management in managing and follow-up the risk of failing to comply with the external and internal rules and regulations that apply to the business.

The compliance officer in the individual company produces written reports on the company's compliance with the regulations for the board of directors and executive management in the company informing about the company's compliance with internal and external regulations. Compliance reporting is seen as being on a par with the Group companies' internal control reporting, operation risk reporting and event reporting.

INTERNAL AUDIT

Storebrand has entered into an agreement with KPMG concerning the internal audit function. The responsible partner in KPMG reports directly to the Board of Storebrand ASA, which stipulates the instructions for the internal audit and approves the audit's annual plan. The audit plan also includes an independent evaluation of the Group's control functions.

Below follows a description of the special situation concerning risk management of life insurance linked to the relationship between customers and owner. As far as the risk associated with the business in the Group is concerned this is, apart from life insurance, risk that essentially affects the owner. Insurance risk, financial market risk, liquidity risk, credit risk, and operational risk are described in more detail in notes 6-10.

STOREBRAND LIFE INSURANCE NORWAY

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

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

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

SPP

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

The investment strategy and risk management in SPP comprises four main pillars:

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

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

Note 5 | Solvency II

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

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

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

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

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

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

NOTE 6 | Insurance risk

Insurance is about protecting oneself against financial loss when events occur. These could be anything from damage to a car or theft in P&C insurance to disability, death or long life in life insurance. Simply put, insurance involves a sharing of risk between many policyholders in which the risk reflects the probability and consequences.

LIFE INSURANCE

PRODUCTS

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

Group contracts:

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

Individual contracts:

1. Individual allocated annuity or pension insurance provides guaranteed payments for as long as the insured person lives. Alternatively, it can be agreed that the pension ends at a specified age.
2. Individual endowment insurance provides single payments in the event of attaining a specified age, death or disability.
3. Individual unit linked insurance is endowment insurance or allocated annuity in which the customer bears the financial risk.

RISK AREAS

For Storebrand, life insurance is the dominant insurance area and deals with the following biometric areas of risk:

1. Death – The risk of erroneous estimation of mortality (before retirement age) or erroneous estimation of payment to surviving relatives. Over the last few years, a decrease in mortality and fewer young surviving relatives have been registered, compared with earlier years.
2. Long life – The risk of erroneously estimating life expectancy and future pension payments. Historical developments have shown that an increasing number attain retirement age and live longer as pensioners than was previously the case. There is a great deal of uncertainty surrounding future mortality development. In the event of longer life expectancy above that assumed in the premium tariffs, the owner could risk higher charges on the owner's result in order to cover necessary statutory provisions.
3. Disability – The risk of erroneous estimation of future illness and disability. As of today, the disability risk in Norway is greater than in other OECD countries. There is uncertainty linked to future disability rates.

The most challenging is the risk relating to "long life".

Problems associated with long life

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

RISK PREMIUMS AND TARIFFS

STOREBRAND LIFE INSURANCE NORWAY

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

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

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

In the case of group pension insurance, the premiums for traditional retirement and survivor cover follow the industry tariff K2005. Premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

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

SPP AND BENCO

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

Ideally, individual contracts have individual risk premiums based on age and gender.

The tariffs contain no assumptions about inflation or transfer, as is true for Storebrand Life Norway.

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

The future is not equally predictable as far as disability insurance is concerned. Changes in new incidences of disability are taking place much faster than changes in mortality/life expectancy. One of the reasons for this is the problems involved with determining the causes of and the degree of disability. The rapidly increasing level of disability in the first few years of the 21st century resulted in significant premium increases within the sector. Many insurance companies were doubtful about offering voluntary disability cover in the future. However, since 2005 the number of disability incidences has fallen in a more balanced trend and resulted in SPP reducing the risk premiums for disability cover. Nonetheless, disability has been significantly lower than assumed in the tariff.

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

RISK MANAGEMENT

1. Evaluation of insurance risk (underwriting)

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

2. Control and monitoring of insurance risk

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

3. Provisions for long life

The last years' follow-up has illustrated the need to further strengthen premium reserves as they relate to long life. The need for provisions applies in general to products that involve a guaranteed benefit, but the impact varies depending on the composition, product characteristics, and amendments to regulations, i.a. as a result of the pension reform. The need for provisions for group pensions (private) and paid-up policies exceed what has been the annual interest excess for these products over the last few years. In a letter from the FSA dated 16 December 2011, a three-year plan for increasing reserves is proposed, starting in 2011. Through Finance Norway (FNO), the industry will set a mortality tariff in the course of 2012, and implementation is expected from 1.1.2013. The final process, the level of mortality tariffs, and the need to increase reserves will depend on the work being done by the Banking Law Commission in connection with the design of the new occupational pension in the private sector. Amongst other things, the question of implementation of the longevity adjustment in light of the constitutional protection might have an impact on these considerations. Furthermore, the need for provisions will depend on issues such as cover composition, the size of security margins etc. In the field of group public insurance, the need will be considerably lower because of changes in the product (introduction of a longevity adjustment) as a result of the pension reform.

4. Reinsurance

The company also manages its insurance risk through a variety of reinsurance programmes. Through catastrophe reinsurance (excess of loss), the company covers losses (single claims and reserves provisions) where a single event causes more than 3 deaths or disability cases. This cover is also subject to an upper limit. Surplus reinsurance on life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practices. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

5. Pooling

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

6. Traffic light reporting (only SPP)

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

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

DEATH AND DISABILITY

Net annual risk premium for a sum insured of NOK 100,000

For disability pensions, the premium for an annual disability pension of NOK 10,000 paid until the person turns 67 years old.

	Men			Women		
	30 years	45 years	60 years	30 years	45 years	60 years
Risk of death, individual endowment insurance	102	270	1,182	51	135	593
Lump sum disability, individual	273	590		352	1,367	
Disability pension, individual	248	639	1,975	371	1,577	2,490
Critical illness, non-smoker, individual	171	515	1,804	171	515	1,804
Risk of death, group life insurance	57	152	854	34	92	513
Risk of death, group pension insurance	33	146	745	23	77	404
Disability pension, group pension	239	552	1,016	464	1,324	1,413

RISK RESULT

The table below specifies the risk result in the various risk areas and also state the effect of reinsurance and pooling on the result.

Specification of risk result	**Storebrand Livsforsikring AS**		**BenCo**	
NOK million	**2011**	**2010**	**2011**	**2010**
Survival	-79	-132	6	-5
Death	287	229	0	4
Disability	479	369	13	21
Reinsurance	-15	-24	0	3
Pooling	-109	-155	0	0
Other	-29	-39	0	-2
Total risk result	**535**	**249**	**19**	**21**

The risk result in the above table above shows the total risk result for distribution to customers and owner.

Specification of risk result	**SPP**	
NOK million	**2011**	**2010**
Survival	-78	-41
Death	85	51
Disability	179	263
Reinsurance	117	35
Pooling	-4	-6
Other	-10	-19
Total risk result	**289**	**284**

TRANSFER RIGHT

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

GUARANTEED RATE (DISCOUNTING RATE)

STOREBRAND LIFE INSURANCE NORWAY

The Norwegian FSA sets the highest basic interest rate permitted for new policies and for new members/new accrual of benefits in group pension insurance. The highest basic interest rate for new policies was set at 3 per cent in 1993 and subsequently reduced in 2005 to 2.75 per cent for policies entered into after 1.1. 2006. The highest basic interest rate for new members/new accrual of benefits in group pension insurance was reduced from 4 per cent to 3 per cent with effect from annual renewals in 2004. The guaranteed rate has been set at 2.5 per cent for new contracts with effect from 1.1. 2011. The guaranteed rate is used both as the guaranteed interest and for discounting future payments.

The following table shows the proportions of insurance fund reserves at 31.12. 2010 relating to policies with various basic annual interest rates:

Interest rate guarantee in per cent	**2011**	**2010**
5%	1%	1%
4%	50%	54%
3.4%	3%	4%
3%	37%	36%
2.75%	2%	2%
2.50%	1%	0%
0%	4%	4%

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

The total average guaranteed interest rate for all lines of insurance was 3.4 per cent in 2011. The guaranteed interest rate must be met on an annual basis. If the company's investment return in any given year is lower than the guaranteed interest rate, current legislation permits the equivalent of up to one year's guaranteed return for the individual policy to be covered by transfers from the policy's additional statutory reserves

Average interest rate guarantee	2011	2010
Individual endowment insurance	3.1%	3.3%
Individual pension insurance	3.7%	3.8%
Group pension insurance	3.2%	3.3%
Paid-up policies	3.6%	3.7%
Group life insurance	0.3%	0.3%
Total	**3.4%**	**3.5%**

A guaranteed interest rate of 2.75 per cent has been applied to new policies written in 2011. In the case of contracts that have been transferred to the company, the guaranteed rate in the ceding company has been used, limited upwards to 4 per cent.

Premiums and provisions for pension entitlements earned in 2011 in group pension insurance are calculated on the basis of a 3 per cent guaranteed rate for contracts established before 1.1. 2006. New insurance contracts established after this date are calculated at a guaranteed rate of 2.75 per cent.

SPP

The table below shows the distribution of insurance liabilities as per 31.12.2010 with the following different final value guarantees:

Interest rate guarantee in per cent	2011	2010
3.0% (DB)	44%	43%
1.25 - 2.5% (P250)	14%	13%
2.75 - 4.0% (P300)	21%	22%
4.5 - 5.2% (P520)	21%	22%

P&C INSURANCE

- Occupational hazard
- Group life
- Critical illness and cancer insurance
- Child insurance
- Life insurance

In the P&C business, large claims or special events represent the greatest risk. Typically, the largest claims will arise from personal injuries in the fields of group life and occupational hazard. In order to lower this risk, Storebrand has covered itself with excess of loss reinsurance.

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

Note 7 | Financial market risks

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

STOREBRAND LIFE INSURANCE NORWAY

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

SPP

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

SENSITIVITY ANALYSES

Assets and liabilities (funding and insurance liabilities in Sweden) are stress tested to show how much this affects the owner's result compared to the expectations for 2012. The estimated effects include an estimated normalised return throughout the year based on uncertain assumptions of future returns, and other uncertain factors and uncertain assumptions. The stress tests were carried out on the investment portfolio at 31.12.2011 and the result shows the estimated effect on the result for one stress after the other for the year as a whole. The analysis was done with immediate individual stresses, i.e. a class of assets experiences a day with sharp market fluctuations, and then develops as anticipated in the remaining days of the year. In this scenario, the other asset classes develop as anticipated throughout 2012. The stresses were as follows: shares +/ - 20 per cent, interest +/- 150 basis points and properties +/- 12 per cent. With respect to currency risks, the investment portfolios are essentially fully hedged, and changes in exchange rates will have little effect on the companies' expected results for 2012.

For changes in market risk that arise during the course of 1 year, the effect on the result and equity will be as presented below, based on the statement of financial position at 31 December 2011

STOREBRAND LIVSFORSIKRING AS

Change in market value

NOK million	2011	2010
Equities -20%	-4,220	-4,996
Equities +20%	4,220	4,996
Interest rate -1.5%	1,927	1,266
Interest rate +1.5%	-1,927	-1,266
Real estate -12%	-3,326	-3,507
Real estate +12%	3,326	3,507

Effects on result/equity

NOK million	2011	2010
Equities -20%	-748	-267
Equities +20%	277	430
Interest rate -1.5%	231	147
Interest rate +1.5%	-371	-116
Real estate -12%	-963	-400
Real estate +12%	435	588

STOREBRAND LIVSFORSIKRING GROUP

Change in market value

NOK million	2011	2010
Equities -20%	-6,373	-9,296
Equities +20%	6,373	9,296
Interest rate -1.5%	9,383	8,118
Interest rate +1.5%	-8,892	-6,895
Real estate -12%	-3,615	-3,667
Real estate +12%	3,615	3,667

Effects on result/equity

NOK million	2011	2010
Equities -20%	-948	-851
Equities +20%	294	524
Interest rate -1.5%	-102	
Interest rate +1.5%	-346	-128
Real estate -12%	-1,043	-430
Real estate +12%	498	610

Storebrand Livsforsikring Group applies to Storebrand Livsforsikring AS, SPP Livförsäkring AB and Euroben Life & Pension Ltd., other subsidiaries are not included.

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

STOREBRAND LIFE INSURANCE NORWAY

The stress tests were carried out on all investment profiles with guaranteed return and the effect of each stress test reduces or increases the expected return in each profile. For the negative stress tests (equities down, interest rates up and property down) the return in some individual profiles falls below the guarantee. The guarantee and buffer situation for each contract will then decide how much equity the company must use if the return remains at this level in 2012. In addition to the need to use equity to cover for the guaranteed return, it is changes in profit sharing on paid-up policies and individual contracts, as well as the return and interest costs in the corporate portfolio that deviate from the expected result in 2012. The effect of negative stresses has increased somewhat since last year. The most important reasons for this are the reduction in unrealised gains in 2012 and an anticipated return that is closer to the guaranteed return due to lower market interest rates

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

The effect on the result of products without a guaranteed return, primarily contribution pension and unit linked, are not included in the analysis. For these products, the customers bear the market risk and the effect on the owner's result will be very limited.

SPP

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

EXPOSURE TO SELECTED COUNTRIES

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

STOREBRAND LIVSFORSIKRING AS

Direct exposure to selected countries 31.12.2011

NOK million	Equities and units	Bonds	Total
Banks	3		3
Other	6		6
Total	**8**		**8**
Italy			
Government		3,151	3,151
Banks	43	489	531
Other	143	296	440
Total	**186**	**3,936**	**4,122**
Portugal			
Government		709	709
Banks	1	131	133
Other	14		14
Total	**15**	**841**	**856**
Ireland			
Government		411	411
Banks	7	112	118
Other	125	497	623
Total	**132**	**1,020**	**1,152**
Spain			
Government		2,712	2,712
Banks	88	468	556
Other	150	802	952
Total	**238**	**3,983**	**4,220**
Total	**579**	**9,779**	**10,358**

STOREBRAND LIVSFORSIKRING GROUP

Direct exposure to selected countries 31.12.2011

NOK million	Equities and units	Bonds	Total
Greece			
Banks	4		4
Other	9		9
Total	**13**		**13**
Italy			
Government		3,151	3,151
Banks	61	489	549
Other	211	296	508
Total	**272**	**3,936**	**4,208**
Portugal			
Government		709	709
Banks	2	131	134
Other	21		21
Total	**23**	**841**	**863**
Ireland			
Government		532	532
Banks	9	112	121
Other	351	1,389	1,739
Total	**359**	**2,032**	**2,392**
Spain			
Government		2,712	2,712
Banks	136	468	604
Other	227	1,114	1,341
Total	**363**	**4,294**	**4,657**
Total	**1,030**	**11,103**	**12,133**

Note 8 | Liquidity risk

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

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

In addition to clear strategies and the risk management of liquidity reserves in each subsidiary, the Group's holding company has established a liquidity buffer. At Group level, developments in the liquid holdings are constantly followed in relation to internal limits. Committed credit lines from banks have also been established that the companies can draw on if necessary.

STOREBRAND LIVSFORSIKRING AS

Undiscounted cash flows for financial liabilities

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

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

STOREBRAND LIVSFORSIKRING GROUP

Undiscounted cash flows for financial liabilities

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

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

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

Specification of subordinated loan capital and hybrid tier 1 capital

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

Note 9 | Credit risk

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

The maximum credit exposure is the sum of gross lending, drawn amounts on credit lines, and undrawn amounts on such credit lines. The maximum exposure was marginally reduced from the end of 2010 as a result of lower commitments, counteracted by an increase in interest rate swaps. The following specifies bonds and derivatives by rating and lending by customer groups.

STOREBRAND LIVSFORSIKRING AS

Credit risk by counterparty

BONDS AND OTHER FIXED-INCOME SECURITIES AT FAIR VALUE

Category of issuer or guarantor

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

BONDS AT AMORTISED COST

Category of issuer or guarantor

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

COUNTERPARTIES

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

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

LENDING

Commitments distributed by customer groups

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

Storebrand Livsforsikring AS have a syndicate agreement with Storebrand Bank with a limit of NOK 5 billion. The loans that are syndicated to Storebrand Livsforsikring have first priority within 60 per cent.

STOREBRAND LIVSFORSIKRING GROUP

Credit risk by counterparty

BONDS AND OTHER FIXED-INCOME SECURITIES AT FAIR VALUE

Category of issuer or guarantor

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

BONDS AT AMORTISED COST

Category of issuer or guarantor

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

COUNTERPARTIES

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

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

LENDING
Commitments distributed by customer groups

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

Storebrand Livsforsikring AS has a syndicate agreement with Storebrand Bank with a limit of NOK 5 billion. The loans that are syndicated to Storebrand Livsforsikring have first priority within 60 per cent.

Note 10 | Operational risk

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

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

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

Note 11 | Valuation of financial instruments at fair value

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

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

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

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degree of liquidity and different measuring methods. Significant market volatility during the year, where one can periodically register significant price divergences between the various sources, and bigger bid-ask spread in general, imply, seen in isolation, more uncertainty regarding the valuation of some classes of assets. Because of the market unrest, the company has carried out a thorough valuation of all types of securities, based on classification. Naturally, the principles applied for the classification of corporate bonds have been considered in this connection. Inasmuch as the company has established models that gather information from a wide range of well-informed brokerage houses in our valuations, we have come to the conclusion that we have managed to remove most of the uncertainty. We can assume that the sources we use, overall, carry out the majority of the transactions in the primary and secondary market so that our valuation nevertheless provides a representative picture of the market as a whole.

LEVEL 1: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICED FOR IDENTICAL ASSETS IN ACTIVE MARKETS

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

LEVEL 2: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1

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

LEVEL 3: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE PURSUANT TO LEVEL 2

Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds.

Asset backed securities (ABS), residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS) are classified as level 3 due to their generally limited liquidity and transparency in the market.

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

UNLISTED EQUITIES/FORESTRY

The external valuations are based on models that include non-observable assumptions. Besides the external valuations that had been conducted as per 31.12. 2011, the equity investments are stated on the basis of value adjusted equity reported by external sources. Comprehensive external valuations were carried out on the largest forestry investments at 31.12.2011 and these for the basis for the valuation of the company's investments.

PRIVATE EQUITY

The majority of Storebrand's private equity investments are investments in private equity funds. The Group also has a number of direct investments. Private equity investments are considered long-term investments where Storebrand expects to benefit by its involvement through the duration of the projects.

The investments in private equity funds are stated on the basis of the values reported by the funds. Most private equity funds report on a quarterly basis, while a few report less often. In those cases where Storebrand has not received an updated valuation with respect to an investment from a fund by the time the annual financial statements are closed, the last valuation received is used and adjusted for cash flows and any significant market effects during the period from the last valuation up to the reporting date. These market effects are estimated on the basis of the type of valuations made of the companies in the underlying funds; the financial performance of relevant indexes, adjusted for estimated correlation between the relevant company and the relevant index.

In the case of direct private equity investments, the valuation is based on either recently conducted transactions or a model in which a company that is in continuous operation is assessed by comparing the key figures with equivalent listed companies or groups of equivalent listed companies. In some cases, the value is reduced by a liquidity discount, which can vary from investment to investment. Companies that are in a start up phase, have undergone previous expansions, or which are undergoing structural changes for some other reasons that make them harder to price in relation to a reference group will be stated at the lowest of cost or estimated value, where the estimated value is apparent from a variance analysis vis-à-vis its plans.

In the case of investments in which Storebrand participates as a co-investor together with a leading investor that conducts a valuation, and no recent transactions exist, Storebrand will use this value after it has been quality assured. In the case of investments for which Storebrand has not received an up-to-date valuation as per 31.12 from a leading investor by the time the annual financial statements are closed, the previous valuation is used and adjusted for any market effects during the period from the last valuation up to the reporting date. In those cases where no valuation is available from a leading investor in the syndicate, a separate valuation will be made, as described above.

ASSET BACKED SECURITIES

This category primarily encompasses asset-backed securities (ABS), residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS). These are primarily valued on the basis of quoted prices from brokers or valuations obtained from international banks. The number of brokers who quote prices is very limited and the volume of transactions in the market relatively low.

INDIRECT REAL ESTATE INVESTMENTS

Indirect real estate investments are primarily investments in funds with underlying real estate investments where Storebrand's intention is to own the investments throughout the fund's lifetime. No units in funds that confirm the market price of the units have been traded recently. Real estate funds are valued on the basis of information received from the individual fund manager.

Most managers' report on a quarterly basis and the most common method used by the individual fund managers is an external quarterly valuation of the fund's assets. This involves the manager calculating a net asset value (NAV). Funds often report NAV with a quarter's delay in relation to the preparation of Storebrand's financial statements. In order to take account of the changes in value in the last quarter, internal estimates are made of the changes in value based on developments in the market and by conferring with the respective managers.

SENSITIVITY ASSESSMENTS

Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return. As a reasonable alternative assumption to the required rate of return used, a change in the discount rate of 0.25 per cent would result in an estimated change of around 4-6 per cent in value, depending on the maturity of the forest and other factors.

Storebrand's private equity investments are for the most part made through unlisted companies meaning no observable market prices are available. Large proportions of the portfolio are priced using comparable listed companies, while a smaller proportion of the portfolio is listed. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. In the period 1997-2011, Storebrand's private equity portfolio has had a beta against the MSCI World (Net currency hedged to NOK) of around 0.4. The annualised alpha in the same period has been around 11.6 per cent.

Valuations of asset-backed securities will generally be sensitive to estimated loan repayment periods, probability of losses and discount rate requirements. Key assumptions for these factors will also be based on the securities' characteristics and quality. The specified composition of the ABS/RMBS /CMBS portfolio below is stated at fair value. The company's valuation of asset-backed securities is based on external sources. Based on experience with procured tradable prices from brokers, the company is of the opinion that reasonable alternative assumptions entail a valuation that could be 2-3 per cent higher or lower than that indicated by fair value. We have obtained indicative prices from alternative sources at 31.12. that indicate market values that are 0.25 per cent higher than the valuation used.

Composition of ABS/CMBS/RMBS portfolio based on primary exposure of underlying collateral:

Country	Asset Backed	Commercial Mortgage Backed	Residental Mortgage Backed	Total
Australia			1.6%	1.6%
Italy			4.8%	4.8%
Mixed	2.8%	14.0%		16.8%
Netherlands			11.4%	11.4%
Portugal			6.2%	6.2%
Spain	0.4%		10.4%	10.8%
United Kingdom		0.7%	19.9%	20.5%
Germany		3.4%		3.4%
USA	23.8%		0.7%	24.6%
Total	**27.0%**	**18.0%**	**55.0%**	**100,0%**

Rating	Asset Backed	Commercial Mortgage Backed	Residental Mortgage Backed	Total
AAA	26.7%		15.9%	42.6%
AA	0.4%	2.4%	23.3%	26.1%
A		15.6%	8.7%	24.2%
BBB			5.3%	5.3%
BB			1.7%	1.7%
Total	**27.0%**	**18.0%**	**55.0%**	**100.0%**

STOREBRAND LIVSFORSIKRING AS

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

Movements between quoted prices and observable assumptions

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

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

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

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

STOREBRAND LIVSFORSIKRING GROUP

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

Movements between quoted prices and observable assumptions

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

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

NOK million	Equities	Fund units	Hedge fund	Private equity fund investments	Indirect real estate fund	Credit bonds	Mortage and asset backed bonds
Booked value 01.01	3,167	1,818	4,661		1,969	1,042	1,114
Net profit/loss on financial instruments	-57	21	485	1		63	-268
Additions/purchases	69	410	490	39		177	
Sales/overdue/settlement	-79	-29	-412	-13		-72	-56
From quoted prices and observable assumptions	3						
Re-statement differences	8	5	2			2	
Booked value 31.12.11	**3,111**	**2,224**	**5,226**	**27**	**1,969**	**1,213**	**790**

Note 12 | Segment reporting

	Storebrand Life Insurance		SPP		Asset management		Insurance		Storebrand Livsforsikring Group	
NOK million	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	24,143	33,689	11,187	13,618	214	194	1,248	1,224	36,792	48,725
Profit before tax	481	783	-67	62	85	86	253	132	751	1,064
Assets	223,197	219,822	133,354	125,394	192	199	2,356	2,020	359,098	347,436
Liabilities	212,578	208,795	128,505	120,900	159	167	2,356	2,020	343,598	331,882

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

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

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

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

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

Note 13 | Profit and Loss account by class of business

NOK million	Group pension private insurance	Group pension public insu-rance	Group life insu-rance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsik-ring AS	BenCo	SPP	Storebrand Livsforsik-ring Group
1.. Premium income	12,333	2,846	593	1,793	254	231	18,050	700	6,369	25,120
2. Net income from financial assets – collective portfolio	3,997	695	48	251	466	20	5,478	393	6,414	12,238
3. Net income from financial assets with investment choice	-158	69		-40	-262		-390		-2,593	2,982
4. Other insurance related income	93	4		35	29		161	112	722	995
5. Claims – Of which agreements terminated/	-8,592	-4,138	-502	-2,485	-1,759	-88	-17,564	-1 041	-6,021	-24,626
withdrawals from endowment policies	-17	-488		-1,796	-1,013		-3,314		-54	-3,314
6. "Changes in insurance obligations recognised in the Profit and Loss account" – contractual obligations	-1,954	1,205	42	445	877	-41	576	-386	-4,073	-3,807
7. Changes in insurance obligations recogni-sed in the Profit and Loss account – investment choice portfolio	-4,036	-226		434	386		-3,443	353	-43	-3,133
8. Funds allocated to insurance contracts, contractual obligations	-243	-173		-79	-15		-510			-510
9. Insurance related operating costs	-753	-159	-70	-201	-135	-51	-1,370	-85	-590	-2,093
10. Other insurance related costs	-136	-22	-20	-6	-2	-1	-186		-497	-239
11. Technical result 2011	**550**	**102**	**91**	**148**	**-161**	**71**	**802**	**48**	**-312**	**962**
Technical result 2010	**531**	**155**	**5**	**173**	**14**	**42**	**919**	**50**	**372**	**1,299**

Analysis by profit-sharing model

ENDOWMENT INSURANCE *NOK million*	Profit allocation	Not eligible for profit allocation	Investment choice	2011	2010
1. Premium income	543	321	929	1,793	2,983
2. Net income from financial assets - collective portfolio	214	38		251	408
3. Net income from financial assets with investment choice			-40	-40	266
4. Other insurance related income	1		34	35	45
5. Claims	-1,099	-94	-1,291	-2,485	-2,357
6. Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	547	-101		445	220
7. Changes in insurance obligations recognised in the Profit and Loss account - investment choice portfolio			434	434	-1,081
8. Funds allocated to insurance contracts, contractual obligations	-79			-79	-103
9. Insurance related operating costs	-87	-71	-43	-201	-218
10. Other insurance related costs	-4	-1		-6	11
11. Technical result	**35**	**90**	**23**	**148**	**173**

ANNUITY/PENSION INSURANCE *NOK million*	Profit allocation	Investment choice	2011	2010
1. Premium income	61	193	254	221
2. Net income from financial assets - collective portfolio	466		466	980
3. Net income from financial assets with investment choice		-262	-262	354
4. Other insurance related income	2	26	29	37
5. Claims	-1,465	-295	-1,759	-2,725
6. Changes in insurance obligations recognised the Profit and Loss account - investment choice portfolio	877		877	1,473
7. Changes in insurance obligations recognised in the Profit and Loss account - investment selection portfolio		386	386	-108
8. Funds allocated to insurance contracts, contractual obligations	-15		-15	-30
9. Insurance related operating costs	-101	-34	-135	-186
10. Other insurance related costs	-2		-2	-3
11. Technical result	**-176**	**14**	**-161**	**14**

GROUP PENSION PRIVATE INSURANCE *NOK million*	Defined benefit without investment choice	Defined benefit with investment choice	Paid-up policies	Defined contribution with investment choice	Not eligible for profit allocation	2011	2010
1. Premium income	6,817	677	686	3,654	498	12,333	13,570
2. Net income from financial assets - collective portfolio	1,646		2,321		30	3,997	7,033
3. Net income from financial assets with investment choice		120		-278		-158	1,289
4. Other insurance related income	15	1	10	68		93	78
5. Claims	-3,995	-194	-3,894	-516	6	-8,592	-7,106
6. Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	-2,721		1,170		-403	-1,954	-9,390
7. Changes in insurance obligations recognised in the Profit and Loss account - investment choice portfolio		-1,265		-2,771		-4,036	-3,850
8. Funds allocated to insurance contracts, contractual obligations	-215		-29			-243	-211
9. Insurance related operating costs	-342	-15	-155	-163	-78	-753	-724
10. Other insurance related costs	-67		-13	-5	-50	-136	-158
11. Technical result	**1,138**	**-676**	**96**	**-12**	**4**	**550**	**531**

GROUP PENSION PUBLIC INSURANCE *NOK million*	Defined benefit without investment choice	Defined benefit with investment choice	2011	2010
1. Premium income	2,528	318	2,846	3,305
2. Net income from financial assets - collective portfolio	695		695	1,195
3. Net income from financial assets with investment choice		69	69	125
4. Other insurance related income	4		4	
5. Claims	-4,004	-134	-4,138	-1,961
6. Changes in insurance obligations recognised in the Profit and Loss account - contractual obligations	1,205		1,205	-1,967
7. Changes in insurance obligations recognised in the Profit and Loss account - investment choice portfolio		-226	-226	-199
8. Funds allocated to insurance contracts, contractual obligations	-173		-173	-163
9. Insurance related operating costs	-144	-15	-159	-126
10. Other insurance related costs	-18	-4	-22	-54
11. Technical result	**94**	**8**	**102**	**155**

Note 14 | Profit analysis by class of insurance

							Storebrand Livsforsikring AS		BenCo	SPP	Storebrand Livsforsikring Group	
NOK million	**Group pension private insurance**	**Group pension public insurance**	**Group life insurance**	**Endow-ment insurance**	**Annuity/ pension insurance**	**Non-life insurance**	**2011**	**2010**	**2011**	**2011**	**2011**	**2010**
Financial income [1]	5,334	1,110	57	235	260	23	7,020	9,789	301	-3,099	3,920	6,341
Guaranteed yield	-4,046	-693	-2	-177	-284		-5,201	-7,237	-307	2,847	-2,354	-3,772
- of which transferred to premium fund	79	16					95	97	-139	2,405	2,499	2,464
Investment result before drawing on buffer capital	1,288	417	56	57	-23	23	1,818	2,552	-6	-252	1,566	2,568
To/from additional statutory reserves and buffer capital	-277	-1		-14	89		-203	-900			-203	-900
Investment result after drawing on additional statutory reserves and buffer reserves	**1,011**	**416**	**56**	**44**	**66**	**23**	**1,615**	**1,652**	**-6**	**-252**	**1,363**	**1,669**
Risk premium	557	61	553	487	-126	226	1,758	1,788	20	449	2,207	2,270
Risk addition	-301	27	-490	-313	149	-172	-1,100	-1,363	-1	-278	-1,378	-1,527
Net reinsurance etc [1]	-91		-27	-2		-2	-123	-179		117	-6	-187
Risk result	**164**	**88**	**36**	**172**	**23**	**52**	**534**	**246**	**19**	**289**	**823**	**556**
Administration premium	833	114	70	213	131	48	1,409	1,361	113	842	2,251	2,338
Operating expenses	-753	-159	-70	-201	-135	-51	-1,370	-1,384	-79	-747	-2,117	-2,268
Administration result	**80**	**-45**	**0**	**12**	**-4**	**-4**	**39**	**-23**	**34**	**95**	**134**	**70**
Other results	**-875**	**-280**			**-231**		**-1,386**	**-863**			**-1,357**	**-904**
Premium for guaranteed interest	**252**	**68**					**321**	**352**			**321**	**352**
Risk profit	**155**	**4**					**200**	**205**			**200**	**205**
Gross result for sector	**788**	**292**	**91**	**228**	**-147**	**71**	**1,323**	**1,568**	**48**	**131**	**1,483**	**1,949**
Investment result and risk result to policyholders	-238	-189		-79	-15		-521	-649			-521	-649
Profit for the year	**550**	**102**	**91**	**148**	**-161**	**71**	**802**	**919**	**48**	**131**	**962**	**1,299**

[1] The items other insurance-related income (line 4 in note 11) and other insurance-related costs (line 10 in note 11) are allocated in accordance with their purpose.

ENDOWMENT INSURANCE	Profit allocation		Not eligible for profit allocation		Investment choice		2011		2010	
NOK million	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner
Administration result	10			-19		21	10	2	8	4
Investment result	37			20			37	20	175	27
Risk result	81			89		2	81	91	20	76
Profit allocation	-36	36					-36	36	-65	65
To/from additional statutory reserves and buffer capital	-14						-14		-35	
Technical result	**79**	**36**	**0**	**90**	**0**	**23**	**79**	**149**	**103**	**173**

ANNUITY/PENSION INSURANCE	Profit allocation		Investment choice		2011		2010	
NOK million	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner
Administration result	-18			14	-18	14	-47	12
Investment result	-23				-23		364	
Risk result	22			1	22	1	-19	1
Profit allocation	176	-176			176	-176		
To/from additional statutory reserves and buffer capital	89				89		-28	
Other	-231				-231		-239	
Technical result	**15**	**-176**	**0**	**14**	**15**	**-161**	**31**	**13**

GROUP PENSION PRIVATE INSURANCE	Defined benefit without invest-ment choice		Defined benefit with investment choice		Paid-up policies		Defined contribution with investment choice		Not eligible for profit allocation		2011		2010	
NOK million	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner
Administration result		-25		-1		70		-7		42		80		28
Investment result	717		-22		578			-4		18	1,273	15	1,585	17
Risk result	107	99	-7	-7	23	23		-2		-73	123	41	10	60
Premium for guaranteed interest and risk profit		365		27						16		408		423
Profit allocation	-7	7									-7	7	-3	3
To/from additional statutory reserves and buffer capital	-70		65		-273						-277		-738	
Other	-528		-42		-306						-875		-545	
Technical result	**220**	**446**	**-6**	**19**	**23**	**93**	**0**	**-12**	**0**	**4**	**237**	**550**	**309**	**531**

GROUP PENSION PUBLIC INSURANCE	Defined benefit without investment choice		Defined benefit with investment choice		2011		2010	
NOK million	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner
Administration result		-41		-4		-45		-5
Investment result	414		4		417		317	
Risk result	39	25	14	10	53	35	67	27
Premium for guaranteed interest and risk profit		103		10		113		134
To/from additional statutory reserves and buffer capital	-3		2		-1		-99	
Other	-277		-3		-280		-79	
Technical result	**173**	**87**	**17**	**15**	**189**	**103**	**207**	**155**

Note 15 | Sales of insurance (new business)

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS	BenCo	SPP	Storebrand Livsforsikring Group
2011	**121**	**16**	**6**	**799**	**6**	**19**	**968**	**158**	**893**	**2,019**
2010	149	6	58	1,829	10	41	2,093	208	1,891	4,191

Sales consist of new and additional sales, with deductions for policies where the first premium has not been paid.
Premium reserves transferred to the company (note 16) are not included in these figures.

Note 16 | Transfers of insurance reserves

NOK million	Group pension private insurance	Group pension public insurance	Endowment insurance	Annuity/ pension insurance	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010	SPP 2011	SPP 2010	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Funds received										
Premium reserve	2,109	-6	61	153	**2,317**	**5,358**	320	224	**2,637**	**5,582**
Additional statutory reserves	42				**42**	**22**			**42**	**22**
Transfers of premium reserve etc.	**2,151**	**-6**	**61**	**153**	**2,359**	**5,380**	**320**	**224**	**2,679**	**5,604**
Premium funds	53				**53**	**128**			**53**	**128**
Number of policies/customers	7,317	6	511	1,778	**9,612**	**6,346**	1,395	2,190	**11,007**	**8,536**
Funds transferred out										
Premium reserve	-3,952	-2 ,708	-10	-181	**-6,851**	**-3,434**	-1,113	-1,033	**-7,964**	**-4,467**
Additional statutory reserves	-79	-91		-5	**-174**	**-84**			**-174**	**-84**
Conditional bonus							-9	-19	**-9**	**-19**
Value adjustment fund	-24				**-25**	**-5**			**-25**	**-5**
Transfers of premium reserve etc.	**-4,055**	**-2,799**	**-10**	**-185**	**-7,050**	**-3,523**	**-1,122**	**-1,053**	**-8,172**	**-4,575**
Premium funds	-72				**-72**	**-145**			**-72**	**-145**
Number of policies/customers	16,426	26	78	421	**16,951**	**12,679**	10,618	30,856	**27,569**	**43,535**

NOTE 17 | Net financial income

Specification net financial income

NOK million	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Interest lending	606	478	130	116
Interest bank	55	84	122	103
Interest bonds and other fixed-income securities at fair value	2,736	2,755	5,050	4,456
Interest bonds amortised cost	2,843	2,249	2,843	2,249
Interest derivatives	-105	-94	228	292
Interest income other	-42	-94	-64	-94
Equitiy dividends	514	459	1,884	1,655
Total interest income and equity dividends etc. financial assets	**6,606**	**5,838**	**10,193**	**8,776**
Revaluation of real estate			249	154
Revaluation of equities	-3,432	3,117	-9,291	6,905
Revaluation bonds and other fixed-income securities at fair value	-137	-262	1,843	-1,030
Revaluation derivatives	-278	-16	2,687	-183
Total revaluation on investments	**-3,847**	**2,839**	**-4,513**	**5,847**
Profit on real estate			82	15
Profit on equties	423	781	853	1,595
Profit on bonds and other fixed-income securities at fair value	1,043	653	2,183	1,178
Profits on derivatives	-3,503	-7,850	-3,385	-7,715
Profit on bonds at amortised cost	12	66	12	66
Currency gains, equities	447	274	582	-1,077
Currency gains, bonds and other fixed-income securities at fair value	-840	-130	-990	-1,244
Currency gains, derivatives	3,599	8,804	3,369	10,332
Currency gains, bonds at amortised cost	46	-231	46	-231
Currency gains, other	-23	-29	64	97
Total gains and losses on financial assets	**1,205**	**2,339**	**2,816**	**3,017**
Interest costs subordinated loans	530	517	530	517
Total interest costs	**530**	**517**	**530**	**517**

NOTE 18 | Net income from real estate

Storebrand Livsforsikring Group

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

Changes in value real estate investments

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

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

NOTE 19 | Sales cost

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2011	2010	2011	2010
Salaries and personnel costs own sales resources	-156	-151	-247	-256
Other sales costs own resources	-138	-119	-167	-132
Commissions to external distributors	-40	-29	-101	-87
Total sales costs	**-334**	**-300**	**-516**	**-475**
Change in pre-paid direct selling expenses			54	59

NOTE 20 | Pensions costs and pension liabilities

STOREBRAND LIVSFORSIKRING AS

Storebrand's employees in Norway have both a defined contribution pension scheme and a defined benefit pension scheme that are established in Storebrand Livsforsikring AS. With effect from 1 January 2011, no new members have been included in the defined benefit scheme. From that date, a defined contribution scheme was established. The defined contribution scheme applies to all new employees from 1 January 2011, and for those who elected to transfer from defined benefit to defined contribution pensions. In the case of the defined contribution scheme, the cost is equal to the period's contribution to the employees' pension savings, which amounts to 5 per cent of the contribution basis between 1G and 6G (G = the public pension base rate in the National Insurance Scheme at 31.12.2011, amounting to NOK 79 216), plus 8 per cent of the contribution basis between 6G and 12G. Contributions are credited to the employees' pension accounts monthly. Future pensions are dependent on the size of the contributions and the return on the pension savings.

Employees who are members of the defined benefit contribution scheme are secured a pension equivalent to approximately 70 per cent of the pension basis at the date of retirement. Full pension rights are earned after 30 years membership in the scheme. The period's cost shows the employees' pension earnings of future defined pensions in the accounting year. From 1.7.2011,the retirement age is 67 years. Nevertheless, employees are entitled to retire at the age of 65 and receive a pension which is paid directly over the income statement. In the case of underwriters, retirement age is 65 years.

Pensions paid to employees between the ages of 65 and 67 years, and pensions relating to salaries in excess of 12G are paid directly by the companies, and apply to both defined contribution scheme members and defined benefit scheme members. Guarantees have been issued for earned pensions for salaries exceeding 12G on retirement before the age of 65. Pension terms and conditions are in accordance with the pension regulations. Storebrand is obliged to have a mandatory occupational pension scheme pursuant to the Act on Mandatory Occupational Pensions. The company's pension schemes satisfy the requirements of this Act.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	2011	2010
Present value of insured pension benefit liabilities	1,238	1,118
Pension assets as fair value	-778	-713
Net pension liability/surplus for the insured schemes	460	405
Present value of the uninsured pension liabilities	360	333
Net pension liabilities in the balance sheet	**820**	**738**

Includes contributions on the net under-funded liabilities. Provision for employment taxes are included in the gross obligation.

Booked in the statement of financial position:

NOK million	2011	2010
Pension liabilities	820	738

Pension experience adjustments booked in equity:

NOK million	2011	2010
This year's change in experience adjustments included in equity	-44	202
Accumulated experience adjustments included in equity	-299	-342

Changes in the net defined benefit pension liability in the period:

NOK million	2011	2010
Net pension liability 01.01	1,451	1,157
Net pension cost recognised in the period	95	80
Interest on pension liabilities	55	49
Pension experience adjustments	29	192
Gains and losses from deduction	-9	
Pension paid	-23	-28
Net pension liability 31.12	**1,598**	**1,451**

Changes in the fair value of pension assets in the period:

NOK million	2011	2010
Fair value of pension assets 01.01	713	627
Expected return	31	34
Pension experience adjustments	-44	-10
Gains and losses from deduction	-5	
Premium paid	101	76
Pensions paid	-19	-14
Net pension assets 31.12	**778**	**713**

Expected premium payments (pension assets) in 2012 **85**

Pension assets are based on the financial investments held by Storebrand Livsforsikring composed of as of 31.12

	2011	2010
Real estate	17%	16%
Bonds at amortised cost	38%	26%
Secured and other lending	2%	2%
Equities and units	22%	22%
Bonds at fair value	14%	24%
Other fixed-income securities	6%	9%
Other short-term financial assets	1%	1%
Total	**100%**	**100%**
The book (realised) investment return on assets	4.5%	4.7%

Net pension costs booked to profit and loss account, specified as follows

NOK million	2011	2010
Payment to defined contribution plan	3	
Current service cost	109	91
Interest on pension liabilities	55	49
Expected return on pension assets	-31	-34
Gains and losses from deduction	-3	
Net pension cost booked to profit and loss account in the period	**132**	**106**

Net pension costs includes provision for employment taxes and is included in operating costs.

Main assumptions used when calculating net pension liability 31.12:

	2011	2010
Discount rate	3.1%	4.0%
Expected return on pension fund assets in the period	4.6%	4.9%
Expected earnings growth	3.6%	3.9%
Expected annual increase in social security pensions	3.75%	3.75%
Expected annual increase in pensions in payment	1.5%	2.0%
Disability table	KU	KU
Mortality table	K2005	K2005

FINANCIAL ASSUMPTIONS

The calculation assumptions are set based on the rules in IAS 19. Particular uncertainty is linked to long-term assumptions such as future inflation, real wage growth, and the regulation of G. Since there is no deep and active market for high quality corporate bonds in Norway, IAS 19 requires that the government bond rate be used as the discount rate. IAS 19 does not require the existence of a deep and active market for government bonds in order to use this interest rate as the discount rate. When setting financial assumptions, company-specific issues are considered, including increase in direct wages.

ACTURIAL ASSUMPTIONS

In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, prepared by the Norwegian Financial Services Assosiation. The mortality table K2005 is used until new mutual mortality tariffs are adopted by the industry and can provide a basis for more precise calculations. The average employee turnover rate is 2-3 per cent for the entire work force , with turnover falling in the higher age groups.

Net pension liability 31.12

NOK million	2011	2010	2009	2008	2007
Discounted current value of defined benefit pension liabilities	1,598	1,451	1,157	1,148	937
Fair value of pension assets	-778	-713	-627	-555	-540
Deficit/surplus	**820**	**738**	**531**	**593**	**397**

STOREBRAND LIVSFORSIKRING GROUP

Storebrand's employees in Norway have both a defined contribution pension scheme and a defined benefit pension scheme that are established in Storebrand Livsforsikring AS. With effect from 1 January 2011, no new members have been included in the defined benefit scheme. From that date, a defined contribution scheme was established. The defined contribution scheme applies to all new employees from 1 January 2011, and for those who elected to transfer from defined benefit to defined contribution pensions. In the case of the defined contribution scheme, the cost is equal to the period's contribution to the employees' pension savings, which amounts to 5 per cent of the contribution basis between 1G and 6G (G = the public pension base rate in the National Insurance Scheme at 31.12.2011, amounting to NOK 79 216), plus 8 per cent of the contribution basis between 6G and 12G. Contributions are credited to the employees' pension accounts monthly. Future pensions are dependent on the size of the contributions and the return on the pension savings.

Employees who are members of the defined benefit contribution scheme are secured a pension equivalent to approximately 70 per cent of the pension basis at the date of retirement. Full pension rights are earned after 30 years membership in the scheme. The period's cost shows the employees' pension earnings of future defined pensions in the accounting year. From 1.7.2011, the retirement age is 67 years. Nevertheless, employees are entitled to retire at the age of 65 and receive a pension which is paid directly over the income statement. In the case of underwriters, retirement age is 65 years.

Pensions paid to employees between the ages of 65 and 67 years, and pensions relating to salaries in excess of 12G are paid directly by the companies, and apply to both defined contribution scheme members and defined benefit scheme members. Guarantees have been issued for earned pensions for salaries exceeding 12G on retirement before the age of 65. Pension terms and conditions are in accordance with the pension regulations. Storebrand is obliged to have a mandatory occupational pension scheme pursuant to the Act on Mandatory Occupational Pensions. The company's pension schemes satisfy the requirements of this Act.

The pension plan for employees in SPP follows the plan for bank employees in Sweden. The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the trade unions that are part of BTP. The amount is 10 percent of the annual salary up to 7.5 times the national insurance basic amount, which was SEK 52 100 in 2011 and will be SEK 54,600 in 2012. The retirement pension is 65 per cent of the annual salary for the portion of salary between 7.5-20 times the national insurance basic amount, and 32.5 per cent of annual salary between 20-30 times the national insurance basic amount. No retirement pension is paid for the portion of salary in excess of 30 times the national insurance basic amount.. Full pension earning period calls for 30 years' membership in the pension scheme. In addition to benefit part the BTP plan has a smaller defined contribution part. As to this part, the employees can decide themselves how assets are to be invested (traditional insurance or funds insurance). The defined contribution part is 2 per cent of annual salary.

The retirement age for SPP's CEO is 62 years. The CEO is also covered by a contribution-based pension plan which implies that the company pays 35 per cent of the fixed salary in pension premium. In addition, he has a predefined pension plan that implies a lifetime pension with 16.25 per cent of fixed salary in the interval 30 to 50 times the basic amount. The pension from 62 to 65 years amounts to 65 per cent of fixed salary limited upward to SEK 4,045,000. The pension terms comply other wise with the pension agreement between BAO/Finance and SACO (BTP plan). The company secures its pension liabilities through payment of pension premiums during the employment period.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	**2011**	**2010**
Present value of insured pension benefit liabilities	2,001	1,797
Pension assets as fair value	-1,321	-1,178
Net pension liability/surplus for the insured schemes	680	619
Present value of the uninsured pension liabilities	397	363
Net pension liabilities in the balance sheet	1,077	982

Includes contributions on the net under-funded liabilities. Provision for employment taxes are included in the gross obligation.

Booked in the statement of financial position:

NOK million	**2011**	**2010**
Pension liabilities	1,077	982

Pension experience adjustments booked in equity:

NOK million	**2011**	**2010**
This year's change in experience adjustments included in equity	-4	233
Accumulated experience adjustments included in equity	-335	-339

Changes in the net defined benefit pension liability in the period:

NOK million	**2011**	**2010**
Net pension liability 01.01	2,160	1,803
Net pension cost recognised in the period	130	114
Interest on pension liabilities	84	75
Pension experience adjustments	63	177
Gains and losses from deduction	-9	
Pension paid	-37	-41
Net pension liability addition/disposals and re-statement differences	7	32
Net pension liability 31.12	**2,398**	**2,160**

Changes in the fair value of pension assets in the period

NOK million	2011	2010
Fair value of pension assets 01.01	1,178	1,053
Expected return	56	57
Pension experience adjustments	-31	-46
Gains and losses from deduction	-5	
Premium paid	148	117
Changes to the pension scheme		-9
Pension paid	-31	-16
Pension assets addition/disposals and re-statement differences	6	21
Net pension assets 31.12	**1,321**	**1,178**
Expected premium payments (pension assets) in 2012	136	

Pension assets are based on the financial investments held by Storebrand Livsforsikring/SPP composed of as of 31.12:

	Storebrand Livsforsikring AS		SPP	
	2011	2010	2011	2010
Real estate	17%	16%	3%	
Bonds at amoritsed cost	38%	26%		
Secured and other lending	2%	2%		
Equities and units	22%	22%	11%	28%
Bonds at fair value	14%	24%	70%	65%
Other fixed-income securities	6%	9%		
Other short-term financial assets	1%	1%	16%	7%
Total	**100%**	**100%**	**100%**	**100%**
The book (realised) investment return on assets	4.5 %	4.7 %	8.6%	6.0%

Net pension costs booked to profit and loss account, specified as follows

NOK million	2011	2010
Payment to defined contribution plan	34	
Current service cost	145	162
Interest on pension liabilities	83	75
Expected return on pension assets	-56	-56
Gains and losses from deduction	-3	
Net pension costs booked to profit and loss account in the period	**202**	**180**

Net pension costs includes provision for employment taxes and is included in operating costs.

Net pension costs booked to profit and loss account, specified as follows

NOK million	2011	2010
Payment to defined contribution plan	34	
Current service cost	145	162
Interest on pension liabilities	83	75
Expected return on pension assets	-56	-56
Gains and losses from deduction	-3	
Net pension costs booked to profit and loss account in the period	**202**	**180**

Net pension costs includes provision for employment taxes and is included in operating costs.

Main assumptions used when calculating net pension liability 31.12

	Storebrand Livsforsikring AS		SPP	
	2011	2010	2011	2010
Discount rate	3.1%	4.0%	3.8%	3.8%
Expected return on pension fund assets in the period	4.6%	4.9%	5.0%	5.0%
Expected earnings growth	3.6%	3.9%	3.5%	3.5%
Expected annual increase in social security pensions	3.75%	3.75%	3.0%	3.0%
Expected annual increase in pensions in payment	1.5%	2.0%	2.0%	2.0%
Disability table	KU	KU		
Mortality table	K2005	K2005	DUS06	DUS06

FINANCIAL ASSUMPTIONS:

The calculation assumptions are set based on the rules in IAS 19. Particular uncertainty is linked to long-term assumptions such as future inflation, real wage growth, and the regulation of G. Since there is no deep and active market for high quality corporate bonds in Norway, IAS 19 requires that the government bond rate be used as the discount rate. IAS 19 does not require the existence of a deep and active market for government bonds in order to use this interest rate as the discount rate. When setting financial assumptions, company-specific issues are considered, including increase in direct wages.

ACTUARIAL ASSUMPTIONS:

In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, prepared by the Norwegian Financial Services Assosiation. The mortality table K2005 is used until new mutual mortality tariffs are adopted by the industry and can provide a basis for more precise calculations. The average employee turnover rate is 2-3 per cent for the entire work force , with turnover falling in the higher age groups.

The actuarial assumptions in Sweden follow the industry's mutual mortality table DUS06 adjusted for corporate difference. The average employee turnover rate is 4 per cent pro anno.

Net pension liability 31.12	2011	2010	2009	2008	2007
Discounted current value of defined benefit pension liabilities	2,398	2,160	1,803	1,902	1,371
Fair value of pension assets	-1,321	-1,178	-1,053	-971	-635
Deficit/surplus	**1,077**	**982**	**749**	**931**	**736**
Fact-based adjustments to liabilities	61	-42	-114		
Fact-based adjustments to assets	-45	-46	-38		

Sensitivity analysis pension calculations		
Change in discount rate	1%	-1%
Percentage change in pension		
Norway		
Pension liability	-22%	30%
Net pension cost for the periode	-19%	25%
Sweden		
Pension liability	-18%	20%
Net pension cost for the periode	-10%	10%

The pension liability is particularly sensitive to changes in the discount rate. A reduction in the discount rate will isolated lead to an increase in pension liabilities.

Note 21 | Remuneration of senior employees and elected officers of company

NOK thousand	Ordinary salary	Bonus paid [1]	Other benefits [2]	Post termination salary (months)	Pension accrued for the year [3]	Discount present value of pension [3]	Lending	Interest rate at 31.12.2011	Repayment period
Idar Kreutzer	4,685	5,127	171	24	1,284	24,908	13,441	2,75/3,84/4,39%	2018/2025/2037
Odd Arild Grefstad	3,130	2,159	170	18	955	15,864	3,500	2,75%	2036
Lars Aa. Løddesøl [6]	3,637	1,635	161	18	1,657	17,146	10,764	2,75/3,7/4,7%	2012/2041
Sarah McPhee [7]	3,671	796	100		2,785	3,102			
Morten Unneberg	1,951	1,390	133		602	8,951	3,909	2,75/3,65%	2021/2036
Geir Holmgren	1,511	936	138		401	5,726	3,155	2,75%	2021
Arne Hove	1,268		133		537	652	3,402	2,75/3,25/4,65%	2021/2040/2041
Total 2011	**19,854**	**11,917**	**1,007**		**8,220**	**76,349**	**38,171**		
Total 2010	22,349	5,147	1,489		8,315	65,037	34,568		

NOK thousand	Number of equities held [4]	Bonus acquired in 2011 [5]	Bonus disbursal 2012	Addition bonus bank 2012
Idar Kreutzer	121,294	860	430	430
Odd Arild Grefstad	42,446	658	329	329
Lars Aa. Løddesøl	36,748	91	46	46
Sarah McPhee	40,400	693	277	416
Morten Unneberg	40,394	378	189	189
Geir Holmgren	3,137	192	96	96
Arne Hove [8]	85			
Total 2011	**284,504**	**2,873**	**1,367**	**1,506**
Total 2010	371,254	13,488	487	6,763

NOK thousand	Renumeration	Number of equities held 4)	Lending	Interest rate at 31.12.11	Repayment period
Board of Directors					
Idar Kreutzer		121,294	13,441	2,75/3,84/4,39%	2018/2025/2037
Jacob Andreas Waage Enger 9)	124				
Else-Lill Grønli	193	2,033	2,720	2,75/4,65%	2016/2041
Gorm Leiknes 9)	92	1,883			
Inger Johanne Bergstøl	189				
Egil Thompson		24,839	2,647	2,75/3,85%	2021/2038
Tove Margrete Storrødvann	189				
Peik Nordenberg	64				
Erik Haug Hansen	97	6,206	3,165	2,75/3,65%	2025/2036
Total 2011	**948**	**156,255**	**21,973**		
Total 2010	763	125,780	18,207		
Control Commitee 10)					
Elisabeth Wille	315	163			
Harald Moen	225	595			
Ida Hjort Kraby	110				
Ole Klette	225				
Tone M. Reierselmoen	225	1,734	504	4,25%	2021
Finn Myhre	275		8,249	3,84/3,94%	2014/2025/2030/2036
Total 2011	**1,375**	**2,492**	**8,753**		
Total 2010	1,295	3,076	8,972		

1) Bonus paid - liquidation of Bonus bank: As a consequence of the new remuneration regulations, Storebrand made the necessary adjustments to the Group's bonus model with effect from 2011. In this connection, the existing bonus bank was liquidated in the first half of 2011. Payments for 2011 are therefore considerably higher than the normal bonus payment level. This is to be seen as a one-time occurrence. The bonus bank's assets comprised retained bonuses earned in previous years. 50 per cent of amounts paid after tax were used to purchase Storebrand shares with a lock-in period of 18 months. Based on current market conditions, no raises in salary or bonuses were resolved for Storebrand's senior management in 2012, and a moderate local adjustment in salaries is to be implemented in the rest of the organisation, slightly over 1 per cent in Norway and 2 per cent in Sweden.

2) Comprises of company car, telephone, insurance, concessionary interest rate, other contractual benefits.

3) All are members of Storebrand pension scheme. From 1 January 2011, the defined benefits pension scheme was closed to new members. On that date, a defined contribution scheme was established that applies to new employees from 1 January 2011 and those who elect to transfer from the defined benefits to defined contribution schemes. For a more detailed description of the pension schemes see note 20.

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

5) Earned bonus at 31.12.11. Senior executives are contractually entitled to performance related bonuses. 50 per cent of the earned bonus is paid in cash. The remaining amount is converted to synthetic shares based on the market price. These are registered in a share bank with a lock-in period of three years. At the end of the three year period, the value of the synthetic share is calculated at a new market price. Half of the amount paid from the share bank shall, after tax, be used to purchase shares in Storebrand ASA at market price, with a new three-year lock -in period.

6) The cost of employment benefits of Lars Aa. Løddesøl is allocated proportionately between Storebrand Livsforsikring AS and Storebrand ASA. The share of these costs allocated to Storebrand Livsforsikring AS is NOK 1.5 million.

7) The retirement age for SPP's CEO is 62 years. SPP's CEO is covered by a defined contribution based scheme in addition to a defined benefits scheme.

8) For positions with specific responsibilities, 70 per cent of the bonus allocated is paid in cash. The remaining 30 per cent is used to purchase shares in Storebrand ASA at the market price and with a three-year lock-in period.

9) Left the board in 2011.

10 Control Committee covers all the Norwegian companies in the group which are required to have a control committee.

Note 22 | Remuneration paid to auditors

Remuneration paid to Deloitte AS and related companies:

NOK million	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring Group Deloitte	Storebrand Livsforsikring Group Other	Storebrand Livsforsikring Group Sum 2011	Storebrand Livsforsikring Group 2010
Statutory audit	1.7	1.5	7.9		7.9	6.7
Other reporting duties	0.1		0.5	0.2	0.7	0.2
Taxation advice	0.7	0.3	2.0	0.1	2.1	1.3
Other non-audit services		0.1	0.4	0.1	0.4	1.0
Total	**2.5**	**1.9**	**10.8**	**0.4**	**11.2**	**9.1**

The amounts above is excluding vat.

NOTE 23 | Tax costs

NOK million	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Tax payable for the period			-12	-42
Change in deferred tax	-811		-718	430
Total tax costs	**-811**		**-730**	**388**

Reconciliation of expected and actual tax charge

NOK million	2011	2010	2011	2010
Ordinary pre-tax profit	1,211	1,288	751	1,067
Expected tax on income at nominal rate	-339	-358	-210	-299
Tax effect of:				
realised/unrealised equities	-834	853	-784	856
dividends received	102		102	
associated companies			11	-6
permanent differences	-88	269	-193	382
write-down of deferred tax assets	295	-1,161	295	-1,237
Change from earlier years	53	397	50	692
Total tax costs	**-811**		**-730**	**388**

Calculation of deferred tax assets and deferred tax on temporary differences and losses carried forward

NOK million	2011	2010	2011	2010
Tax increasing temporary differences				
Securities	1,356	3,220	1,356	3,264
Real estate	8,306	7,143	8,350	7,143
Operating assets	13	13	263	267
Pre-paid pensions			2	
Other			568	610
Total tax increasing temporary differences [1)]	**9,675**	**10,375**	**10,540**	**11,283**

Tax reducing temporary differences NOK million	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Securities	-1,717	-1,593	-1,717	-1,593
Provisions	-154	-1,684	-154	-1,684
Accrued pension liabilities	-820	-738	-930	-823
Gains/losses account	-21	-26	-22	-26
Other			-190	-119
Total tax reducing temporary differences [1)]	**-2,712**	**-4,041**	**-3,013**	**-4,245**
Losses carried forward	-4,262	-7,602	-4,436	-7,717
Allowances carried forward	-220	-503	-220	-503
Total losses and allowances carried forward	**-4,482**	**-8,105**	**-4,656**	**-8,220**
Basis for net deferred tax/tax assets	**2,481**	**-1,771**	**2,872**	**-1,181**
Write-down of basis for deferred tax assets		1,771		1,785
Net basis for deferred tax/tax assets	**2,481**		**2,872**	**603**
Net deferred tax asset/liability in the statement of financial position	**695**		**804**	**169**
Booked in the statement of financial position				
Tax assets			26	
Tax liabilities	695		830	169

Deferred tax asset not included in the statement of financial position

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

[1)] Tax increasing and tax reducing temporary differences related to investment property and other items for 2010, are adjusted compared to the annual report of 2010. This resulted in a net increase in tax increasing temporary differences of NOK 1.7 billion compared to previous presented figures for Storebrand Livsforsikring Group.

On 1 January 2012, the Ministry of Finance distributed, for consultation purposes, its proposal to limit the exemption method for equities etc. owned by life insurance companies and pension companies. This refers primarily to equities that are included in the Norwegian life insurance companies' customer portfolios. Under the proposal, any amendment to the legislation will have effect from 1.1.2012. The exemption method for equities as currently formulated, including the deduction for provisions to the insurance reserve, implies that life insurance companies may have a profit for tax purposes in the case of a decline in values and a loss for tax purposes in the case of an increase in value of equities within the EEC area. In the event that the proposed amendment is implemented, new calculations will be made of the Norwegian group's tax positions. Not all aspects of the proposed amendments are clear as yet and the proposal has not yet been adopted. The current tax regulations have been applied when preparing the accounts that are presented at 31.12.2011.

The Storebrand Group has a significant tax-related deficit linked to the Norwegian life insurance activities. This is because there are major differences between income and losses for accounting purposes and for tax purposes associated with investments in equities within the EEC area. Under Norwegian tax regulations, realised gains are virtually tax free, whilst realised losses are not deductible for taxation purposes. However, an increase or reduction in insurance provisions allows tax deductions or represents taxable income. In 2011, the carry forward tax losses were reduced, inter alia because of a loss on the share portfolios and as a result of other temporary differences between recorded values and values for taxation purposes. The Group's tax-increasing temporary differences also include temporary differences linked to the Group's investment properties. These properties are for the most part recorded in the Norwegian life insurance company's customer portfolios and recorded in the accounts of Storebrand Eiendom Holding AS, which is owned by Storebrand Livsforsikring AS. Even though these property companies are included in the customer portfolio, and can be sold virtually free of tax, the tax-increasing temporary differences linked to the underlying properties are included in the Group's temporary differences, where deferred tax is calculated at a 28 per cent nominal tax rate. As a result of changes in temporary differences, and the effect of permanent differences for accounting and taxation purposes, and the fact that that tax-increasing temporary differences relating to the investment properties referred to are included in the basis on which deferred tax is calculated, a tax charge has arisen for the Group in 2011, comprising changes in deferred tax. The calculation of tax is based on estimates. Actual figures may differ from the estimates used in the calculation of tax. The value of the Group's existing tax-related deficit is included in the calculation of deferred tax.

Note 24 | Intangible assets and goodwill

STOREBRAND LIVSFORSIKRING AS

NOK million	**IT-systems**	**2011**	**2010**
Acquisition cost 01.01	125	125	55
Additions in the period:			
Developed in-house	27	27	31
Other changes			39
Acquisition cost 31.12	**152**	**152**	**125**
Accumulated depreciation & write-downs 01.01	-43	-43	-6
Amortisation in the period	-17	-17	-13
Other changes			-24
Accumulated depreciation & write-downs 31.12	**-60**	**-60**	**-43**
Booked value 31.12	**91**	**91**	**82**

NOK million	**Lifetime**	**Depreciation rate**	**Depreciation method**	**Booked value 2011**
IT-systems	5 years	20%	Linear	91

STOREBRAND LIVSFORSIKRING GROUP

	Intangible assets							
NOK million	Brandname	IT- systems	Customer lists	VIF	Rights SPP Fonder	Goodwill	2011	2010
Acquisition cost 01.01	173	132	503	8,559	9	740	10,116	9,405
Additions in the period:								
Developed in-house		27					27	31
Currency differences from converting foreign units	1		3	59		5	69	640
Other changes								39
Acquisition cost 31.12	**174**	**158**	**507**	**8,618**	**9**	**745**	**10,211**	**10,116**
Accumulated depreciation & write-downs 01.01	-52	-48	-151	-3,623	-3		-3,877	-3,255
Amortisation in the period [2]	-17	-19	-50	-290	-2		-379	-364
Re-statement differences from converting foreign units	-1		-1	-27			-30	-234
Other changes								-24
Accumulated depreciation & write-downs 31.12	**-70**	**-67**	**-203**	**-3,940**	**-5**		**-4,285**	**-3,877**
Booked value 31.12	**104**	**91**	**304**	**4,678**	**3**	**745**	**5,926**	**6,239**

Specification of intangible assets

NOK million	Lifetime	Depreciation rate	Depreciation method	Booked value 2011
Brand name SPP	10 years	10%	Linear	104
IT-systems	5 years	20%	Linear	91
Customer lists SPP	10 years	10%	Linear	304
Value of business in force SPP	10 years	5%	Linear	4,678
Rights to withdraw fees from SPP Fonder	10 years	10%	Linear	3
Total				**5,182**

Goodwill distributed by business acquisition

NOK million	Acquisition cost 01.01	Booked value 01.01	Supply/disposal	Booked value 31.12
SPP	732	732	5	737
Storebrand Baltic	4	4		4
Evoco UAB	4	4		4
Total	**740**	**740**	**5**	**745**

Goodwill is not amortised but tested annually for impairment.

IMPAIRMENT INTANGIBLE ASSETS AND GOODWILL

Storebrand Livsforsikring AS purchased in 2007 SPP Livförsäkring AB and subsidiaries. The majority of the intangible assets associated with SPP are assets of VIF (value of business in force), for which a separate sufficiency test has been performed as per the requirements of IFRS 4. In order to determine whether goodwill and other intangible assets connected with SPP has been the subject of a drop in value, estimates are made of the recyclable amount for the relevant cash-flow generating units. Recyclable amounts are established by computing the enterprise's utility value. SPP is regarded as a single cash flow generating unit and the development of future administration results, risk results and financial results for SPP will affect its utility value. In the computation of this utility value, the management have made use of Board-addressed budgets and prognoses for the coming three-year period.

The prognoses for the various elements of the result are based on the development in recent years, effects of measures during the prognosis period, as well as assumptions about the normalised development of the financial markets based on the current financial strategy and applicable market interest rates. The administration result is expected to develop positively due to the cost-efficiency measures, and the growth in sales of products and services that are cost-effective to administer and have lower capital requirements. In addition to the coming three-year period, cash flows are projected for the period 2015 to 2019 based on growth in the various result elements of between minus 2 per cent and 4 per cent per annum. A stable growth rate of 3 per cent has also been assumed in the calculation of the terminal value. Growth is generally expected in the occupational pensions market due to growth factors such as demography with the expected increase in the number of pensioners, higher employment rate, and regulatory conditions, including the transition from defined benefits to defined contribution pensions. The utility value is calculated by using a rate of return after tax of 8 per cent. The required rate of return is computed on the basis of risk-free interest and added to a premium that reflects the risk in the enterprise.

The management have assessed the recyclable amount of goodwill as per 31 December 2010 and concluded that a write-down is not necessary. Sensitivity analyses are conducted with respect to the assumptions regarding the development of the result and required rate of return. The management are of the opinion that it is improbable that possible reasonable changes in the key presumptions would bring about a need for a write-down.

Note 25 | Classification of financial assets and liabilities

STOREBRAND LIVSFORSIKRING AS

NOK million	Loans and receivables	Bonds held to maturity	Fair value, trading	Fair value	Available for sale	Liabilities amortised cost	Total
Financial assets							
Bank deposits	3,394						3,394
Equities and units				38,230			38,230
Bonds and other fixed-income securities	64,310	8,152		50,586	5,162		128,210
Lending to customers	3,015						3,015
Customer receivables and other short-term receivables	1,821						1,821
Derivatives			538				538
Total financial assets 2011	**72,540**	**8,152**	**538**	**88,816**	**5,162**		**175,207**
Total financial assets 2010	**57,300**		**2,405**	**105,749**	**8,331**		**173,785**
Financial liabilities							
Subordinated loan capital						6,813	6,813
Derivatives			1,518				1,518
Other current liabilities						4,943	4,943
Total financial liabilities 2011			**1,518**			**11,756**	**13,273**
Total financial liabilities 2010			**679**			**9,802**	**10,481**

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Loans and receivables	Bonds held to maturity	Fair value, trading	Fair value	Available for sale	Liabilities amortised cost	Total
Financial assets							
Bank deposits	8,535						8,535
Equities and units				85,248			85,248
Bonds and other fixed-income securities	64,310	8,152		137,878	5,162		215,501
Lending to customers	3,015						3,015
Customer receivables and other short-term receivables	3,221						3,221
Derivatives			5,466				5,466
Total financial assets 2011	**79,082**	**8,152**	**5,466**	**223,126**	**5,162**		**320,987**
Total financial assets 2010	**62,527**		**4,217**	**236,072**	**8,331**		**311,146**
Financial liabilities							
Subordinated loan capital						6,813	6,813
Derivatives			2,197				2,197
Other current liabilities						10,448	10,448
Total financial liabilities 2011			**2,197**			**17,261**	**19,457**
Total financial liabilities 2010			**880**			**13,786**	**14,666**

Note 26 | Fair value of financial assets and liabilities at amortised cost

STOREBRAND LIVSFORSIKRING GROUP

	2011		2010	
NOK million	**Booked value**	**Fair value**	**Booked value**	**Fair value**
Assets				
Loans and receivables:				
Lending to customers, amortised cost	3,015	3,000	3,219	3,195
Bonds held to maturity	8,152	8,484		
Bonds at amortised cost	64,310	65,735	48,194	48,926
Financial liabilities				
Subordinated loan capital, amortised cost	6,813	6,816	6,825	6,938

The fair value of lending to customers subject to variable interest rates is stated as booked value. However, the fair value of lending to corporate customers with margin loans is slightly lower than booked value since some loans have lower margins than they would have had had they been taken out at year-end 2011. The shortfall is calculated using a discounted difference between the agreed margin and the day's market price over the remaining term to maturity.

As a general rule, the fair value of bonds is based on prices obtained from Reuters and Bloomberg. Bonds that are not quoted regularly will normally be valued on the basis of recognised theoretical models. The latter is particularly true for bonds denominated in NOK. These sorts of valuations are based on discount rates consisting of swap interest rates plus a credit premium. The credit premium will often be issuer specific and normally based on a consensus of credit spreads quoted by a selected brokerage house.

The fair value of subordinated loan capital is determined on the basis of registered sales of the bonds and quoted prices from brokers. All prices are quality assured in relation to EOM (end of month) reports from brokers.

Note 27 | Real estate

Booked value of investment real estate [1)]

NOK million	2011	2010
Booked value 01.01	27,059	24,160
Supply due to purchases	2,078	2,503
Supply due to additions	573	476
Disposals	-1,244	-152
Net write-ups/write-downs	265	50
Re-statement differences	5	22
Booked value 31.12	**28,735**	**27,059**

[1)] Consists of investment real estate in Storebrand Livsforsikring Group

Real estate type

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

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

Geographical location

NOK million	2011	2010
Oslo- Vika/Fillipstad Brygge	6,698	5,625
Rest of Greater Oslo	9,652	7,560
Rest of Norway	12,594	14,512
Sweden	1,252	742
Other	340	289
Total real estate	**30,535**	**28,727**

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

CALCULATION OF FAIR VALUE FOR REAL ESTATE

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

CASH FLOW

An internal cash flow model is used to calculate fair value. The individual real estates net cash flows are discounted by an individual required rate of return. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rents and normal operating costs for the real estate. The net income cash flow takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future changes in market rents. Storebrands average occupancy rate in its office real estate portfolio is 95-98 per cent. Most contracts are for 5 or 10 years. The cash flows from these tenancy agreements (contractual rent) are included in the valuations. A forecast model has been developed to estimate long-term, future non-contractual rent. The model is based on historical observations from Dagens Næringsliv's real estate index (adjusted by CPI) and market estimates. A long-term, time-weighted average is calculated for the annual observations in which the oldest observations are afforded the least weight. Short-term, non-contractual rent forecasts are based on current market rents and conditions.

REQUIRED RATE OF RETURN

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

Composition of the required rate of return:
Risk free interest rate
Risk mark up, adjusted for:

- Type of real estate
- Location
- Structural standard
- Environmental standard
- Contract duration
- Quality of tenant
- All other information about real estate values, the market and the individual real estate

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

EXTERNAL VALUATIONS:

To ensure that every real estate will be taxated as a minimum every third year, there is a methodic approach in order to choose a representative selection of real estate to taxate every quarter. As per 31 December 2011, valuations had been obtained for approximately 35 percent of Storebrands preal estate portfolio in Norway.

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

Segment	**Required rate of return%**		**Fair value (NOK million)**	
	2011	2010	2011	2010
Office buildings (including parking and storage)				
Oslo-Vika/Filipstad Brygge	7.20 - 8.70	7.50-8.50	6,698	5,625
Rest of Greater Oslo	7.70 - 9.79	8.25-10.00	9,206	7,559
Rest of Norway	8.40 - 9.75	8.75-9.75	2,719	3,856
Shopping centre portfolio	7.74 - 9.25	8.00-9.25	10,321	10,656
Cultural/conference centres and commercial Sweden	7.00 - 9.00	7.00-9.00	1,252	742
Other			340	289

SENSITIVITIES

Valuations are particularly sensitive to changes in the required rate of return and assumed future cash flows. A change of 0.25 per cent in the required rate of return, where everything else remains the same, would result in a change in value in the real estate portfolio of approx. NOK 989 million, which corresponds to 3.42 per cent. Around 25 per cent of the property's cash flow is linked to signed leases. This means that changes in the uncertain parts of the cash flow of 1 per cent result in a 0.75 per cent change in value.

Note 28 | Parent company's holding of equities in subsidiaries and associated companies

NOK million	Interest in%	Voting interest in%	Booked value 31.12	
Company			**2011**	**2010**
Aktuar Systemer AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	6	5
Storebrand Pensjonstjenester AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	5	5
AS Værdalsbruket, 7660 Vuku	74.9	74.9	54	45
Storebrand Eiendom AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	12	7
Storebrand Holding AB, Stockholm	100.0	100.0	5,942	6,027
Storebrand Finansiell Rådgivning AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	194	184
Storebrand Eiendom Holding AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	30,811	29,609
Storebrand Eiendom Indirekte AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	2,699	
Storebrand Realinvesteriger AS, Professor Kohts vei 9, 1327 Lysaker	100.0	100.0	1	1
Storebrand Baltic UAB, Litauen	50.0	50.0	5	5
Benco Insurance Holding BV	90.0	90.0	825	62
Foran Real Estate, Latvia	95.8	95.8	543	479
Subsidiaries			**41,096**	**36,427**
Evoco UAB, Litauen	50.0	50.0	4	4
Jointly-controlled companies			**4**	**4**
Norsk Pensjon AS, Hansteensgate 2, 0253 Oslo	25.0	25.0	4	4
Associated companies Storebrand Livsforsikring AS			**4**	**4**
Total investment in subsidiaries and associated companies			**41,103**	**36,435**
Subsidiaries classified as equities at fair value in the collective portfolio				
SBL Direct Investments 2006-2008 Ltd - Class B-1	100	100	183	355
SBL Vintage 1999 Ltd - Class B-1	100	100	109	171
SBL Vintage 2001 Ltd - Class B-1	100	100	14	26

Associated companies Storebrand Livsforsikring Group

NOK million	Interest in%	Aquisition cost	Booked value 01.01	Addition/ disposal	Share of profit	Share of other income and expences	Booked value 31.12
Norsk Pensjon AS	25.0	5	4				4
Inntre Holding AS	34. 3	2	44	2	-3	-1	42
Formuesforvaltning AS	14.2	78	76	4			79
Handelsboderna i Sverige Fastighets AB	50.0	6	8		-1	15	22
NREP Logistics ab (publ)	47.5	6	50		5	28	83
Visit Karlstad AB	15.0	1	1	-1			1
Associated companies Storebrand Livsforsikring Group		**99**	**184**	**5**	**0**	**42**	**231**

Receivables for associated companies

NOK million	**2011**	**2010**
Formuesforvaltning AS	69	39
Handelsboderna i Sverige Fastighets AB	124	96
NREP Logistics ab (publ)	304	131
Total	**497**	**265**

Income from associated companies

NOK million	**2011**	**2010**
Share of profit		3
Interest income	25	13
Unrealised change in value	43	46
Total	**68**	**62**

NOTE 29 | Bonds at amortised cost

Loans and receivables

NOK million	2011 Nominal value	2011 Acquisition cost	2011 Booked value	2011 Fair value	2010 Booked value	2010 Fair value
Government and government guaranteed bonds	24,847	25,658	25,619	26,063	21,871	22,202
Credit bonds	12,484	12,461	12,638	12,901	10,689	10,755
Mortage and asset backed bonds	17,894	16,290	16,555	16,873	10,673	10,759
Supranational and agency	9,624	9,211	9,499	9,898	4,961	5,210
Total bonds classified as loans and receivables	**64,849**	**63,619**	**64,310**	**65,735**	**48,194**	**48,926**
Modified duration (interest rate sensitivity)				5.1		4.5
Average effective yield			5.7	4.5	5.4	4.6

Bonds held to maturity

NOK million	2011 Nominal value	2011 Acquisition cost	2011 Booked value	2011 Fair value
Mortage and asset backed bonds	7,993	7,990	8,152	8,484
Total bonds held to maturity	**7,993**	**7,990**	**8,152**	**8,484**
Modified duration (interest rate sensitivity)				7.4
Average effective yield			4.9	4.4

The effective yield for each security is calculated using the carrying amount and the observed market price (fair value) The effective yield of securities without observed market prices is calculated on the basis of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

NOTE 30 | Equities and other units

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
NORWEGIAN FINANCE INDUSTRY				
ABG Sundal Collier	44	31	44	31
Convexa Capital IV - -B-aksjer	3	4	3	4
Convexa Capital IV - -C-aksjer	3	3	3	3
Convexa Capital IV - D-aksjer	3		3	
DnB	145	122	145	122
Gjensidige Forsikring ASA	13	14	13	14
Help Forsikring AS	27	20	27	20
NMI AS under stiftelse	8	8	8	8
NMI Frontier Fund KS under stiftelse	18	18	18	18
NMI Global Fund KS under stiftelse	29	29	29	29
Sparebanken Midt-Norge G	1	1	1	1
Total	**294**	**250**	**294**	**250**
OTHER NORWEGIAN EQUITIES				
Aker	9	9	9	9
Aker Solutions	30	26	31	27
Algeta	13	11	13	11
Atea ASA	15	17	15	17
Austevoll Seafood	13	8	13	8
Bouvet	6	8	6	8
Cermaq	13	12	13	12
Clavis Pharma	11	14	11	14

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
Det Norske Oljeselskap ASA	6	10	6	10
DNO International ASA	11	12	11	12
Electromagnetic Geoservices	6	7	6	7
Fred. Olsen Energy	13	14	13	14
Glava	35	106	35	106
Kongsberg Gruppen	19	16	19	16
Kr.A Byggeselskap For Småleil.		10		10
Lerøy Seafood	11	8	11	8
Marine Harvest	13	10	13	10
Nordic Capital Partner II	44	43	44	43
Nordic Semiconductor	8	8	8	8
Norsk Hydro	86	69	88	70
Norsk Tillitsmann	1	26	1	26
Norwegian Property	10	7	10	7
Opera Software	10	10	10	10
Orkla	109	102	113	105
Petroleum Geo-Services	41	41	41	41
Q-Free	7	6	7	6
Raufoss Næringspark ANS			164	174
SalMar	10	5	10	5
Schibsted	26	26	26	26
Statoil ASA	372	411	387	426
Statoil Fuel & Retail ASA	30	27	30	27
Storebrand Infrastruktur ASA	11	10	11	10
Storebrand Optimer ASA	7	7	7	7
Storebrand Privat Investor ASA	26	30	26	30
Telenor	175	186	177	189
TGS-NOPEC Geophysical Company	27	28	27	28
Tomra Systems	9	8	9	8
Wilh. Wilhelmsen Holding ASA	6	6	6	6
Yara International	151	131	153	133
Other	95	44	99	48
Total	**1,484**	**1,527**	**1,680**	**1,731**
Total Norwegian equities	**1,778**	**1,777**	**1,974**	**1,981**
Of which listed Norwegian equities	1,517	1,453	1,517	1,453
AUSTRALIA				
AGL Energy	3	3	5	6
Amcor	4	5	6	8
Amp Ltd.	5	4	9	7
Asciano	3	3	7	7
ASX Ltd.	3	3	5	5
Aust & Nz Bank Group	21	19	40	41
BHP Billiton AUD	46	40	90	86
Brambles Ltd	5	6	9	10
Coca-Cola Amatil	5	5	7	8
Commonwealth Bank of Australia	27	28	55	61
CSL (AU000CSLDA0)	6	6	11	12
Fortescue Metals Group	3	3	7	6
General Property Trust	2	3	5	5
Macquarie GP LTD	6	4	10	6
National Australian Bank	20	20	40	40
Newcrest Mining	10	8	10	8

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Newcrest Mining			10	9
Orica Ltd	4	5	6	8
Origin Energy	6	6	12	11
QBE Insurance Group	7	5	14	10
Rio Tinto Ltd	12	10	22	20
Santos	5	5	9	9
Stockland	4	4	8	7
Suncorp Group Holding	4	4	7	7
Telstra Corp	5	6	9	11
Transurban Group	4	5	7	8
Westfield Group	6	6	12	11
Westfield Retail T	6	4	11	7
Westpac Banking Corp	25	22	51	48
Woodside Petroleum	9	7	19	14
Woolworth Australia	14	14	30	30
Other	26	22	69	59
Total	**307**	**283**	**611**	**587**
AUSTRIA				
Omv	4	3	6	5
Other	3	1	15	8
Total	**7**	**4**	**22**	**13**
BELGIUM				
Anheuser-Busch Inbev	17	19	34	41
Delhaize	4	3	7	5
Groupe Bruxelles Lambert	6	4	7	6
Umicore	4	3	5	6
Other	15	12	33	19
Total	**45**	**42**	**86**	**77**
BERMUDA				
BW Offshore	20	17	20	17
Everest Re Group REIT	5	5	7	7
Marvell Technology Group	3	3	6	6
SeaDrill Ltd	116	127	119	131
Other	5	5	13	13
Total	**149**	**157**	**165**	**173**
CANADA				
Agnico	5	3	11	7
Agrium	8	7	17	16
Bank of Montreal	13	12	27	27
Bank of Nova Scotia	20	19	40	41
Baytex Energy Corp	5	6	7	8
Bce	5	6	9	12
Bombardier B	4	3	7	6
Brookfield Asset Management	7	7	14	15
Cameco Corp	5	3	9	6
Canadian Imperial Bank of Commerce	10	11	21	22
CanadiaN Nat. Resources CAD	16	16	31	34
Canadian National Railway	14	17	26	35
Canadian Pacific	5	5	9	11
Canadian Utilities Ltd A	6	7	9	11

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
Cenovus Energy Inc	11	13	20	27
Crescent Point Energy	6	6	11	13
Eldorado Gold Corp	6	6	12	11
Enbridge	11	16	21	33
Encana Corp	8	5	19	11
Enerplus Corp	3	3	6	5
Fairfax Financial Holdings Inc	4	5	7	8
First Quantum Minerals	4	4	9	10
Goldcorp Inc	15	16	31	33
Husky Energy	5	5	10	9
Iamgold Corp	9	8	14	13
Imperial Oil	6	6	13	14
Investors Group Inc	3	3	5	5
Ivanhoe Mines	3	3	5	5
Kinross Gold	10	7	22	14
Loblaw	3	3	5	5
Lundin Mining Corp - SE			14	8
Magna A	4	3	8	6
Manulife Financial	10	7	25	13
Metro Inc	7	8	10	13
National bank of Canada	5	5	9	10
Nexen Inc	4	3	10	7
Osiko Mining	4	3	8	5
Penn West Petroleum ltd	5	4	8	8
Power Corp. of Canada	4	4	8	7
Power Financial Corp	4	3	7	6
Rogers Communications B	7	7	13	14
Royal Bank of Canada	26	25	55	53
Saputo	5	5	8	9
Shaw Communications B	3	3	6	7
Shoppers Drug Mart Corp	5	5	11	11
Sun Life Financial Inc	6	4	14	8
Suncor Energy	20	16	43	35
Talisman Energy	8	5	15	11
Teck Resources Ltd B	11	8	19	17
Telus Corporation - Non Vote	4	6	6	9
Tim Hortons Inc CAD	4	5	6	9
Toronto - Dominion Bank CAD	23	23	45	50
Valeant Pharmaceuticals International	4	5	10	11
Weston	4	4	7	8
Yamana Gold Inc.	4	6	10	12
Other	19	14	71	61
Total	**433**	**410**	**893**	**873**
CYPRUS				
Prosafe	8	8	8	8
Other	7	5	9	5
Total	**14**	**12**	**17**	**13**
CAYMAN ISLANDS				
SBL Direct Investments 2006-2008 Ltd - Class B-1	136	183		
SBL Vintage 1999 Ltd - Class B-1	89	109		
SBL Vintage 2001 Ltd - Class B-1	29	14		
Total	**253**	**305**		

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
DENMARK				
A.P Moeller - Maersk A/S	7	6	10	9
Carlsberg B	6	5	9	7
Den Danske Bank	5	3	10	6
NordEnergie Renewables AS	60	64	60	64
Novo-Nordisk B	15	17	27	40
Novozymes B	3	4	4	6
Other	9	6	24	13
Total	**105**	**104**	**145**	**144**
FINLAND				
Fortum	4	3	7	5
Kone Oyj	4	5	7	9
Nokia A	11	6	35	13
Nokian Renkaat	2	3	5	6
Sampo Leonia Plc	5	5	7	7
Wartsila Oyj-B	3	3	5	6
Other	41	9	56	20
Total	**70**	**33**	**122**	**66**
FRANCE				
Air Liquide	13	14	28	32
Axa	12	8	31	18
BNP Paribas	23	14	55	31
Bouygues	5	3	9	6
Cap Gemini	4	3	8	5
Carrefour	6	5	13	10
Christian Dior	4	4	9	10
Cie De St Gobain	9	7	17	13
Danone	15	16	32	34
Dassault Systeme	3	4	5	7
Essilor International	6	7	11	12
France Telecom	17	13	42	27
Gaz de France	16	12	42	28
L Oreal	12	12	26	26
Lafarge	6	3	13	6
Michelin B	7	5	12	10
Pernod-Ricard	8	9	15	17
PPR	5	5	8	8
Publicis Groupe	3	4	6	6
Renault	6	4	14	10
Sanofi	28	31	68	71
Schneider Electric	14	11	25	22
Societe Generale	15	6	32	11
Sodexho	4	5	6	7
Technip SA	5	6	8	11
Unibail-Rodamco SE	8	8	15	14
Vallourec	5	3	9	6
Vinci	13	11	23	19
Vivendi	13	11	29	23
Other	39	28	110	81
Total	**325**	**271**	**722**	**582**
FAROE ISLANDS				
Bakkafrost P/F	8	7	8	7
Total	**8**	**7**	**8**	**7**

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
GERMANY				
Adidas AG	5	6	10	11
Allianz SE (Societas Europeae)	19	15	49	38
BASF SE	21	22	44	50
Bayer AG Namens-Actien O.N	19	18	47	43
Bayerische Mot Werke	10	11	19	23
Continental	4	3	7	5
Deutsche Bank	16	11	43	27
Deutsche Boerse interim	6	5	17	10
Deutsche Post	7	6	12	10
Deutsche Telecom	14	12	35	29
EON	19	13	56	31
Fresenius Medical Care AG and KGAA	5	6	8	10
Fresenius SE	4	4	6	8
Gea Group	3	3	5	6
Henkel AG + Co. KGAA	6	6	8	9
Infineon	3	3	6	7
K and S New	5	3	9	6
Linde	9	9	18	21
Muenchener Rueckversicherungs RG	9	8	21	17
Rwe	10	6	25	11
Sap AG	16	17	36	39
Siemens	31	28	65	62
ThyssenKrupp	5	4	10	7
Volkswagen P	8	9	16	20
Other	18	14	45	33
Total	**272**	**242**	**616**	**534**
GREAT BRITAIN				
Aggreko	1	6	3	12
AMEC	3	3	5	5
Anglo American Plc	19	17	44	38
Arm Holdings	5	5	9	10
Associated British Foods	5	5	7	8
Astrazeneca GBP	22	21	51	51
Astrazeneca SEK			110	113
Aviva PLC	8	6	15	12
Barclays Bank	18	10	45	23
BG Group	22	24	51	56
BHP Billiton GBP	25	21	53	49
BP Plc	49	46	125	103
British Land	4	4	6	6
British Sky Broadcasting Group	5	6	9	10
BT Group	6	8	14	16
Burberry Group	4	4	6	7
Capita Plc	4	3	7	6
Centrica	13	12	22	22
Cobham	5	4	7	6
Compass Group	7	9	12	15
Diageo	21	25	44	54
Enquest SEK			6	5
GlaxoSmithkline	33	39	79	91
HSBC Holdings GB	60	46	139	101
International Power	4	4	7	7

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Kingfisher	3	3	6	7
Land Securities	4	4	8	7
Lloyds Banking Group PLC			15	5
Lloyds Banking Group PLC	12	5	13	6
Marks & Spencer	3	2	6	5
Morrision WM Supermarkets	10	11	15	16
National Grid Plc	10	13	26	29
Next	2	3	4	6
Old Mutual	4	4	7	8
Pearson	6	7	10	12
Prudential	9	9	17	17
Reckitt Benckiser	17	16	36	34
Reed Elsevier Plc	4	4	8	8
Rio Tinto Plc	29	23	63	54
Rolls Royce	9	12	15	25
Royal Sun & Alliance Insurance	5	4	8	7
SabMiller PLC	17	19	30	37
Sainsbury	5	4	8	7
Severn Trent Water	7	8	10	12
Smith & Nephew	3	3	6	6
SSE PLC	10	11	18	18
Standard Chartered	21	18	45	40
Subsea 7 S A	110	95	112	97
Tesco	24	24	57	54
Tullow Oil Plc	6	7	11	12
Unilever GB	17	20	38	44
Vodafone Group	45	50	102	113
Other	43	36	104	92
Total	**775**	**744**	**1,672**	**1,603**
GUERNSEY				
Resolution	3	3	7	6
Total	**3**	**3**	**7**	**6**
HONG KONG				
AIA GROUP LTD	8	9	17	19
Bank of East Asia	3	3	5	5
BOC Hong Kong Holdings	4	4	7	7
Cheung Kong Holdings	8	7	15	13
China Light & Power Holding	9	9	14	15
Hang Lung Properties	4	3	8	6
Hang Seng Bank	4	3	9	7
Hong Kong & China Gas	6	6	9	10
Hong Kong Exchanges & Clearing	7	6	14	12
Hutchison Whampoa	7	7	14	14
Li & Fung	4	4	9	9
Link Real Estate Investment	2	3	4	7
Mass Transit Railway Corporation	3	3	5	5
Power assets holdings	5	6	8	10
Sun Hung Kai Properties	8	7	16	14
Swire Pacific	4	4	8	8
Wharf	4	3	7	6
Other	24	9	49	29
Total	**113**	**95**	**218**	**194**

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
IRELAND				
Accenture PLC	11	13	20	26
Covidien PLC	8	8	17	18
CRH	6	6	14	12
Experian	5	7	9	12
Ingersoll-Rand PLC	4	3	8	6
LGT Crown European Buyout Opportunities II			166	165
Seagate Technology	3	3	6	6
Shire PLC	5	7	8	12
WPP PLC	4	4	9	9
Other	4	2	15	13
Total	**51**	**54**	**272**	**280**
ISRAEL				
Teva Pharmaceutical Ind Ltd	17	13	17	13
Other	8	6	8	6
Total	**25**	**19**	**25**	**19**
ITALY				
Assicurazioni General	9	7	17	12
Atlantia SPA	4	3	7	5
Enel	12	9	28	20
ENI	21	20	59	52
Fiat Industrial SP	3	3	4	6
Intesa SanPaolo	8	6	21	11
Saipem			4	5
Saipem	6	6	6	6
UniCredit SPA	13	6	33	11
Other	14	8	47	24
Total	**89**	**67**	**226**	**152**
JAPAN				
Aeon Co. Ltd	3	4	6	7
Aisin Seiki	6	6	11	11
Ajinomoto	5	5	9	10
Asahi Glass	4	3	9	8
Asahi Group Holdings Ltd	5	6	10	12
Asahi Kasei Corporation	4	4	6	7
Astellas PharmaR	6	7	15	16
Bank of Yokohama	3	3	6	6
Canon	19	19	40	42
Central Japan Railway	5	5	9	10
Chiba Bank	3	3	6	6
Chubu Electric Power	5	4	11	10
Dai Nippon Printing	4	3	8	6
Daihatsu Motor	3	6	7	11
Dai-Ichi Life Insurance	5	3	9	6
Daiichi Sankyo	6	6	12	12
Daikin Industries	3	3	7	6
Daito Trust Const	2	4	4	6
Daiwa House Industry	3	3	4	5
Denso	9	8	19	17
Dentsu	3	3	5	6
East Japan Railway	8	8	19	19
Eisai	3	4	7	8

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Fanuc Corporation	9	11	17	24
Fast Retailing	3	4	6	8
Fuji Heavy Industries	3	3	5	7
Fujifilm	7	5	13	9
Fujitsu Ltd	4	4	9	8
Hino Motors	2	3	4	6
Hitachi	9	9	17	20
Hoya Corporation	4	4	8	8
Inpex Holdings Inc	6	6	10	10
Itochu Corp	5	6	10	13
Jfe Holdings	6	4	13	7
JX Holding	4	5	11	12
Kansai Elec Power	6	4	13	9
Kao	6	7	12	14
KDDI Corp	5	7	11	13
Keikyu	4	5	6	6
Keyence	5	5	9	9
Kintetsu Corporation	3	4	5	6
Kirin Holdings Company Limited	6	5	13	11
Komatsu	11	9	19	19
Kubota	6	6	11	10
Kyocera	6	5	11	10
Kyushu Electric Power	3	2	7	5
Marubeni	4	4	7	8
Mazda Motor Corp	4	3	8	5
Mitsubishi	12	10	26	22
Mitsubishi Chemical Holdings	4	4	7	7
Mitsubishi Electric	8	7	14	15
Mitsubishi Estate	8	7	17	15
Mitsubishi Heavy Industries	6	6	10	11
Mitsubishi Motors	5	5	11	9
Mitsubishi UFJ Holdings Group	24	20	58	44
Mitsui	11	10	22	22
Mitsui Fudosan	5	5	11	10
Mizuho Financial Group	13	11	34	24
MS AD Insurance Group Hld	5	3	12	8
Murata Manufacturing	5	5	10	10
NGK Spark Plug	3	3	6	6
Nidec	4	4	7	8
Nikon	4	4	7	8
Nintendo	10	5	23	11
Nippon Steel and Sumiotomo	7	5	16	11
Nissan Motor	11	12	22	25
Nisshin Seifun Group	3	3	5	5
NKSJ Holding Inc	4	2	9	6
Nomura Holdings	7	3	17	7
NSK	3	3	6	6
NTT	7	9	16	19
NTT DoCoMo	8	9	18	21
Odakyu Electric Railway	5	5	7	8
Oji Paper	3	3	4	5
Omron	3	3	5	5
Ono Pharma	3	4	5	6
Oriental Land	2	2	4	5

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Orix	4	4	8	8
Osaka Gas	6	7	10	10
Otsuka Holdings Co LTD	4	5	7	8
Panasonic corp	11	7	25	15
Rakuten	3	4	5	8
Ricoh	4	3	8	5
Secom	4	5	9	9
Seven and I holdings	8	10	17	20
Sharp	4	4	9	7
Shin-Etsu Chemical	9	8	19	18
Shiseido	3	3	6	6
Shizuoka Bank	3	4	7	8
SMC	4	5	7	9
Softbank Corp	9	9	17	18
Sony	12	7	25	14
Stanley Electric	3	3	7	6
Sumitomo	6	7	11	12
Sumitomo Chemical	3	3	7	6
Sumitomo Electric	6	6	13	11
Sumitomo Metal Industries	4	3	9	6
Sumitomo Metal Mining	3	3	6	5
Sumitomo Mitsui Financial Group	15	13	36	28
Sumitomo Mitsui Trust Holdings	5	4	9	7
Sumitomo Realty & Dev	3	2	6	5
Sumitomo Rubber Industries	3	4	5	7
Suzuki Motor	6	6	13	12
Takeda Pharmaceutical	13	12	29	29
Terumo	4	3	7	6
Tokio Marine Holdings	7	6	17	13
Tokyo Electron	3	3	6	6
Tokyo Gas	9	9	12	14
TonenGeneral Sekiyu	2	3	4	5
Toray Industries	4	5	8	10
Toshiba	8	6	16	12
Toyota Industries	6	6	10	10
Uni-Charm	4	6	7	10
USS Co Ltd	3	4	5	6
West Japan Railway	7	8	10	11
Yahoo! Japan	3	2	5	5
Yamada Denki	3	3	6	6
Yamaha Motor	4	4	7	6
Yamato Holdings	4	4	7	9
Other	92	76	271	217
Total	**764**	**720**	**1,625**	**1,500**
JERSEY				
Randgold Resources	4	5	6	7
Total	**4**	**5**	**6**	**7**
LUXEMBOURG				
ArcelorMittal	11	6	23	12
Millicom Intl. Cellular SDR			81	82
Oriflame Cosmetics			26	16
SES - FDR	4	4	6	7

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Tenaris	4	4	6	6
Other	0	0	1	1
Total	**19**	**15**	**145**	**124**
MACAO				
Sands China Ltd	3	3	5	7
Other	2	2	4	3
Total	**5**	**5**	**9**	**10**
MALTA				
Unibet Group PLC-SDR			8	7
Total			**8**	**7**
NETHERLANDS				
Akzo Nobel	5	4	8	7
ASML Holding NV	5	6	10	13
Heineken	7	6	11	11
Ing-Group	14	10	33	22
Koninklijke Ahold	6	6	11	11
Koninklijke KPN	10	8	20	16
Philips Electronics (Koninklijke)	10	8	20	15
Reed Elsevier	4	4	6	6
Royal Dutch Shell A London	41	48	89	106
Royal Dutch Shell A ord	2	2	8	9
Royal Dutch Shell B shares	25	31	56	70
Unilever NL	17	20	40	46
Other	31	25	53	42
Total	**177**	**179**	**364**	**374**
NEW ZEALAND				
Taumata Plantations Ltd.	638	627	638	627
Other			4	4
Total	**638**	**627**	**642**	**631**
PORTUGAL				
Energias De Portugal	3	3	6	5
Portugal Telecom	6	4	9	5
Other	3	2	10	6
Total	**12**	**8**	**25**	**16**
RUSSIA				
Alliance Oil			18	16
Total			**18**	**16**
SINGAPORE				
City Developments	4	4	6	6
Development Bank Singapore	8	6	14	12
Flextronics Intl Ltd	3	2	6	5
Genting Singapore Plc	5	4	7	7
Keppel Corp	5	6	8	10
Overseas-Chinese Bank	8	7	13	12
Singapore Telecom	8	8	15	16
United Overseas Bank	7	6	13	12
Wilmar Intl Ltd	6	5	9	8
Other	17	13	37	34
Total	**70**	**61**	**130**	**121**

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
SPAIN				
Banco Santander	31	21	87	50
BBVA (Bilbao Vizcaya Argentaria)	17	14	47	30
Iberdrola	10	9	26	20
Industria De Deseno Textil	6	7	9	12
Repsol Ypf	10	11	22	25
Telefonica	33	25	84	58
Other	21	18	42	34
Total	**129**	**105**	**318**	**229**
SWITZERLAND				
ABB CH	18	16	40	35
ABB SE			134	112
ACE Ltd	7	9	15	19
Aryzta AG Ord	3	3	5	6
Compagnie Financie	10	11	17	22
Credit Suisse Group RG	15	9	38	20
Geberit AG Reg	3	3	4	5
Holcim	7	5	11	9
Julius Baer Holding Reg	3	3	5	5
Nestle	58	64	127	154
Noble Corp	4	4	8	7
Novartis	42	45	42	45
Novartis			50	57
Roche Holding Genuss	34	40	82	91
Schindler BE	4	4	5	6
SGS	3	4	5	5
Swatch Group	5	6	8	9
Swiss Re Ltd	6	7	11	12
Swisscom	9	9	11	11
Syngenta	9	9	18	20
TE Connectivity	6	6	11	12
Transocean ltd CHF	9	5	17	9
Tyco International	7	8	15	18
UBS	20	15	49	34
Wolseley	3	5	6	8
Xstrata	14	12	29	24
Zurich Financial Services AG	12	11	27	25
Other	22	19	42	38
Total	**335**	**331**	**831**	**818**
SWEDEN				
AF AB - B			6	8
Alfa Laval	4	4	52	79
Assa Abloy B	3	4	68	100
Atlas Copco A	7	9	103	176
Atlas Copco B			56	84
Atrium Ljungberg			5	6
Autoliv			25	26
Autoliv Inc	4	3	8	8
Axfood			8	10
Bergvik Skog AB			252	887
Betsson			6	8
Boliden Limited B			35	45

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
Castellum			20	25
Electrolux B	3	2	59	51
Elekta B			19	43
Ericsson B	12	11	378	364
Fabege			9	11
Getinge Industrier B			43	59
Hakon Invest AB			11	10
Hennes & Mauritz B	12	12	361	413
Hexagon B SEK			68	45
Hoeganes B			9	8
Holmen B			19	19
Hufvudstaden A			12	15
Husqvarna B			31	21
Industrivaerden A			35	33
Industrivaerden C			13	13
Intrium Justitia			13	16
Investor AB-A			34	33
Investor AB-B	5	5	100	100
JM			13	14
Kinnevik Investment B			38	48
Kungsleden			10	9
Loomis AB B			12	15
Lundbergforetagen B			13	15
Lundin Petroleum			19	67
Meda AB-A			29	27
Modern Times Group B			25	27
NC6 Capio AB			20	20
NC6 ConvaTec			18	15
NC6 Luvata(Eco)			7	5
NC6 Nefab AB			5	6
NC6 Thule AB			28	7
Nordea Bank AB	9	7	312	250
Ratos B			35	33
Sandvik	7	5	7	5
Sandvik			144	151
Scania B	4	3	57	57
Securitas B			38	33
Skandinaviska Enskilda Banken A	4	3	125	113
Skanska B	4	3	69	76
Skf Svenska Kullager Fabrikker B	4	4	75	100
SSAB AB			35	18
SSAB B			10	5
Svenska Celloulosa B	4	5	94	104
Svenska Handelsbanken A	6	5	145	149
Swedbank AB A-shares	5	5	105	145
Tele2 B			49	63
Teliasonera - Se	7	7	177	175
Volvo A			64	69
Volvo B	8	6	180	175
Wallenstam Byggnads AB-B shs			7	12
Wihlborgs Fastigheter AB			7	11
Other	8	3	90	65
Total	**119**	**107**	**3,922**	**4,800**

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
USA				
3M CO	20	20	42	43
Abbott Laboratories	27	31	60	66
Activision Blizzard	3	3	6	6
Adobe Systems	6	6	12	11
Aetna	5	7	10	13
Aflac Inc.	8	7	17	15
Agilent Technologies	5	5	9	10
Air Products & Chemicals	8	8	17	19
Airgas Inc.	3	4	5	7
Alcoa	5	3	13	7
ALEXION PHARMACEUTICALS INC	5	5	10	10
Allergan Inc	8	10	15	21
Allstate Corp	6	5	12	10
Altera Corp	4	5	7	9
Amazon Com	20	23	36	47
Ameren Corp	4	5	7	9
American Elec Power	6	8	14	17
American Express	16	17	32	37
American International Group	5	4	10	8
American Tower REIT	8	10	14	20
Ameriprise Financial	4	4	8	9
Amerisourcebergen	4	4	7	9
Amgen	18	21	39	46
Amphenol Corp Cl A	4	4	7	7
Anadarko Petroleum	11	13	23	28
Analog Devices	4	4	7	8
Annaly Capital Mngmt (Reit)	5	5	11	10
Aon Corp	5	5	10	11
Apache Corp	14	12	27	25
Apollo Group A	3	3	6	5
Apple Inc	91	127	156	271
Applied Materials	6	5	13	11
Archer-Daniels-Midland	8	8	16	15
AT&T Inc	54	60	122	131
Autodesk	4	3	6	6
Automatic Data Processing	9	11	19	24
Avalonbay Communities (Reit)	3	4	5	8
Avon Products	5	3	12	6
Baker Hughes	8	8	15	16
Ball Corp	3	3	6	7
Bank of America Corp	47	19	121	40
Bank of New York Mellon	11	8	26	17
Bard (C.R.)	3	3	6	6
Baxter International	11	10	25	22
BB&T Corp	8	7	14	13
Beam Inc	3	4	5	7
Becton Dickinson & Co	6	6	14	13
Bed Bath & Beyond Inc	5	6	8	12
Berkshire Hathaway B	25	24	52	52
Best Buy	5	3	9	5
Biogen Idec Inc	6	11	12	22
Blackrock	6	6	12	11
BMC Software	3	3	6	6
Borgwarner	2	3	4	6
Boston Properties	4	5	8	10

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Boston Scientific	5	3	11	7
Bristol-Myers Squibb	19	25	37	51
Broadcom	6	5	11	10
Bunge	4	3	9	7
C.H. Robinson Worldwide INC	6	6	11	12
CA Inc	4	4	8	8
Cameron International	5	5	8	10
Campbell Soup	7	7	11	11
Capital One Financial	6	6	13	13
Cardinal Health	5	6	10	13
Carnival USD	6	5	12	11
Caterpillar	19	21	34	45
CBS Corp class B	4	6	7	12
Celanese Corp	3	4	6	8
Celgene Corp	9	11	19	23
CenterPoint Energy	4	5	6	8
Centurylink Inc	6	6	11	12
Cerner Corp	3	4	5	8
CF Industries Holdings Inc	3	4	7	8
Chesapeake Energy Corp	6	5	13	11
Chevron Corp	58	73	120	158
Chubb Corp	7	9	14	18
Church & Dwight Co Inc	6	7	9	11
Cigna Corp	4	5	8	10
Cincinnati Finc. Corp	3	3	6	6
Cisco Systems	42	34	92	74
Citigroup	41	26	97	55
Citrix	4	5	7	10
Cliffs Natural Resources Inc	4	3	6	8
Clorox Corp	4	5	8	9
CME Group Inc.	5	5	13	10
Coach	6	7	10	15
Coca-Cola	45	53	90	110
Coca-Cola Enterprises	4	4	7	8
Cognizant Tech Solutions	7	8	12	16
Colgate Palmolive	19	22	36	41
Comcast Corp A	12	13	26	32
Comcast Corp-Special	7	9	11	14
Conagra	5	6	9	11
Conocophilips	28	33	62	72
Consol Energy	4	3	8	7
Consolidated Edison	9	11	15	19
Constellation Energy	4	5	9	9
Cooper Industries	3	3	5	6
Corning	10	7	22	15
Crown Castle Intl Corp	5	6	9	11
Crown Holdings Inc	3	3	5	6
CSX	8	8	15	18
Cummins	5	5	8	11
CVS/Caremark	16	20	35	41
Danaher Corp	9	11	18	22
Darden Restaurants	3	4	6	7
Deere & Co	12	13	22	27
Dell Inc.	9	9	20	19
Dentsply Iinternational	3	3	6	6

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
Devon Energy	9	8	21	18
DirecTV	10	11	18	24
Discover Financial	3	4	6	9
Discovery Communications inc ser A.	4	4	5	6
Dollar Tree Inc	4	4	6	8
Dominion Resources	10	13	21	27
Dover	5	5	8	10
Dow Chemical	13	12	27	26
Dr. Pepper Snapple	3	4	6	8
Dte Energy Corp	4	5	7	9
Duke Energy Corp	8	11	19	24
DuPont (E.I) De Nemours	15	16	30	35
Eastman Chemical Company	3	3	6	7
Eaton Corp	6	7	11	14
Ebay	11	12	21	25
Ecolab	7	8	12	15
Edison International	5	6	10	11
Edwards Lifescienc	4	4	6	7
El Paso Corporation	4	8	8	17
Electronic Arts	2	3	5	5
EMC	16	16	29	33
Emerson Electric	13	12	25	25
Entergy	4	4	10	10
EOG Resources	9	9	18	20
EQT Corporation	3	3	5	7
Equifax	3	3	4	5
Equity Residental Properties	5	6	8	13
Estee Lauder Cos A	4	6	6	12
Exelon	10	11	27	23
Express Scripts Common	8	7	15	16
Exxon Mobil	115	139	256	301
F5 Networks Inc	3	4	6	6
Family Dollar Stores	5	7	10	15
Fastenal Co	4	6	6	12
Fedex Corp	10	9	19	20
Fidelity National Informatio	3	3	5	5
Fifth Third Bancorp	5	5	9	9
Firstenergy	6	8	16	16
Fiserv	3	4	7	7
Fluor Corp	4	4	8	8
FMC Technologies	5	6	8	13
Ford Motor Co	17	14	30	28
Forest Labotatories	4	4	7	7
Franklin	6	5	12	11
Freeport-Mcmoran Copper & Gold Inc	15	12	32	26
Gap	3	4	6	7
General Electric	63	65	142	140
General Mills	13	14	22	27
General Motors Co	8	5	16	10
Genuine Parts	3	4	6	8
Gilead Sciences Inc	12	12	27	25
Goldman Sachs	25	15	57	33
Goodrich Corp	8	12	18	32
Google Class A	50	59	100	121
Halliburton	12	12	22	25

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Hancock Timberland VIII Inc	288	206	288	206
Harley-Davidson	3	3	5	6
Harris Corporation	3	2	6	5
Hartford Financial Services	4	3	11	5
HCP (Reit)	5	7	9	13
Heinz (H.J)	10	12	17	21
Helmerich & Payne	3	3	5	6
Henry Schein Inc.	3	3	6	6
Hershey Foods Common	8	10	12	16
Hess Corp	7	6	14	13
Hewlett-Packard Co	31	18	68	40
Home Depot	20	25	38	52
Hormel Foods	6	7	8	9
Host Hotels & Resorts (Reit)	4	4	6	7
Humana Inc	4	6	7	12
Illinois Tool Works	9	9	18	18
INTEGRYS ENERGY GROUP INC	3	3	5	6
Intel	37	43	79	94
International Business Machine (IBM))	58	76	115	164
International Paper	5	6	9	11
Intuit	5	6	10	13
Intuitive Surgical	5	7	9	14
Invesco Ltd USA	4	4	7	7
Iron Mountain	2	3	5	5
J.C. Penney	3	4	7	9
J.P Morgan Chase and Co	53	43	117	94
Johnsen & Johnsen	59	63	128	134
Johnson Controls	10	9	18	18
Joy Global	4	5	7	9
Juniper Networks	7	4	11	8
Kellogg Co	9	10	17	17
Kimberly-Clark	14	16	26	30
Kimco Realty Corp	3	3	6	6
KINDER MORGAN MANAGEMENT LLC	10	13	16	22
Kohls Corp	7	7	16	15
Kraft Foods	18	22	38	48
Kroger	12	13	23	24
Laboratory Corporation of America	3	3	6	6
Las Vegas Sands Corp	3	5	6	11
Liberty Global A	4	5	4	5
Liberty Media-Interactive Series A.	5	5	8	9
Life Technologies Corp	3	3	7	6
Lilly Eli	16	19	32	37
Limited	3	5	5	11
Linear Technology	3	3	5	5
Loews Corp	6	6	11	12
Lowe's Cos Inc	11	12	23	26
Macerich Co REIT	4	4	6	7
Macys Inc.	5	7	9	15
Marathon Oil Corp.	5	7	11	15
Marathon Petroleum	5	5	9	11
Marriott Intl	4	4	6	6
Marsh & Mclennan Cos	6	7	11	14
Mastercard Inc - Class A	9	14	18	29
Mattel	3	3	5	6

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
Maxim Integrated Products	3	4	6	8
McCormick & Co	8	8	8	8
McDonalds	31	42	58	85
McGraw Hill	4	5	8	10
Mckesson	7	8	13	16
MDU Resources	3	3	5	5
Mead Johnson Nutrition Co.-A	5	6	9	13
Medco Health Solutions	7	7	16	16
Medtronic	15	15	34	32
Merck & Co	38	41	80	87
Metlife	14	11	15	11
Metlife			15	11
Microchip Tecnology	3	3	5	6
Microsoft	68	67	150	144
Molson Coors Brewing USA	3	3	6	6
Monsanto	13	14	33	30
Morgan Stanley	13	7	29	15
Motorola Mobility Hold-W	2	4	3	9
Murphy Oil	4	4	9	8
National Oilwell Varco Inc.	7	10	15	22
Netapp INC	7	5	8	6
Newmont Mining	9	11	20	24
News Corporation A	11	14	21	28
Nextera Energy Inc	8	9	19	21
Nike B	10	12	19	26
Noble Energy	5	6	10	13
Nordstrom	4	4	6	9
Norfolk Southern Corp	7	9	14	19
Nothern Trust	4	3	8	6
NSTAR	6	6	8	10
Nucor Corp	5	5	6	5
NVIDIA	4	3	7	6
Occidental Petroleum	24	26	48	56
Omnicom Group	5	5	10	11
ONEOK INC	4	7	7	13
Oracle Corporation	40	37	76	78
O'Reilly Automotive Inc	3	5	6	9
Paccar	6	5	11	10
Parker Hannifin	5	5	9	11
Paychex	6	6	12	12
Peabody Energy	5	3	10	7
Pepco Holdings	3	3	5	7
Pepsico Inc	38	39	80	82
Pfizer	47	58	101	125
PG&E Corp.	6	5	13	13
Pinnacle West Capital	3	4	5	7
Pioneer Natural Resources	3	4	4	7
Pitney Bowes	3	3	7	6
Plum Creek Timber	4	3	6	6
PNC Financial Services	10	11	20	22
PP&L Resources	6	7	15	14
PPG Industries	5	6	10	13
Praxair	12	14	25	31
Precision Castparts	13	16	25	35
Price (T. Rowe) Group	6	6	12	12

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Priceline.Com	6	8	11	17
Principal Financial Grp	4	3	7	6
Procter & Gamble	63	68	130	142
Progress Energy	8	10	14	18
Progressive Corp	5	5	10	11
Prologis Inc REIT	6	5	11	10
Prudential Financial Inc	10	9	20	18
Public Service Enterprise Gp	7	7	16	16
Public Storage Common REIT	5	7	11	16
Qualcomm	27	33	58	69
Quest Diagnostics	3	4	6	7
Range Resources Corp	3	4	6	8
Red Hat Inc	4	4	6	7
Republic Services	3	3	6	6
Rockwell Automation	3	4	6	8
Rockwell Collins	12	12	27	27
Roper Industries	4	4	6	8
Ross Stores	4	6	7	12
Royal Caribbean Cruises NOK	39	34	40	35
Safeway	6	6	12	12
Salesforce.Com Inc	6	5	9	10
Sandisk Corp	4	5	6	10
Sara Lee	4	5	7	10
Schlumberger	33	32	65	69
Schwab (Charles)	6	5	14	9
Sempra Energy	5	5	10	11
Sherwin-Williams Co	4	5	8	10
Simon Property Group REIT	10	15	19	31
SLM Corp	2	2	5	5
Smucker (JM) CO	7	8	10	12
Southern	15	19	28	37
Southwestern Energy Co	5	4	11	8
Spektra Energy Corp	9	12	18	26
Sprint Nextel Group	5	3	10	6
ST Jude Medical Inc	5	4	11	9
Stanley Black and Decker Inc	4	4	6	7
Staples	6	4	11	7
Starbucks Corp	9	15	16	30
Starwood Hotels and Resorts	5	4	7	7
State Street	7	7	17	14
Stryker Corp	6	6	12	12
Suntrust Banks	5	4	11	7
Symantec	6	5	11	10
Synthes-Stratec	8	9	9	11
Sysco Corp	7	7	14	15
Target Corporation	14	14	31	32
TERADATA CORP	4	4	6	7
Texas Instruments	12	12	24	25
The Travelers Companies Inc	9	10	18	20
Thermo Fisher Scientific Inc	8	7	15	13
Thomson Reuters Corp	4	3	9	6
Tiffany & Co	3	4	5	7
Time Warner	12	14	26	30
Time Warner Cable Common Stock	7	8	12	16
TJX Companies	7	11	14	23

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
Total System Services	3	3	4	5
Union Pacific Corp	14	18	26	38
United Health Group	14	19	28	40
United Parcel Services	18	20	37	43
US Bancorp	16	18	35	38
Valero Energy	5	5	10	10
Varian Medical Systems	3	3	6	7
Ventas Inc (REIT)	5	6	8	10
Verizon Communications	33	42	68	86
Vertex Pharmaceuticals Inc	3	3	6	6
VF Corp	3	4	5	9
Viacom INC ClassB	8	9	15	19
Virgin Media Inc	4	3	5	6
Visa Inc - Class A shares	13	18	27	37
Vornado Realty Trust	5	5	10	10
Vulcan Materials	3	3	6	5
Wallgreen	12	11	25	23
Walt Disney	22	23	42	48
Waste Mangement	6	6	12	12
Waters Corp	4	4	6	7
Wellpoint Inc	8	9	16	18
Wells Fargo	48	46	107	99
Western Digital Corp	4	4	7	7
Western Union	4	4	8	8
Weyerhauser REIT	3	3	6	7
Whole foods Market	3	6	7	14
Williams Companies	5	7	11	16
Wisconsin Energy Corp	3	4	6	8
Wynn Resorts	5	4	7	8
Xcel Energy	5	6	10	12
Xerox	5	4	12	9
Xilink	3	3	5	6
Xylem Inc	2	2	5	6
Yahoo	6	6	13	13
Yum Brands	10	12	17	25
Zimmer Holdings	4	4	8	8
Other	131	98	417	370
Total	**4,077**	**4,243**	**8,028**	**8,691**
Other foreign equities not specified	**11**	**4**	**1,380**	**1,503**
Total foreign equities	**9,403**	**9,262**	**23,247**	**24,090**
Of which listed international equities	8,105	8,053	21,436	21,783
Total equities	**11,181**	**11,038**	**25,221**	**26,070**
FUND UNITS				
Aberdeen European Shopping Property Fund			302	179
AIPP Active - Partial Draw Down			405	127
AIPP Asia			182	166
AllianceBernstein Japan Strategic Value USD	22	22	22	22
Apax France V	1	15	1	15
Apax France VI	32	14	32	14
API Eiendomsfond Asia			7	7
AXA Alternativ Property Incomer Venture			189	178
Bain Capital Fund VII P581&P985	28	11	28	11

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Belair (Lux) USD side pocket 2	20	16	39	32
Black Rock India Fund	10	8	10	8
Black Rock World Energy	6	6	6	6
Blackrock Global Allocation			103	103
Blackrock Global Small Cap			63	61
Blackrock New Energy			35	25
Blackrock US Small and Mid Cap Opportunities Fund			82	82
Blackrock World Energy			15	14
Blackrock World Gold			8	8
Blackrock World Mining Fund			81	72
Bridgepoint - The Second European PE Fund E	30	10	30	10
Carlye Europe Real Estate Partners L.P.			33	14
Carlye Europe Real Estate Partners L.P. II			201	88
Carlye Europe Real Estate Partners L.P. III			183	178
CS Infra SICAR			639	648
Delphi Europa	98	90	98	90
Delphi Norden	138	113	138	113
Delphi Norge	271	237	271	237
Delphi Verden	982	1,025	982	1,025
East Capital Eastern Europe	18	14	18	14
East Capital Russian Fund	23	17	23	17
East Capital Ryssland			74	62
East Capital Östeuropa			26	20
EISER Infrastructure Capital Equity Partners 1-B	378	349	378	349
Enter Sverige			42	42
EPISO			179	151
EQT IV ISS Co-Investment LP	40	50	40	50
European Office Income Venture			141	88
European Property Invesators			72	46
European Retail Income Venture			203	127
Fidelity Asian Special Situations			356	372
Fidelity China Focus Fund			108	101
Fidelity Emerging Europe, Mid East & Africa			31	31
Frogmore Real Estate Partners L.P.			161	50
FSN Capital Limited Partnership II	30	63	30	63
Grainger unitholder No.1 Limited			199	125
HealthCap III Sidefund KB	9	6	9	6
HealthCap III, KB	68	15	68	15
Heitman European Property Partners III			137	76
Henderson PFI			146	133
Herkules Private Equity (GP-I) Limited	9	19	9	19
Holberg Norden	17	14	17	14
Holberg Norge	29	24	29	24
Invesco GT PRC (Kina)	63	54	63	54
J.W. Childs III, L.P.	25	29	25	29
JP Morgan Europe Dynamic Small Cap			6	6
JP Morgan Global Focus Fund			369	313
JP Morgan Japan Select Equity			14	13
JPMorgan Infrastructure Investments Fund (IIF)	529	476	529	476
Jupiter Global Financials			951	904
Knighthead Offshore Fund Ltd	26	27	26	27
Lannebo Mixfond			65	64
Lannebo Småbolag	1	1	285	280
Lasalle Euro Growth II			94	81
Macquarie European Infrastructure Fund II - Eqfund	386	368	386	368

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Fair value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Fair value
Macquarie Global Property Advisors Asia Fund III			119	112
Menlo Ventures IX	67	27	67	27
Mobilis Fokus			74	64
Msdw Sicav Latin America	32	31	32	31
NLI Eiendomsinvest			8	8
ODIN EUROPA SMB	10	8	10	8
Odin Offshore	9	8	35	31
Outlet Mall Fund			324	443
Prior Hærland Eiendom KS			5	11
Rural Impulse Fund II S.A., SICAV-SIF - class A	4	4	9	7
Schroder BRIC	16	13	16	13
Schroder Frontier Markets			77	80
Selvaag Bolig AS			216	101
SHB Amerikafond			183	184
SHB Europa Selektiv			176	136
SHB Indienfond			19	19
SHB IT-fond			228	243
SHB Latinamerikafond			71	72
SHB Läkemedelsfond			33	31
SHB Norden Aggressiv			179	169
SHB Nordiska småbolagsfond			209	225
SHB Rysslandsfond			117	119
SHB Tillväxtmarknadsfond			170	153
SHB Östeuropafond			382	389
Skagen Global Fund	614	675	1,133	1,192
Skagen Kon-Tiki	976	957	1,685	1,689
SPP Aktiefond Sverige			508	450
SPP Aktieindexfond Europa			191	173
SPP Aktieindexfond Global Sustainability			105	81
SPP Aktieindexfond Japan			1,138	1,163
SPP Aktieindexfond Sverige			461	458
SPP Aktieindexfond USA			7,008	6,645
SPP Bygga			146	136
SPP Emerging Markets SRI	1,621	1,411	2,558	2,194
SPP Generation 50-tal			7,534	6,849
SPP Generation 60-tal			2,797	2,621
SPP Generation 70-tal			199	187
SPP Generation 80-tal			120	107
SPP Leva			36	36
Storebrand Aksje Innland	874	889	874	889
Storebrand Alpha SICAV-Europe Class M	386	365	582	549
Storebrand Alpha SICAV-Global Energy Class M	288	273	365	346
Storebrand Asia Pacific Indeks I	702	727	702	727
Storebrand Delphi Europa			115	109
Storebrand Delphi Norden			28	26
Storebrand Delphi Verden			38	41
Storebrand Emerging Private Equity Markets 2007 B3	300	316	300	316
Storebrand Emerging Private Equity Markets B3	140	182	140	182
Storebrand Europa I	1,530	1,348	1,530	1,348
Storebrand Global	218	189	218	189
Storebrand Global Indeks I	3,287	3,570	3,287	3,570
Storebrand Global Quant Equity	742	686	742	686
Storebrand Horizon C3			233	233
Storebrand Indeks Alle Markeder	206	205	206	205
Storebrand Indeks Nye Markeder	160	146	160	146

NOK million	Storebrand Livsforsikring AS Acquisition cost	Fair value	Storebrand Livsforsikring Group Acquisition cost	Fair value
Storebrand International Private Equity III KB	0	8	0	8
Storebrand International Private Equity IV - B2	281	500	281	500
Storebrand International Private Equity IX - B3	40	55	128	172
Storebrand International Private Equity V Ltd - B3	575	650	575	650
Storebrand International Private Equity VI Ltd -B3	724	866	724	866
Storebrand International Private Equity VII Ltd-B1	8	8	8	8
Storebrand International Private Equity VII Ltd-B3	720	789	720	789
Storebrand International Private Equity VIII LtdB3	360	423	622	726
Storebrand International Private Equity X - B-2			7	6
Storebrand International Private Equity X - B-3	95	87	130	117
Storebrand International Private Equity XI - B-3	84	81	101	97
Storebrand Multi Strateg Limited - class B-0	10	10	10	10
Storebrand Multi Strategy Limited - class C-4			107	108
Storebrand Multi Strategy Limited - class C-5			583	613
Storebrand Multi Strategy Limited - XXL	304	346	304	346
Storebrand Nord Amerika I	2,468	2,842	2,468	2,842
Storebrand Nordic Private Equity III Ltd.	51	50	62	61
Storebrand Norge	178	163	178	163
Storebrand Norge I	926	869	926	869
Storebrand Norge Institusjon	1,291	1,188	1,291	1,188
Storebrand Norwegian Private Equity 2006 Ltd. - B3	193	191	193	191
Storebrand Norwegian Private Equity 2007 Ltd. - B3	98	104	98	104
Storebrand Privat Investor ASA			156	186
Storebrand Selecta Limited - class B-0	5	5	5	5
Storebrand Selecta Limited - Class C-0	23	24	23	24
Storebrand Selecta Limited - Class C-3	290	377	290	377
Storebrand Selecta Limited - Class C-6			43	43
Storebrand Selecta Limited - Class C-7			325	362
Storebrand Special Opportunities II Ltd. - B3	851	829	851	829
Storebrand Special Opportunities II Ltd. - B4	86	100	86	100
Storebrand Special Opportunities Ltd. - C3	585	684	585	684
Storebrand Vekst	23	25	23	25
Storebrand Verdi	298	311	466	479
Storebrand WGA Health Care	88	98	88	98
T. Rowe Price US Large Cap Value Equity			30	28
T.Rowe Price Asian ex-Japan Equity	42	47	42	47
T.Rowe Price Global Em mkt. Eq. - class 1	185	162	185	162
T.Rowe Price-US LG CP VAL-A	69	69	69	69
TransEuropean Property ltd.Partnership III			110	83
Trygghet 75			273	273
Verdane V B K/S	19	16	19	16
Wand Partners	64	50	64	50
Total	**26,508**	**27,148**	**60,644**	**58,734**
Other fund units not specified	**74**	**43**	**649**	**444**
Total fund units	**26,582**	**27,192**	**61,293**	**59,178**
Total equities and fund units	**37,763**	**38,230**	**86,514**	**85,248**

Note 31 | Bonds and other fixed income securities at fair value

STOREBRAND LIVSFORSIKRING AS

	2011		2010
NOK million	**Acquisition cost**	**Fair value**	**Fair value**
Government and government guaranteed bonds	3,596	3,651	16,190
Credit bonds	8,850	8,810	31,956
Mortage and asset backed bonds	8,008	8,021	6,099
Supranational and agency			857
Bond funds	34,982	35,266	21,634
Total bonds and other fixed income securities	**55,436**	**55,748**	**76,737**

STOREBRAND LIVSFORSIKRING GROUP

	2011		2010
NOK million	**Acquisition cost**	**Fair value**	**Fair value**
Government and government guaranteed bonds	44,383	46,104	57,795
Credit bonds	19,908	19,872	41,026
Mortage and asset backed bonds	31,803	31,907	23,131
Supranational and agency	2,276	2,202	2,797
Bond funds	42,526	42,955	26,821
Total bonds and other fixed income securities	**140,896**	**143,040**	**151,571**

	Storebrand Livsforsikring AS	**SPP Livförsäkring AB**	**Euroben Life & Pension Ltd.**
Modified duration (interest rate sensitivity)	2.4	2.4	5.2
Average effective yield	3.3	1.6	1.4

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 32 | Financial derivatives

Storebrand Livsforsikring makes active use of financial derivatives. Derivative contracts are used in particular to make effective use of exposure to investment risk in order to create the potential for a sound long-term risk-adjusted investment return. Derivatives often provide a quicker, simpler and cheaper way to increase or reduce exposure to specific risks, and can also be used to protect the investment portfolio against adverse developments. The individual share and bond portfolios use financial derivatives to manage the overall risk exposure within the limits applied. Definitions of the various derivatives contracts used can be found in the "Terms and expressions" section.

NOMINAL VOLUME

Financial derivative contracts are related to underlying amounts which are not capitalised in the statement of financial position. In order to quantify a derivative position, reference is made to underlying concepts such as nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and gives an indication of the size and 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 derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions. A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. A long position in a currency derivative produces a gain if the currency strengthens against NOK. Figures for average gross nominal volume are based on daily calculations of gross nominal volume.

STOREBRAND LIVSFORSIKRING AS

	Gross nominal volume [1]	**Average nominal volume [2]**	**Net nominal volume [1]**	**Fair value [1]**	
NOK million				**Assets**	**Liabilities**
Equity derivatives	3,996	3,237	-2,856		
Interest rate derivatives	13,837	35,866	3,812	409	-378
Currency derivatives	49,043	80,866	4,271	124	-1,136
Credit derivatives	579	785	-460	6	-4
Total derivatives 2011	**67,454**	**120,754**	**4,766**	**538**	**-1,518**
Total derivatives 2010	123,090	264,127	-62,784	2,405	-679

[1] Values as per 31.12.
[2] Average for the year.

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Gross nominal volume [1]	Average nominal volume [2]	Net nominal volume [1]	Fair value [1] Assets	Liabilities
Equity derivatives	8,814	6,837	-7,067		
Interest rate derivatives	101,493	194,588	45,625	5,240	-1,049
Currency derivatives	60,698	91,759	11,912	220	-1,143
Credit derivatives	579	785	-460	6	-4
Total derivatives 2011	**171,584**	**293,970**	**50,010**	**5,466**	**-2,197**
Total derivatives 2010	179,245	308,100	-20,636	4,217	-880

[1] Values as per 31.12.
[2] Average for the year.

Note 33 | Currency exposure

Financial assets and liabilities in foreign currencies

	Storebrand Livsforsikring AS				Storebrand Livsforsikring Group				
	Balance sheet items excl. currency derivatives	Currency derivatives	Net position		Balance sheet items excl. currency derivatives	Currency derivatives	Net position		
NOK mill.	Net on statement of financial position	Net sales	in currency	in NOK	Net on statement of financial position	Net sales	in currency	in NOK	Of whitch SPP Konsern and BenCo in NOK
AUD	50	-90	-40	-247	102	-120	-18	-112	135
CAD	73	-132	-59	-345	151	-177	-26	-154	191
CHF	46	-76	-31	-195	125	-76	48	307	502
DKK	40	-62	-23	-24	183	-62	120	125	149
EUR	666	-836	-170	-1,259	1,267	-1,284	-18	-80	1,186
GBP	89	-183	-94	-873	237	-271	-34	-312	561
HKD	131	-216	-85	-65	266	-216	50	38	104
LTL	3		3	9	3		3	9	
JPY	13,316	-24,389	-11,073	-859	23,720	-30,171	-6,451	-506	353
NZD	135	-146	-12	-54	136	-146	-11	-50	4
SEK	18,347	-8,909	9,437	7,988	153,594	298	153,891	133,743	125,755
SGD	12	-21	-9	-39	25	-21	4	18	57
USD	2,153	-3,306	-1,153	-6,897	3,435	-4,097	-662	-3,965	2,932
NOK [1]	9,172		9,172	9,172	9,172		9,172	9,172	
Insurance liabilities SPP Group and BenCo in currency								-125,184	-125,184
Total net position foreign currency 2011				**6,312**				**13,051**	**6,745**
Total net position foreign currency 2010				**3,608**				**2,022**	**-1,615**

[1] Equity and bond funds denominated in NOK with foreign currency exposure, including in EUR and USD, amount to NOK 9 billion.

CURRENCY

STOREBRAND LIVSFORSIKRING

The group actively hedges the major part of its foreign currency risk. Currency risk arises from investments in international securities, and to a lesser extent from subordinated loans denominated in foreign currencies. Currency risk is hedged through forward foreign exchange contracts at the portfolio level, and currency positions are regularly monitored within specified total limits. Short positions are closed no later than the business day following the date on which they arise. In addition, there are separate limits for creating active currency positions. These positions are included in the note relating to short-term debt instruments and bonds. Storebrand uses a principle of currency hedging, termed block hedging, which increases the efficiency of the implementation of currency hedging. Currency hedging of the investment in the subsidiary Storebrand Holding AB was reduced in 2011 and from 2011, the subsidiary BenCo is no longer hedged.

SPP

SPP practices currency hedging to a certain extent with respect to its international investments. In the case of equities the currency hedging will be between 50 per cent and 100 per cent, and for other classes actively hedges the major part of its foreign currency risk.

Note 34 | Other financial assets

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2011	2010	2011	2010
Bank deposits in company portfolio	139	254	192	317
Bank deposits collective customer portfolio	1,036	2,538	4,542	4,898
Bank deposits investment choice customer portfolio	841	995	905	1,020
Other financial assets	**2,016**	**3,787**	**5,639**	**6,235**

Note 35 | Real estate for own use and tangible fixed assets

STOREBRAND LIVSFORSIKRING AS

NOK million	Equipment	Vehicles	Fixtures & fittings	2011	2010
Booked value 01.01	**45**	**16**	**34**	**95**	**118**
Additions	5			5	25
Disposals		-14		-14	-6
Depreciation	-20	-1	-5	-26	-27
Other changes					-16
Booked value 31.12	**30**	**1**	**29**	**60**	**95**
Acquisition cost opening balance	94	27	44	165	189
Acquisition cost closing balance	100	2	44	146	165
Accumulated depreciation and write-downs opening balance	-49	-11	-10	-70	-71
Accumulated depreciation and write-downs closing balance	-69	-1	-16	-86	-70

Depreciation plan and financial lifetime:	
Equipment	4 years
Vehicles	6 years
Fixtures & fittings	4 years
Real estate	50 years

STOREBRAND LIVSFORSIKRING GROUP

Tangible fixed assets

NOK million	Equipment	Vehicles	Fixtures & fittings	2011	2010
Booked value 01.01	**50**	**16**	**43**	**109**	**129**
Additions	11		2	13	32
Disposals		-14		-15	-6
Acquired via mergers, acquisitions, etc			3	3	
Depreciation	-23	-1	-9	-32	-31
Other changes			-3	-3	-15
Booked value 31.12	**37**	**1**	**37**	**76**	**109**
Acquisition cost opening balance	106	28	80	212	228
Acquisition cost closing balance	117	3	93	213	212
Accumulated depreciation and write-downs opening balance	-56	-12	-37	-103	-99
Accumulated depreciation and write-downs closing balance	-80	-2	-56	-137	-103

Depreciation plan and financial lifetime:	
Equipment	4 years
Vehicles	6 years
Fixtures & fittings	4 years
Real estate	50 years

Real estate for own use [1)]

NOK million	2011	2010
Booked value 01.01	**1,668**	**1,718**
Additions	82	65
Disposals	-1	
Revaluation booked in balance sheet	31	5
Depreciation	-68	-47
Write-ups due to deprecation in the period	49	47
Write-downs in the period	27	-105
Re-statement differences from converting foreign units	12	-14
Booked value 31.12	**1,800**	**1,668**
Acquisition cost opening balance	1,773	1,718
Acquisition cost closing balance	1,897	1,773
Accumulated depreciation and write-downs opening balance	-105	
Accumulated depreciation and write-downs closing balance	-97	-105

[1)] Real estate for own use, also see note 27.

NOTE 36 | Tangible fixed assets – operational leasing

STOREBRAND LIVSFORSIKRING AS

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

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1-5 year	Minimum lease payment > 5 year
Leases 1 - 5 years	5	1	
Leases for over 5 years	49	197	139
Total	**54**	**198**	**139**

Amount through profit and loss account

NOK million	2011	2010
Lease payments through profit and loss account	55	73

This primarily concerns the lease for Storebrand's head office in Lysaker, and the rental of operating equipment.

STOREBRAND LIVSFORSIKRING GROUP

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

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1-5 year	Minimum lease payment > 5 year
Leases less than 1 year	34		
Leases 1 - 5 years	13	15	
Leases for over 5 years	56	226	154
Total	**103**	**241**	**154**

Amount through profit and loss account

NOK million	2011	2010
Lease payments through profit and loss account	104	118

This primarily concerns the lease for Storebrand's head office in Lysaker and in Stockholm, and the rental of operating equipment. Duration of external leases regarding office buildings lasts from 2012 until 2019 , with an optional renewal.

Note 37 | Other assets – biological assets

NOK million	2011	2010
Booked value 01.01	**589**	**552**
Additions due to purchases/new planting (forest)	29	36
Disposals		-1
Re-statement differences	-3	-28
Change in fair value less sales expenses	1	29
Booked value 31.12	**616**	**589**

Other assets booked in the balance sheet consist of forests in the subsidiaries AS Værdalsbruket and Foran Real Estate SIA in Latvia.

Note 38 | Insurance liabilities by class of business

	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Storebrand Livsforsikring AS		BenCo		SPP		Storebrand Livsforsikring Group	
NOK million							2011	2010	2011	2010	2011	2010	2011	2010
Premium reserve	134,668	20,945	498	9,778	17,274		183,163	178,369	12,357	12,040	105,774	100,897	301,294	291,306
- of which RBNS	408	98	90	25	7		628	623					628	623
- of which IBNR	233	-5	201	25	11		464	554					464	554
- of which premium income received in advance	737		63	56	3		858	737					858	737
Additional statutory reserves	4,138	639		220	445		5,442	5,439					5,442	5,439
Market value adjustment reserve								1,971						1,971
Premium fund	3,142	778					3,921	4,018					3,921	4,018
Deposit fund								277						277
Pensioners' surplus fund	8						8	24					8	24
Claims reserve	58	7	339	280	7		690	737	1	2	83	83	774	810
- of which RBNS	38	7	263	140	3		451	507					451	507
- of which IBNR	20		76	140	3		239	212	1	2	83	83	323	304
Conditional bonus									2,622	2,991	7,417	8,504	10,038	11,503
Other technical reserves						648	648	559					648	577
Total insurance liabilities	**142,015**	**22,369**	**837**	**10,278**	**17,725**	**648**	**193,872**	**191,394**	**14,980**	**15,033**	**113,274**	**109,483**	**322,125**	**315,926**

Endowment insurance

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	2011	2010
Premium reserve	5,383	779	3,616	9,778	10,511
Additional statutory reserves	220			220	227
Market value adjustment reserve					25
Claims reserve	188	92		280	260
Total insurance liabilities	**5,791**	**871**	**3,616**	**10,278**	**11,024**

Annuity/pension insurance

NOK million	Profit allocation	Investment choice	2011	2010
Premium reserve	14,514	2,760	17,274	18,362
Additional statutory reserves	445		445	577
Market value adjustment reserve				60
Claims reserve	6	1	7	10
Total insurance liabilities	**14,964**	**2,761**	**17,725**	**19,009**

Group pension private insurance

NOK million	Defined benefit without investment choice	Defined benefit with investment choice	Paid-up policies	Defined contribution with investment choice	Not eligible for profit allocation	2011	2010
Premium reserve	51,478	4,735	62,899	14,990	565	134,668	127,307
Additional statutory reserves	2,160	179	1,799			4,138	3,905
Market value adjustment reserve							1,544
Premium fund	2,958	159	25			3,142	3,175
Deposit fund							277
Pensioners' surplus fund	8					8	24
Claims reserve	27		13		18	58	99
Total insurance liabilities	**56,632**	**5,073**	**64,737**	**14,990**	**582**	**142,015**	**136,331**

Group pension public insurance

NOK million	Defined benefit without investment choice	Defined benefit with investment choice	2011	2010
Premium reserve	18,840	2,105	20,945	21,657
Additional statutory reserves	584	54	639	730
Market value adjustment reserve				329
Premium fund	648	130	778	844
Claims reserve	7		7	33
Total insurance liabilities	**20,079**	**2,290**	**22,369**	**23,592**

The table below shows the anticipated compensation payments (excl. repurchase and payment). The residual balance after 5 years is equal to the obligations.

Trend in claims and benefits disbursed

NOK billion	Storebrand Livsforsikring AS	BenCo	SPP
0-1 years	-9	-2	-6
1-5 years	-18	-2	-11
More than 5 years	-162	-4	-96

P & C insurance

	Storebrand Livsforsikring AS	
NOK million	2011	2010
Reinsurance share of technical insurance reserves	203	176
Total assets	**203**	**176**
Premium reserve	13	15
Claims reserve	479	412
- of which RBNS	44	48
- of which IBNR	435	364
Security reserve	156	150
Total assets	**648**	**577**
Market value adjustment reserve		3
Total insurance liabilities	**648**	**580**

Market value adjustment reserve

NOK million	2011	2010	Change 2011
Equities and units		1,404	-1,404
Bonds and other fixed income securities		567	-567
Total	**0**	**1,971**	**-1,971**

Note 39 | Change in insurance liabilities

Insurance obligations – contractual obligations

NOK million	Premium-reserve	Additional statutory reserves	Market value adjustment reserve	Claims allocation	Premium-, deposit-, and pension surplus fund	Other technical reserves non-life insurance	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010
Booked value 01.01	**153,607**	**5,173**	**1,971**	**718**	**3,700**	**577**	**165,746**	**155,574**
Changes in insurance obligations recognised in the Profit and Loss account								
2.1 Net realised reserves	1,904	98	-1,971	-28	95	44	141	9,859
2.2 Profit on the return	9				247		256	304
2.3 The risk profit allocated to the insurance agreements	23				140		163	70
2.4 Other allocation of profit	90						90	133
2.5 Changes in insurance obligations from comprehensive income					-3		-3	1
2.6 Re-statement differences								
Total changes in insurance obligations recognised in the Profit and Loss account	**2,026**	**98**	**-1,971**	**-28**	**478**	**44**	**647**	**10,367**
Non-realised changes in insurance liabilities								
3.1 Transfers between funds	-685	-30			425		-290	5
3.2 Transfers to/from the company	7	-32			-963	27	-960	-201
Total non-realised changes in insurance liabilities	**-678**	**-62**			**-538**	**27**	**-1,251**	**-196**
Booked value 31.12	**154,956**	**5,208**		**689**	**3,640**	**648**	**165,142**	**165,746**

Insurance obligations - contractual obligations continue

NOK million	BenCo 2011	SPP 2011	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Booked value 01.01	**13,700**	**77,464**	**256,910**	**238,294**
Changes in insurance obligations recognised in the Profit and Loss account				
2.1 Net realised reserves	386	4,073	4,599	11,908
2.2 Profit on the return			256	304
2.3 The risk profit allocated to the insurance agreements			163	70
2.4 Other allocation of profit			90	133
2.5 Changes in insurance obligations from comprehensive income			-3	-846
2.6 Re-statement differences	93	562	656	5,758
Total changes in insurance obligations recognised in the Profit and Loss account	**479**	**4,635**	**5,761**	**17,328**
Non-realised changes in insurance liabilities				
3.1 Transfers between funds			-290	1,732
3.2 Transfers to/from the company	-550	-720	-2,230	-443
Total non-realised changes in insurance liabilities	**-550**	**-720**	**-2,520**	**1,288**
Booked value 31.12	**13,629**	**81,379**	**260,151**	**256,910**

Insurance obligations - investment choice portfolio separately

NOK million	Premium-reserve	Additional statutory reserves	Claims allocation	Premium-, deposit-, and pension surplus fund	Storebrand Livsforsikring AS 2011	Of which with multi-annual guarantee return	Storebrand Livs-forsikring AS 2010
Booked value 01.01	**24,762**	**266**	**1**	**620**	**25,648**	**5,029**	**20,466**
Changes in insurance obligations recognised in the Profit and Loss account							
2.1 Net realised reserves	2,743	-64		51	2,730	-220	5,091
2.2 Profit on the return				4	4	4	135
2.3 The risk profit allocated to the insurance agreements				7	7	4	7
2.4 Other allocation of profit	**2,743**	**-64**		**62**	**2,741**	**-212**	**5,233**
2.5 Re-statement differences							
Total changes in insurance obligations recognised in the Profit and Loss account	702			-412	290		-5
Non-realised changes in insurance liabilities		32		19	51	-27	-47
3.1 Transfers between funds	**702**	**32**		**-393**	**341**	**-27**	**-52**
3.2 Transfers to/from the company	**28,207**	**233**	**1**	**289**	**28,730**	**4,790**	**25,648**
Total non-realised changes in insurance liabilities							
Booked value 31.12							

Insurance obligations - investment portfolio choice separately continue

NOK million	BenCo 2011	SPP 2011	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Booked value 01.01	**1,342**	**32,026**	**59,016**	**48,962**
Changes in insurance obligations recognised in the Profit and Loss account				
2.1 Net realised reserves	-353	43	2,420	9,887
2.2 Profit on the return			4	135
2.3 The risk profit allocated to the insurance agreements			7	7
2.4 Other allocation of profit				
2.5 Re-statement differences	9	218	227	1,692
Total changes in insurance obligations recognised in the Profit and Loss account	**-343**	**261**	**2,658**	**11,721**
Non-realised changes in insurance liabilities				
3.1 Transfers between funds			290	-1,732
3.2 Transfers to/from the company	352	-392	10	64
Total non-realised changes in insurance liabilities	**352**	**-392**	**301**	**-1,667**
Booked value 31.12	**1,350**	**31,895**	**61,974**	**59,016**

NOTE 40 | Other liabilities

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	**2011**	**2010**	**2011**	**2010**
Other liabilities	81	40	173	71
Minority real estate fund [1]			1,540	1,108
Premium depot from reinsurance				38
Received collateral	227	296	4,340	1,782
Debt broker	2,841	288	468	288
Other liabilities	306	321	824	1,034
Total	**3,454**	**945**	**7,346**	**4,319**

[1] From January 2014 participants can present a demand for redemption every year. Redemption is conditional on a total demand of NOK 100 million. IThe redemption sum is set at 98.75 per cent of VEK. Also see note 8.

NOTE 41 | Hedge accounting

STOREBRAND LIVSFORSIKRING AS

FAIR VALUE HEDGING OF INTEREST RISK

Storebrand Livsforsikring uses fair value hedging for interest risk. The hedged items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over the income statement (FVO) . Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount of the item and are recognised in the profit and loss account. Hedge effectiveness is monitored at an individual security level. Each portfolio consists of swaps and hedging items that mature within the same half-year period.

Storebrand Livsforsikring AS uses fair value hedging of currency risk linked to the Storebrand's equities in Storebrand Holding AB. It is used 3-month rolling currency derivatives, the spot element of these is used as a hedging instrument. There will be a partial hedge of equities in Storebrand Holding AB and it is therefore expected that the hedging effectiveness going forward will be about 100 per cent. Hedging of the equities is ended in the 4th quarter of 2011.

Hedging instrument/items hedged – fair value hedging

	2011				2010			
	Booked value [1]				Booked value [1]			
NOK million	**Contract/ nominal value**	**Assets**	**Liabilities**	**Recognised in profit/loss**	**Contract/ nominal value**	**Assets**	**Liabilities**	**Recognised in profit/loss**
Interest rate swaps	3,366	309		-14	3,339	323		32
Subordinated loan capital	-3,366		-3,608	8	-3,339		3,653	-28
Currency derivatives					-4,686	100		
Equities in Storebrand Holding AB						6,027		

[1] Booked value at 31.12.

STOREBRAND LIVSFORSIKRING GROUP

FAIR VALUE HEDGING OF INTEREST RISK

Storebrand Livsforsikring uses fair value hedging for interest risk. The hedged items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over the income statement (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount of the item and are recognised in the profit and loss account. Hedge effectiveness is monitored at an individual security level. Each portfolio consists of swaps and hedging items that mature within the same half-year period.

Hedging instrument/items hedged – fair value hedging

	2011				2010			
	Booked value [1]				Booked value [1]			
NOK million	**Contract/ nominal value**	**Assets**	**Liabilities**	**Recognised in profit/loss**	**Contract/ nominal value**	**Assets**	**Liabilities**	**Recognised in profit/loss**
Interest rate swaps	3,366	309		-14	3,339	323		32
Subordinated loan capital	-3,366		-3,608	8	-3,339		3,653	-28

[1] Booked value at 31.12.

CURRENCY HEDGING OF NET INVESTMENT IN SPP

In 2011, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in SPP. 3 month rolling currency derivatives were used, in which the spot element in these is used as the hedging instrument. The effective share of hedging instruments are recognised in comprehensive income. The net amount recognised in comprehensive income in 2011. There will be a partial hedge of net investment in SPP and it is therefore expected that the hedging effectiveness going forward will be about 100 per cent.

Hedging instrument/items hedged – cash flow hedging

	2011				2010			
	Booked value [1]				Booked value [1]			
NOK million	**Contract/ nominal value**	**Assets**	**Liabilities**	**Recognised in profit/loss**	**Contract/ nominal value**	**Assets**	**Liabilities**	**Recognised in profit/loss**
Currency derivatives	-6,364		-136		-12,573	222		33
Underlying items		12,761				13,239		

[1] Booked value at 31.12.

NOTE 42 | Collateral

NOK million	Storebrand Livsforsikring AS 2011	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring Group 2011	Storebrand Livsforsikring Group 2010
Collateral pledged in connection with derivatives trading	-717	-137	-2,047	-1,840
Collateral received in connection with derivatives trading			4,113	978
Received collateral for Security Lending Programme J.P. Morgan	343	391	343	391
Total collateral	**-374**	**253**	**2,409**	**-471**

Collateral pledged in connection with futures and options are regulated on daily basis in the daily margin clearing on individual contracts.
Received collateral for Security Lending Programme will be made up by the return of the loaned securities.

NOTE 43 | Contigent liabilities

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

SPP Livförsäkring AB (SPP), a wholly owned subsidiary of Storebrand Holding AB, which in turn is 100% owned by Storebrand Livsforsikring AS, is being sued under a writ of summons dated 16 June 2010, by Svenskt Näringsliv (Confederation of Swedish Enterprise) et al. with a demand for compensation in the amount of SEK 3.7 million plus interest and costs. The allegation is that SPP is obliged to pay supplementary pensions (värde-säkringsbelopp) pursuant to the provisions in the so-called "ITP Plan", and "associated agreements", as well as the Alecta Board resolution on such index regulation. The plaintiffs also allege that SPP is obliged to index regulate paid-up contract pensions (fribrevsuppräkna) for the period 2003 – 2006 in accordance with what Alecta has done (but which SPP has not done).

The case is being heard by Stockholm District Court from 7 -17 February 2012. The case deals with matters of principal that are important above and beyond the case in question, and the consequences of a possible negative outcome on the portfolios are expected to have a significant economic value. Based on an overall assessment of the case, and based on external legal reviews, it is regarded as very unlikely that the judgment will be in favour of the plaintiffs. No provisions have been made relating to this lawsuit.

NOTE 44 | Securities lending

NOK million	Storebrand Livsforsikring AS Fair value 2011	Storebrand Livsforsikring AS Fair value 2010	Storebrand Livsforsikring Group Fair value 2011	Storebrand Livsforsikring Group Fair value 2010
Total securities lending	330	372	330	372
Received collateral for security lending	343	391	343	391
Received collateral reinvested in bonds	227	296	227	296
Received collateral reinvested in bonds – nominal value	227	296	227	296

RE-PURCHASE AGREEMENTS

Storebrand Livsforsikring has a securities lending agreement with J.P.Morgan. The agreement only applies to international equities. The agreement gives J.P. Morgan the right to lend out equities from this portfolio. J.P. Morgan is responsible for ensuring the lent equities are returned to Storebrand Livsforsikring's portfolio immediately Storebrand Investments sells an equity. J.P. Morgan receives collateral from the equity borrower and the collateral can be placed in defined fixed income securities. Storebrand Investments receives daily summaries of the securities that have been lent out. Income linked to lending equities is settled monthly and is shared according to the agreement between Storebrand Life Insurance and J.P. Morgan.

NOTE 45 | Transactions with connected parties

Companies in the Storebrand Livsforsikring Group have transactions with other companies in the Storebrand Group, senior employees and shareholders in Storebrand ASA. These are transactions that are a part of the products and services offered by the companies in the group to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, leasing of premises, and lending.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the group. See further description in Note 1 Accounting Principles. Also see note 21 Remuneration of senior employees and elected officers and note 28 Parent company's holding of equities in subsidiaries and associated companies.

NOK million	2011 Sale/purchase of services	Interest [1]	Receivables/liabilities [2]
Group companies:			
Storebrand ASA	87	-11	-1,165
Storebrand Bank ASA	78		7
Storebrand Kapitalforvaltning AS	-71		-20
Storebrand Fondene AS	-20		14
Storebrand Skadeforsikring AS	58		2
Other:			
Liability minority real estate fund			-1,540

[1] Interest on lending provided by Storebrand ASA to Storebrand Holding AB

[2] It is allocated NOK 200 million in group contribution to Storebrand ASA. See note 40 for discussion on minority in real estate funds.

Note 46 | Capital adequacy

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2011	2010	2011	2010
Share capital	3,430	3,430	3,430	3,430
Other equity	12,854	12,614	12,070	12,124
Equity	**16,285**	**16,044**	**15,500**	**15,554**
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Conditional bonus [1]			3,024	3,359
Goodwill and other intangible assets	-91	-82	-6,062	-6,317
Risk equalisation fund	-469	-287	-469	-287
Capital adequacy reserve [2]			-121	-399
Deduction for investments in other financial institutions	-13		-3	-44
Other	-7	-61	66	125
Core (tier 1) capital	**17,205**	**17,115**	**13,435**	**13,492**
Hybrid tier 1 capital	5,024	5,039	5,024	5,039
Perpetual subordinated loan capital			-121	-399
Capital adequacy reserve 2)	-13	-55	-3	-44
Deduction for investments in other financial institutions	**5,011**	**4,984**	**4,900**	**4,597**
Tier 2 capital	**22,216**	**22,100**	**18,336**	**18,088**
Net primary capital	**228,622**	**216,308**	**356,501**	**343,228**
Calculation base by class of risk weighting	49,187	49,048	87,456	87,823
Risk weight 0%	31,382	13,776	54,037	30,534
Risk weight 10%	33,144	47,751	53,048	62,869
Risk weight 20%	4,465	6,567	7,003	9,120
Risk weight 50%	86,156	77,165	95,335	96,752
Risk weight 100%	5,347	5,353	5,971	6,119
Risk weight 150%	18,940	16,648	53,651	50,012
Assets held in respect of life insurance contracts with investment choice	**104,516**	**101,392**	**125,453**	**127,723**
Weighted assets in the statement of financial position	4,084	4,780	7,582	7,738
Weighted interest rate and FX contracts	-26	-110	-247	-885
Cross holding deduction for shares in other financial institutions		-1,412		-1,412
Unrealised gains on financial current assets	**108,574**	**104,650**	**132,787**	**133,164**
Risk weighted calculation base	**20.46%**	**21.12%**	**13.81%**	**13.58%**
Capital adequacy ratio	**15.85%**	**16.35%**	**10.12%**	**10.13%**
Core (tier 1) capital ratio				

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

[2] Storebrand Livsforsikring AS has some 10 to 15 per cent ownership interests in undertakings that invest in real estate. A capital adequacy reserve of 100 per cent of the carrying amount has previously been allocated in primary capital for these investments. An authority approved calculation method was adopted as per the close of 3Q in which proportional consolidation is used for these investments. The new calculation method provides a more comprehensive picture of the underlying risk. The change results in a marginal improvement in capital adequacy and an improvement of 5 per cent in the solvency margin in the figures as per 30 December 2011 compared with the previously used method.

NOTE 47 | Solvency margin

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2011	2010	2011	2010
Solvency margin demand	7,198	7,094	11,376	10,766
Solvency margin capital	23,800	23,522	18,322	17,644
Solvency margin	**330.7%**	**331.6%**	**161.1%**	**163.9%**

Specification of solvency margin capital

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2011	2010	2011	2010
Net primary capital	22,216	22,100	18,336	18,088
50% of additional statutory reserves	2,721	2,719	2,721	2,719
50% of risk equalisation fund	235	143	235	143
Counting security reserve	54	52	54	52
Conditional bonus			-3,024	-3,359
Reduction in Tier 2 capital eligible for inclusion in solvency capital	-1,426	-1,492		
Solvency capital	**23,800**	**23,522**	**18,322**	**17,644**

See footnote 2 in note 46.

NOTE 48 | Return on capital

STOREBRAND LIVSFORSIKRING AS

	2011		2010		2009		2008	
	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return
Contractual obligations total	4.6%	3.4%	4.9%	6.1%	4.6%	4.6%	2.0%	-0.2%
As portfolio:								
Group defined benefit extra cautious					4.2%	4.9%	7.1%	4.7%
Group defined benefit low	6.4%	4.5%	4.5%	5.5%	4.2%	4.6%	4.0%	1.7%
Group defined benefit standard	4.5%	2.8%	4.6%	6.5%	5.0%	4.8%	2.0%	-0.2%
Group defined benefit high	4.7%	2.2%	4.9%	7.4%	5.3%	5.4%		
Swedish branch	5.9%	4.8%	3.8%	4.9%				
Paid-up policies	4.7%	3.8%	4.9%	6.0%	4.6%	4.5%	0.9%	-1.3%
Individual	3.6%	3.2%	6.0%	6.0%	4.0%	4.3%	2.6%	-0.1%

Return on capital historical numbers

	2007
Booked return	8.9%
Market return	7.3%
Average yield	8.8%

Booked return: Realised financial income including revaluation of investment properties
Market return: As booked return but also including changes in market value adjustment reserve

	2011	2010	2009	2008
Return on capital company portfolio	5.1%	5.8%	5.2%	3.0%

NOTE 49 | Number of employees

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	2011	2010	2011	2010
Number of employees 31.12	900	878	1,717	1,656
Average number of employees	899	872	1,686	1,675
Fulltime equivalent positions 31.12	880	857	1,676	1,615
Average number of fulltime equivalents	869	850	1,646	1,612

Actuary report

Storebrand Livsforsikring AS
INSURANCE FUND AND RISK EQUALISATION FUND

With reference to the annual report for 2011 I confirm that the entered “Premium reserve”, “Additional statutory reserves” and “Insurance obligations in life insurance” in the Statement of financial position have all been calculated in accordance with the Act on Insurance Activity and satisfy the requirements of the Financial Services Authority of Norway. This is also valid for the “Risk equalisation fund”. From these calculations the corresponding allocations have been made in the Profit and Loss Account. The proposed allocations are in accordance with the Act on Insurance Activity.

Lysaker, 6 February 2012

Translation - not to be signed

Arne Kristian Hove
Chief Actuary

Decleration by the members of the board and the CEO

Storebrand Livsforsikring AS and Storebrand Livsforsikring Group
- DECLARATION BY THE MEMBERS OF THE BOARD AND THE CEO

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Livsforsikring AS and Storebrand Livsforsikring Group for the 2011 financial year and as per 31 December 2011.

The annual financial statements were prepared in accordance with the Norwegian Annual Accounts Regulations for Insurance Companies and the additional requirements of the Securities Trading Act.

In the best judgment of the Board and CEO the annual financial statements and consolidated financial statements for 2011 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 2011. In the best judgment 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 and consolidated financial statements. In the best judgment 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, 13 February 2012
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Idar Kreutzer
Chairman of the Board

Peik Norenberg

Tove Margrete Storrødvann

Else-Lill Grønli

Erik Haug Hansen

Inger Johanne Bergstøl

Egil Thompson

Odd Arild Grefstad
Chief Executive Officer

Audit report

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Livsforsikring AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand Livsforsikring AS, which comprise the financial statements of the parent company, showing a comprehensive income of MNOK 443, and the financial statements of the group, showing a comprehensive income of MNOK 142. The financial statements of the parent company and the financial statements of the group comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the 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 the Norwegian accounting act and accounting standards and practices generally accepted in Norway, 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

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand Livsforsikring AS and of the group as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

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 concerning the financial statements presented in the Board of Directors report and in the statement of corporate governance principles and practices, 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 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, 16 February 2012
Deloitte AS

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

Control committeeś statement

Storebrand Livsforsikring AS
CONTROL COMMITTEE'S STATEMENT – 2011

At its meeting on 28 February 2012, the Control Committee of Storebrand Livsforsikring AS has reviewed the Board of Director's proposed Annual Report and Accounts for 2011 of Storebrand Livsforsikring AS.

With references to the auditor's report of 16 February 2012 the Control Committee recommends that the Annual Reports and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Livsforsikring AS for 2011.

Lysaker, 28 February 2012

Translation - not to be signed

Elisabeth Wille
Chairman of the Control Committee

Board of representatives statement

Storebrand Livsforsikring AS
BOARD OF REPRESENTATIVES' STATEMENT – 2011

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 Livsforsikring AS and Storebrand Livsforsikring Group.

The Board of Representatives has no observations regarding the Board's proposed allocation of Storebrand Livsforsikring AS' profit for the year.

Lysaker, 8 March 2012

Translation - not to be signed

Terje Venold
Chairman of the Board of Representatives

Terms and expressions

GENERAL

SUBORDINATED LOAN CAPITAL

Subordinated loan capital is loan capital which ranks after all other debt. Subordinated loan capital forms part of tier 2 capital in the calculation of capital adequacy.

DURATION

The average remaining term of cash flow on interest-bearing securities. Modified duration is calculated on the basis of duration and is an expression of sensitivity to changes in underlying interest rates.

EQUITY

Equity consists of paid in capital, retained earnings and minority interests. Paid in capital includes share capital, the share premium reserve and other paid in capital. Retained earnings include other equity and other funds.

CAPITAL ADEQUACY

PRIMARY CAPITAL

Primary capital is capital eligible to fulfil the capital requirements under the authorities' regulations. Primary capital may comprise of core (tier 1) capital and tier 2 capital.

CAPITAL REQUIREMENTS

Individual assets and off-balance sheet items are given a risk weighting based on the estimated credit risk they represent. The capital requirement is 8 per cent.

CAPITAL ADEQUACY RATIO

Primary capital must at least equal the calculated capital requirement. The capital adequacy ratio is calculated by measuring total primary capital in relation to the capital requirement of 8 per cent.

CORE (TIER 1) CAPITAL

Core (tier 1) capital is part of primary capital and consists of the primary capital less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets, net prepaid pensions, 50 per cent of any capital adequacy reserve, and cross-ownership deductions in other financial institutions. Issued hybrid tier 1 capital can account for 15 percent of the core (tier 1) capital, while any excess can be included in the supplementary capital. A proportion of the conditional bonus is included in core (tier 1) capital pursuant to the conditions set by The Norwegian FSA.

TIER 2 CAPITAL

Tier 2 capital is part of primary capital and consists of subordinated loan capital and that proportion of hybrid tier 1 capital that is not counted as core (tier 1) capital. 50 percent of any capital adequacy reserve and cross-ownership deduction in other financial institutions is deducted. In order to be eligible as primary capital, tier 2 capital cannot exceed core (tier 1) capital. Perpetual subordinated loan capital, together with other tier 2 capital, cannot exceed 100 percent of core (tier 1) capital, whilst dated subordinated loan capital cannot exceed 50 percent of core (tier 1) capital. To be fully eligible as primary capital, the remaining term must be at least five years. If the remaining term is less, the eligible portion is reduced by 20 percent per annum.

SOLVENCY II

Solvency II is a common set of European regulatory requirements for the insurance industry. Under Solvency II, the size of the capital requirement will be determined by the amount of risk the company is exposed to.

INSURANCE

Reinsurance (Reassurance)

The transfer of part of the risk to another insurance company.

IBNR reserves (incurred but not reported)

Reserves for the compensation of insured events that have incurred but not yet been reported to the company.

RBNS reserves (reported but not settled)

Reserves for the compensation of reported but not yet settled claims.

LIFE INSURANCE

RETURN ON CAPITAL

The booked return on capital shows net realised income from financial assets and changes in the value of real estate and exchange rate changes on financial assets, expressed as a percentage of the year's average capital in customer funds with guarantees and in the company portfolio, respectively. The market return shows the total of realised income from financial assets, changes in the value of real estate and the year's change in unrealised gains or losses, expressed as a percentage of the year's average total capital in customer funds with guarantees and in the company portfolio, respectively, at market value.

GROUP CONTRACTS

Defined benefit pensions (DB)

Guaranteed pension payments from a specified age for as long as the insured person lives. Alternatively it can be agreed that the pension will end at a specified age. The product is offered in both the private and the public sectors. The cover includes retirement, disability and survivor pensions.

Group defined contribution pensions (defined contribution – DC)

In group defined contribution pensions the premium is stated as a percentage of pay, while the payments are unknown. The customer bears all the financial risk during the saving period.

Group one-year risk cover

These products involve guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.

Paid-up policies (benefit) and pension capital policy (contribution)

These are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.

Group life insurance

Group life insurance in which an insured sum is payable on the death of a member of the group. Such insurance can be extended to cover disability insurance.

Unit Linked

Life insurance offering an investment choice whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested. Applies to both individual policies and group defined contribution pensions.

INDIVIDUAL CONTRACTS

Individual allocated annuity or pension insurance Contracts with guaranteed payments for as long as the insured -person lives. Alternatively it can be agreed that the pension will end at a specified age.

Individual endowment insurance

Contracts involving a single payment in the event of attaining a specified age, death or disability.

Individual unit linked insurance

Endowment insurance or allocated annuity in which the customer bears the financial risk.

Contractual liabilities

Allocations to premium reserves for contractual liabilities shall, as a minimum, equal the difference between the capital value of the company's future liabilities and the capital value of future net premiums (prospective calculation method). Additional benefits due to an added surplus are included.

RESULT

Administration result

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

Financial result

The financial result consists of the net financial income from financial assets for the group portfolio (group and individual products without investment choice) less the guaranteed return.

Risk result

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

Profit sharing and result allocated to owner
See note 2.

OTHER TERMS

Insurance reserves - life insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation see note 1 - accounting policies.

Solidity capital

The term solidity capital includes equity, subordinated loan capital, market value adjustment reserve, additional statutory reserves, conditional bonuses, surplus/deficit related to bonds at amortised cost and accrued profit. The solvency capital is also calculated as a percentage of total customer funds excluding additional statutory reserves and conditional bonus.

Solvency margin requirements
An expression of the risk associated with the insurance-related liabilities. Calculated on the basis of the insurance fund and the risk policies total for each insurance sector.

Solvency margin capital
Primary capital as in capital adequacy plus 50 percent of additional statutory reserves and risk equalisation fund, plus 55 percent of the lower limit for the contingency funds in P&C insurance.

Buffer capital
Buffer capital consists of the market value adjustment reserve, additional statutory reserves and conditional bonuses.

FINANCIAL DERIVATIVES
The term "financial derivatives" embraces a wide range of financial instruments for which the current value and future price movements are determined by equities, bonds, foreign currencies or other traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments such as equities and bonds, and are used as a flexible and cost -effective supplement to traditional instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

SHARE OPTIONS
The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In the main, exchange traded and cleared options are used.

STOCK FUTURES (STOCK INDEX FUTURES)
Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts, which are exchange traded, and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

BASIS SWAPS
A basis swap is an agreement to exchange principle and interest rate terms in different currencies. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Basis swaps are used for currency hedging of loans.

FORWARD RATE AGREEMENTS (FRA)
FRAs are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed amount and period of time. This difference is settled at the start of the future interest period. FRA contracts are particularly appropriate to the management of short-term interest rate exposure.

CREDIT DERIVATIVES
Credit derivatives are financial contracts that transfer all or part of the credit risk associated with loans, bonds or similar instruments from the purchaser of the protection (seller of the risk) to the seller of the protection (purchaser of the risk). Credit derivatives are tradable instruments that make it possible to transfer the credit risk associated with particular assets to a third party without selling the assets.

INTEREST RATE FUTURES
Interest rate futures contracts are related to government bond rates or short-term reference interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

INTEREST RATE SWAPS/ASSET SWAPS
Interest rate swaps/asset swaps are agreements between two -parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange floating rate payments for fixed rate payments, and this instrument is used in the management of long term interest rate risk.

INTEREST RATE OPTIONS
Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the -management of both long and short-term interest rate exposure.

FORWARD FOREIGN EXCHANGE CONTRACTS/ FOREIGN EXCHANGE SWAPS
Forward foreign exchange contracts/foreign exchange swaps relate to the purchase or sale of a currency for an agreed price at a future date. These contracts are principally used to hedge the currency exposure arising from currency denominated securities, bank deposits, subordinated loans and insurance reserves. These contracts also include spot foreign exchange transactions.

FOREIGN EXCHANGE OPTIONS
A foreign exchange option confers a right (but not an obligation) to buy or sell a currency at a predetermined exchange rate. Foreign exchange options are used for hedging subordinated loans.

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