Interim report

Storebrand Livsforsikring AS

(unaudited)

4th Quarter 2012

Interim report Storebrand Livsforsikring Group
– 4th Quarter 2012

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 4th Quarter result please refer to the Storebrand Group's interim report for the 4th Quarter of 2012.

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

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

Macroeconomic situation
The year 2012 was marked by uncertainty in the financial markets linked to the debt situation of countries in Southern Europe. This has contributed to high unemployment and low growth in several European countries. The Norwegian economy is performing well compared with the rest of Europe. Growth in the oil industry and low interest rates are making a positive contribution. The downtown internationally is nevertheless dampening growth in Norway and Sweden to some extent. The low interest rate level is challenging for insurance companies that have to cover an annual interest rate guarantee. At the same time, Storebrand still experience good investment opportunities in the market with expected returns that exceed the average interest guarantee. Growth is expected in Storebrand's core markets, driven by continued low unemployment and good wage growth. Growth in the life and pensions market is marked by a shift in demand from defined benefit pensions with an interest rate guarantee to defined contribution products without an interest rate guarantee.

Financial performance
Financial performance will be impacted by the changes that are taking place in the regulations for Norwegian occupational pensions and which products the customers will choose in the coming years. Storebrand is continuously adapting to maintain its competitiveness and earnings from its business operations. The Board therefore decided to launch a programme in the 2nd quarter to reduce the Group's costs by at least NOK 400 million by 2014. In the long term, the Group's earnings and cash flow will gradually stabilise through the transition to products for which earnings performance is affected to a lesser degree by market fluctuations.

Risk
Storebrand is exposed to several types of risk through its business areas. Trends in interest rates levels, the property and equity markets are deemed to be the most important risk factors which can affect the group's results, alongside the trends in life expectancy and disability claims. Over time, it is important to be able to deliver returns which exceed the interest rate guarantee attached to the products. Risk management is therefore a prioritised core area for the group.

Regulatory changes in private occupational pensions
In 2012 and January 2013 three reports were published by the Banking Law Commission with proposed legislative amendments to adapt private occupational pensions to the National Insurance reform. The most important changes are:

- Opportunity for voluntary conversion of paid-up policies to individual investment options.
- New defined contribution occupational pension products based on the same principles as the National Insurance, with the all-years principle for accrual and longevity adjustment. Proposed products will allow premiums for up to 26 per cent of wages earned, which provide a basis for offering attractive pension terms to employees.
- Higher contribution rates for defined contribution pensions in line with the new occupational pension products.
- It has been proposed that defined benefit pensions that have already accrued may be continued under the new occupational pension schemes. Rights to pensions that customers have already earned are protected by the Constitution and will not be changed.

New occupational pension accrual will generally take place in defined contribution occupational pension products that are well adapted to Solvency II and the low interest rate level. The taxation framework allows for good pension schemes for employees. The proposals provide greater flexibility and more predictable costs for employers compared with the current defined benefit schemes. The challenges for paid-up policies under Solvency II as described in NOU 2012:3 are, however, not solved by the measures that are proposed in the reports. The significance of the proposals for the capital requirements under Solvency II will depend on the formulation of the escalation plans in the regulations from the Ministry of Finance, the ultimate handling of the accrued rights, and market adaptations.

The Banking Law Commission's reports will be distributed for public consultation now. The Ministry of Finance is planning to introduce a bill to the Storting in the autumn of 2013. It is uncertain whether the new regulations will enter into force on 1 January 2014 as planned, or be postponed until 1 January 2015.

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. The capital requirements shall reflect all significant risks, including financial market risk, insurance risk, counter-party risk, and operational risk. The rules were to take effect from 1 January 2014. Due to major delays in the schedule, however, it is clear that the introduction will be postponed. No new schedule has been announced.

Storebrand is working actively to adapt to the new solvency regulations. The cost programme that has been adopted is an important part of the adaptation process. A number of other measures have also been implemented, including risk reduction in the investment portfolios, adaptations in the products and an optimal allocation of capital in the Group. Storebrand's aim is to adapt to the new regulatory framework as a result of Solvency II without raising new equity.

Amendment of the Norwegian Tax Code

It became clear in the National Budget 2013 that the tax exemption method for customer portfolios in life insurance will be eliminated with effect from 1 January 2012. Capital gains or losses realised on equities will thus be taxable or deductible, respectively, for equities that are owned by customer portfolios in life insurance companies. Capital gains or losses on equities within the EEA area have not been taxable or deductible earlier. Life insurance companies will still receive a tax allowance for allocations to insurance reserves. This amendment entails that profits from life insurance will be taxed at a rate of up to 28 per cent. Note 3 in the financial statements section will describe these changes in greater detail.

Future reserves for a projected higher life expectancy

The life insurance industry in Norway is working on new mortality tables in cooperation with the Financial Supervisory Authority of Norway. There is a general need for strengthening of reserves for longer life expectancy within group pension. Based on the mortality survey conducted by the life insurance industry, the Financial Supervisory Authority of Norway will set a minimum level for new mortality tariffs effective from 1 January 2014. Statistics Norway middle alternative for projected mortality with a ten per cent security margin equals a strengthening of the premium reserves by around 7 per cent, amounting to around NOK 10 billion. Storebrand has set aside a total of NOK 4.3 billion during the period from 2011 to 2012 for future reserves for longevity. Customers must expect that Storebrand Livsforsikring will set aside a considerable amount of the returns in excess of the interest rate guarantee also in 2013 to cover projected longer life expectancy. The remaining reserve strengthening is expected to be mainly covered through financial and risk profits. The Financial Supervisory Authority of Norway will clarify the final assumptions for the reserve strengthening plan, among other factors, the length of the reservation period and the amount of contribution from the company.

RESULT

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

Result Storebrand Livsforsikring Group according to IFRS principles

	Q4		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Storebrand Life Insurance	132	139	652	481
Insurance	95	54	316	223
SPP	157	-13	803	291
Other			-5	
Asset Management	21	13	81	89
Profit before amortisation	405	193	1,846	1,083
Amortisation intangible assets	-89	-89	-357	-361
Pre-tax profit/loss	**316**	**104**	**1,489**	**722**
Tax	-132	-786	-372	-730
Profit/loss	**184**	**-683**	**1,117**	**-8**

The next pages refers to the development in results for Storebrand Life Insurance, SPP and Insurance. Amounts in brackets show the result for 2011.

Storebrand Life Insurance

- **Weaker administration result as a result of non-recurring costs**
- **Good returns bring unrealised security gains and customer buffers up to NOK 12.0 billion**
- **NOK 3.2 billion set aside for future longevity reserves in 2012, NOK 4,3 billion in total**
- **20 per cent growth in premium income from defined contribution pensions in 4th quarter and 16 per cent in 2012**

The business area Storebrand Life Insurance[1)] offers a broad range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Also encompasses BenCo, which offers pension products to multinational companies through Nordben and Euroben.

Result

Financial performance Storebrand Life Insurance including BenCo

	4Q		Full year	
NOK million	2012	2011	2012	2011
Administration result	-3	21	6	101
Risk result	7	36	131	117
Financial result[2)]	-2	-38	-58	-226
Price of interest guarantee and profit risk	132	125	545	520
Other	-2	-5	28	-32
Pre-tax profit/loss	132	139	652	481

Administration result

The underlying administration result is still showing a positive trend in 2012, but is reduced by costs taken in 2H related to reorganisation. In the 4th quarter portfolio commissions for external distribution were discontinued and a write-down was made due discontinued business, which resulted overall in a charge of approximately NOK 30 million against the administration result. The underlying administration result is still showing a positive trend. The underlying cost performance in particular is satisfactory. For defined contribution pensions, the income is driven up by good portfolio growth.

Risk result

The disability result for group pensions is improved from 2011, but still weak, both in the quarter and for the year. The reason for this is the change in the assumptions concerning reactivation (disabled persons who return to working life), which entails the need for higher claims provisions. The premium tariff for longevity is too weak to take into account the higher life expectancy in recent years and gives a negative risk result. An effort is being made to reinforce the premium tariff with effect from 1 January 2014.

Financial result

The financial result consists of the net return on the company portfolio and the company's share of profit sharing.

The company portfolio reported a net result of minus NOK 11 million (minus NOK 41 million) for the 4th quarter and minus NOK 65 million (minus NOK 120 million) for the year. Storebrand Life Insurance is funded by a combination of equity and subordinated loans. The proportion of subordinated loans of approximately 28 per cent and interest charges comprise a net amount of approximately NOK 120 million per quarter at the current interest rate level. The company portfolio of NOK 8.7 billion reported a gross return of 1.4 per cent (1.3 per cent) for the 4th quarter and 5.4 per cent (5.1 per cent) for the year. The lower credit spreads had a positive impact on the returns for the quarter.

Storebrand has completed the ongoing plan to increase reserves related to an expected lower mortality for individual pension insurance policies. According to plan, NOK 43 million has been set aside in the 4th quarter and NOK 172 million has been set aside for the year. The build-up of reserves has been completed according to plan and terminated in 2012. The build-up of reserves for the year 2012 has been covered by the positive investment result.

In the group pension insurance area, there is also a need to strengthen the reserves to meet the projected higher life expectancy. Storebrand will prioritise use of excess return over the interest guarantee to strengthen the premium reserve to meet the higher life expectancy in the future. Storebrand Life Insurance set aside a significant portion of the investment result for customers in 2012 to strengthen the premium reserve for group pension insurance. For 2012 NOK 3.2 billion has been allocated to meet the higher life expectancy in the future.

The average annual interest rate guarantee for the various customer portfolios lies between 3.1 per cent and 3.7 per cent. The guarantee levels for new business have been reduced as a result of the low interest rate level. The booked return in the customer portfolios is adequate to cover the average annual interest rate guarantee.

Return on investment portfolios with an interest rate guarantee

	4Q 2012		4Q 2011		01.01 - 31.12 2012		01.01 - 31.12 2011	
Portolio	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return
Total	1.7%	2.5%	1.6%	1.7%	6.2%	5.6%	3.4%	4.6%
Total Group (DB)	1.7%	3.0%	1.8%	1.9%	6.7%	5.8%	3.0%	4.8%
Paid-up policies	1.6%	2.1%	1.5%	1.5%	5.7%	5.4%	3.8%	4.7%
Individual	1.7%	2.1%	1.6%	1.6%	6.0%	5.7%	3.2%	3.6%

[1)] Includes the companies in the Storebrand Life Insurance Group, except Storebrand Eiendom Group, Storebrand Realinvesteringer AS and Storebrand Holding AB, and personal risk and employee cover in Storebrand Livsforsikring AS.
[2)] Investment result and profit sharing.

Capital return

The market return for the quarter has been marked by a marginal change in the equity markets, both nationally and internationally. Short-term interest rates in Norway and internationally have fallen somewhat throughout the quarter, while long-term interest rates have remained relatively stable at low levels.

Market return defined contribution pensions

	4Q		Full year	
Profile	2012	2011	2012	2011
Extra careful profile	1.1%		5.3%	
Careful profile	1.2%	2.7%	7.7%	2.8%
Balanced profile	1.9%	4.9%	11.6%	-1.2%
Aggressive profile	1.9%	6.6%	12.9%	-5.3%
Extra aggressive profile	1.7%		13.4%	

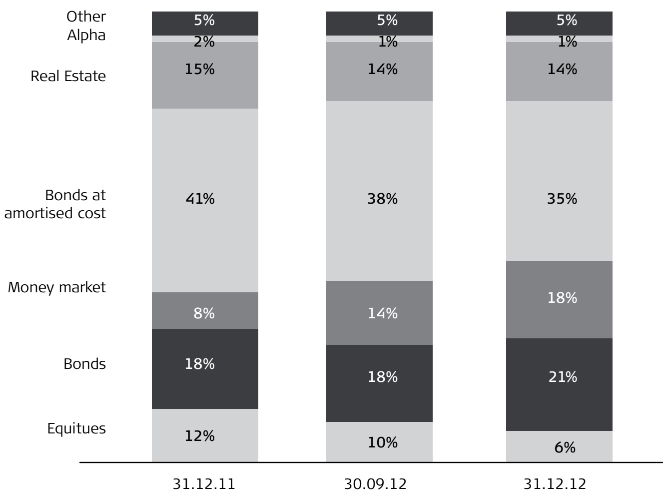
Price of interest rate guarantee and profit risk

NOK 132 million (NOK 125 million) in prepricing for the interest rate guarantee and profit on the risk from group pensions was recognised as income in the 4th quarter. At the end of the quarter, NOK 545 million (NOK 520 million) was recognised as income. The higher income is attributed to higher volumes and higher prices in portions of the portfolio. As a result of the low interest rate level, a decision was made to increase the prices for the interest rate guarantee and profit risk for group defined benefit pensions from 1 January 2013 by around 20 per cent in the private sector and 25 per cent in the public sector.

Balance sheet

For the customer portfolios for defined benefit pensions, equity allocations have declined in the fourth quarter and money market allocations have increased correspondingly. For customer portfolios with a guarantee, the held-to-maturity bond allocations declined somewhat in general during the quarter.

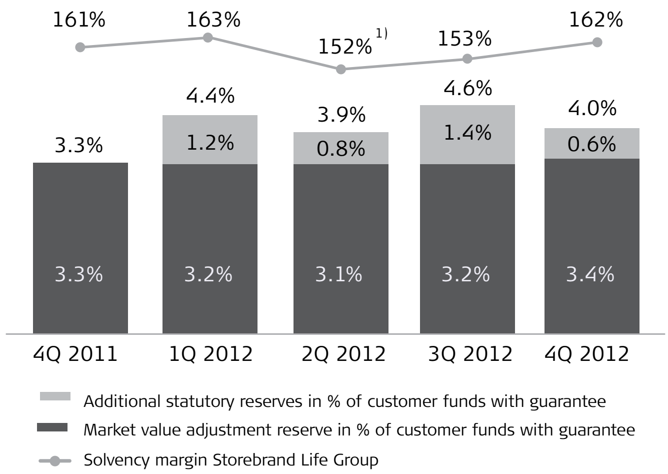
Asset profile for customer portfolios with an interest rate guarantee



The held-to-maturity bond allocations in the company portfolio declined somewhat during the quarter. The money market allocation increased correspondingly.

The assets under management increased by around NOK 1 billion in the 4th quarter, and NOK 17 billion for the year, and totalled NOK 231 billion at the end of the year.

Financial strength



The market value adjustment reserve declined by NOK 1.4 billion during the quarter, and totalled NOK 1.0 billion at the end of the year. The additional statutory reserves totalled NOK 5.7 billion at the end of the year, an increase of NOK 0.3 billion during the quarter, which is attributed primarily to the addition of reserves from the allocation of the profit for the year. The excess value of held-to-maturity bonds that are assessed at amortised cost remained practically unchanged during the quarter and totalled NOK 5.2 billion at the end of the year. The excess value of held-to-maturity bonds is not included in the financial statements.

Solidity capital[2] totalled NOK 46.9 billion at the end of the year, a reduction of NOK 2.0 billion for the quarter as a result, inter alia, of reduced customer buffers. The solidity capital has increased by NOK 6.8 billion this year. The NOK 4.3 billion of reserve strengthening for increased life expectancy in the collective portfolio is not included in the solidity capital.

The solvency margin for the Storebrand Life Insurance Group increased by 9 percentage points during the quarter and was 162 per cent at the end of the year. The Storebrand Life Insurance Group's capital adequacy ratio increased by 0.3 percentage points during the quarter and was 12.2 per cent at the end of the year. The solvency margin was affected during the quarter by a positive change in the discount rate that is used for solvency purposes for the Swedish insurance liabilities.

[1] *Changed consolidation method for solvency calculation as of 2Q 2012.*
[2] *The term solidity capital encompasses equity, subordinated loan capital, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.*

Market

Premium income[1)]

NOK million	4Q 2012	4Q 2011	01.01 - 31.12 2012	01.01 - 31.12 2011
DB (fee based)	1,913	1,485	9,104	9,147
DC (unit linked based)	1,134	947	4,436	3,812
Total occupational pension	3,047	2,432	13,540	12,959
Paid-up policies	13	15	79	116
Traditional individual life and pensions	92	140	377	584
Unit linked (retail)	722	173	1,419	929
Total individual pension and savings	827	328	1,875	1,629
BenCo	137	160	747	700
Total	4,011	2,920	16,163	15,288

Premium income from group defined benefit pensions will gradually decline due to the transition to defined contribution pensions, however, due to the acquisition of new private occupational pension customers in 2012, the premium income increased in the 4th quarter. The growth in premium income for defined contribution schemes for companies has been good. No new policies have been issued for traditional guaranteed capital and pensions. There is substantial conversion of portions of the portfolio to unit linked or bank products, which entails a decline in the premium income compared with the previous quarter. The increase in premium income for unit linked in the 4th quarter is attributed to good sales of the Garantikonto product and an increase in endowment insurance. A reduction in guaranteed savings is in accordance with the company's strategy.

Sales

Storebrand has achieved good sales results in 2012, particularly in the corporate area. A number of large tenders for defined contribution pensions, employee insurance and group life insurance have been won throughout the year. Booked net transfer to Storebrand was NOK 305 million (minus NOK 641 million) in the 4th quarter and NOK 525 million (minus NOK 4,690 million) for the year. The booked figures for 2012 were affected by three municipalities resolving to transfer their pension schemes from Storebrand in 2011, with effect in the accounts from 1 January 2012.

The Banking Law Commission's proposal for transitional rules endorses a great deal of flexibility for companies that currently have defined benefit pensions, and companies that already have a defined contribution pensions will be given an opportunity to save significantly more for their employees than is the case today. The final clarifications will, however, not be available until the Storting has adopted the new legislation. In the coming period, Storebrand will actively seek to inform, explain and advise its customers on how they can best adapt to the new rules. Storebrand is working on the development of product and service solutions that are adapted to the new regulatory framework and customer needs.

There is an increasing interest in the consequences of the pension reform, but there are still many employees who do not know what their total pension will be as a result of the changes in the National Insurance and occupational pension regulations. Storebrand is giving targeted priority to the follow-up programme for employees at our corporate customers, which will focus on advisory services for pension savings.

Asset allocation in the guaranteed individual products is no longer optimal for a large number of customers. This is attributed to the low interest rate level and adaptations to Solvency II. Storebrand is contacting these customers and offering conversion to alternative investments with an expected higher net return. This resulted in a net decline of NOK 1.3 billion in the portfolio.

New premiums (APE)[2)] totalled NOK 230 million (NOK 106 million) for the quarter and NOK 834 million (NOK 658 million) for the year.

- Guaranteed products: NOK 61 million (NOK 24 million) for the quarter and NOK 377 million (NOK 325 million) for the year.
- Unit linked insurance: NOK 161 million (NOK 75 million) for the quarter and NOK 411 million (NOK 299 million) for the year.
- BenCo: NOK 8 million (NOK 7 million) for the quarter and NOK 46 million (NOK 34 million) for the year.

1) Excluding transfer of premium reserves.
2) Annual Premium Equivalent. Current premiums + 10 per cent of single premiums.

SPP

- **Good return for the customers provides a stronger financial result**
- **Solvency margin of 222 per cent in SPP Livförsäkring AB**
- **14 per cent growth in unit linked reserves in 2012**

The business area SPP[1)] offers pension and insurance solutions, as well as advice to companies in the competitive segment of the occupational pensions market. The company also offers private pension savings, as well as sickness and health insurance.

Result

Financial performance SPP

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Administration result	8	5	98	99
Risk result	30	130	149	289
Financial result	90	-182	395	-226
Other	29	33	161	129
Result before amortisation	**157**	**-14**	**803**	**291**
Amortisation intangible assets	-88	-89	-356	-358
Pre-tax profit/loss	**68**	**-103**	**447**	**-67**

Administration result

The administration result amounted to NOK 8 million (NOK 5 million) for the 4th quarter and NOK 98 million (NOK 99 million) for 2012. The income increased by 5 per cent during the quarter and 4 per cent during the year due to growth in assets under management[2)]. The costs increased by 3 per cent during the quarter and 4 per cent during the year. The increase for the year is attributed primarily to the new head office during the 4th quarter and allocations to the cost programme in the 3rd quarter. The effects of the cost programme will be realised during 2013 and 2014.

Risk result

The risk result is marked by a good disability result. As expected, the result is lower than the previous year, due to the positive impact of a terminated reinsurance contract.

Financial result

The quarter was marked by the positive performance of the equity and credit markets, as well as falling interest rates. This has resulted in a positive portfolio return and profit sharing in all of the customer portfolios. Profit sharing amounted to NOK 107 million (NOK 92 million) for the quarter and NOK 402 million (NOK 322 million) for the year. Profit sharing includes indexing fees. If the assets in the defined benefit portfolio total more than 107 per cent of the insurance liabilities as at the 3rd quarter, the company can charge an indexing fee. Consolidation at the end of the 3rd quarter was 108.3 per cent. This provides a basis for indexing fees of NOK 29 million (NOK 0.6 million) for the 4th quarter and NOK 114 million (NOK 2 million) for the year.

In some of the portfolios, the customers' insurance liabilities have increased more than the assets, which has a negative impact on the result in the form of an increased deferred capital contribution. Deferred capital contributions have reduced the financial result by minus NOK 26 million (minus NOK 210 million) for the quarter and minus NOK 6 million (minus NOK 748 million) for the year. The hedging portfolio for equities is being wound up in the 4th quarter and only had a marginal impact on the result.

Total return on assets SPP

	4Q		01.01 - 31.12	
Portfolio	2012	2011	2012	2011
Defined Benefit (DB)	1.9%	2.4%	6.6%	8.6%
Defined Contribution (DC)				
P250*	2.4%	2.9%	9.1%	3.3%
P300*	1.8%	2.2%	6.8%	7.6%
P520*	1.7%	1.9%	6.4%	12.5%
RP (Retirement Pension)	1.4%	0.7%	3.7%	2.8%

** 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.*

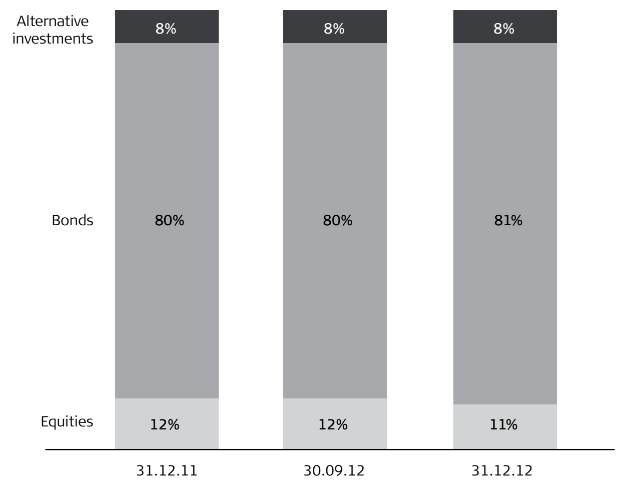
Other result

This result consists primarily of the return on the company portfolio, which is entirely invested in short-term interest-bearing securities.

Balance sheet

SPP adapts its exposure to equities in accordance with the developments in the market and risk bearing capacity in the portfolios by so-called dynamic risk management. SPP has continued to adapt the investment risk in guaranteed insurance to the future international solvency regulations. This has entailed a reduction in the percentage of equities in all the portfolios during the year.

Asset profile for customer portfolios with an interest rate guarantee



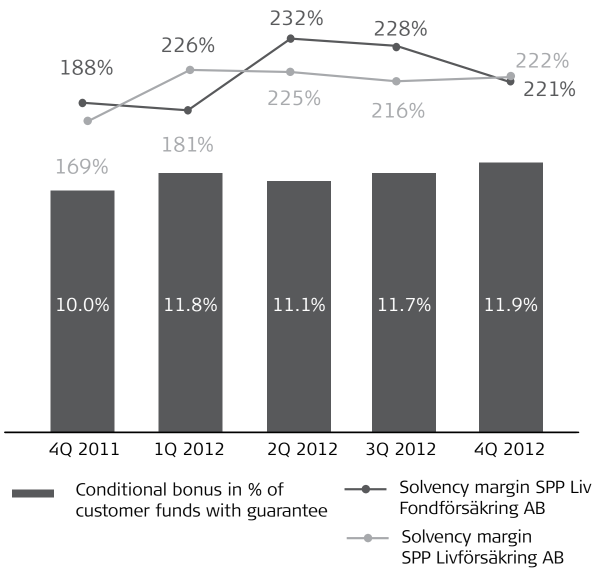
[1)] SPP includes all legal entities in Storebrand Holding Group except SPP Fonder, which is included in Asset Management.
[2)] All percentage changes are in local currency.

The buffer capital (conditional bonus) increased by NOK 30 million (NOK 1.2 million) in the quarter and totalled NOK 8.6 billion (NOK 7.4 million) at the end of the year. This is attributed primarily to rising equity markets.

Solvency

The solvency margin in SPP Livförsäkring AB was 222 per cent (169 per cent) and 221 per cent (188 per cent) in SPP Liv Fondförsäkring AB at the end of the year. In solvency calculations in Sweden, insurance liabilities are discounted by a market interest rate.

Financial strength



Assets under management totalled NOK 114.6 billion at the end of the year. This is a small increase the quarter and is attributed to, among other things, the rising equity markets. The assets under management within unit linked insurance at the end of the year totalled NOK 36.5 billion (NOK 31.9 billion)

Market

Premium income[1)]

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Guaranteed products	513	639	2,422	2,632
Unit linked	740	749	3,699	3,633
Total	1,253	1,388	6,122	6,265

Net premium income (premium income less insurance claim payments and transfers) was positive within unit linked insurance and totalled NOK 782 million (NOK 514 million) for the quarter. Net premium income for the year was NOK 2,698 million for unit linked insurance and minus NOK 2,821 million for guaranteed products. This is attributed to the fact that customers are increasingly transferring capital from guaranteed products to unit linked.

From 1 January 2013 the sale of retail products with a guaranteed return, PLUSpension and Arbetsgivarplan för Enskild näringsidkare will stop. This entails that all new private pension insurance will be from products without a guarantee.

At the end of November, SPP launched login pages for private individuals that give the customers a better overview of their accounts. This is the first step in SPP's strategic focus on the retail market.

Sales

New sales measured in APE amounted to NOK 244 million (NOK 255 million), which represents a decline of 4 per cent. New sales totalled NOK 977 million (NOK 1,034 million) year to date. SPP's own sales force increased by 9 per cent compared with the previous year. Sales through brokers have declined due to the brokers' shift towards guaranteed products and depository insurance. Lower sales within union-based schemes were attributed to a large degree to fewer individuals making an active choice. Unit linked insurance accounted for 67 per cent (67 per cent) of the total new contracts for the year.

[1)] *Excluding transfer premium reserves*

INSURANCE/RECONCILIATION

- **Impared risk result**

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

Result

Financial performance Insurance

	Q4		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Premiums earned, net	328	282	1,234	1,149
Claims incurred, net	-244	-204	-812	-833
Operating costs	-50	-51	-215	-193
Insurance result	**35**	**28**	**207**	**124**
Net financial result	60	26	109	99
Profit before tax	**73**	**80**	**222**	**169**

	Q4		01.01 - 31.12	
	2012	2011	2012	2011
Claims ratio	74 %	72 %	66 %	72 %
Cost ratio	15 %	18 %	17 %	17 %
Combined ratio	89 %	90 %	83 %	89 %

New subscriptions

- Risk products: NOK 33 million (24 million) in Q4 2012 and 193 million (99 million) as at 31.12.2012.

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	31.12.12	31.12.11
Profit and Loss	1,489	722
Change in security reserves p&c insurance	-23	30
Profit and loss Storebrand Livsforsikring Group before tax	**1,466**	**751**

Lysaker, 12. February 2013
The Board of Directors of Storebrand Livsforsikring AS

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
TECHNICAL ACCOUNT:				
Gross premiums written	4,046	2,928	16,762	15,801
Reinsurance premiums ceded	-5	-20	-35	-68
Premium reserves transferred from other companies	534	247	3,138	2,317
Premiums for own account	**4,575**	**3,156**	**19,865**	**18,050**
Income from investments in subsidiaries, associated companies and joint-controlled companies	180	335	610	1,784
of which from investment in real estate companies	170	318	620	1,779
Interest income and dividends etc. from financial assets	2,394	1,648	6,382	5,213
Changes in investment value	-1,151	684	1,345	-2,181
Realised gains and losses on investments	1,290	-35	1,854	662
Total net income from investments in the collective portfolio	**2,712**	**2,631**	**10,191**	**5,478**
Income from investments in subsidiaries, associated companies and joint-controlled companies	15	24	54	133
of which from investment in real estate companies	14	22	54	132
Interest income and dividends etc. from financial assets	874	522	933	655
Changes in investment value	-772	428	875	-1,638
Realised gains and losses on investments	268	46	634	459
Total net income from investments in the investment selection portfolio	**384**	**1,019**	**2,496**	**-390**
Other insurance related income	**46**	**57**	**177**	**162**
Gross claims paid	-3,806	-2,656	-11,938	-10,560
Claims paid - reinsurance	5	8	13	18
Gross change in claims reserve	-34	-18	-70	28
Premium reserves etc. transferred to other companies	-259	-914	-2,765	-7,050
Claims for own account	**-4,094**	**-3,580**	**-14,760**	**-17,564**
To (from) premium reserve, gross	-2,844	-853	-7,192	-1,202
To/from additional statutory reserves in connection with claims/repurchase	-354	-254	-387	-98
Change in value adjustment fund	1,353	0	-1,027	1,971
Change in premium fund, deposit fund and the pension surplus fund	-7	-17	-74	-95
To/from technical reserves for non-life insurance business	13	9	-115	-44
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	31	26	152	42
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-1,809**	**-1,089**	**-8,643**	**576**
Change in premium reserve	-2,039	-1,627	-6,541	-3,445
Change in other provisions	-39	24	13	2
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-2,078**	**-1,603**	**-6,528**	**-3,443**
Profit on investment result	-155	-256	-155	-256
The risk profit allocated to the insurance agreements		-163		-163
Other allocation of profit	-3	-90	-3	-90
Unallocated profit	1,068	927		
Funds allocated to insurance contracts	**910**	**417**	**-158**	**-510**

Storebrand Livsforsikring AS

PROFIT AND LOSS ACCOUNT CONTINUE

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Management expenses	-32	-34	-133	-126
Selling expenses	-136	-89	-306	-334
Insurance-related administration expenses (incl. commissions for reinsurance received)	-243	-236	-1,153	-910
Insurance-related operating expenses	**-410**	**-358**	**-1,591**	**-1,370**
Other insurance related expenses after reinsurance share	**-12**	**-52**	**-129**	**-186**
Technical insurance result	**225**	**598**	**920**	**802**
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint-controlled companies	196	80	289	153
of which from investment in real estate companies	10	16	33	91
Interest income and dividends etc. from financial assets	207	202	703	738
Changes in investment value	-40	-1	62	-27
Realised gains and losses on investments	26	16	51	83
Net income from investments in company portfolio	**388**	**297**	**1,104**	**947**
Other income	**4**	**2**	**21**	**2**
Management expenses	-2	-3	-9	-10
Other costs	-117	-147	-491	-530
Total management expenses and other costs linked to the company portfolio	**-119**	**-149**	**-501**	**-540**
Profit or loss on non-technical account	**273**	**150**	**624**	**409**
Profit before tax	**499**	**747**	**1,545**	**1,211**
Tax costs	**-137**	**-811**	**-377**	**-811**
Profit before other comprehensive income	**362**	**-64**	**1,168**	**400**
Acturial gains and losses on defined benefit pensions - benefits to employees	264	-72	264	-72
Tax on other comprehensive income	-74	116	-74	116
Other comprehensive income and costs	**190**	**44**	**190**	**44**
COMPREHENSIVE INCOME	**552**	**-20**	**1,357**	**443**

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
TECHNICAL ACCOUNT				
Gross premiums written	5,562	4,510	23,740	22,799
Reinsurance premiums ceded	-6	-107	-76	-317
Premium reserves transferred from other companies	824	326	3,615	2,637
Premiums for own account	**6,380**	**4,729**	**27,279**	**25,120**
Income from investments in subsidiaries, associated companies and joint-controlled companies	2	39	48	72
Interest income and dividends etc. from financial assets	3,165	2,414	9,424	8,248
Net operating income from real estate	288	281	1,266	1,190
Changes in investment value	-1,690	1,185	-210	414
Realised gains and losses on investments	2,679	686	5,344	2,314
Total net income from investments in the collective portfolio	**4,444**	**4,606**	**15,871**	**12,238**
Interest income and dividends etc. from financial assets	892	530	1,832	1,427
Net operating income from real estate	26	21	105	87
Changes in investment value	-11	1,789	2,820	-4,948
Realised gains and losses on investments	292	73	621	452
Total net income from investments in the investment selection portfolio	**1,198**	**2,414**	**5,378**	**-2,982**
Other insurance related income	**296**	**265**	**1,157**	**995**
Gross claims paid	-5,337	-4,116	-17,931	-16,574
Claims paid - reinsurance	5	16	13	83
Gross change in claims reserve	-32	-16	-65	37
Premium reserves etc. transferred to other companies	-750	-1,161	-4,366	-8,172
Claims for own account	**-6,115**	**-5,277**	**-22,348**	**-24,626**
To (from) premium reserve, gross	-3,278	-1,799	-7,822	-7,767
To/from additional statutory reserves in connection with claims/repurchase	-354	-254	-387	-98
Change in value adjustment fund	1,353		-1,027	1,971
Change in premium fund, deposit fund and the pension surplus fund	-7	-17	-74	-95
To/from technical reserves for non-life insurance business	13	9	-115	-44
Change in conditional bonus	-128	-559	-1,458	2,182
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	31	26	152	42
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-2,371**	**-2,595**	**-10,732**	**-3,807**
Change in premium reserve	-3,568	-3,450	-12,084	-3,135
Change in other provisions	-39	24	13	2
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-3,607**	**-3,426**	**-12,071**	**-3,133**
Profit on investment result	-155	-256	-155	-256
The risk profit allocated to the insurance agreements		-163		-163
Other allocation of profit	-3	-90	-3	-90
Unallocated profit	1,068	927		
Funds allocated to insurance contracts	**910**	**417**	**-158**	**-510**

Storebrand Livsforsikring Group

PROFIT AND LOSS ACCOUNT CONTINUE

NOK million	4Q 2012	4Q 2011	01.01 - 31.12 2012	01.01 - 31.12 2011
Management expenses	-79	-82	-297	-313
Selling expenses	-222	-130	-521	-516
Change in pre-paid direct selling expenses	9	15	45	53
Insurance-related administration expenses (incl. commissions for reinsurance received)	-390	-432	-1,831	-1,608
Reinsurance commissions and profit participation		118	6	291
Insurance-related operating expenses	**-681**	**-512**	**-2,599**	**-2,093**
Other insurance related expenses after reinsurance share	**-72**	**-77**	**-210**	**-239**
Technical insurance result	**383**	**544**	**1,567**	**962**
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint-controlled companies	-1	-7	-3	-4
Interest income and dividends etc. from financial assets	149	155	551	518
Net operating income from real estate	17	14	67	59
Changes in investment value	-54	23	40	10
Realised gains and losses on investments	62	-6	70	51
Net income from investments in company portfolio	**173**	**178**	**724**	**634**
Other income	**-5**	**144**	**459**	**569**
Management expenses	-8	-8	-31	-29
Other costs	-227	-386	-1,253	-1,385
Management expenses and other costs linked to the company portfolio	**-235**	**-394**	**-1,284**	**-1,414**
Profit or loss on non-technical account	**-67**	**-73**	**-101**	**-211**
Profit before tax	**316**	**471**	**1,466**	**751**
Tax costs	**-132**	**-789**	**-372**	**-730**
Profit before other comprehencive income	**184**	**-318**	**1,094**	**22**
Actuarial gains and losses on defined benefit pensions - benefits to employees	252	-124	221	-118
Change in value adjustment reserve own buildings	19	53	90	76
Re-statement differences	-157	118	-103	117
Adjustment of insurance liabilities	-19	-53	-90	-76
Tax on other comprehensive income	-84	122	-84	122
Other comprehensive income and costs	**11**	**116**	**35**	**121**
COMPREHENSIVE INCOME	**195**	**-201**	**1,128**	**142**
PROFIT IS DUE TO:				
Minority share of profit	-2	1	14	8
Majority share of profit	186	-324	1,080	14
COMPREHENSIVE INCOME IS DUE TO:				
Minority share of profit	-4	11	11	10
Majority share of profit	199	-212	1,117	132

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.11	31.12.12	NOK million	31.12.12	31.12.11
		ASSETS		
		ASSETS IN COMPANY PORTFOLIO		
745	724	Goodwill		
5,182	4,754	Other intangible assets	108	91
5,926	**5,478**	**Total intangible assets**	**108**	**91**
1,313	1,208	Real estate at fair value		
67	58	Real estate for own use		
125	121	Equities and units in subsidiaries, associated companies and joint-controlled companies	10,707	8,633
		of which investment in real estate companies	1,268	1,412
69	69	Loans to and securities issued by subsidiaries and associated companies	6,748	8,342
5	4	Loans	4	5
169	222	Bonds held to maturity	222	169
1,334	1,156	Bonds at amortised cost	1,156	1,334
312	44	Equities and other units at fair value	17	170
15,006	15,716	Bonds and other fixed-income securities at fair value	5,691	4,769
316	255	Derivatives at fair value	255	316
192	126	Other financial assets	109	139
18,909	**18,980**	**Total investments**	**24,910**	**23,879**
203	**171**	**Reinsurance share of insurance obligations**	**171**	**203**
1,177	1,645	Receivables in connection with direct business transactions	1,527	1,125
118	7	Receivables in connection with reinsurance transactions	7	9
24	23	Receivables with group company	53	91
1,418	2,109	Other receivables	892	567
2,737	**3,783**	**Total receivables**	**2,478**	**1,792**
366	388	Plants and equipment	58	60
2,897	2,938	Cash, bank	1,408	1,377
26	38	Tax assets		
616	599	Other assets designated according to type		
3,905	**3,964**	**Total other assets**	**1,466**	**1,438**
406	443	Pre-paid direct selling expenses		
79	90	Other pre-paid costs and income earned and not received	31	29
485	**533**	**Total pre-paid costs and income earned and not received**	**31**	**29**
32,164	**32,909**	**Total assets in company portfolio**	**29,164**	**27,431**
		ASSETS IN CUSTOMER PORTFOLIOS		
25,547	25,401	Real estate at fair value		
1,291	2,066	Real estate for own use		
106	116	Equities and units in subsidiaries, associated companies and joint-controlled companies	29,666	30,152
		of which investment in real estate companies	28,948	27,740
428	596	Loans to and securities issued by subsidiaries and associated companies		
7,983	10,496	Bonds held to maturity	10,496	7,983
62,976	54,557	Bonds at amortised cost	54,557	62,976
2,896	3,702	Loans	3,702	2,896
46,776	27,152	Equities and other units at fair value	12,218	25,857
107,175	139,040	Bonds and other fixed-income securities at fair value	63,648	37,532
5,136	2,575	Financial derivatives at fair value	556	208
4,542	3,462	Other financial assets	1,454	1,036
264,855	**269,164**	**Total investments in collective portfolio**	**176,297**	**168,640**

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION CONTINUE

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.11	31.12.12	NOK million	31.12.12	31.12.11
1,925	2,114	Real estate at fair value		
102	107	Real estate for own use		
		Equities and units in subsidiaries, associated companies and joint-controlled companies	2,456	2,317
		of which investment in real estate companies	2,438	2,101
114	140	Loans	133	114
38,160	45,014	Equities and other units at fair value	14,603	12,203
20,858	25,168	Bonds and other fixed-income securities at fair value	15,853	13,447
14	169	Financial derivatives at fair value	157	14
905	397	Other financial assets	186	841
62,079	**73,108**	**Total investments in investment selection portfolio**	**33,388**	**28,936**
326,934	**342,272**	**Total assets in customer portfolio**	**208,572**	**197,576**
359,098	**375,182**	**TOTAL ASSETS**	**238,288**	**225,007**
		EQUITY AND LIABILITIES		
3,430	3,540	Share capital	3,540	3,430
9,271	9,711	Share premium reserve	9,711	9,271
12,701	**13,251**	**Total paid in equity**	**13,251**	**12,701**
469	640	Risk equalisation fund	640	469
2,153	3,080	Other earned equity	4,301	3,115
177	148	Minority's share of equity		
2,799	**3,868**	**Total earned equity**	**4,941**	**3,584**
5,311	5,142	Perpetual subordinated loan capital	5,142	5,311
1,502	1,501	Perpetual capital	1,501	1,502
6,813	**6,643**	**Total subordinate loan capital etc.**	**6,643**	**6,813**
239,842	245,333	Premium reserves	162,268	154,956
5,208	5,489	Additional statutory reserves	5,489	5,208
	1,027	Market value adjustment reserve	1,027	
774	837	Claims allocation	760	689
3,640	3,394	Premium fund, deposit fund and the pension surplus fund	3,394	3,640
10,038	11,264	Conditional bonus		
648	731	Other technical reserve	731	648
260,151	**268,075**	**Total insurance obligations in life insurance - contractual obligations**	**173,669**	**165,142**
61,452	72 751	Premium reserve	34,703	28,207
1	1	Claims allocation	1	1
233	257	Additional statutory reserves	257	233
289	487	Premium fund, deposit fund and the pension surplus fund	487	289
61,974	**73 495**	**Total insurance obligations in life insurance - investment portfolio separately**	**35,447**	**28,730**

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION CONTINUE

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.11	31.12.12	NOK million	31.12.12	31.12.11
1,077	839	Pension liabilities etc.	571	820
830	1 377	Period tax liabilities	1,146	695
108	115	Other provisions for liabilities	66	62
2,016	**2 331**	**Total provisions for liabilities**	**1,783**	**1,577**
1,600	1 317	Liabilities in connection with direct insurance	1,003	1,066
1	4	Liabilities in connection with reinsurance	2	1
2,197	755	Financial derivatives	206	1,518
1,187	14	Liabilities to group companies	2,490	235
7,345	4 950	Other liabilities	866	3,454
12,329	**7 041**	**Total liabilities**	**4,567**	**6,274**
315	478	Other accrued expenses and received, unearned income	294	187
315	**478**	**Total accrued expenses and received, unearned income**	**294**	**187**
359,098	**375 182**	**TOTAL EQUITY AND LIABILITIES**	**240,595**	**225,007**

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital [1]	Share premium reserves	Total paid in equity	Risk equalisation fund [2]	Other equity	Total equity
Equity at 31 December 2010	**3,430**	**9,271**	**12,701**	**287**	**3,057**	**16,045**
Profit				167	232	400
Comprehensive income:						
Pension experience adjustments					44	44
Total revenue and costs for the period				**167**	**276**	**443**
Equity transactions with owner:						
Group contributions					-200	-200
Other				15	-18	-3
Equity at 31 December 2011	**3,430**	**9,271**	**12,701**	**469**	**3,115**	**16,285**
Profit				171	996	1,168
Comprehensive income:						
Pension experience adjustments					190	190
Total revenue and costs for the period				**171**	**1,186**	**1,357**
Equity transactions with owner:						
Share issue	110	440	550			550
Equity at 31 December 2012	**3,540**	**9,711**	**13,251**	**640**	**4,301**	**18,192**

[1] *35.404.200 shares with a nominal value of NOK 100.*

[2] *Restricted equity 640 million. The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. The risk equalisation reserve and contingency reserves are not considered liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences*

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

	Majority's share of equity						
NOK million	Share capital	Share premium reserves	Total paid in equity	Risk equalisation fund [1]	Other equity	Minority interests	Total equity
Equity at 31 December 2010	**3,430**	**9,271**	**12,701**	**287**	**2,359**	**207**	**15,554**
Profit				167	-153	8	22
Comprehensive income:							
Re-statement differences					115	2	117
Pension experience adjustments					4		4
Total revenue and costs for the period				**167**	**-35**	**10**	**142**
Equity transactions with owner:							
Share issue						3	3
Group contributions					-200	-3	-203
Acquisition of minority					44	-44	
Other				15	-15	3	3
Equity at 31 December 2011	**3,430**	**9,271**	**12,701**	**469**	**2,153**	**177**	**15,500**
Profit				171	908	14	1,094
Comprehensive income:							
Re-statement differences					-100	-3	-103
Pension experience adjustments					137		137
Total revenue and costs for the period				**171**	**946**	**11**	**1,128**
Equity transactions with owner:							
Share issue	110	440	550				550
Group contributions						-26	-26
Acquisition of minority						-14	-14
Other					-19	-1	-20
Equity at 31 December 2012	**3,540**	**9,711**	**13,251**	**640**	**3,080**	**148**	**17,119**

[1] *Restricted equity 640 million. The risk equalisation reserve can only be used to increase allocations to the premium reserve with regard to risk linked to persons. The risk equalisation reserve and contingency reserves are not considered liabilities for accounting purposes in accordance with IFRS and are included in equity in their entirety. Allocations to the risk equalisation reserve and contingency reserves are tax deductible when the allocations are made, and these deductions are treated as permanent differences between the financial and tax accounts in accordance with IAS 12 so that provisions are not made for deferred tax related to permanent differences*

Storebrand Livsforsikring

CASH FLOW ANALYSIS

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.11	31.12.12	NOK million	31.12.12	31.12.11
		Cash flow from operational activities		
23,647	22,142	Net received - direct insurance	15,393	16,754
-16,910	-18,440	Net claims/benefits paid - direct insurance	-12,153	-10,526
-5,535	-751	Net receipts/payments - policy transfers	373	-4,732
-2,093	-2,599	Net receipts/payments - other operational activities	-1,591	-1,370
3,977	-2,920	Net receipts/payments operations	-147	-1,700
3,085	**-2,568**	**Net cash flow from operational activities before financial assets**	**1,874**	**-1,576**
210	-831	Net receipts/payments - lendings to customers	-831	210
-493	2,350	Net receipts/payments - financial assets	-508	2,704
-472	728	Net receipts/payments - real estate activities		
497	1,588	Net change bank deposits insurance customers	66	1,656
-258	**3,835**	**Net cash flow from operational activities from financial assets**	**-1,273**	**4,570**
2,828	**1,267**	**Net cash flow from operational activities**	**602**	**2,995**
		Cash flow from investment activities		
-217	-173	Net payments - purchase/capitalisation of subsidiaries and associated companies	-523	-831
-65	-130	Net receipts/payments - sale/purchase of fixed assets	-47	-9
-282	**-303**	**Net cash flow from investment activities**	**-570**	**-839**
		Cash flow from financing activities		
	-930	Repayment of loans		
	550	Payments - share issue	550	
-530	-382	Payments - interest on subordinated loan capital	-382	-530
-850	-226	Payments - group contribution dividends	-200	-850
-1,380	**-988**	**Net cash flow from financing activities**	**-32**	**-1,380**
1,166	**-24**	**Net cash flow for the period**		**775**
1,424	-3,859	of which net cash flow for the period before financial assets	1,273	-3,795
1,166	-24	Net movement in cash and cash equivalent assets		775
1,922	3,088	Cash and cash equivalent assets at start of the period	1,517	742
3,088	**3,064**	**Cash and cash equivalent assets at the end of the period**	**1,517**	**1,517**

Notes to the interim accounts

NOTE 1: ACCOUNTING POLICIES

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries and associated companies. The financial statements are prepared in accordance with the "regulation on the annual accounts etc. of insurance companies".

The Group has not made any significant changes to the accounting policies applied in 2012. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2011 annual report.

Storebrand Livsforsikring AS owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Livförsäkring AB and SPP Liv Fondförsäkring. 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)

NOTE 2: ESTIMATES

In preparing the Group's financial statements the management are required to make judgements, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared. Actual results may differ from these estimates.

The Group's critical estimates and judgements that could result in material adjustment of recognised amounts are discussed below.

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 factors that may have an impact on the size of the insurance liabilities including VIF, such as biometric factors relating to higher life expectancy and invalidity, as well as the development of future costs 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 guaranteed interest rates are discounted at the premium calculation rate (around 3.5 per cent on average). For the Swedish insurance liabilities with a guaranteed interest rate, the discount is based on an estimated swap yield curve, where portions of the yield curve are not liquid. The non-liquid portion of the yield curve has been estimated based on long-term expectations regarding real interest rates and inflation.

In accordance with the accounting standard IFRS 4 Insurance Contracts, the insurance liabilities that are included shall be adequate and a liability adequacy test shall be performed. The Norwegian insurance liabilities are calculated in accordance with special Norwegian rules, including the Insurance Activity Act and regulations. For the Norwegian life insurance liabilities a test is performed at a general level by conducting an analysis based on the Norwegian premium reserve principles. The established analysis is based on the assumptions that apply to the calculation of embedded value, in which the company uses the best estimates for the future basic elements based on the current experience. The test entails then that the company analyses the current margins between the assumptions used as a basis for reserves and the assumptions in the Embedded Value analysis. This test was also performed for the introduction of IFRS.

Upon the acquisition of the Swedish insurance group SPP, intangible assets related to the value of the SPP Group's insurance contracts were capitalised, while the SPP Group's recognised insurance reserves were maintained in Storebrand's consolidated financial statements. These intangible assets are often referred to as the "Value of business in force" (VIF), and these intangible assets, along with the associated capitalised selling costs and insurance liabilities, are tested with regard to their adequacy. The test is satisfied if the recognised liabilities in the financial statements are greater than or equal to the net liabilities valued at an estimated market value, included the expected owner's profit. In this test, the embedded value calculations and IAS 37 are taken into account. Storebrand satisfies the adequacy tests for 2012, and they have thus no impact on the financial statements for 2012. There will be uncertainty related to these tests. For further information see the discussion about the uncertainty related to insurance reserves below.

In Storebrand's life insurance activities, a change in the estimates related to insurance reserves, financial instruments or investment properties allocated to life insurance customers will not necessarily affect the owner's result, but a change in the estimates and valuations may affect the owner's result. A key factor will be whether the assets of the life insurance customers, including the return for the year, exceed the guaranteed liabilities.

Notes to the interim accounts

In the Norwegian life insurance activities, a significant share of the insurance contracts have a series of annual interest rate guarantees. Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the market value adjustment reserve and additional statutory reserves, so that the effect on the owner's result may be limited.

The life insurance industry in Norway is working on new mortality tables in cooperation with the Financial Supervisory Authority of Norway. There is a general need for strengthening of reserves for longer life expectancy within group pension. Based on the mortality survey conducted by the life insurance industry, the Financial Supervisory Authority of Norway will set a minimum level for new mortality tariffs effective from 1 January 2014. Statistics Norway middle alternative for projected mortality with a ten per cent security margin equals a strengthening of the premium reserves by around 7 per cent, amounting to around NOK 10 billion.Storebrand has set aside a total of NOK 4.3 billion during the period from 2011 to 2012 for future reserves for longevity. Customers must expect that Storebrand Livsforsikring will set aside a considerable amount of the returns in excess of the interest rate guarantee also in 2013 to cover projected longer life expectancy. The remaining reserve strengthening is expected to be mainly covered through financial and risk profits. The Financial Supervisory Authority of Norway will clarify the final assumptions for the reserve strengthening plan, among other factors, the length of the reservation period and the amount of contribution from the company.

In the Swedish activities (SPP) there are no contracts with an annual interest rate guarantee. However, there are insurance contracts with a terminal value guarantee. These contracts are discounted by a market-based interest rate. If the associated customer assets have a higher value than the recognised value of these insurance liabilities, then the difference will represent a conditional customer allocated fund – conditional bonus (buffer capital). Changes in estimates and valuations may entail a change in the return on the customer portfolios. Depending on the size of any impairment in value, such impairment may be offset by a reduction in the conditional bonus, so that the effect on the owner's result may be limited. If the value of the individual insurance contract is higher than the associated customer assets, the owner will have to cover the deficient capital.

There are also insurance contracts without an interest guarantee in the life insurance activities in which customers bear the return guarantee. Changes in estimates and valuations may entail a change in the return on the associated customer portfolios. The recognition of such value changes does not directly affect the owner's result.

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
- Life expectancy, mortality and illness trends – assumptions
- Development of costs – assumption

Please also refer to the discussions in notes 3 and 11 of the 2011 annual report.

NOTE 3: TAX

The National Budget 2013, which was adopted by the Storting in December 2012, called for elimination of the tax exemption method for customer portfolios in life insurance companies with effect from 1 January 2012. This change does not affect the Group's activities in Sweden.

Capital gains or losses realised on equities are thus taxable or deductible, respectively, for equities that are owned by customer portfolios in life insurance companies. Over time this change will entail a normalised income tax expense for the Group. Life insurance companies will still receive a tax allowance for allocations to insurance reserves.

The exemption method for equities (for customer portfolios), as it was previously formulated, including the deductibility of allocations to insurance reserves, implies that life insurance companies may have a profit for tax purposes in the case of a decline in the values and a loss for tax purposes in the case of an increase in the value of equities not encompassed by the exemption method. The Storebrand Group has therefore a significant loss for tax purposes linked to the Norwegian life insurance activities.

The adopted changes to the tax regulations will also have a transitional effect, in which unrealised capital gains and losses on equities etc. that were encompassed by the exemption method as at 31 December 2011 are included now in the basis for deferred tax / tax assets on the balance sheet. At the end of 2011, permanent differences linked to realised and unrealised gains from directly owned shares within the tax exemption method amounted to around NOK 0.4 billion. The income tax expense associated with reclassification from permanent differences will therefore amount to approximately NOK 0.1 billion.

Notes to the interim accounts

Tax costs in the fourth quarter 2012 were also affected by the devaluation of recognised deferred tax assets related to tax credit carry-forwards, which at the end of 2012 amounted to NOK 218 million for the Group. The tax credit carry-forwards expire ten years after 2003, and it is considered improbable that they will be able to be used in 2013. As a consequence, the tax expense increased by NOK 62 million in Q4 2012.

NOTE 4: INFORMATION ABOUT CLOSE PARTIES

Storebrand conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and close parties are stipulated in notes 21 and 45 in the 2011 annual report.

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

NOTE 5: RISK MANAGEMENT AND INTERNAL CONTROL

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

Continuous monitoring and active risk management are therefore core areas of the Group's activities and organisation. The basis for risk management is laid down in the Board's annual review of the strategy and planning 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 integral part of management responsibility.

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 become disabled. The products pose an insurance risk, where i.a. the customers' life expectancy and work capacity are risk factors. Because of the annual return guarantees, the products also present a financial market risk in the form of an interest rate risk. In the Swedish activities, this interest rate risk is reflected in the financial accounts, since the liabilities are recognised at market value. The introduction of the Solvency II rules with will imply that the market value of the insurance liabilities will be very important to the Norwegian business as well.

Premiums paid are invested in various securities until the assets, including the yield, are repaid to the customers as pensions or compensation. The Storebrand Group assumes, therefore, a further financial market risk through its goal to achieve an excess return in the best interests of the customers.

Organisation
The Board of Directors shall ensure that the company has appropriate systems for risk management and internal control.

The Chief Executive Officer shall, in accordance with the guidelines adopted by the Board of Directors, arrange for the establishment of acceptable risk management and internal control, continuous follow-up of risk, 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.

Managers 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 dedicated functions to follow up and manage risks for various product groups and for the company as a whole. Control functions for 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 following up the risk of failing to comply with the external and internal rules and regulations that apply to the business.

Notes to the interim accounts

The compliance function in the individual company prepares written reports for the Board of Directors and executive management in the company informing on 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, operational risk reporting and event reporting.

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

Risk management in certain areas in detail
Below follows a description of the special situation concerning risk management of life insurance linked to the relationship between customers and the 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 5-10.

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 6 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. The average interest rate guarantee is expected to decline in the years ahead and from 2012 all new earnings will be linked to a basic interest rate 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 himself, and the insured person can also choose the risk profile himself.

The company's total risk picture is monitored continuously, using tools such as the Financial Supervisory Authority of Norway'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 means 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 falling markets and at the same time participate in rising markets. 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:
- assets' interest rate sensitivity is continuously adjusted to the insurance liabilities
- asset allocation that results in a good return over time
- continuous implementation of risk management measures in the customer portfolio 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 rate 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 the 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 6: 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. The rules were to take effect from 1 January 2014. Due to major delays in the schedule, however, it is clear that the introduction will be postponed. No new schedule has been announced.

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 possible transitional arrangements, are still not ready, but it is likely that the capital requirements will be higher than the capital requirements 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 rate 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 guaranteed annual return (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 guaranteed annual return 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 proposed new occupational pension regulations (NOU 2012:13 Pension Acts and the National Insurance Reform II) from the Banking Law Commission describe the new hybrid schemes (basic model and standard model). The new schemes entail good solutions for new pension accrual in relation to Solvency II. There will no longer be any interest rate risk and the life expectancy risk will be significantly less than today.

The challenge is linked to the existing reserves and how the transitional rules will be formulated. The Banking Law Commission's proposal for transitional rules was made public on 7 January. The proposed transitional rules are based on the rights to pension benefits that have been earned at the time of the transition being protected by the constitution. Given that the rights to benefits will be maintained, it implies that there will still be a large capital requirement when Solvency II is introduced. The report has been distributed for public consultation. The Ministry of Finance is planning to introduce a bill to the Storting in the spring. An effort is being made so that the new rules can take effect from 1 January 2014, but the schedule is tight and there is a risk of delays.

NOTE 7: FINANCIAL MARKET RISK

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

Storebrand Life Insurance Norway
The largest contributions to short-term, result-related market risk for the Norwegian life insurance business are falls in the value of equities and property, 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 the value of the insurance liabilities in Storebrand Life Insurance are not affected by changes in market interest rates. When Solvency II is introduced, the value of the insurance liabilities will be interest rate sensitive in the solvency accounts for the Norwegian business as well.

Notes to the interim accounts

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 property asset class. 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.

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.

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

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

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Booked value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,501
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,338
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,702
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,102
Total subordinated loan capital and hybrid tier 1 capital 31.12.2012					**6,643**
Total subordinated loan capital and hybrid tier 1 capital 31.12.2011					**6,813**

NOTE 9: CREDIT RISK

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

Notes to the interim accounts

NOTE 10: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The Storebrand Group carries out a comprehensive process to ensure that the values established for financial instruments are as in line with the market as possible. Listed financial instruments are valued on the basis of official 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 recognized 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 in the annual report of 2011. The levels express the differing degree of liquidity and different measuring methods.

Storebrand Livsforsikring AS

NOK million	Quoted prices (Level 1)	Observable assumptions (Level 2)	Non-observable assumptions (Level 3)	31.12.12	31.12.11
Assets					
Equities and units					
- Equities	1,254	74	1,499	2,828	11,038
- Fund units		17,930	715	18,646	20,254
- Private Equity fund investments		685	4,734	5,419	682
- Hedge fund		15	25	39	6,256
Total equities and units	**1,254**	**18,704**	**6,973**	**26,932**	
Total equities and units 2011	**9,268**	**21,562**	**7,400**		**38,230**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	8,550	2		8,552	3,651
- Credit bonds		13,500	784	14,284	8,810
- Mortage and asset backed bonds		12,617		12,617	8,021
' - Supranational and agency		722		722	
- Bond funds		50,474		50,474	35,266
Total bonds and other fixed income securities	**8,550**	**77,314**	**784**	**86,649**	
Total bonds and other fixed income securities 2011	**2,007**	**52,132**	**1,609**		**55,748**
Derivatives:					
- Interest rate derivatives		388		388	31
- Currency derivatives		386		386	-1,012
- Credit derivatives					2
Total derivatives		**774**		**774**	
- derivatives with a positive market value		980		980	
- derivatives with a positive market value		-206		-206	
Total derivatives 2011		**-980**			**-980**

Notes to the interim accounts

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	8	5

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

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

NOK million	Equities	Fund units	Hedge fund	Private Equity fund investments	Credit bonds	Mortage and asset backed bonds
Balance 01.01.12	1,526	1,204	4,643	27	819	790
Net profit/loss at financial instruments	15	53	61	-2	-45	547
Additions/purchases	1	19	429		23	
Sales/overdue/settlement	-43	-561	-399		-15	-1,336
To quoted prices and observable assumptions					2	
Balance 31.12.12	**1,499**	**715**	**4,734**	**25**	**784**	

Storebrand Livsforsikring Group

NOK million	Quoted prices (Level 1)	Observable assumptions (Level 2)	Non-observable assumptions (Level 3)	31.12.12	31.12.11
Assets					
Equities and units					
- Equities	9,305	344	3,116	12,765	26,256
- Fund units		50,248	1,670	51,918	49,259
- Private Equity fund investments		685	5,406	6,090	6,839
- Hedge fund		25	25	50	919
- Indirect real estate fund		15	1,372	1,387	1,976
Total equities and units	**9,305**	**51,316**	**11,589**	**72,211**	
Total equities and units 2011	**22,647**	**50,045**	**12,556**		**85,248**
Bonds and other fixed income securities					
- Government and government guaranteed bonds	31,142	19,590		50,731	46,270
- Credit bonds	4	23,809	1,233	25,046	19,872
- Mortage and asset backed bonds	4	41,016		41,020	31,907
- Supranational and agency	3	3,644		3,647	2,202
- Bond funds		59,479		59,479	42,789
Total bonds and other fixed income securities	**31,153**	**147,538**	**1,233**	**179,924**	
Total bonds and other fixed income securities 2011	**31,782**	**117,633**	**2,156**		**143,040**
Derivatives:					
- Interest rate derivatives		1,650		1,650	4,191
- Currency derivatives		596		596	-924
- Credit derivatives					2
Total derivatives		**2,245**		**2,245**	
- derivatives with a positive market value		3,000		3,000	
- derivatives with a positive market value		-755		-755	
Total derivatives 2011		**3,269**			**3,269**

Notes to the interim accounts

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	94	15

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

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

NOK million	Equities	Fund units	Private Equity fund investments	Hedge fund	Indirect real estate fund	Credit bonds	Mortage and asset backed bonds
Balance 01.01.12	3,111	2,224	5,226	27	1,969	1,213	790
Net profit/loss at financial instruments	-81		73	-2	-241	108	547
Additions/purchases	176	144	533		66	401	
Sales/overdue/settlement	-70	-680	-417		-421	-485	-1,336
From quoted prices and observable assumptions	-22	-18	-8			-7	
Re-statement differences	2						
Balance 31.12.12	**3,116**	**1,670**	**5,406**	**25**	**1,372**	**1,231**	**0**

NOTE 11: SEGMENTS - RESULT BY BUSINESS AREA

	Storebrand Life Insurance		SPP		Asset mangement		Insurance		Storebrand Livsforsikring Group	
	Q4		Q4		Q4		Q4		Q4	
NOK mill.	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	8,090	7,417	4,130	4,743	61	47	209	177	12,490	12,384
Profit before tax	138	507	69	-102	21	12	95	54	316	471
Assets	1,767	15,069	-3,198	-10,786	2	-99	64	61	-1,365	4,245
Liabilities	1,364	15,101	-3,032	-10,501	58	-36	64	61	-1,546	4,624

	Storebrand Life Insurance		SPP		Asset mangement		Insurance		Other	Storebrand Livsforsikring Group	
NOK mill.	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.11	31.12.12	31.12.12	31.12.11
Revenue	33,452	24,143	15,737	11,187	223	214	1,456	1,248		50,868	36,792
Profit before tax	629	510	447	-67	79	85	316	223	-5	1,466	751
Assets	238,069	223,197	134,266	133,354	209	192	2,638	2,356		375,182	359,098
Liabilities	228,149	212,578	127,096	128,505	180	159	2,638	2,356		358,063	343,598

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
The segment 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. Benco as via Nordben and Euroben offers pension products to multinational companies is also included in this segment.

SPP
This segment 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.

Notes to the interim accounts

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
The Insurance segment 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 12: NET INCOME FROM REAL ESTATE

	Q4		01.01.-31.12	
NOK million	2012	2011	2012	2011
Rent income from real estate [1)]	468	497	1,940	1,815
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income [2)]	-117	-178	-386	-408
Profit minority defined as liabilities	-20	-2	-117	-71
Net operating income from real estate	**331**	**317**	**1,438**	**1,336**
Realised gains/losses	-30	70	-26	82
Change in fair value of properties	-167	-121	-700	238
Total income from real estate	**133**	**267**	**712**	**1,656**
1) Real estate for own use	19	18	74	73
2) Real estate for own use	-2	-1	-4	-6

Changes in value real estate investments

	Q4		01.01.-31.12	
NOK million	2012	2011	2012	2011
Wholly owned real estate investments	-167	-120	-700	238
Reclassification etc. for wholly owned real estate investments		-95		
Real estate equities and units in Norway and Sweden [1)]	2	7	-57	73
Real estate units abroad [1)]	-82	85	-128	131
Real estate investments in associated companies	-6		12	
Total value changes investment real estate	**-253**	**-124**	**-873**	**442**
Real estate for own use	58	41	89	27
Total value changes real estate investment	**-195**	**-83**	**-783**	**469**
Realised gains/losses sold real estate	**-30**	**107**	**-26**	**82**

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

NOTE 13: REAL ESTATE

Book value of investment real estate in the statement of financial position[1]

NOK million	31.12.12	31.12.11
Carrying amount as per 1 Jan	28,784	27,098
Supply due to purchases	701	2,078
Supply due to additions	585	582
To owner used real estate	-437	
Disposals	-190	-1,244
Net write-ups/write-downs	-700	265
Exchange rate changes	-21	5
Carrying amount	**28,723**	**28,784**

1) Consists of real estate in Storebrand Livsforsikring Group

Notes to the interim accounts

Real estate type

NOK million	31.12.12	31.12.11	Diration of lease (years)	m2	Leased amount in % [1]
Office buildings (including parking and storage):					
- Oslo- Vika/Fillipstad Brygge	6,205	6,044	7	141	92
- Rest of Greater Oslo	8,168	7,746	5	496	93
- Rest of Norway	2,459	2,719	13	180	99
Shopping centres (including parking and storage)	729	10,321	14	37	100
Multi-storey car parks	10,103	654	4	483	94
Office buildings in Sweden	650	853	4	27	100
Cultural/conference centres in Sweden	359	399	20	19	100
Other real estate	50	49			
Total investment real estate	**28,723**	**28,784**		**1,382**	
Real estate for own use other [2]	2,231	1,460	8	71	87
Total real estate	**30,954**	**30,245**		**1,452**	**0**

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

Geographical location:

NOK million	31.12.12	31.12.11
Oslo- Vika/Fillipstad Brygge	6,855	6,698
Rest of Greater Oslo	10,709	9,652
Rest of Norway	11,411	12,594
Sweden	1,929	1,252
Other	50	49
Total real estate	**30,954**	**30,245**

It is not agreed futher property purchases beyond what is completed and taken into account by 31.12.2012.
NOK 227 million in Storebrand and SEK 72 million in SPP has been committed but not drawn on in international real estate funds.

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

Cash flow
An internal cash flow model is used in Storebrand to calculate fair value. The individual properties' net cash flows are discounted by an individual required rate of return. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rents and normal operating costs for the property. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future changes in market rents. Storebrand's average occupancy rate in its office properties portfolio is 92-99 per cent. Most contracts are for 5 or 10 years. The cash flows from these tenancy agreements (contractual rent) are included in the valuations. A forecast model has been developed to estimate long-term, future non-contractual rent. The model is based on historical observations from Dagens Næringsliv's property index (adjusted by CPI) as well as market estimates. A long-term, time-weighted average is calculated for the annual observations in which the oldest observations are afforded the least weight. Short-term, non-contractual rent forecasts are based on current market rents and conditions.

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

Notes to the interim accounts

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

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

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

External valuations:
To ensure that every property will be taxated as a minimum every third year, there is a methodic approach in order to choose a selection of property to taxate every quarter. In 2012, valuations had been obtained for approximately 95 per cent of Storebrand's property portfolio in Norway. In SPP all wholly owned property investments have been taxated.

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

	Required rate of return %		Fair value (NOK million)	
Segment	31.12.12	31.12.11	31.12.12	31.12.11
Office buildings (including parking and storage):				
Oslo-Vika/Filipstad Brygge	7,35 - 8,95	7,20 - 8,70	6,855	6,698
Rest of Greater Oslo	7,35 - 9,95	7,70 - 9,79	9,558	9,206
Rest of Norway	8,07 -9,70	8,40 - 9,75	2,459	2,719
Shopping centre portfolio	7,60 - 9,70	7,74 - 9,25	10,103	10,321
Office buildings Sweden	7,00 - 9,00	7,00 - 9,00	1,570	853
Culture and conference Sweden	7,00 - 9,00	7,00 - 9,00	359	399
Other			50	49

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 aprox 1 billion. Around 25 per cent of a property's cash flow is linked to signed leases. This means that changes in the uncertain components of the cash flow of 1 per cent result in a change in value of 0.75 per cent.

NOTE 14: CONTIGENT LIABILITIES

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.12.12	31.12.11	31.12.12	31.12.11
Undrawn amounts of committed lending facilities	1,068	1,990	1,068	1,990
Uncalled residual liabilities concerning Limitied Partnership	3,715	3,597	5,317	5,898
Total contigent liabilities	**4,783**	**5,587**	**6,385**	**7,888**

Storebrand Group Companies are engaged in extensive activities in Norway and abroad and may become a party in legal disputes.

Notes to the interim accounts

Svenskt Näringsliv

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 approximately 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 Pensionförsakring 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 Stockholm District Court passed its judgement on 9 March 2012. The Court found for SPP, and awarded it costs of SEK 10.4 million plus interest from the time of the judgement and until payment is made. The judgement is unanimous.

On 29 March 2012, Svenskt Näringsliv et.al. appealed the judgement to the Svea Court of Appeal, with a concurrent application for a permit to have the case be fully tested by the appeals court. On 24 April 2012, the Appeals Court notified the appellants that the case has been granted a hearing. The appeal is expected to be heard during May 2013.

The appeal is focused on questions of principle that are important beyond the case in question, and a negative outcome is assumed to have a significant economic effect on the portfolio. Based on an overall assessment of the case, and based on external legal reviews, it is regarded as very unlikely that the judgement will be in favour of the appellants. Therefore, no provisions have been made relating to this lawsuit.

NOTE 15: CAPITAL ADEQUACY

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.12.12	31.12.11	31.12.12	31.12.11
Share capital	3,540	3,430	3,540	3,430
Other equity	14,652	12,854	13,579	12,070
Equity	**18,192**	**16,285**	**17,119**	**15,500**
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Conditional bonus [1]				3,024
Goodwill and other intangible assets	-108	-91	-5,589	-6,062
Risk equalisation fund	-640	-469	-640	-469
Capital adequacy reserve			-141	-121
Deduction for investments in other financial institutions	-18	-13	-2	-3
Interest adjustment insurance reserves SPP [2]			-1,454	
Other	-30	-7	-31	66
Core (tier 1) capital	**18,896**	**17,205**	**10,760**	**13,435**
Perpetual subordinated loan capital	4,901	5,024	4,901	5,024
Capital adequacy reserve			-141	-121
Deductions for investments in other financial institutions	-18	-13	-2	-3
Tier 2 capital	**4,883**	**5,012**	**4,757**	**4,901**
Net primary capital	**23,779**	**22,216**	**15,517**	**18,336**
Risk weighted calculation base	**106,393**	**108,574**	**127,245**	**132,787**
Capital adequacy ratio	**22.4 %**	**20.5 %**	**12.2 %**	**13.8 %**
Core (tier 1) capital ratio	**17.8 %**	**15.8 %**	**8.0 %**	**10.1 %**

Key Figures for capital adequacy and solvency for previous periods have not been revised, and stated in the above tables as they have originally been intended.

[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 ended on 01.04.2012.*

[2] *In previous quarters, Storebrand has included accounting equity for the Swedish activity as a basis for calculating solvency and capital adequacy. As of the second quarter of 2012, Storebrand has changed the method by including solvency capital, which is calculated pursuant to Swedish capital adequacy rules, in the calculation of the consolidated solvency margin and consolidated capital adequacy. The Swedish subsidiary SPP AB has previously used a 10-year interest rate curve (government interest rate and housing interest rate) for the discounting of insurance obligations. SPP has used a 30-year yield curve as a basis as from second quarter of 2012.*

Notes to the interim accounts

NOTE 16: SOLVENCY MARGIN

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.12.12	31.12.11	31.12.12	31.12.11
Solvency margin requirements	7,538	7,198	11,595	11,376
Solvency margin capital	25,905	23,800	18,775	18,322
Solvency margin	**343.6 %**	**330.7 %**	**161.9 %**	**161.1 %**

Key figures for capital adequacy and solvency for previous periods have not been restated and are presented in the tables above as they have originally been intended.

Specification of solvency margin capital

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK mill.	31.12.12	31.12.11	31.12.12	31.12.11
Net primary capital	23,779	22,216	15,517	18,336
50% of additional statutory reserves	2,873	2,721	2,873	2,721
50% of risk equalisation fund	320	235	320	235
Counting security reserve	65	54	65	54
Conditional bonus				-3,024
Reduction in Tier 2 capital eligible for inclusion in solvency capital	-1,132	-1,425		
Solvency capital	**25,905**	**23,800**	**18,775**	**18,322**

See footnote 2 in note 15.