What is *your* pension figure?

Annual report Storebrand ASA

2012

storebrand

1954: The acquisition department (sales department) in Kirkegata 24.

2012: Everyone sits in an open floor plan at Storebrand's offices at Lysaker. The 35,000 m² building is interconnected by lifts, stairs and walkways.

History of Storebrand

1767

The beginning of Storebrand's history.

2012

New vision: «Recommended by our customers». Six customer promises implemented.

1767–1919: ROOTS

1767
"Den almindelige Brand-Forsikrings-Anstalt" is established in Copenhagen.

1814
Following the split from Denmark, management of the fire insurance scheme is transferred to Christiania, as the capital of Norway was called at that time. In 1913 the scheme is converted into a public sector company called Norges Brannkasse.

1847
On 4 May 1847, the P&C insurance company "Christiania Almindelige Brandforsikrings-Selskab for Varer og Effecter" is incorporated by private subscription. The company is referred to as Storebrand.

1861
Storebrand's owners establish Idun, the first privately owned life insurance company in Norway.

1867
The P&C insurance company Norden is established as a competitor to Storebrand.

1917
The life insurance company Norske Folk is established.

1920–1969: GROWTH AND CONSOLIDATION

1923
Storebrand acquires nearly all of the shares in Idun. The rest, with a couple of exceptions, are acquired during the 1970s.

1925
Storebrand changes its name from "Christiania Almindelige Forsikrings-Aksjeselskap" (renamed in 1915) to "Christiania Almindelige Forsikrings-Aksjeselskap Storebrand". This name is kept until 1971.

1936
Storebrand acquires Europeiske, the leading travel insurance company in Norway.

1962
Storebrand initiates a new wave of acquisitions and mergers by acquiring Norrøna, which was experiencing financial problems.

1963
Storebrand acquires Norske Fortuna. Brage and Fram merge to become the country's largest life insurance company. Storebrand and Idun move into their own new premises in the restored Vest-Vika area of Oslo. Brage-Fram and Norske Folk follow their lead.

1970–1989: GROUP FORMATION

1978
Storebrand changes its logo and introduces "the link" as an easily recognisable trademark. The formal name of the holding company is changed to A/S Storebrand-gruppen.

1983
The Norden Group and Storebrand merge.

1984
Norske Folk and Norges Brannkasse market themselves as a single entity under the name UNI Forsikring.

1990–1999: CRISIS AND CHANGE

1990
Storebrand and UNI Forsikring agree to merge, and the merger receives official permission in January 1991.

1992
UNI Storebrand's negotiations with Skandia concerning establishing a major Nordic company fail to reach agreement.

1996
The company changes its name to Storebrand ASA and establishes Storebrand Bank ASA.

1999
Storebrand, Skandia and Pohjola consolidate their P&C insurance activities in the new Nordic, Swedish registered company, If Skadeförsäkring AB. Storebrand sells its stake five years later.

2000–2011: NEW CHALLENGES

2000
Norwegian and international stock markets fall sharply from September 2000 to February 2003.

2005
The Storting, the Norwegian parliament, rules that all companies must have an occupational pension scheme in place by 2007. Storebrand responds to the challenge with its new product, Storebrand Folkepensjon.

2006
Storebrand decides to return to P&C-insurance.

2007
Storebrand acquires SPP, the Swedish life insurance and pensions provider, from Handelsbanken and forms the leading life insurance and pensions provider in the Nordic region.

2008
The financial crisis in the USA spreads to the global financial markets and during 2008 the New York Stock Exchange (Dow Jones DJIA) falls by 34 per cent and the Oslo Stock Exchange by 54 per cent.

2009
Storebrand confirms it has been in talks about a possible merger with Gjensidige. The talks conclude without result.

2010
Storebrand emerges from the financial crisis in good shape. Storebrand works hard to prepare both employees and customers for the new pensions reform which comes into effect on 1 January 2011.

Storebrand's new energy efficient head office gains a lot of attention. The building is awarded the acclaimed 2010 City Prize by the real estate industry. The head office receives eco-lighthouse certification.

2011
A new group organisation lays the ground-work to make it easier to be a customer in Storebrand.

The debt crisis and uncertainty in the eurozone are causing considerable anxiety and turbulence in the financial markets. Storebrand's results for the year have been affected by these disturbances.

2012: RECOMMENDED BY OUR CUSTOMERS

Storebrand launches its new vision in January: "Recommended by our customers". Six customer promises, a new position and adjusted core values are also introduced.

Storebrand's CEO for 12 years, Idar Kreutzer, resigns to become the new Managing Director of Finance Norway (FNO). Odd Arild Grefstad is appointed as the acting CEO of Storebrand and is subsequently appointed permanently to the position.

Two new external executive vice presidents are recruited in the autumn. Heidi Skaaret is responsible for Staff Functions and Robin Kamark for Business Support and Sales, Marketing and Business Development.

The year 2012 can be summed up by capital effectiveness, cost reductions, customer orientation and commercialisation. These initiatives will ensure that Storebrand creates value for its customers, employees and shareholders.

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STOREBRAND ASA

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Key figures

NOK MILLION	2012	2011	2010	2009	2008
Group result before amortisation and tax[1]	1,960	1,279	1,612	1,245	1,310
Storebrand Life Insurance	652	481	783	759	348
SPP	803	291	410	487	831
Asset Management	144	293	333	240	218
Bank	238	213	162	63	68
Insurance	402	281	155	-49	0
Other activities	-279	-278	-231	-255	-155

Return on equity[2]	8%	6%	11%	8%	-9%
Solvency margin	162%	161%	164%	170%	160%
Total assets	420,182	401,442	390,414	366,159	372,212
Equity capital	19,936	18,777	18,417	17,217	16,158
Earnings per ordinary share (NOK)	2.25	1.51	3.30	2.08	-5.01
Dividend per ordinary share (NOK)	0.00	0.00	1.10	0.00	0.00

1) Figures for 2010 and 2011 are translated as a result of adjustments in the group structure.
2) Adjusted for write-downs and amortisation of intangible assets, after tax.

3,4%

Sick leave in the Storebrand Group was 3.4 per cent in 2012, a reduction of 0,4% from last year.

At the end of 2012 there were 2,250 employees in Storebrand. This corresponds to an increase of 1 per cent during 2011.

14.

Storebrand qualified for the Dow Jones Sustainability Index for the 14th year in a row.

All the investments in Storebrand's funds and portfolios are continuously assessed in accordance with our sustainability criteria.

What is *your* pension figure?

The responsibility of individuals to save for their pension has increased in recent years. For individuals and companies this will require more knowledge of savings and economics. However, it will also require that the industry describe savings and pensions in a simpler manner that everyone can understand.

Your pension figure is the sum total of the money you have to live off of when you retire – which is to be distributed over a number of years. Changes to the Norwegian pension system entail that you have a greater responsibility now for your pension figure. The choices you make throughout your life will affect the size of your pension figure the day you retire. Do you know the size of the pension you will receive and are you doing anything to affect *your pension figure?*

Find your pension figure at storeband.no today.

In brief

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

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

EMPLOYEES
At the end of 2012 there were 2,250 employees in the group, compared with 2,221 at the start of the year. Women represent 51 per cent of our employees. The average age is 41 and the average seniority is 9 years. All employees of Storebrand are treated equally, regardless of age, gender, disability, religious beliefs, cultural differences or sexual orientation.

CUSTOMERS
1.8 million people have a customer relationship with Storebrand. Our vision is to serve them so well that we are "Recommended by our customers".

Ambition: Storebrand is the best for pension savings. Our most important customers are employees and former employees of companies with pensions from Storebrand. We provide sustainable solutions adapted to our customers' circumstances through our market and customer concepts.

Important events in 2012

100 000

Storebrand marks health insurance customer number 100,000.

The Board of Storebrand ASA appoints Odd Arild Grefstad as the new CEO of Storebrand.

Trippel Smart

The sustainability fund Storebrand Trippel Smart is launched on 1 October. The fund is well received by the market.

Storebrand's child insurance customers receive confirmation that they have purchased Norway's best child insurance (as ranked by Norsk Familieøkonomi).

1^{st} quarter

NEW VISION AND CUSTOMER PROMISES
Storebrand starts 2012 by launching a new vision, "Recommended by our customers" and six customer promises.

SUSTAINABILITY – SECURITY FOR OUR CUSTOMERS
Storebrand qualifies once again for the important sustainability indices Dow Jones Sustainability Index and Global 100.

PAID-UP POLICIES WITH INVESTMENT OPTIONS
A legislative proposal from the Banking Law Commission suggests that investment options should be allowed for paid-up policies. The customers are to be able to choose for themselves how they want their pension assets to be managed.

NEW COMMUNICATION PLATFORM
We combine our vision, core values and customer promises by introducing a communication platform for the Group. This platform tells us how we best can communicate with our customers in a simple and understandable manner.

2^{nd} quarter

CUSTOMER-DRIVEN IMPROVEMENT
Storebrand introduces the Net Promoter Score (NPS) as a management tool. NPS is just one of several measures that show how Storebrand works in a focused manner with our vision.

IDAR KREUTZER RESIGNS
Idar Kreutzer resigns as the CEO of Storebrand and becomes the new Managing Director of the Norwegian Financial Services Association.

E-LEARNING COURSE IN COMPLAINT HANDLING
The course is about how we can meet our customers in a good way, even when they are not satisfied. We can reduce the number of complaints and make our customers more satisfied if we take our customers' feedback seriously.

TOMORROW'S OCCUPATIONAL PENSION PRODUCTS
The Banking Law Commission proposed a new set of rules for private occupational pensions adapted to the new National Insurance scheme. The proposed rules provide a great deal of flexibility in the design of the schemes, and the taxation framework allows the creation of good pension schemes for employees.

3^{rd} quarter

NEW CEO
The Board of Storebrand ASA appoints Odd Arild Grefstad as the new CEO of Storebrand. Grefstad has worked for Storebrand since 1994 and has been a member of the executive management since 2002. Grefstad was the CFO from 2002 to 2011 and the Managing Director of Storebrand Livsforsikring AS from 2011 until he was appointed as the acting CEO on 1 June 2012.

STRENGTHENED EXECUTIVE MANAGEMENT
Storebrand stands at the cusp of an exciting period in which new product rules will result in a more dynamic market and greater requirements for efficient operations. The executive management team is therefore expanded by four persons. The Managing Director of Storebrand Livsforsikring AS Geir Holmgren and Managing Director of Storebrand Bank ASA Truls Nergaard are made part of the executive management team. In addition, Robin Kamark is recruited as a new Chief Commercial Officer (CCO) and Heidi Skaaret is recruited as Chief Operating Officer (COO).

COST PROGRAMME
Storebrand launches an extensive cost programme to improve its operational implementation capacity.

4^{th} quarter

TRIPPEL SMART
The sustainability fund Storebrand Trippel Smart is launched on 1 October. The fund is well received by the market.

SAVINGS FOR LIFE
We introduce Your Pension Figure in the Savings for Life campaign. The idea behind Your Pension Figure is to introduce something completely new and customer-oriented in the pension area. We launch a new pension calculator at the same time that easily shows what sort of pension can be expected, what sort of pension is desired and the monthly savings required to achieve the desired pension. We also point out specific savings alternatives.
The calculator is also adapted for mobile and tablet use.

HEALTH INSURANCE
Storebrand marks health insurance customer number 100,000.

OUT OF THE PUBLIC SECTOR
The Board of Storebrand Livsforsikring AS decides to wind up defined-benefit pensions aimed at the public sector in Norway. This decision encompasses insured pension solutions in both municipalities and public enterprises.

NORWAY'S BEST CHILD INSURANCE
Storebrand's child insurance customers receive confirmation that they have purchased Norway's best child insurance (as ranked by Norsk Familieøkonomi).

A changing pension market

Odd Arild Grefstad took the helm of the Storebrand Group in the summer of 2012, during what can be described as a period of upheaval for the entire life insurance industry. Major changes in the companies' regulatory framework and a market that is becoming ever more oriented toward the individuals demands a great deal of change.

NEW REGULATORY FRAMEWORK

We are seeing the contours of the future pension system in the private sector. What challenges will the industry be facing in the coming years?

– New pension savings in the private sector will be based on annual savings and will to a large extent be based on defined contributions. One challenge is to illustrate the value of pension schemes as the most important employee benefit after pay at a workplace. We must help illustrate to the employees the fact that defined-contribution schemes with good savings rates are a completely satisfactory alternative to the old defined benefit schemes, which are being phased out regardless. With significantly higher maximum savings rates and long-term management with a significant share of equities, I believe that the new schemes will match the old ones. If we meet this challenge, companies will prioritise good pension schemes in the future as well.

Moreover, life insurance companies will experience challenges in the future related to the guaranteed schemes, which are gradually being phased out. Lower interest rates and a higher life expectancy, combined with the introduction of Solvency II, make these products capital-intensive and not very profitable.

The industry has been working on Solvency II for a number of years. Can you explain exactly what this is?

– Solvency II refers to the new set of European regulations governing solvency for life insurance companies. The regulations are meant to ensure that the life insurance companies have adequate capital to withstand a 200-year wave in the market. A great deal of capital is required, for example, to back up investments in equities, while government bonds are considered risk-free. The new regulations reduce opportunities for the life insurance companies to take risk, because significantly more equity is required to back up the annual interest rate guarantee. Lower risk means a lower percentage of equities and lower expected returns for the customers with guaranteed schemes.

It is still unclear when Solvency II will be introduced.

What is Storebrand doing to meet these challenges?

– Firstly, we are making a great effort to be in the forefront of developing the best defined-contribution solutions for our customers. For example, we have recently introduced life-cycle allocation for defined-contribution pensions in both Norway and Sweden, in which the percentage of equities is determined by the age of the individual. This will result in higher expected pensions for our customers, combined with good protection of the pensions as retirement approaches.

Secondly, we have good systems for management of the guaranteed portfolios. Dynamic risk management ensures that risk is continuously adapted to the buffer capital. This means that we have reduced the risk inherent to guaranteed portfolios, reducing fluctuations and future capital requirements.

Thirdly, we have taken a proactive stance in the retail market, and we have identified employees with occupational pension products from Storebrand as our most important customers. Storebrand aims to offer the best pension savings and to have good insurance and banking solutions.

Cost effectiveness is another measure that is very important for greater capital effectiveness in the future. In the summer of 2012, we introduced a cost programme with the goal of saving at least NOK 400 million by 2014. We are on track to achieving our target.

A major portion of the cost cuts will be made through workforce reduction. An estimated 300 employees will be eliminated in Norway and Sweden. Such processes are never easy. To what extent does this effect daily operations and the atmosphere in the company?

– It is undoubtedly a demanding situation, but I find that there is a great deal of understanding for the need to make changes among the employees and their representatives. It is never easy when individuals are affected. We have, however, good processes, compensation schemes and an open dialogue. We are attempting at the same time to achieve as much as possible through voluntary solutions and a restrictive recruitment policy.

Storebrand discontinued defined-benefit pensions in the public sector in Norway toward the end of 2012. Is it not a defeat to withdraw from a market that was formerly a high priority area?

– No, it is the level of profitability that is decisive. The public sector pension market never opened up as we had hoped. It has nearly always been a monopoly. When we see at the same time a great deal of sluggishness in the transfer market, high levels of capital tied up and little progress in the transition to new pension solutions, we cannot justify remaining in the defined-benefit pension market in the public sector. Our profitability has been too low in relation to the capital that is tied up, and this profitability will be reduced even more under Solvency II. Having said this: We are not withdrawing from public sector pensions. We believe that pension fund solutions are the best solutions for very many public sector customers. We are making an all-out effort here!

Are these measures adequate for maintaining margins and profit in the current environment?

– It is difficult to talk about margins and profit without talking about capital. Seen in isolation, these new products will have lower margins than the old products, but they will tie up much less capital due to the elimination of guarantees. This must be viewed in the proper context.

FROM DEFINED-BENEFIT TO DEFINED-CONTRIBUTION

The new Occupational Pensions Act is expected to become effective in 2014. What does this mean to the customers, and what is Storebrand doing to adapt?

– In January 2013 the Banking Law Commission submitted a proposal for flexible transitional rules for the transition from defined-benefit to defined-contribution schemes. A significant increase in the maximum rates for the current defined-contribution schemes has been proposed. The rates are so high that they can match those of good defined-benefit schemes. This is positive for the customers. Corporate customers must spend time on familiarising themselves with the new schemes, and Storebrand will help them.

> We want to make pensions simple. It is important to keep track of three figures in order to ensure that you have a good pension:
>
> What will your pension be?
> How much do you think you will need?
> How big is the difference?

We will ensure that we have the market's best, simplest and most cost-effective solutions for defined-contribution pensions. These may be the current defined-contribution pensions or selected variants within the range of new hybrid products. Concurrently we are working hard to understand what customers want and to create these products. We can benefit from our Swedish business, which has worked on defined-contribution pension products for a long time.

There will be major changes in the pension market in the coming years. What will this market look like in ten years?
– In ten years time I think we will see that all pension savings will be through defined-contribution solutions, and good risk cover will still be part of the package. There will be more individual options with regard to fund options, payment profiles, etc. National Insurance benefits will gradually account for less of the total pension benefits. Occupational pensions will become relatively more important, and there will be a greater need for private pension savings. Thus I believe that there will be a greater focus on tax-motivated private pension savings.

One of Storebrand's customer promises is that "All of our relationships, solutions and measures are sustainable". How is sustainability relevant to Storebrand and its customers?
– We are a long-term enterprise. The period from when we receive the first payment from a customer until we make the last payment to that same customer may be as long as 70-80 years. We are thus obviously interested in what the world will look like in several generations. Last year, for example, we took one step further by integrating sustainability parameters in all of the Group's investment decisions. We introduced a new global sustainability fund, which has received a great deal of attention. We make use of our expertise here to select the most sustainable companies, and not just weed out those who do not satisfy our sustainability standard. More and more customers are concerned about where their money is invested. Work with sustainability also provides internal motivation. I am proud that we have helped prepare the Principles for Sustainable Insurance, PSI, which were introduced at the UN Conference on Sustainable Development in the summer of 2012. A few years ago, we were involved in the preparatory work for the UN Principles for Responsible Investment, PRI, which have been well received. We have also acceded to the UN Global Compact.

FIND YOUR PENSION FIGURE
In recent months Storebrand has been running a major advertising campaign in newspapers, on the Internet and television, in which people are encouraged to check their pension figures. Exactly what is included in these figures?
– We want to make pensions simple. It is important to keep track of three figures in order to ensure that you have a good pension: What will your pension be? How much do you think you will need? How big is the difference? We can give you a good overview of what you will receive, and assist you in determining how much you will need. For many people it is surprising how little in monthly savings are required for a good supplemental pension, provided that you start at the right time. Therefore we have created a simplified pension calculator that will give you these figures. More than 460,000 Norwegians have already visited storebrand.no to check their pension figures – which testifies to a high level of interest!

Storebrand's vision is: "Recommended by our customers". What is the Group doing to achieve this goal?
– We live by trust. With the right focus we will acquire customers who are more loyal, buy more products and actively recommend us to their friends, colleagues and families. Key words in this connection are focus on the customer, simplification, customer-driven improvements and comprehensive customer service.

We are focusing on delivering on six specific promises to our customers. In particular, I like the promise: "We will contact you when changes we make may benefit you". For example, we contact customers who have fixed-rate deposits and offer an extension of their contract when the term expires.

The introduction of paid-up policies with investment options is the acid test of whether we are serious about our new customer-oriented vision. We believe that most customers, especially younger customers, will benefit from investment options with higher equity exposure. However, not everyone should trade in their guarantee. We will provide advice that is appropriate for each individual.

STRONG RESULTS IN 2012
How would you describe Storebrand's financial results for 2012?
– Our results are satisfactory in a challenging market. Our earnings performance was positive in all our business areas, with the exception of asset management, which has been impacted by a reallocation from equities to fixed income investments. Non-recurring costs of close to NOK 200 million for restructuring and the discontinuation of business have also marked our results. Our cost program will continue unabated in 2013. Customer buffers increased to NOK 16.3 billion in Storebrand Life Insurance, NOK 4.3 billion of which was allocated to longevity reserves.

What results are you the most and the least satisfied with?
– I am the most satisfied with the fact that the return for our pension and fund customers was very competitive last year. Storebrand Asset Management delivered an excess return – return higher than the benchmark indices – of NOK 2.6 billion to its customers in 2012. If we look at the return for our Norwegian defined contribution pension customers, this was also good. Our most common defined contribution profile, balanced Pension, yielded a return of 11.6 per cent in 2012, which ranks at the very top. I would also like to point out the corporate market sales in Norway, where we can report a net transfer of NOK 525 million to Storebrand. We also see that customer satisfaction and the sale of private products increased throughout 2012. We have, however, high ambitions for our concepts in the retail market, and we are planning to deliver even better results next year.

Odd Arild Grefstad
CEO, Storebrand

New occupational pensions in the private sector

> In 2013 around 1 million paid-up policy customers in Norway will be able to choose how their money is managed. This will mean opportunities for a higher pension for many individuals.

The National Pension system has undergone several changes over the last years. The Banking Law Commission has submitted a proposal for a new Occupational Pensions Act, as well as transitional rules for the current defined-benefit schemes. The intention is to adapt private occupational pensions to the rules in the new National Pension system. New pension accrual in the private sector will be based on annual savings and will to a large extent be based on defined-contributions. The new rules will not go into effect until 1 January 2014 at the earliest.

NEW OCCUPATIONAL PENSION PRODUCTS
The Banking Law Commission has proposed two new main models for occupational pensions; the standard- and the basic model. Common features for both models are:

- All-years principle for accrual.
- The annual premium being set as a percentage of the employee's wages. The maximum limits are 7-8 per cent for income under 7.1 G and 25-26 per cent for income between 7.1 and 12 G (G = National Insurance base amount).
- Mortality inheritance.
- Annual zero guarantee. It is still possible to agree on investment options, when this guarantee does not apply.
- Life expectancy adjustment of the pension benefits by divisors.

Increased maximum rates have also been proposed for the current defined-contribution schemes, at the same level as in the basic model.

TRANSITIONAL PERIOD OF THREE YEARS
The Banking Law Commission is proposing flexible transitional rules for enterprises that currently have defined-benefit pensions. In the future, new pension savings will take place either through the new occupational pension products or the current defined-contribution schemes. The Banking Law Commission proposes that enterprises will be allowed a transitional period of three years to adapt the current defined-benefit pensions to 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. Gradually customers will be given opportunities to make investment choices for what they have earned under their defined-benefit scheme.

The new Occupational Pension Act will not go into effect until 1 January 2014 at the earliest.

PAID-UP POLICIES BECOME PENSION CERTIFICATES
It has been proposed that paid-up policies should be converted into pension certificates when the new rules are introduced. While paid-up policy customers currently receive an annual interest rate guarantee on their pension holdings, the Banking Law Commission proposes that the pension benefits at the time of payout are what should be guaranteed. Pension holdings are to be sufficient to meet these obligations at the time of payout.

By the end of 2013, customers will probably be allowed to determine for themselves how pension capital from paid-up policies should be invested. Storebrand believes that this can give customers a higher expected pension, especially for young people who have several decades before retirement.

NEED FOR PRIVATE SAVINGS INCREASES

TRADITIONAL PENSION SYSTEM
Born in the 40s

TODAY'S PENSION SYSTEM
Born in the 80s

FUTURE PENSION SYSTEM

Our vision:

(Vision: Image of the future, a dream to aspire to.
Have visions about something big.)

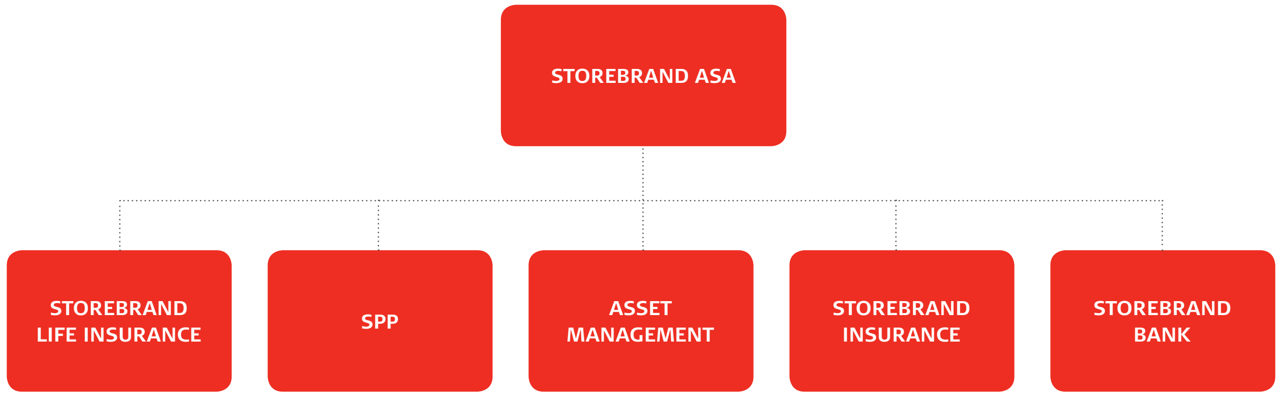
Recommended by our customers

Values:

(Value: Emotional characteristics that are observed in the conduct of the organisation. Shall reflect the culture and priorities of the organisation.)

Trustworthy
Straightforward
Forward-thinking

Business areas



STOREBRAND LIFE INSURANCE
NOK 16 BILLION IN PREMIUM INCOME

Storebrand Life Insurance is a leading provider of pensions in the Norwegian market and offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Storebrand Life Insurance aims to be Norway's most customer-oriented life insurance company by offering customers the most attractive products, the best advice and the best customer service. Storebrand Life Insurance has a high level of customer satisfaction in the occupational pensions market (Norwegian Customer Barometer). Together with strong growth, this has helped the company consolidate its position as the leading pension's provider in the Norwegian market.

KEY FIGURES (NOK MILLION)	2012	2011	2010
Profit before amortisation and tax	652	481	783
Premiume income	16,163	15,288	15,174
Solvency margin	162%	161%	164%
Assets under management	230,000	213,000	212,000
Additional statutory reserves	5,746	5,442	5,439

BenCo is included in all numbers.

SPP
DEFINED CONTRIBUTION CONTINUES TO GROW

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

KEY FIGURES (NOK MILLION)	2012	2011	2010
Profit before amortisation and tax	803	291	410
Premium income	6,122	6,265	6,418
Solvency margin SPP Liv Fondförsäkring AB	221%	188%	146%
Solvency margin SPP Livförsäkring AB	222%	169%	263%
Assets under management	114,586	110,000	124,000
Conditional bonuses	8,626	7,417	8,504

BenCo is excluded in all numbers, except in the solvency margin for 2010.

ASSET MANAGEMENT
NOK 442 BILLION UNDER MANAGEMENT

Storebrand's asset management business includes the companies Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, SPP Fonder AB, Storebrand Eiendom AS and Storebrand Realinvestering AS. All the management activities have a guaranteed sustainable profile. The company manages the assets of Storebrand Life Insurance and SPP. Storebrand offers a wide range of mutual funds to retail customers and institutions under the Delphi, Storebrand and SPP Fonder brand names. Storebrand Eiendom AS is one of Norway's largest real estate companies.

KEY FIGURES (NOK MILLION)	2012	2011	2010
Profit before amortisation and tax	144	293	333
Cost/income ratio[1]	82%	63%	61%
Assets under management	442,162	413,950	406,922

1) The cost/income ratio in 2012 is high due to the cost of redundancy packages in the third quarter totalling NOK 52 million.

STOREBRAND INSURANCE
STRONG GROWTH IN A COMPETITIVE MARKET

The Insurance business unit is responsible for the group's one-year risk products. These include injury and health insurance[2] and personal risk and employee cover. Through cost-effective distribution and customer-friendly network solutions the unit offers treatment insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employee insurance in the Norwegian corporate market.

2) Health Insurance is 50 percent owned by Storebrand ASA and Munich Re.

KEY FIGURES (NOK MILLION)	2012	2011	2010
Profit before amortisation and tax	402	281	155
Combined ratio	87%	91%	98%
Annual premiums	2,337	2,094	1,969

STOREBRAND BANK
LEADING NICHE BANK

Storebrand Bank aims to establish itself as Norway's leading direct bank in the retail market, and is also a leading provider of advice, transaction services and financing to corporate customers within commercial property. Storebrand Bank has NOK 41 billion in assets under management.

KEY FIGURES (NOK MILLION)	2012	2011	2010
Profit before amortisation and tax	238	213	162
Gross lending	35,446	33,475	34,460
Net interest margin	1.25%	1.13%	1.10%

All numbers are exclusive the result for sold/discountined business (Ring Eiendomsmegling).

Sustainability

See page 162-165 and storebrand.no for more information, results and targets related to Storebrand's sustainability work.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. For Storebrand, sustainability relates to our customers' security and our long-term perspective. As a long-term pension savings provider, it is important that we have the ability to focus in a long-term perspective and generate a return for our customers, without threatening the world that our customers will be retiring in.

SUSTAINABILITY – AN INTEGRAL PART OF OUR CORE OPERATIONS

At Storebrand sustainability is an integral part of our core operations. This means that economic, social and environmental aspects are assessed before we make a decision. All of the Group's business areas are responsible for integrating relevant sustainability questions in all of their operations, from sales to asset management. Work with sustainable investments has a long history. Storebrand's sustainability strategy applies to all types of investments, such as real estate, forestry, shares in listed and unlisted companies, investments in government bonds and microfinance. At Storebrand Insurance sustainability entails helping customers make more sustainable choices, and making an effort to prevent injury and disease. This can be accomplished, for example, by means of an eco-driving course at storebrand.no, reminders of how important fire detection is at home, and by requiring environmentally friendly garages to repair damaged vehicles and granting discounts for electric cars and environmental houses. Preventive HSE work for enterprises is another example of such important work.

Efforts to prevent insurance fraud and other activities that are harmful to society have high priority.

Ethical and responsible advisory services for customers are of key importance at Storebrand. Every year we provide courses in advisory service ethics and other related topics to all of our financial advisors. Integrating sustainability in our core operations requires continuous skills development in this area. Development of skills related to sustainability was therefore provided through sessions for the group's 35 top executives, sales organisation and customer service centre in 2012.

WORLD-CLASS SUSTAINABILITY

The Group requires that sustainability is taken into account in all of its internal processes and decisions. The purchasing department has sustainability as one of three decisive parameters for the choice of a supplier. Equal opportunities, development of talent and employee satisfaction are high on the agenda in the HR department. Ethics and transparency permeates everything we do. This contributes to the fact that Storebrand qualified for the 14th year in a row for the Dow Jones Sustainability Index, as one of the ten per cent most sustainable companies in the world. Storebrand also qualifies for the recognised sustainability index FTSE4Good and was nominated as a Sustainable Asset Manager this year, which is a distinction awarded by the Financial Times and IFC. We report annually to the Carbon Disclosure Project and are certified as an Environmental Lighthouse.

ONE OF THE FOUNDERS OF THE UN PRINCIPLES FOR SUSTAINABLE INSURANCE (PSI)

At the UN Conference on Sustainable Development in the summer of 2012, Storebrand participated in the launch of a completely new initiative in the insurance industry. Together with 30 other insurance companies and industry organisations, Storebrand signed UNEP FI's Principles for Sustainable Insurance (PSI). Storebrand has been involved in the development of these principles since 2006. Storebrand hopes that PSI will be as meaningful in the insurance industry as its predecessor PRI (Principles for Responsible Investments) is in the financial sector.

COOPERATION THAT ENRICHES

Storebrand has cooperated with the Norwegian Cancer Society in the fight against cancer for a number of years. Several campaigns have been conducted in which our customers have been informed of various ways that cancer can be prevented. In Sweden, SPP has cooperated with Fryshuset, which supports vulnerable children and young people, since 2011. This cooperation has contributed, for example, to increasing young people's knowledge and understanding of personal finance and the importance of long-term savings.

Storebrand has arranged You Can competitions in local communities for several years. Grants are awarded annually to projects or associations that require a small amount of money to start or develop an idea that can make the world a better place. In Norway in 2012 the Norwegian Society for Sea Rescue in Oslo og Akershus received a grant for information days for seamanship for schoolchildren and the Society for the Prevention of Cruelty to Animals in Bergen received a grant to renovate a house for animals. In Sweden grants were awarded to the association Chubby Children, which seeks to reduce childhood obesity in Sweden, and Skjutsgruppen, which has developed a web service to coordinate carpooling to and from work.

DISTINCTION FOR OUR WORK ON SUSTAINABILITY

We aim to be a leading sustainability actor in our industry. We are therefore proud that Storebrand qualified for the 14th year in a row for the Dow Jones Sustainability Index, as one of the ten per cent most sustainable companies in the world. Storebrand has also qualified for FTSE4Good and ranked sixth on the list of the 100 most sustainable companies in the world, which was published at the World Economic Forum in Davos in January 2013. For our work with sustainable investments, we were nominated as the Sustainable Asset Manager of the Year, a distinction that is awarded by IFC and the Financial Times.

Sustainable investments

Film

Watch the Trippel Smart movie

Sustainability is an integral part of Storebrand's business activities. We believe that tomorrow's winners will be the companies who understand the opportunities and risks provided by changes in the regulatory framework. Therefore we will invest in the companies that understand a changing world and act accordingly. In the Trippel Smart fund we invest in the 100 companies in the world that we find to be the most sustainable. Companies that perform poorer than Storebrand's minimum standard are excluded from all investments. This is the case for 120 companies at present.

The world is changing rapidly, very rapidly. The population of the earth is growing and each and every one of us is consuming more. At the same time, the world is experiencing a scarcity of resources and ecosystems under pressure. There is every indication that this trend will continue.

It has been evident for many years that the global economy is running at two different speeds. Developed countries are stagnating, while many developing countries are experiencing double-digit GDP growth. By 2015, the combined GDP of emerging economies is forecast to be greater than the developed economies. The number of people in countries such as India, China and Brazil with significant purchasing power will increase greatly in the coming years. Good for human development, but extremely demanding for a global community that is already consuming more than our planet can replenish every single year.

What is becoming ever clearer is that the changes we are now seeing will have an impact on the companies we invest in. Population growth and the scarcity of resources will influence commodity prices. Changes in consumer behaviour will create new markets. Companies that operate in emerging economies will be forced to deal with challenges resulting from inadequate monitoring of human rights and repeated demands for bribes. Managing these changes is no simple task. It requires a fundamental shift in the way we assess risk and an increase in our capacity to manufacture goods and services sustainably. However, while such extensive social change produces considerable risk, for companies able to adapt to a new set of circumstances, it will also create new business opportunities.

Storebrand has several billion Norwegian kroner under management. This money will be distributed to our pension and insurance customers this year, in five years and in 40 years. With such long-term commitments, we must be able to assess all types of risk that can affect the company's bottom line. This also includes risk related to corruption, human rights, climate and the environment. We need to be able to assess whether an energy company's anticorruption systems are adequate when operating in Kazakhstan, whether a textile company has control over its supply chain in Bangladesh, and whether a finance company has considered environmental risk when they finance dam projects in South America. All of these examples could in our opinion have potentially major consequences for the companies we invest in.

Our team of eight sustainability analysts evaluates precisely this kind of sustainability risk, a type of risk that is not normally found in traditional financial models. Our team's research methods and daily interaction with our fund managers enable Storebrand to assess the entire risk picture that the companies we invest in are facing. We use this knowledge to make the best possible investment decisions for Storebrand's customers.

STOREBRAND TRIPPEL SMART

SMART FOR YOU
SMART FOR SOCIETY
SMART FOR THE FUTURE

The Storebrand Trippel Smart equity fund was established on 1 October 2012. The rate of return at the end of the year was 1.91 per cent, 1.89 per cent better than the benchmark index. Storebrand Trippel Smart invests in 100 of the most sustainable companies in the world, in our opinion. We believe that companies who work strategically and actively with sustainability will be among the most profitable in the long term.

First we eliminate companies that do not satisfy our minimum requirements. Then our specialists actively search for the most sustainable companies across all industries. Thereafter we pick the most sustainable companies in each sector and add these 100 companies to Storebrand Trippel Smart.

The world is changing. Companies are changing too. We continuously monitor the companies to make sure that we always invest in the 100 best.

STOREBRAND CONSIDERS SUSTAINABLE COMPANIES AS

1. FINANCIALLY ROBUST COMPANIES

We invest in companies that show solid earnings. With commitments to our customers for many decades to come, we must have a long-term perspective.

2. SUSTAINABLE PRACTICE

Companies that have systems in place to handle environmental challenges, human rights and corruption will be better equipped to avoid undesired – and potentially costly – incidents.

3. POSITIONING IN RELATION TO GLOBAL TRENDS

The world is changing. We believe that the companies that adapt their business model to the new world in which we must accomplish more, for more people, with fewer resources, will be winners.

Practical sustainability

> We require that the companies we invest in work systematically with environmental management, anti-corruption and human rights.

FACTS ABOUT SUSTAINABLE INVESTMENTS

EXPERIENCE
Since 1995, 17 years.

ANALYSTS
8

MINIMUM STANDARD
Covers all investments.Corruption and economic crime, human rights, climate and environment, controversial weapons, tobacco and low sustainability rating. 120 companies excluded.

SUSTAINABILITY PRODUCT
Storebrand Trippel Smart (launched in October 2012)

ACTIVE OWNERSHIP
Engagement through dialogue with hundreds of companies annually.

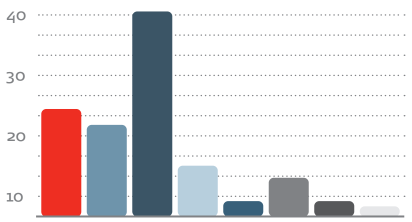
EXTERNAL FUND MANAGEMENT
Engagement and cooperation with external fund managers.

MICROFINANCE
In Storebrand's microfinance portfolios we contribute to new financing solutions for contractors and small enterprises in low to medium income countries. New investments in 2012 within agriculture and health.

PROPERTY
Focus on ever higher environmental standards through upgrading and environmental certification of buildings and areas, environmentally efficient operations and cooperation with the tenants.

FOREST
Certified or operated in accordance with standard certification.

PRINCIPLES
Sustainable investments in Storebrand are primarily based on guidelines set out by the United Nations Global Compact, the United Nations Principles for Responsible Investments (PRI) and the United Nations Principles for Sustainable Insurance (PSI). Our criteria are based on the United Nations Universal Declaration of Human Rights; core United Nations and ILO conventions; the United Nations Convention against Corruption; core United Nations conventions regarding environmental issues and the Kyoto protocol; the Ottawa Treaty in regards to anti-personnel mines; the Convention on Cluster Munitions (CCM) and the Non-Proliferation Treaty in regards to nuclear weapons.



Violations of human rights and international law (24) Tobacco (21) Companies with low sustainability rating (40) Corruption and financial crime (15) Environmental degradation (6) Nuclear weapons (13) Cluster munitions (6) Anti-personnel mines (3)

120 companies excluded

Government bonds: 32 countries excluded

SUSTAINABILITY GUIDELINES

Sustainability is an integral part of our corporate values and customer promises. The following guidelines are fundamental to Storebrand:

- The Group's ambition is to contribute to solving society's problems and create a sustainable development both locally and globally through our products and services.
- The Group's aim is to combine profitable business operations with social, ethical and environmental goals and measures.
- We have implemented requirements with regard to sustainability, corporate social responsibility, environmental work and ethics internally and for all of our partners and suppliers.
- The development of all types of financial products and services shall be based on sustainability and be fully integrated with our asset management.
- The Group shall make provisions for a reduced environmental impact from our own operations.
- We shall actively seek to prevent any activities that are harmful to society or criminal acts in connection with our operations.
- The Group shall have a transparent management structure in accordance with national and international corporate governance standards.
- Storebrand's goal is to be leading in sustainability in the Nordic region and one of the foremost companies in the world in the area of sustainable investments.
- All of the Storebrand Group's self-managed assets are subject to the Minimum Standard for Sustainable Investments as defined by the executive management.

WE ARE CERTIFIED:

Miljøfyrtårn

WE SUPPORT AND HAVE SIGNED:

PSI Principles for Sustainable Insurance

WE SUPPORT

Signatory of: PRI Principles for Responsible Investment

UNEP Finance Initiative

WE HAVE QUALIFIED FOR:

ROBECOSAM Sustainability Award Bronze Class 2013

FTSE4Good

Dow Jones Sustainability Indexes Member 2012/13

Microfinance

During 2012 the focus has been on implementing the investment strategy for microfinance and social investments. This was achieved primarily through increasing the proportion of investments in debt instruments, as well as diversifying the portfolio to several sectors in developing countries, such as agriculture and health. Four new investments were decided, and Storebrand had a significant role in creating financing for entrepreneurs and small businesses in low-and middle-income countries. For example, Storebrand has given capital to Fairtrade certified cooperatives in Latin America, as well as long-term debt financing to the leading microfinance institution in the Central Asia.

FIELD REPORT

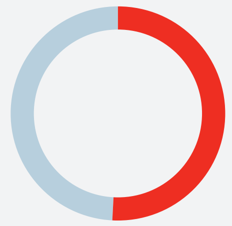
The Ujjivan Microfinance Institute is one of Storebrand's investments. Shanthi, who is one of the borrowers, is sharing her story here.

LOCATION: Bangalore (South), KA, India
NATURE OF LOAN: Business Loan

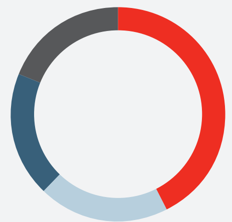
Shanthi, a native of Madras, Tamil Nadu, is among the millions who migrate to Bangalore and settle down in the city's slums in search of jobs. With just five years of schooling, Shanthi found work at a local sari shop. She recognized that by opening up her own sari shop out of her home she could save on transportation costs, earn a larger income and devote more time to her family. Shanthi joined Ujjivan with a group of women and took her first Business Loan of Rs. 8,000 to open her shop. Opening her own sari shop has not only increased Shanthi's income (she now makes Rs. 50 or more on each sari she sells), but it has also increased her skills. At her previous shop, her main job was making sari blouses. Now, she makes the entire sari and adds intricate embroidery, which significantly increases its value.

With a better income and a less stressful life, Shanthi spends time thinking about what's next for her business and family. Her new goal is to be able to open a savings account and put money aside for her children's education. She hopes that one day they can become doctors or engineers. As a consequence of Storebrand's financing to Ujjivan, a local microfinance institution, she has become the ability to raise a housing loan, which enables her to expand and have a larger shop.

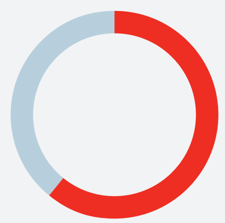
DEMOGRAPH



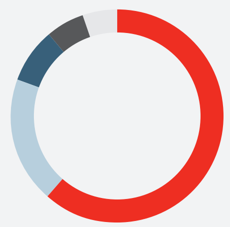
GEOGRAPHY



GENDER



SECTOR



Storebrand's Investments in Microfinance aims to go beyond financial returns and contribute to positive social and economic development in emerging countries. For this reason, we monitor not only financial returns from these investments, but also social performance. By collecting and presenting data in this way, we get a clearer picture of our borrowers, the regions in which they operate and the type of employment the loans primarily go to. Our long-term goal is to be able to measure the real social impact our investments have created in these areas.

Sustainable investments – recommended by our customers

Storebrand believes that sustainable investment is a good investment strategy for our customers. We are convinced that the most sustainable companies are the future winners. Therefore we are pleased that an increasing number of customers are choosing Storebrand's sustainable solutions, not to be nice, but smart.

	esam.	MANAGING RISK DNV	UNIFOR
WHY ARE SUSTAINABLE INVESTMENTS IMPORTANT TO YOUR COMPANY?	Sustainability is profitable. Investing responsibly and thereby contribute to the capital building the society we want is a necessary part of a sustainable society and absolutely obvious to us.	The vision statement of DNV is to have 'global impact for a safe and sustainable future'. We live that vision through the services and standards we provide, through how we operate the company, and through the partners we work with. Hence, sustainable investments forms part of taking our own medicine. DNV has been a signee of UN Global Compact since 2003.	UNIFOR manage endowments mainly associated with universities, the University of Oslo, NTNU and the Norwegian University of Life Sciences, important research- and educational institutions in Norway. In order to ensure stable and predictable distributions we depend on long term returns, which is dependent on sustainable development in environmental, social and governance, as well as the placement of capital in well-functioning, legitimate and efficient markets.
WHICH AREA WITHIN SUSTAINABLE INVESTMENTS DO YOU THINK WILL HAVE THE GREATEST EFFECT ON THE COMPANIES' BOTTOM LINES OVER THE NEXT 10 YEARS?	We see that companies building their business on products which work in harmony with the cycle of nature, i.e. do not violate the four system conditions for sustainability, are the future winners. Tomorrow belongs to those companies and organizations that do not depend on (finite) resources and energy become scarcer and more expensive.	DNV's core activity is to help our customers manage risk so they can improve their technical, operational, environmental, safety and business performance. ESG risks are an important part of this. Companies are often exposed to and must handle multiple risks. Hence, looking at the whole risk picture and having a long term focus is essential going forward.	It will be the corporations' ability to see and understand that the current use of non-renewable resources and pollution issues are not sustainable. With the current resource consumption, we will use 2.5 times the earth's resources by 2050. Corporations that contribute to new technology or changing their production processes to be sustainable, will probably have better access to capital and growth opportunities in their markets as the demands of the authorities are increasing.
WHY CHOOSE STOREBRAND FOR HANDLING YOUR SUSTAINABLE INVESTMENTS?	We believe that you are one of the few financial players with a credible sustainability work, where you rest on long-term decisions and build your business around to us important factors.	DNV requires a credible ESG policy in addition to the right products and solid performance prior to any investment. We regard Storebrand as an important contributor to our sustainable investment strategy.	Storebrand has for years focused on sustainable investments in order to meet the future and integrated it in the asset management. This enables us to hope that our grandchildren will have an even better planet to live on.

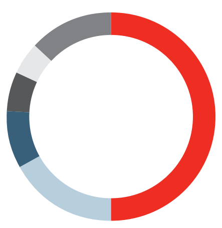
❞

In 2012, Storebrand introduced the following six promises to customers:

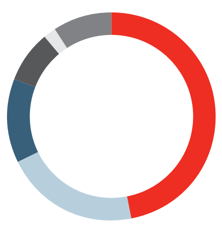
- You will receive feedback that is the most appropriate for you and your situation.
- We will contact you when changes we make may be beneficial to you.
- All our relationships, solutions and measures are sustainable.
- We will provide you with an overview of your finances, today and tomorrow.
- We are always open about your fees and costs.
- You will receive a fast response to your inquiries through your desired channel.

Shareholder matters

SHARES BY COUNTRY 2012



SHARES BY COUNTRY 2011



SHARE CAPITAL, RIGHTS ISSUES AND NUMBER OF SHARES

Shares in Storebrand are listed on Oslo Børs (Oslo Stock Exchange) with the ticker code STB. Storebrand ASA's share capital at the start of 2012 was NOK 2,249.5 million. The company has 449,909,891 shares with a par value of NOK 5. As at 31 December 2012 the company owned 3,124,482 of its own shares, which corresponds to 0.7 per cent of the total share capital. The company has not issued any options that can dilute the existing share capital.

SHAREHOLDERS

Storebrand ASA is one of the largest companies listed on Oslo Børs measured by the number of shareholders. The company has shareholders from almost all the municipalities in Norway and from 46 countries. In terms of market capitalisation, Storebrand was the 17th largest company on Oslo Børs at the end of 2012.

SHARE PURCHASE SCHEME FOR EMPLOYEES

Every year since 1996 Storebrand ASA has given its employees an opportunity to purchase shares in the company through a share purchase scheme. The purpose of the scheme is to involve the employees more closely in the company's value creation. In March 2012 each employee was given the opportunity to buy between 66 and 1,323 shares in Storebrand at a price of NOK 30.22 per share. Around 18 per cent of the employees participated and purchased a total of 332,115 shares.

FOREIGN OWNERSHIP

As at 31 December 2012 total foreign ownership amounted to 50 per cent, compared with 53 per cent at the end of 2011.

TRADING VOLUME FOR SHARES IN STOREBRAND

Almost 881 million shares in Storebrand were traded in 2012, which is an increase of 40 per cent over 2011. The trading volume in monetary terms totalled NOK 21,924 million in 2012, down from NOK 25,386 million in 2011. In monetary terms Storebrand was the 14th most traded share on Oslo Børs in 2012. In relation to the average total number of shares, the turnover rate for shares in Storebrand was 195.9 per cent.

SHARE PRICE PERFORMANCE

Storebrand generated a total return (including dividends) of minus 13.8 per cent in 2012. The Oslo Børs OSEBX index rose 14.7 per cent for the corresponding period. Over the last 5 years, Storebrand has shown a total return of minus 52.7 per cent, while the European insurance index Beinsur showed a return of minus 25.9 per cent for the corresponding period.

DIVIDEND POLICY

The dividend shall contribute towards providing shareholders with a competitive return. The dividend to shareholders will normally represent more than 35 per cent of the full-year profit after tax, but before amortization costs. The dividends shall be adjusted to ensure a properly capital structure in the Group.

CAPITAL GAINS TAXATION

On 1 January 2006, new rules came into force in Norway concerning the taxation of dividends and gains on shares held by private individuals. The new rules are referred to as the "shareholder model". Under the shareholder model, dividends, less a standard deduction, are taxable, currently at a rate of 28 per cent. If shares are sold, any unused standard deduction can be deducted from the gain on the sale. The standard deduction is calculated on the basis of the cost price of the share multiplied by the average three-month interest rate on treasury bills, which is effectively a risk-free rate of interest. The interest rate for calculating deductions in 2012 has been set at 1.1 per cent.

COMPLIANCE

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

INVESTOR RELATIONS

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

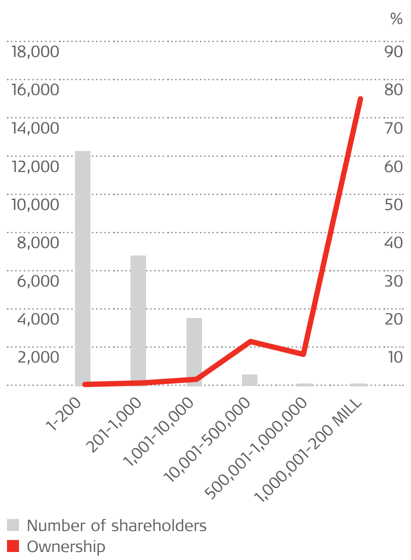
GENERAL MEETING

Storebrand has one class of shares, each share carrying one vote. The company holds its AGM each year by the end of June. Shareholders who wish to attend the general meeting must notify the company no later than 4:00 p.m. three business days before the general meeting. Shareholders who do not give notice of attendance before the deadline expires will be able to attend the general meeting, but not vote.

SHAREHOLDERS' CONTACT WITH THE COMPANY

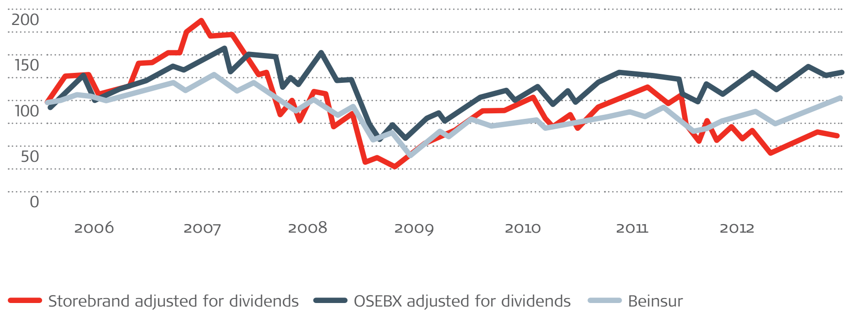
Shareholders should generally contact the operator of their securities account for questions or notification of changes, such as address changes.

Shareholders by number of shares and ownership as per 31.12.12



	20 LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2012	ACCOUNT	NUMBER OF SHARES	%	COUNTRY
1	Gjensidige Forsikring Asa		109,458,254	24.33%	NOR
2	Folketrygdfondet		25,466,355	5.66%	NOR
3	Clearstream Banking S.A.	NOM	12,497,843	2.78%	LUX
4	Varma Mutual Pension Insurance		12,300,780	2.73%	FIN
5	Jpmorgan Chase Bank	NOM	9,315,632	2.07%	GBR
6	State Street Bank And Trust Co.	NOM	9,270,862	2.06%	USA
7	Tapiola Mutual Pension Insurance		7,500,000	1.67%	FIN
8	Jpmorgan Chase Bank	NOM	6,549,521	1.46%	GBR
9	The Northern Trust Co.	NOM	6,229,443	1.38%	GBR
10	Prudental Assurance Comp. Limited		6,212,379	1.38%	GBR
11	The Northern Trust Co.	NOM	5,536,657	1.23%	GBR
12	Skandinaviska Enskilda Banken	NOM	4,785,198	1.06%	SWE
13	Deutsche Wertpapierservice Bbank AG	NOM	4,728,082	1.05%	DEU
14	Jpmorgan Chase Bank	NOM	4,171,598	0.93%	GBR
15	Jpmorgan Chase Bank	NOM	4,105,800	0.91%	GBR
16	The Bank of New York Mellon	NOM	3,943,843	0.88%	USA
17	State Street Bank & Trust Co.	NOM	3,568,561	0.79%	USA
18	JPMCB RE SHB Swedish Funds Lending		3,493,410	0.78%	SWE
19	The Northern Trust Co.	NOM	3,488,962	0.78%	GGY
20	Statoil Pensjon		3,344,904	0.74%	NOR

Share price development



2013 FINANCIAL CALENDAR

13 February	Results 4Q 2012
15 March	Embedded Value 2012/ Investor and Analyst Update
17 April	Annual General Meeting
18 April	Ex-dividend date
24 April	Results 1Q 2013
12 July	Results 2Q 2013
30 October	Results 3Q 2013
February 2014	Results 4Q 2013

STOREBRAND SHARE	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Highest closing price (NOK)	31.02	54.50	48.30	40.80	57.10	87.37	68.30	48.94	49.15	36.63
Lowest closing price (NOK)	16.62	25.20	31.30	12.15	10.55	54.60	48.10	39.49	33.94	17.22
Closing price on 31.12 (NOK)	26.82	31.10	43.60	39.56	16.75	56.70	66.62	55.87	49.15	36.38
Market cap 31.12 (NOK million)	12,067	13,992	19,638	17,798	7,536	25,510	19,811	15,059	16,274	12,040
Annual turnover (1,000 shares)	881,216	627,854	593,986	510,873	749,261	540,207	564,195	516,323	471,331	372,970
Annual daily turnover (1,000 shares)	3,511	2,481	2,357	2,035	2,973	2,161	2,248	2,041	1,863	1,492
Annual turnover (NOK million)	21,924	25,386	23,114	14,157	25,138	39,338	39,825	30,318	22,149	12,842
Rate of turnover (%)	196	140	132	114	167	186	222	187	169	134
Number of ordinary shares 31.12 (1,000 shares)	449,910	449,910	449,910	449,910	449,910	449,910	249,819	258,526	278,181	278,070
Earnings per ordinary share (NOK)	2.25	1.51	3.30	2.08	-5.01	7.95	6.03	5.41	8.49	2.67
Dividend per ordinary share (NOK)	0.00	0.00	1.10	0.00	0.00	1.20	1.80	4.00	7.00	0.80
Total return (%)	-14	-27	10	136	-70	-13	44	13	38	67

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

Report of the Board of Directors

MAIN FEATURES

2012 was another year of uncertainty in the European financial markets. Nevertheless, the leading equity markets around the world rose by around 15 per cent in 2012. The Norwegian economy performed well compared with the rest of Europe. Growth in the oil industry and low interest rates made a positive contribution, but the international downturn is still having something of a dampening effect in Norway as well. Europe is expected to see low growth in the next few years. This will affect the development of Storebrand's home markets. Low interest rates are a challenge for insurance companies that have to cover annual interest rate guarantees. However, Storebrand believes there are still good investment opportunities in the market with expected returns that exceed the average interest rate guarantee of 3.4 per cent.

The life insurance industry has worked on new mortality tables, in cooperation with the Financial Supervisory Authority of Norway, which take higher life expectancy into account. There is an ongoing process with the authorities to ensure that a long enough period of time is allowed for building up reserves.

The Storebrand Group's response to both national and international trends can be summed up with four Cs:
customer-oriented, commercialisation, capital effectiveness and cost reductions.

CUSTOMERS AND COMMERCIALISATION

The Group has implemented a series of measures aimed at ensuring customers see us as an attractive choice as we strive to become more customer-oriented. Our marketing and sales work has been strengthened and coordinated. The goal is to ensure a good customer experience where customers can receive advice tailored to their life situation in the way they want it. This means that the advice, prices and impression customers get should be the same in all of Storebrand's distribution channels: the internet, social media, telephone calls, letters and face-to-face meetings. Storebrand is goal-oriented and we systematically strive to fulfil our promises to our customers so we can achieve the Group's vision: "Recommended by our customers".

Sales, marketing, business development and information were merged into a single business area in October as part of strengthening our commercial work.

Marketing activities for "Your Pension Figures" were launched in October. Storebrand has introduced figures that both make it easier for customers to save for their pension and encourage them to do so. The pension calculator on Storebrand.no makes it simpler for customers to see what they can expect as a pension and what they need to save to achieve the pension they want. Instead of talking about annual payments, we, for the first time, talk about a personal bag of money that the customer will consume during their retirement. This is the reality for more than one million defined contribution pension customers today, and this number will continue to grow. A great deal of interest has been shown in this and the launch of our new pension calculator resulted in record visitor numbers for storebrand.no.

COSTS AND CAPITAL EFFECTIVENESS

In June, the Board of Directors approved a costs programme that is intended to reduce the Group's annual costs by a minimum of NOK 400 million by 2014. The measures include the increased use of automation, digitalisation and direct distribution, renegotiating agreements and staffing reductions. The workforce will be reduced by 300 full-time equivalents through staffing reductions and natural turnover by 2014. The costs programme was on schedule at the end of 2012.

Given the low interest rates, regulatory changes and other work on capital effectiveness, Storebrand has raised the price of the interest rate guarantee for group defined benefit pensions in the private sector. Prices for guarantee products in SPP have also been raised. The reduction of equity risk in most traditional products with an interest rate guarantee and the building up of reserves for longevity mean that customers cannot expect returns above their guarantee in the immediate future. Storebrand is therefore reaching out to inform these customers of their opportunities to transfer to other fund-based products both in Norway and Sweden.

In December, the board of Storebrand Livsforsikring AS decided that Storebrand will withdraw from the market for insurance-based pensions business in the public sector. This business will be wound up gradually over a 3-year period. The management and administration of pension funds for the public sector will continue.

NEW REGULATIONS FOR OCCUPATIONAL PENSIONS BEING DRAWN UP

The occupational pensions market in Norway is characterised by the switch from defined benefit to defined contribution pensions. Storebrand enjoys strong positions in both markets. The Banking Law Commission presented its proposed new act for occupational pensions adapted to the new National Insurance Scheme in the summer. The new occupational pensions will replace today's defined benefit pensions and are, like today's defined contribution pensions, based on a company paying annual contributions that are a percentage of the employee's salary. Work will be done on putting transitional rules into place during 2013.

The work on paid-up policies with investment choice was a top priority during the year. Some important clarifications are still required at the end of 2012 before we can recommend the product to our customers. These mainly concern how challenges associated with building up reserves for longevity are dealt with and what the payment solution for the new product will look like.

FINANCIAL TARGETS

On capital markets day in March 2011, Storebrand announced that we aim to achieve a profit before profit sharing and loan losses of NOK 2.5 billion in 2013. The turmoil in the financial markets resulted in Storebrand being behind schedule with respect to this plan at the end of 2012.

Revenue growth has been lower than foreseen in the plan. This is due to lower customer funds than expected resulting from the poorer than expected growth in the financial markets. The Board has approved a programme for reducing annual costs by more than NOK 400 million by the end of 2104 to compensate for the weaker than expected revenue growth.

Finance	Communicated Targets	Status as at 31.12.2012
Return on eyuity (after tax)	15%	7.5%
Dividend rate of Group result after tax[1]	>35%	0%
Core (tier I) capital ratio Storebrand Bank	>11%	11.2%
Solvency margin Life Insurance Group[2]	>150%	162%
Rating Storebrand Life Insurance	A	A3/A-
Operations		
Profit before profit sharing and loan losses [3]	2.5 NOK billion	1.5 NOK billion

1) (Result after tax adjusted for amortisation costs)/(opening equity - dividends paid - half of repurchased shares during the year).
2) Solvency margin pursuant to solvency I regulations.
3) By 2013.

Considerable uncertainty exists surrounding several regulatory framework issues at the beginning of 2013. This applies to new legislation relating to occupational pensions in Norway, plans for reserves for longevity and the solvency regulations (Solvency II), which are neither particularly well adapted to Norwegian business rules nor take into account historically low interest rates.

The Board has updated its future financial targets given the uncertainty surrounding the framework conditions. See the outlook on page 48 of the report of the Board of Directors for a more detailed description.

REGULATORY ADAPTATION IN NORWAY

NEW OCCUPATIONAL PENSION PRODUCTS

The Banking Law Commission's report NOU 2012:13 was submitted to the Ministry of Finance in June 2012. In its report, the Commission has looked at how insurance-based occupational pension schemes could best be adapted to the reformed National Insurance scheme, and trends in the employment and financial markets.

The Banking Law Commission proposed two main models for occupational pensions: The standard and the basic models. Common to both models are:

- All-years principle for accrual.
- The annual premium being set as a percentage of the employee's wages. The maximum limits are 7-8 per cent for income under 7.1 G and 25-26 per cent for income between 7.1 and 12 G (G = National Insurance base amount).
- Mortality inheritance.
- Annual zero guarantee. It is still possible to agree investment options where this guarantee does not apply.
- Life expectancy adjustment of the pension benefits by divisors.

The main difference is that pension stocks in the standard model are regulated by wage inflation, while pension stocks in the basic model are regulated by the actual return.

Storebrand is positive towards the proposal which is well-adapted to the new National Insurance Scheme and the new capital requirements due to Solvency II. The tax-related contribution framework allows room for good pension schemes for employees. The proposal provides for greater flexibility and more predictable costs, compared with today's defined benefit schemes, for employers. Capital requirements arising from the new products will be risk-manageable. The products' zero guarantee reduces the return risk and the longevity risk is significantly reduced as a result of longevity adjustments.

The Banking Law Commission proposed longevity adjustments based on divisors in the same way as in the new National Insurance Scheme. Following the consultation period, the Financial Supervisory Authority of Norway drew up a proposal concerning an alternative method for longevity adjustments based on new dynamic mortality tariffs. This proposal is currently being circulated for consultation, together with the proposed transitional rules.

TRANSITIONAL RULES
The Banking Law Commission's report NOU 2013:3 was submitted to the Ministry of Finance on 7 January 2013. The report contains proposed rules for transitioning from the current defined benefit-based occupational pension schemes to the new defined contribution-based hybrid products proposed in NOU 2012:13. The plan is for flexible transitional rules for companies that currently have defined benefit pensions and higher maximum rates for today's defined contribution pension schemes.

The report proposes:
- Raising the maximum saving ceilings in current defined contribution schemes so that they match the proposed ceilings for the new hybrid products (the contribution limits would be raised from the current 5 per cent for salaries up to 6 G and 8 per cent for salaries between 6 G and 12 G to 8 per cent for salaries up to 7.1 G and 26.1 per cent for salaries between 7.1 G and 12 G).
- That new pension rights be accumulated via either new hybrid products or today's defined contribution schemes. That companies must change their schemes by no later than 3 years after the Act comes into force. Although employees who were born in 1962 or earlier will nevertheless have an opportunity to continue with their defined benefit pension. Premiums for continued defined benefit pensions will be based on new mortality tariffs.
- A transitional scheme where already accumulated defined benefit pension rights can be continued within the pension scheme. The premium reserve and additional statutory reserves linked to the accumulated pension rights from the defined benefit scheme would in these circumstances be continued as separate pension stocks that would be kept separate from the new accumulation of pension rights. The costs of these pension stocks would be covered by the employer.
- Paid-up policies can be converted to pension certificates based on the same principles. Pension stocks must be sufficient to meet these obligations at the time of payout. An escalation plan will be implemented if there is any under-reserving. The Ministry of Finance would lay down rules for such escalation plans in regulations.
- Pension rights from a defined benefit scheme can be transferred by customers to investment choice without a guaranteed return.

The Banking Law Commission is now starting work on adapting the rules for risk cover (survivors and disability pensions) to the new pension products and new disability benefits that will be introduced in the National Insurance Scheme in 2015. In this phase the Commission will also consider changes to the transfer rules to adapt these to the new products. This report is expected to be completed during 2013. The proposal facilitates transferring from today's defined benefit-based products to the new hybrid products.

Storebrand welcomes the proposal to increase the maximum saving ceilings for today's defined contribution pension schemes and the fact that the proposal facilitates long-term adaptation for longevity through escalation plans. These escalation plans, which the Ministry of Finance will lay down more detailed rules for in regulations, may, depending on their formulation, also facilitate more appropriate guarantee structures.
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 challenges for paid-up policies that were described in NOU 2012:3 "Paid-up polices and capital requirements" are, however, not resolved by the measures proposed in this report. The importance of the capital requirement proposals under Solvency II will depend on the design of the escalation plans, how earned rights from old schemes are ultimately handled, and the market-related adaptation to new products and transitional rules.

SOLVENCY II AND NEW NORWEGIAN OCCUPATIONAL PENSIONS
Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and EEA. The rules were to take effect from 1 January 2014. Due to major delays in the schedule, however, their 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. 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. Increasing interest rate sensitivity increases the fluctuations in the annual return on assets, 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 fall 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 proposed transitional rules were made public on 7 January 2013. 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.

FUTURE PROCESS
The proposed transitional rules will be circulated for consultation until the beginning of April 2013. The Ministry of Finance has announced that the bill, which covers both the new products and transitional rules, will be presented for consideration by the Norwegian parliament in autumn 2013. If this happens the plan is for the new regulations to come into force on 1 January 2014. However, there is a significant risk that the process will be delayed such that the regulations will not come into force until 1 January 2015.

REGULATORY ADAPTION IN SWEDEN

LIFE INSURANCE REPORT
The final life insurance report was submitted to the Swedish government for its consideration in autumn 2012. In short, the proposal is that a transfer right be introduced for defined contribution-based occupational pension insurance (DC) regardless of whether they are group or not. According to the proposal, the obligatory transfer right will nonetheless not apply to premium paying group defined contribution-based occupational pension insurance. Policies for these can regulate whether or not the transfer right applies. The report suggests that the transfer right should not apply to defined benefit-based occupational pension insurance (DB).

In SPP's opinion the report contains important elements, but does not achieve the basic social goal that individuals should be able to make independent choices concerning their own savings. The transfer right should apply to all types of occupational pensions, old and new, such that individuals can choose which company they want to manage their savings. Occupational pension regulations should promote an flexible labour market and conscious choice with respect to savings.

The report is being circulated for consultation with a response deadline of 28 February 2013. If the proposal is adopted, it is highly likely that it will have a major impact on the future life insurance market.

THE GROUP'S FINANCIAL PERFORMANCE

The Storebrand Group prepares its consolidated financial statements in accordance with the EU approved International Financial Reporting Standards (IFRS). The financial statements of the parent company, Storebrand ASA, are prepared pursuant to Norwegian accounting law. IFRS is not applied to the parent company's financial statements.

Group result

NOK mill.	2012	2011
Storebrand Life Insurance	652	481
SPP	803	291
Asset Management	144	293
Bank	238	213
Insurance	402	281
Storebrand ASA and other	-279	-278
Group result before amortisation	**1,960**	**1,279**
Write-downs and amortisation of intangible assets	-401	-394
Group pre-tax profit	**1,559**	**885**

The Storebrand Group's group result before the amortisation of intangible assets was NOK 1,960 million in 2012, compared with NOK 1,279 million in 2011. After amortisation, the group result was NOK 1,599 million compared with NOK 885 million in 2011. The Group's tax charge amounted to NOK 550 million, of which NOK 10 million is payable. The tax exemption method for customer portfolios in life insurance was eliminated with effect from 1 January 2012. Capital gains or losses realised on equities within the EEA are thus taxable or deductible, respectively, for equities that are owned by customer portfolios in life insurance companies. This change will entail a normalised income tax cost for the Group over time.

The financial statements show the results improved in all business areas, with the exception of asset management which was affected by switching from equity to interest investments and continued uncertainty in the financial markets. The Group's result was charged a non-recurring charge of NOK 195 million for restructuring and winding up business as part of the implementation of the costs programme.

The shift from products with an guaranteed interest rates to Unit Linked insurance products continues in the life insurance businesses. These products are showing good growth in Storebrand Life Insurance and in SPP. Storebrand Life Insurance's income from products with upfront pricing of the interest rate guarantee and profit from risk increased due to both volume changes and price rises. Storebrand prioritises using profit from group pensions to strengthen the premium reserve to meet higher life expectancy in the future. The underlying development of the administration result was satisfactory, but marked by provisions in the costs programme. Growth in the financial markets contributed to a significant increase in SPP's financial result. The risk result was marked by a good disability result, but, as expected, was lower than last year which was affected by non-recurring income. The reduced asset management's result is attributed to both lower operating income and higher costs. Volume-based revenues are declining due to customers switching to lower risk products, but performance-based income is showing an increase. Storebrand Bank improved its results in a number of key areas in 2012 and reports low loan losses. Insurance's results developed well with a good underlying risk trend and improved key figures, including combined ratio. See the business area sections below for a more detailed analysis of the results.

Pursuant to Norwegian accounting legislation, the Board of Directors confirms that the company meets the requirements for preparing the financial statements on the basis of a going concern assumption. The Board is not aware of any events of material importance to the annual and consolidated financial statements that have occurred since the balance sheet date.

BUSINESS AREAS

Storebrand is a financial group consisting of the following business areas: life and pensions, asset management, banking and insurance. Most of our activities are conducted in Norway and Sweden. Storebrand's head office is in Lysaker in the municipality of Bærum in Norway.

STOREBRAND LIFE INSURANCE

The business area Storebrand Life Insurance offers a wide range of products covering occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. It also encompasses BenCo, which offers pension products to multinational companies through Nordben and Euroben.

RESULT

Financial performance Storebrand Life Insurance

NOK million	2012	2011
Administration result	6	101
Risk result	131	117
Financial Result[1]	-58	-226
Price of interest guarantee and profit risk	545	520
Other	28	-32
Pre-tax profit	**652**	**481**

1) Investment result and profit sharing.

Administration result

The underlying administration result for 2012 was good, but was pulled down by provisions made in the second half of the year for expected future restructuring in line with the Group's costs programme. A portfolio was also bought back from an external distributor. In total the provisions and transaction amounted to NOK 110 million in 2012. Income developed well, especially for defined contribution pensions, due to portfolio growth.

Risk result

The disability result within group pensions was better than in 2011, but still weak. The reason for this is the change in the assumptions concerning reactivation (disabled persons who return to working life), which entails a need for higher claims provisions. Lower mortality than that assumed when calculating reserves for retirement pensions resulted in negative longevity results. There is a general need to build up reserves to boost provisions for higher life expectancy within group pensions.

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 achieved a net result of minus NOK 65 million for 2012, compared with minus NOK 120 million in 2011. 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 5.4 per cent for 2012, compared with 5.1 per cent for 2011. The lower credit spreads had a positive impact on the return.

Storebrand has completed the ongoing plan to increase reserves due to expected lower mortality for individual pension insurance policies. In accordance with this plan, provisions of NOK 172 million were made in 2012, meaning provisions totalling NOK 642 million were made in the period 2010 to 2012. The build-up of reserves for the year 2012 was covered by the positive investment result.

There is also a need to strengthen the reserves in the group pension insurance area to meet the projected higher life expectancy. NOK 3.2 billion of the customers' investment result was set aside in 2012.

The average annual interest rate guarantee for the various customer portfolios is between 3.1 per cent and 3.7 per cent. The guarantee levels for new business have been reduced 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. The booked return has also resulted in profits for customers in excess of the interest rate guarantee of NOK 0.2 billion.

Return on capital
The market return has been marked by an upturn in the equity markets, both nationally and internationally. Short-term interest rates have fallen in Norway and internationally, while long-term interest rates have remained relatively stable at low levels.

Market return on investment portfolios with interest rate garantee

	2012	2011
Total	6.2%	3.4%
Total Group (DB)	6.7%	3.0%
Paid-up policies	5.7%	3.8%
Individual	6.0%	3.2%

Booked return on investment portfolios with interest rate garantee

	2012	2011
Total	5.6%	4.6%
Total Group (DB)	5.8%	4.8%
Paid-up polices	5.4%	4.7%
Individual	5.7%	3.6%

Market return defined contribution pensions

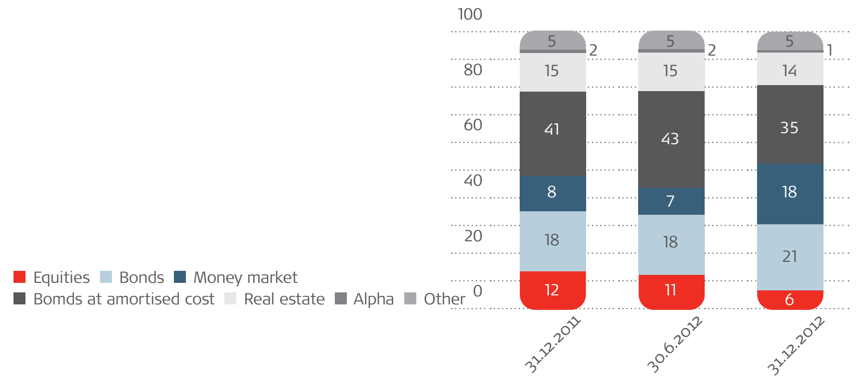
Profile	2012	2011
Extra careful profile	5.3%	
Careful profile	7.7%	2.8%
Balanced profile	11.6%	-1.2%
Aggressive profile	12.9%	-5.3%
Extra aggressive profile	13.4%	

Price of interest rate guarantee and profit risk
NOK 545 million was recognised as income from upfront pricing of the interest rate guarantee and profit from risk for group defined benefit in 2012, an increase of NOK 25 million compared with the same period last year. The increase was due to both volume changes and price rises in the portfolio. As a result of the low interest rate level, a decision was made in autumn 2012 to increase 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
Allocations to equities and held-to-maturity bonds in customer portfolios with a guarantee were reduced in 2012 while money market allocations increased correspondingly. The held-to-maturity bond allocations in the company portfolio declined somewhat during 2012. Money market allocations increased correspondingly.

The assets under management increased by NOK 17 billion in 2012 and totalled NOK 230 billion at the end of the year. This increase was driven by positive returns and a net transfer of customer assets.

Asset profile for customer portfolios with an interest rate guarantee



MARKET

Premium income excluding transfers to premium reserve

NOK million	2012	2011
DB (fee based)	9,104	9,147
DC (Unit Linked based)	4,436	3,812
Total occupational pension	**13,540**	**12,959**
Paid-up policies	79	116
Traditional individual life and pensions	377	584
Unit Linked (retail)	1,419	929
Total individual pension and savings	**1,875**	**1,629**
BenCo	747	700
Total	**16,163**	**15,288**

Premium income excluding transfers to premium reserve
Premium income from group defined benefit pensions will gradually decline due to the transition to defined contribution pensions. The growth in premium income for defined contribution schemes for companies has been good. New policies for traditional guaranteed capital and pensions are no longer issued. There is substantial conversion of portions of the guaranteed portfolio to Unit Linked or bank products, which entails a decline in the premium income compared with the previous year. The increase in premium income for Unit Linked in 2012 is attributed to good sales of the Garantikonto product and an increase in endowment insurance. A reduction in guaranteed savings is in line with the company's strategy.

Sales
Storebrand achieved good sales results in 2012, particularly in the corporate segment. A number of large tenders for defined contribution pensions, personal insurance and group life insurance were won during the year. The booked net transfer to Storebrand was NOK 525 million in 2012, compared with minus NOK 4,690 million in 2011. 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 pension 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 Norwegian parliament has approved the new legislation. In the coming period, Storebrand will actively seek to inform, explain and advise our 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 customer needs and the new regulatory framework.

New business
New premiums (APE) totalling NOK 834 million were signed in 2012, compared with NOK 658 million in 2011. The increase was mainly due to a higher APE for group defined benefit and contribution pensions.

- Guaranteed products: NOK 377 million (NOK 325 million).
- Unit Linked insurance: NOK 411 million (NOK 299 million).
- BenCo: NOK 46 million (NOK 34 million).

Public sector
Just before Christmas, Storebrand Life Insurance decided to withdraw from the market for defined benefit-based occupational pensions in the public sector. The decision applies to all insured pension solutions in both municipalities and public bodies. The winding up of this business is planned to take 3 years. At the end of 2012 the company's insurance reserves for this product amounted to NOK 23.8 billion. Pension scheme members will not affected by this decision and Storebrand will ensure they receive good customer service while they remain our customers.

The decision to withdraw from the market was made due to a number of factors: There is no firm timetable for the future switch to new pension solutions in the public sector as is the case in the market for private occupational pension schemes. Continuing on the basis of the current framework conditions in the public sector requires a level of investment that is considered too high. The introduction of new capital requirements will also tie up a substantial amount of capital for products with long-term interest rate guarantees. Therefore, Storebrand has concluded that the sum total of these factors means it would be financially unjustifiable to continue offering these products. Storebrand will consider re-entering the public sector pension scheme market should the framework conditions change in the future.

It should be stressed that Storebrand Life Insurance will continue to offer management and administration services for public sector pension funds. Establishing a pension fund will be an attractive alternative for municipalities and public bodies that wish to improve their ability to influence the management of their pension funds.

SPP

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

RESULT

In 2012, the SPP Group achieved a result of NOK 803 million before amortisation and depreciation, compared with NOK 291 million in 2011.

Financial performance - SPP

NOK million	2012	2011
Administration result	98	99
Risk result	149	289
Financial Result	395	- 226
Other	161	129
Result before amortisation	**803**	**291**
Amortisation of intangible assets	- 356	- 358
Pre-tax profit/loss	**447**	**- 67**

Administration result

The administration result was NOK 98 million for 2012. Income rose by 4 per cent (measured in local currency) compared with the previous year due to the growth in assets under management and thus higher capital fees. Costs rose by a total of 4 per cent (measured in local currency) for the year, which was in large part due to higher commission expenses, provisions for the costs programme, and moving to a new head office. The effects of the costs programme will be realised during 2013 and 2014.

Risk result

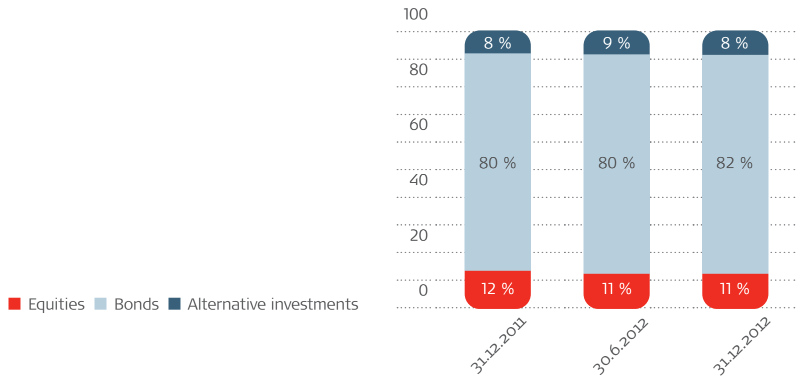
The risk result was NOK 149 million for 2012. The risk result mainly consists of the disability result, reinsurance, the mortality result and the accident result. The risk result was affected by a good disability result due to fewer and shorter disability cases. As expected, the result is lower than the previous year, due to the positive impact of a terminated reinsurance contract with a non-recurring effect of NOK 85 million. The new reinsurance agreement that came into effect on 1 January 2012 limits SPP's exposure to medical and mortality risk from private individuals.

Financial result

The financial result was positive for 2012 and amounted to NOK 395 million. The positive development of the equity and credit market and falling interest rates contributed to the financial result. Equity-related investments increased by 12 per cent and mortgage bonds increased by 6 per cent. The returns in the various portfolios depend on developments in the financial markets. The portfolios have different exposures to, for example, equity, fixed income and currency markets, since they have investment profiles that are adapted to the liabilities. The returns in the portfolios will therefore vary. All portfolios enjoyed positive returns during the period, which resulted in profit sharing of NOK 288 million in 2012 compared with NOK 105 million in 2011.

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 provided a basis for indexing fees of NOK 114 million for the year, compared with NOK 2 million in 2011.

Asset allocation in customer portfolios with an interest rate guarantee



Previously, a hedge portfolio had been established to reduce the effect of falling equity markets on the result. This was wound up in the 4th quarter 2012 and has only had a marginal effect on the result. The deferred capital contribution (DCC) reduced the financial result by minus NOK 6 million in 2012 and minus NOK 748 million in 2011. Deferred capital contributions can be reversed in the event of good portfolio returns and/or higher market interest rates.

Return on assets

Portfolio	**2012**	**2011**
Defined Benefit (DB)	6.6%	8.6%
Defined Contribution (DC)		
P250[1]	9.1%	3.3%
P300[1]	6.8%	7.6%
P520[1]	6.4%	12.5%
RP (Retirement Pension)	3.7%	2.8%

1) Maximum interest rate guarantee in the portfolio P250,P300 and P520 is 2.5 per cent, 4.0 per cent and 5.2 per cent respectivly.

Other result

The result of NOK 161 million mainly consists of the return on the company portfolio, which is entirely invested in short-term interest-bearing securities. The result developed positively in 2012.

BALANCE SHEET

SPP adjusts its exposure to equities in line with developments in the market and risk-bearing capacity in the portfolios by means of so-called dynamic risk management. SPP has continued to adapt the investment risk in guaranteed insurance to the future international solvency regulations. The proportion of equities was therefore reduced in all portfolios in 2012.

The buffer capital (conditional bonuses) has increased by NOK 1.4 billion and totalled NOK 8.6 billion at the end of the year. This is mainly attributed to rising equity markets.

The total assets under management amounted to NOK 115 billion at the end of 2012, which represents an increase of NOK 4 billion during the year. The increase was in part due to improving equity markets. The assets under management within Unit Linked insurance at the end of the year totalled NOK 36 billion (NOK 32 billion).

MARKET

The switch from traditional insurance to Unit Linked insurance continued in 2012. Traditional insurance is still good for some customer groups, but the customer themselves, or in consultation with SPP, choose how they want to save based on their own views regarding risk and opportunities in the long-term. SPP's job is to look after the customers' interests as best as possible.

Premium income

Total premium income decreased by 2 per cent in 2012 compared with 2011. Premium income rose by 2 per cent for Unit Linked insurance. The proportion now accounts for 60 per cent of total premium income, an increase of 2 per cent.

Premium income excluding transfer of premium reserves

NOK million	**2012**	**2011**
Guaranteed products	2,422	2,632
Unit Linked	3,699	3,633
Total	**6,122**	**6,265**

Net premium income (premium income less insurance claim payments and transfers) was positive within Unit Linked insurance and totalled NOK 2,698 million. This is an increase in relation to the year before. The net premium income for guaranteed products was minus NOK 2,821 million.

New business

New sales measured as new premiums (APE) amounted to NOK 977 million in 2012 compared with NOK 1,034 million in 2011, a 5 per cent reduction. However, the positive trend for the company's own sales force continued. Sales rose by 9 per cent compared with 2011. Sales staff focused on increased productivity during the year, which had a positive effect on sales. The workforce remained relatively unchanged. The Unit Linked concept has developed positively and it has been well-received by customers. Customers are increasingly choosing Unit Linked insurance, which resulted in a 16 per cent increase in sales by the company's sales force. Sales via brokers decreased. The broker market saw a shift towards traditional management and so-called depository insurance. The weaker result for option programmes is attributed to a large degree to few people making an active choice. The proportion for Unit Linked insurance remains unchanged from 2011 and amounted to 67 per cent of total new business in 2012.

- Guaranteed products: NOK 313 million (NOK 323 million).
- Unit Linked: NOK 650 million (NOK 695 million).
- Other: NOK 14 million (NOK 16 million).

ASSET MANAGEMENT

The asset management business area in Storebrand includes the companies Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, SPP Fonder AB, Storebrand Eiendom AS, and Storebrand Realinvestering AS.

The asset management business area provides a full range of savings and investment products for institutional, external and internal customers, as well as securities funds for the retail market.

RESULT

Result by company

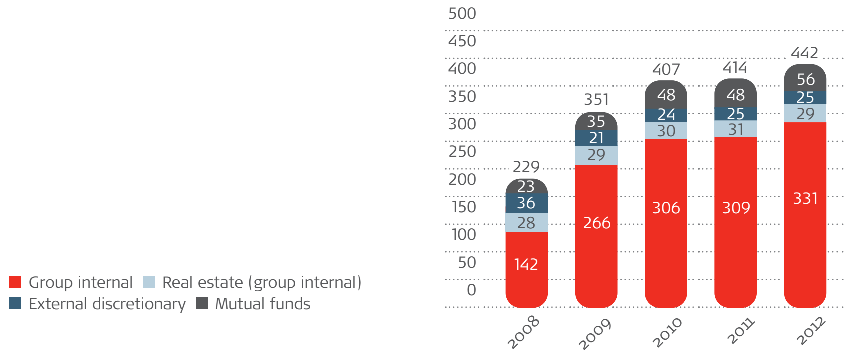
NOK million	**2012**	**2011**
Storebrand Kapitalforvaltning	17	159
Storebrand Fondene	47	45
SPP Fonder	44	30
Storebrand Eiendom and Realinvesteringer	36	59
Total result before amortisation	**144**	**293**

Financial performance - Asset management

NOK million	**2012**	**2011**
Operating revenue	671	684
Operating cost	- 590	- 481
Operating result	**81**	**203**
Net performance fees	53	79
Net financial income	10	11
Result before amortisation	**144**	**293**
Amortisation intangible assets	- 5	- 9
Pre-tax profit	**138**	**284**

The results in asset management were weaker in 2012. The increase in income failed to materialise due to the customers' reallocation from equities to lower risk products with lower margins. Increased costs compared with the previous year were driven primarily by an allocation of NOK 54 million linked to the Group's costs programme.

Assets under management (NOK billion)



Fixed and volume-based income was slightly lower than in 2011, mainly due to the customers' reallocation from equities to interest rate products with lower management fees. The increase in assets under management of NOK 28 billion was not enough to offset the shift towards low margin products.

Value creation in the actively managed portfolios was good in 2012, but only a limited proportion of the portfolios have performance-based fees. Performance-based income was however higher than in 2011, corrected for income of NOK 35 million in 2011 linked to previous years' value creation. Operating costs totalled NOK 590 million, compared with NOK 481 million in 2011. The growth in costs was mainly due to restructuring costs, higher personnel costs due to bonuses and pension costs, as well as growth in the Swedish part of the business.

TOTAL ASSETS

At the end of 2012, Storebrand Asset Management managed NOK 442 billion in mutual funds, fund-in-funds, individual portfolios for fund management companies, insurance companies, pension funds, municipalities, institutional investors and investment companies. As per 31 December 2011, the assets under management amounted to NOK 414 billion. Group customers accounted for NOK 20 billion and external fund customers NOK 8 billion of the growth in 2012.

In 2012, the volume of net new sales amounted to NOK 4.9 billion compared with NOK 5.5 billion in 2011.

SUSTAINABLE INVESTMENTS

Sustainability forms an integral part of Storebrand's business activities. We believe that companies who work strategically and actively with sustainability will be among the most profitable in the long term. More than 3,500 companies around the world are monitored and analysed, both to identify investment opportunities and to reduce risk. You can read more about Storebrand's sustainability work in the separate article nearer the front of the annual report and further down in this report.

MARKET TRENDS

2012 saw another year of weak economic growth in the global economy. Global growth will probably end up at around 2.5 per cent, which is weaker than in 2011. In the Eurozone especially, tight fiscal policy and debt reduction contributed to a new recession and falls in GDP in 2012.

Equity markets fell heavily in May due to the weakened global growth picture and increasing fear that Greece would leave the Eurozone. Equity markets improved in the second half of the year with the macro figures stabilising and the escalation of central bank measures. In particular the launch of a support programme by the European Central Bank (ECB) dampened the fear of national debt in the Eurozone. In total the global equity market provided a return of 15.7 per cent measured by the MSCI World index. The Norwegian Stock Market provided a return of 15.4 per cent.

The escalation of central bank measures and weaker growth prospects resulted in both Norwegian and government bond yields falling further in 2012. Government bond yields in debt-laden countries like Italy and Spain fell after the ECB launch further support measures. This affected the other credit markets by heavily reducing the risk premium in 2012.

2012 was a very good year for active management and resulted in significant outperformance (returns higher than benchmark indices) for customers of no less than NOK 2.6 billion for the year as a whole (underperformance of minus NOK 1.2 billion). Of all the actively managed equity funds, 52 per cent (26 per cent) outperformed their benchmark indices in 2012 (calculated before management fees). All the fixed income funds (45 per cent) outperformed than their benchmark indices at the end of 2012.

BANKING

Storebrand Bank is a direct bank which offers a wide spectrum of banking services to the retail market. The bank is a leading provider of advice, transaction services and financing for corporate customers within commercial property.

RESULT
The positive trend for Storebrand Bank continues with a stronger result in 2012. At the same time losses are low and the volume of non-performing loans has decreased.

Financial performance Bank[1]

NOK million	2012	2011
Net interest income	490	443
Net commission income	71	73
Other income	55	32
Total income	**616**	**548**
Operating costs	-386	-345
Result before losses	**230**	**203**
Losses on lending/investment properties	8	10
Result before amortisation	**238**	**213**
Amortisation of intangible assets	-34	-22
Pre-tax profit	**204**	**190**

1) Encompasses the Storebrand Bank group.

Stable growth in income and costs, coupled with low loan losses gave the bank group a profit before tax from continuing operations of NOK 204 million, compared with NOK 190 million in 2011. The profit after tax for the sold/discontinued business in Ring Eiendoms-megling was plus NOK 3 million for 2012, compared with minus NOK 60 million for 2011.

Net interest income for the bank group amounted to NOK 490 million, compared with NOK 443 million in 2011. Net interest income as a percentage of average total assets was 1.25 per cent in 2012; 0.12 percentage points higher than it was in 2011. Falling interest rates and lower funding costs resulted in an improvement in the bank's lending margins and falling deposit spreads throughout the year.

Net commission income amounted to NOK 71 million, virtually unchanged compared with 2011. Other operating income increased by NOK 23 million to a total of NOK 55 million. Operating costs for bank activities totalled NOK 386 million, an increase of NOK 41 million from 2011. The cost ratio was 64 per cent in 2012, compared with 66 per cent in 2011. Operating costs include around NOK 21 million in non-recurring costs linked to the Group's costs programme.

Total net loan losses recognised in the income statement including write-downs on loans taken over amount to an income of NOK 8 million compared with a net amount of NOK 10 million recognised as income in 2011. The volume of non-performing loans has decreased and overall totals 0.8 per cent of gross lending compared with 1.0 per cent in 2011.

BALANCE SHEET
At the end of 2012, the bank group had total assets of NOK 40.7 billion. Gross lending to customers was NOK 35.5 billion at the end of the year. This represents an increase of NOK 2 billion. Both the retail market portfolio and the corporate market portfolio developed positively throughout the year.

The bank group's retail market portfolio represents 67 per cent of total loans, and mainly consists of low risk home mortgages. The average weighted loan to value ratio (LVR) is about 54 per cent.

Corporate loans account for 33 per cent of the portfolio and at the end of 2012 about 74 per cent of these loans were for income-generating properties and 26 per cent of the loans were for construction projects. Few customers are in default, and the level of losses for the portfolio is low.

The bank has a balanced funding structure and bases its funding on customer deposits, the issuance of securities and mortgage bonds, both directly in the market and through a swap facility with Norges Bank, as well as borrowing in the Norwegian and international capital markets. In 2012, the bank again prioritised maintaining a good deposit to loan ratio, and at year-end the deposit to loan ratio was 56 per cent. The Storebrand Bank Group had net primary capital of NOK 2.7 billion at the end of 2012. The capital adequacy ratio was 11.8 per cent and core (tier 1) capital ratio was 11.2 per cent, compared to 13.3 per cent and 11.4 per cent respectively at the end of 2011. The target for the core capital ratio is 11 per cent. From 2015 the target for the core capital ratio will, given the current balance sheet structure, be set at 12.5 per cent.

MARKET
Retail market
Storebrand Bank is a web-based bank that offers traditional bank products to the Norwegian market. Banking is one of several product and services areas in Storebrand's retail market strategy and forms an integral part of the Group's complete customer concepts for defined customer segments. The concepts focus on the family's entire economy, long-term saving and saving for your pension.

The retail market unit maintained its competitiveness throughout the year and enjoyed good lending growth. The Group's focus on advice for customers who are expected to benefit from moving their guaranteed life account assets has resulted in growth in deposit volumes. Adjusting the pricing model for fees has contributed to the bank's higher earnings. The bank had 72,000 retail customers at the end of 2012.

One example of the bank's competitiveness is its naming as one of Norway's best banks in 2012 by Norsk Familieøkonomi. Storebrand Bank ranked third in both the "Best overall bank" and the "Best mortgage for more than NOK 2 million" categories.

Our customer services are based on our vision, "Recommended by our customers". Products, concepts and customer processes were improved and developed further in 2012. Digitalisation, automation and the increased use of BankID are key measures. A complete range of web-based services is now offered, including an overview of financial services in the online bank. New opportunities were launched with the bank's innovative Mitt Forbruk (My Consumption) and Mitt Budsjett (My Budget) services. Overall, customers have been given an even better tool for managing and controlling their personal finances. My Consumption won the "Best useful Service" award in Gulltaggen 2012, an annual awards ceremony for the advertising industry.

Share trading in the online bank and via the broker board was wound up completely in December 2012 due to poor profitability.

Corporate market
The bank's commitment to the business market is aimed at the professional property market. The bank's competitive advantage is linked to its extensive experience and cutting-edge expertise in this market segment, and its ability to offer comprehensive solutions and excellent service. The proportion of major professional customers grew in 2012. In addition, the corporate market department, together with other units in the Storebrand Group, offers services to selected niche markets, including investors and the SMB segment.

The transaction volume in commercial property was slightly lower than expected, mainly due to the bank's restrictive lending practices. The bond market has taken over part of the funding from the banks, but demand far exceeds supply. The quality of the portfolio has been further improved and there are few cases of loan arrears and almost no non-performing loans. The corporate market is not expecting any volume growth in lending in 2013.

Activity within the area of cash management increased during 2012. More customer contracts have been established, which has resulted in increased use of the bank's payment services. The total transaction volume and deposits in operating accounts increased during the year.

STOREBRAND INSURANCE
The insurance business area is responsible for the Group's one-year risk products. Through cost-effective distribution and customer-friendly network solutions the unit offers health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market, and personal insurance in the Norwegian corporate market.

RESULT

Financial performance - Insurance

NOK million	2012	2011
Premiums earned, net	1,973	1,807
Claims incurred, net	-1,333	-1,314
Operating costs	-375	-332
Insurance result	**265**	**161**
Net financial result	137	119
Result before amortisation	**402**	**281**
Amortisation intangible assets	-6	-6
Pre-tax profit	**396**	**275**

Storebrand Insurance's financial performance was good throughout the year. The insurance result was NOK 265 million for 2012 compared with NOK 161 million for 2011, with a total combined ratio of 87 per cent and 91 per cent in 2011. The insurance result reflects a good underlying risk performance in the portfolio combined with efficient operations within the organisation. Premium income increased by 9 per cent compared with the previous year and reflects continued stable growth in the unit.

The result before amortisation was NOK 402 million, an result improvement of NOK 121 million from 2011.

Key figures insurance

	2012	2011
Claims ratio[1]	68%	73%
Cost ratio[1]	19%	19%
Combined ratio[1]	87%	91%

1) For own account.

Storebrand Insurance achieved a strong overall risk result for the year with a claims ratio that was 5 percentage points lower than in 2011. The risk result reflects an improved risk trend for mortality and disability risk, fewer fires than in a normal year, and a mild winter. The underlying risk performance is thus good for all of the product areas, which is a result of continuously refining the pricing models together with specific product initiatives.

The cost ratio, operating costs as a percentage of premiums earned, amounted to 19 per cent, the same level as for 2011. Stabilisation of the cost ratio is temporary and consists essentially of the unit's provisions of NOK 20 million for the estimated costs related to the Group's costs programme. The cost base will be further streamlined through increased automation and services sourcing, as well as increased sales via cost-effective and direct-based channels.

Storebrand Insurance's investment portfolio comprises NOK 3.72 billion, which is mainly invested in short and medium term securities. Financial income was higher than in 2011 and reflects increased assets under management in combination with the realisation of funds and capital gains at the end of the year.

MARKET

Profitability in the market remains good, but competition appears to be growing in the retail market, and is particularly strong for major corporate customers. Total annual premiums amounted to NOK 2.34 billion at the end of the 2012. NOK 1.6 billion of this came from the retail market and NOK 1.18 billion from the corporate market.

Storebrand enjoys a well-established position in the retail market for personal insurance and is in a challenger position within P&C insurance. The growth in personal insurance was stable and in line with general market growth. Sales of P&C insurance were stable with direct channels as the primary distribution channel. This contributes to a cost-effective distribution model.

The corporate market is generally a mature market with the exception of health insurance, which is enjoying an annual growth rate of 20 per cent. Measured by annual premiums, Storebrand holds a market-leading position in health insurance. Sales growth was strong throughout the year and reflects both our focus on health insurance and the continued high demand in the market. Storebrand is one of several major players within other personal insurance segments and won several major tenders throughout the year, which contributed to the stronger growth.

Demand for products which link health and personal insurance plus disability cover continues to grow. This is driven by the desire of companies to reduce sick leave, improve job satisfaction and reduce overall insurance costs.

OTHER ACTIVITIES

RESULT

Financial performance other activities

NOK million	2012	2011
Financial income	64	49
Interest cost	-170	-161
Operating expenses	-180	-165
Proft and loss Storebrand ASA	**-286**	**-278**
Result other companies	6	0
Proft and loss other activities	**- 279**	**- 278**

The result for other activities was minus NOK 279 million, compared with minus NOK 278 million in 2011. The result includes the companies Storebrand ASA, Storebrand Baltic UAB, and accounting eliminations. Net income from financial instruments in Storebrand ASA rose by NOK 15 million, while interest charges increased by NOK 9 million. Operating costs in Storebrand ASA rose by NOK 15 million.

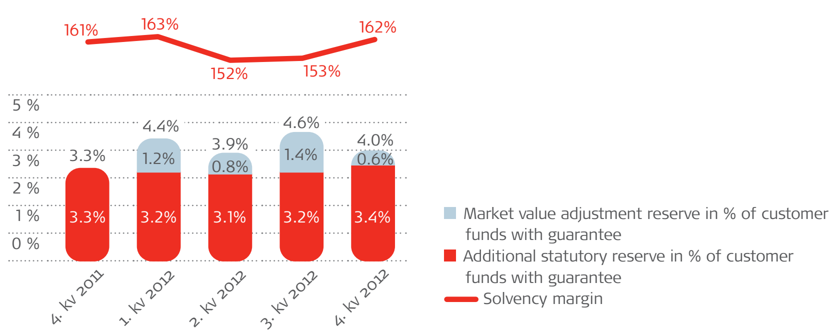
OFFICIAL FINANCIAL STATEMENTS OF STOREBRAND ASA

Storebrand ASA's official financial statements, which are prepared pursuant to Norwegian accounting law, show a result before tax of minus NOK 66 million, compared with NOK 196 million in 2011. Group contributions from investments in subsidiaries amounted to NOK 220 million, a NOK 254 million reduction compared with 2011.

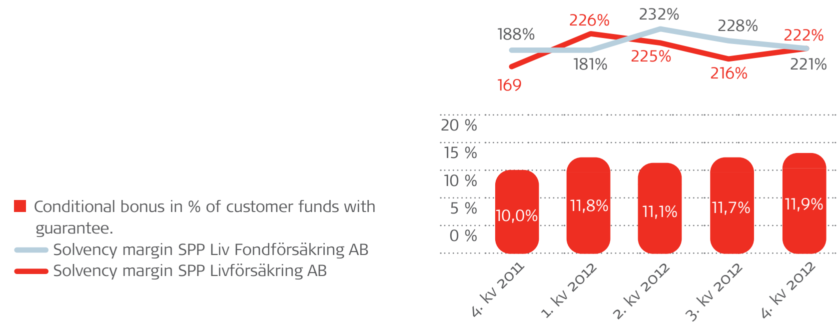
Result Storebrand ASA (NGAAP)

NOK million	2012	2011
Group contribution and dividends	220	474
Net financial items	-106	-113
Operating costs	-180	-165
Pre-tax profit/loss	**-66**	**196**
Tax	-135	504
Profit/loss for the year	**-200**	**700**
Application of the year`s result		
To other equity	-200	700
Total applications	**-200**	**700**

Solvency Storebrand Life Insurance



Solvency SPP



RISK AND CAPITAL SITUATION

RISK

The largest risk for the Group is associated with its life insurance activities. The combination of low interest rates and guarantee commitments, as well as higher life expectancy, represents a risk to earnings and the capitalisation of life insurance activities in the future. The most important risk factors for the banking activities are credit- and liquidity risk. For the insurance business the most important risk is insurance risk and for asset management its risk is mainly associated with the development of the financial markets and operational errors.

Continuous monitoring and active risk management are core areas of the Group's activities. The basis for risk management is laid down in the Board's annual review of the strategy and planning process, which sets the appetite for risk, risk targets and overriding risk limits for the operations. Risk management and internal control form an integral part of management responsibility in Storebrand.

Both Storebrand Life Insurance and SPP utilise dynamic risk management in their ongoing management. This is intended to ensure that the companies maintain good risk bearing capacity and continuously adjust their asset allocation and financial risk to their solvency and risk capital. The effect of market downturns are dampened at the same time as customers and owners can participate in market upswings.

Operational risk refers to the risk of incurring direct or indirect losses due to inadequate or failing internal processes or systems, human error or external events. Storebrand seeks to reduce operational risk by having plain routines, clear descriptions of responsibilities and documented authorisations. In addition, Internal Audit carries out independent checks through audit projects adopted by the Board. The greatest operational risks are associated with regulatory changes and major IT projects and their accompanying risk of operational and business impacts. The executive management conducts annual risk assessments which result in an overview of risks and improvement measures. The risk assessments are presented to and considered by the boards of the individual companies and the Group's Board of Directors.

STOREBRAND LIFE INSURANCE

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. Risk management in this business therefore aims to reduce the probability of the return falling below the annual guaranteed return for the various product groups in any single year.

Over time, high interest rates are preferable to low interest rates for guaranteed business. The falling interest rates in 2011 and 2012 therefore entailed, everything else being equal, a greater risk for the company.

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 produce good returns both for individual years and over time. 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, which consists of equity and subordinated loans, is invested at low market risk, mainly in interest-bearing investments of good credit quality and short duration.

Defined contribution pension and Unit Linked contracts include individual investment choice in which the individual bears the risk of falls in value, but also reaps the entire upside in rising markets. Storebrand has made a new standard solution available that automatically adjusts the proportion of equities according to the individual's age and time horizon. The opportunities within investment choice are thus better exploited and the customer receives a sensible potential return and risk level depending on their age. Beyond the facilitated standard solutions individuals are completely free to choose alternative solutions in which they can determine the investment risk themselves.

The exposure to increased life expectancy and disability is linked to the insurance's lifelong benefits. The tariffs are based on empirical statistics. The company has strategies for implementing future demand for building up reserves and reducing the owner's risk from changes in portfolios to the lowest possible level.

The life insurance industry has worked on new mortality tables, in cooperation with the Financial Supervisory Authority of Norway, which take higher life expectancy into account. As a result of this, Storebrand will significantly build up its reserves in the coming years. Due to the good returns in 2012, a total of NOK 3.2 billion was allocated in 2012. Storebrand has set aside a total of NOK 4.3 billion during the period from 2011 to 2012 for future reserves for longevity. There is an ongoing process with the authorities to ensure that a long enough period of time is allowed for building up reserves.

The company's total risk picture is monitored continuously using tools such as the Financial Supervisory Authority of Norway's risk-based supervision tool, RBT, and self-developed risk goals. The self-developed risk goals are monitored on a daily basis.

2012 saw good customer returns due to strong equity markets and good bond returns. The latter is due to falling interest rates and reduced credit premiums. The returns achieved in excess of the guarantee have mainly been used to build up reserves for higher life expectancy. On the other hand, low interest rates have a negative impact on Storebrand's ability to fulfil the nominal interest rate guarantee in coming years. This will become even more apparent when Solvency II is introduced.

For solvency, see graph on the top of page 40.

The solvency capital in the life insurance group increased by NOK 6.8 billion in 2012, mainly due to increased customer buffers. The solvency capital does not include the NOK 4.3 billion that has been set aside within group pensions to build up reserves for higher life expectancy. The largest changes are increased excess values for bonds that are recognised at amortised costs (NOK 3.5 billion), increased market value adjustment reserve (NOK 1.0 billion) and increased buffers in the form of conditional bonuses in SPP (NOK 1.2 billion). In addition to this come retained earnings of NOK 1.1 billion.

The Storebrand Life Insurance Group's solvency margin increased from 161 per cent to 162 per cent at the end of the year. The solvency margin was positively impacted by the NOK 550 million capital increase from Storebrand ASA in July. At the end of the 2nd quarter 2012, Storebrand changed the method it uses for calculating the solvency margin for the Swedish business by adopting the evaluation principles used in solvency calculations at a national level. Swedish solvency calculations for insurance liabilities are discounted by a combination of government bond yields and mortgage rates, while the recognised accounting insurance liabilities are discounted on the basis of a swap rate. Different interest rate changes can result in volatility in the solvency margin.

SPP

SPP is exposed to the same types of risks as Storebrand Life Insurance. However, differences in product design, regulatory framework and asset allocation result in a somewhat different risk situation. SPP's defined benefit-based products are adjusted for inflation. The company is thus exposed to inflation risk in parts of the portfolio. Interest rate risk is reflected in the liabilities since their market values are assessed under Swedish rules, both in the financial statements and for the calculation of solvency capital. The investment portfolio is continuously adjusted to the current interest rate sensitivity of insurance liabilities in the financial statements. Different calculation methods mean interest rate sensitivity is greater in the calculation of SPP's solvency than in the financial statements.

Customer returns were good in 2012. The largest positive contribution to customer returns came from the bond portfolios, especially portfolios with low credit risk, following the sharp fall in long Swedish interest rates.

If the value of the assets is lower than the value of the liabilities to customers, as a result of returns lower than the interest rate guarantees that have been issued, a so-called deferred capital contribution (DCC) arises, for which provisions are made in the accounts. Deferred capital contributions can be reversed in the event of good portfolio returns and/or higher market interest rates.

SPP's group structure has been changed such that SPP Liv Fondförsäkring AB is no longer a subsidiary but is instead a sister company of SPP Livförsäkring AB. SPP Livförsäkring AB's solvency margin was 222 per cent and SPP Liv Fondförsäkring AB's solvency margin was 221 per cent at the end of the year, compared with 169 per cent and 188 per cent respectively in 2011. In Sweden the solvency calculation discounts insurance liabilities using a market interest rate. Swedish interest rates fell in 2012. During the year, SPP changed its yield curve principle and switched from using a 10-year yield curve to a 30-year yield curve. Since the 30-year yield exceeds the 10-year yield this has resulted in a fall in the value of the insurance liabilities in the solvency calculation and increased solvency capital.

For solvency, see graph on the top of this page.

ASSET MANAGEMENT
Asset management offers active management and the management of fund-in-fund structures for the customer's account and risk. There is no risk apart from normal commercial and operational risk for this type of business. Operational risk is considered the company's most important risk factor. The most common types of operational risk in the asset management business are errors that occur in the trading and settlement process, pricing errors, breaches of investment mandates, erroneous reporting and faults in core systems.

The standard method is used for credit risk in capital adequacy regulations and the basic method for operational risk. The company's ICAAP process assesses the total need for capital. In addition to credit, market and operational risk, capital requirement estimates take into account additional capital requirements related to concentration, liquidity, market, and reputational risk, etc. The company's credit risk is considered low, and it is considered well-capitalised in relation to its risk profile. The company has a good liquidity buffer and continuously monitors liquidity reserves in relation to internal limits.

Its market risk is low since investments in securities are restricted to investing surplus liquidity. Its own investments are in Norwegian government papers. The company is exposed to the market risk associated with this. However, the company's results are indirectly affected by developments in the securities markets, primarily through fees being linked to the market value of assets under management. Some equity funds, like Delphi Global, also have performance-related management fees. Higher management fees are charged if the fund beats the benchmark index in a calendar year. If the fund loses against the benchmark index, lower management fees are charged. Furthermore, a weak return can affect the customers' capacity and willingness to take risks through actively managed mandates, as well as affect the customers' asset composition, which in turn can result in a shift from products with high margins to products with lower margins.

Compliance risk is linked to compliance with legislation and regulations. Special attention is therefore paid to risks associated with amendments to relevant legislation.

The company performs important monitoring tasks for its customers in accordance with the management agreements they sign. Investment portfolios are monitored on a daily basis in relation to a wide range of investment restrictions.

STOREBRAND BANK
The risk in Storebrand Bank is closely monitored in accordance with guidelines for risk management and internal control that have been approved by the Board. The bank's appetite for risk is expressed through the risk strategy, which is designed to support the goals of the business. Policy documents stating the measurement parameters are prepared for each form of risk defined in the guidelines. Developments in these parameters are followed up through risk reporting to the Bank's board.

The most important risk factors for the banking activities are credit risk and liquidity risk. The bank group is also exposed to operational, compliance and, to a lesser extent, market risk.

The credit quality of the corporate market portfolio is considered good. The portfolio entirely consists of mortgages for commercial properties. Mortgage-backed commitments in which running cash flows cover the commitment's interest charges account for around 75 per cent of total exposure (loans and lines of credit). The remainder of the portfolio consists of mortgage-backed commitments involving property development.

The cash flow loans are characterised by a well-diversified tenant profile and good lease durations. Such loans ensure cash flow for the bank from the tenants. At the same time, the buildings provide collateral. Tenant diversification ensures the corresponding diversification of cash flows. This considerably minimises the overall risk in the portfolio.

Development projects involve somewhat greater risk and the total exposure here is around NOK 4.1 billion. This segment is largely composed of loans to construction projects in the housing and office sector in and around the central Oslo region. A high proportion of advance sales is required for loans for new housing projects.

Credit risk in the corporate market portfolio improved during the year as new lower risk loans have been made and current loans have developed in a positive direction. Around 95 per cent of the portfolio has a loan to value ratio of within 85 per cent.

The credit quality of the retail market portfolio is considered very good. Almost the entire portfolio is secured by property mortgages. The portfolio's high collateral coverage indicates a limited risk of loss. The loan to value ratio for the mortgages is relatively low. Only a very limited number of loans exceed 80 per cent of their market value, and these are largely only given if the customers can put up additional collateral.

The bank has established good liquidity buffers and attaches great importance to having a balanced funding structure in relation to the various maturities and issuances in various markets. Credit facilities/agreements have been established that Storebrand Bank can draw down as required.

The bank group's aggregate market risk through interest rate and exchange rate exposure and the maximum risk of loss on its liquidity portfolio are restricted through low exposure limits. Nor does the bank have an active investment strategy for equities.

Compliance is monitored closely and the bank group seeks to reduce operational risk through systematic risk reviews of all of the bank's activities. These are carried out at least quarterly and when projects start or special events occur. At the end of 2012, the Storebrand Bank Group had a core (tier 1) capital ratio of 11.2 per cent. The target for the core (tier 1) capital ratio is 11 per cent.

STOREBRAND INSURANCE
Insurance risk is the greatest risk for Storebrand Insurance. A one percentage point rise or fall in the claims ratio will amount to about a NOK 20 million improvement or impairment in the 2012 result. To limit the impact, several risk-reducing measures have been introduced. Ahead of events the most important risk-reducing measures are the underwriting regulations and risk pricing. After events the risk is limited by reinsurance contracts. The need for reinsurance is assessed for each product range in relation to the volatility of the risk results. Storebrand Insurance's largest exposures to insurance risk mainly relate to property fires and contents, third party liability for motor, personal risk in group life, and occupational injury and disability pensions. To reduce the risk in these areas, Storebrand has entered into reinsurance contracts with sound reinsurers.

Storebrand Insurance has a conservative investment profile with some variation between the different investment portfolios relating to P&C, health, private and personal insurance. The investment portfolios are invested primarily in fixed income securities with short to medium term durations and a low credit risk. The durations of assets and liabilities are well matched. On the whole, Storebrand Insurance's financial risk is limited.

Compliance and operational risk are monitored closely and systematically as part of the daily management by the unit through regular reviews of identified risk areas, risk assessments of new projects and evaluations of the causes of incidents.

CAPITAL SITUATION
Storebrand pays particular attention to the levels of equity and loans in the Group, which are continually and systematically optimised. The level is adjusted for the financial risk and capital requirements. The growth and composition of business segments are important driving forces behind the need for capital. The purpose of capital management is to ensure an efficient capital structure and ensure an appropriate balance between internal goals and regulatory requirements. The Group's goal is to achieve a solvency margin ratio for the life insurance business of more than 150 per cent. The core (tier 1) capital ratio target for the Bank is 11 per cent. From 2015 the target for the core capital ratio will, given the current balance sheet structure, be set at 12.5 per cent. Storebrand Livsforsikring AS also aims to achieve an A level rating. The Group's parent company has established a goal to achieve a net debt-equity ratio of zero over time.

Storebrand ASA has only one class of share. All shares have equal rights and are freely negotiable.
The company is not aware of the existence of agreements between shareholders that limit rights to sell shares or to exercise related voting rights.

The Storebrand Life Insurance Group's solvency margin was 162 per cent at the end of the year, an increase of 1 percentage point in 2012. SPP's solvency margin was 222 per cent at the end of 2012. Storebrand Bank had a capital adequacy ratio of 11.8 per cent and a core (tier I) capital ratio of 11.2 per cent. The Storebrand Life Insurance Group's capital adequacy ratio was 12.2 per cent and the core capital (tier I) ratio was 8.5 per cent. The Storebrand Group's capital adequacy ratio was 11.7 per cent. The regulatory requirement for capital adequacy is 8 per cent. The core (tier I) capital ratio was 8.5 per cent as per 31 December 2012.

The Group's primary capital, which consists of equity, subordinated loans and market value adjustment reserve, additional statutory reserves, conditional bonus and other solvency capital in life insurance, amounted to NOK 45 billion at year-end, compared with NOK 42 billion a year earlier.

Storebrand ASA had total liquid assets amounting to NOK 1.8 billion at the end of 2012 and also has an undrawn credit facility of EUR 240 million. Storebrand ASA's total interest bearing liabilities amounted to NOK 3.5 billion at the end of the year. Storebrand ASA has a NOK 479 million bond that matures in 2013 and in 2012 redeemed a NOK 282 million bond and a NOK 502 million bank loan, bought back a NOK 121 million bond, and issued new bonds worth NOK 850 million. Storebrand ASA's debt is normally refinanced well before maturity.

Storebrand Livsforsikring AS, Storebrand ASA, Storebrand Bank ASA and Storebrand Boligkreditt AS had the same rating from Moody's and Standard & Poor's respectively that they had at the end of the preceding year.

Rating

	Rating company	
	Moody`s	**S&P**
Storebrand ASA	Baa3 (S)	BBB (S)
Storebrand Livsforsikring AS	A3 (S)	A- (S)
Storebrand Bank ASA	Baa1 (N)	BBB+ (S)
Storebrand Boligkreditt AS	Aaa	na

P = positive outlook, S = stabile outlook, N = Negative outlook.

SUSTAINABILITY

The Storebrand Group has worked systematically and purposefully on sustainability for almost 20 years. Sustainable products and relationships are one of Storebrand's customer promises and form an integral part of the Group's brand. During 2012, Storebrand carried out a number of activities to strengthen its work on sustainability and ensure that sustainability is a differentiating factor that brings us closer to our vision: "Recommended by our customers".

FUNDAMENTAL PRINCIPLES
Storebrand has signed the UN Global Compact, the UN's principles for responsible companies. The Principles for Responsible Investments (PRI) play a key role in the work on sustainable investments. In 2012, we signed the Principles for Sustainable Insurance (PSI), which will be used in the work on further developing sustainable insurance.

SUSTAINABLE INVESTMENTS
All managed assets in the Storebrand Group comply with Storebrand's minimum requirements. Investments are not made in companies that violate UN conventions or operate other non-sustainable activities. Active ownership is exercised to influence companies in the direction of sustainability and to get to grips with challenges related to global environmental, social and governance (ESG) trends.

During 2012, the analysis unit for sustainable investments established a new and unique sustainability rating system. All of the companies in Morgan Stanley's Global Index will be assigned a sustainability score. The rating is based on three main factors: financial strength, current sustainable practices, and future positioning based on global challenges such the scarcity of resources and changed consumption patterns. All asset managers have access to this sustainability rating. This is how the ESG parameters are being integrated into all investment decisions in the Group.

THE LIFE PORTFOLIOS REPORT SUSTAINABILITY RATINGS
Based on the new sustainability rating system all of the Group's life portfolios have been assessed on the basis of sustainability criteria. Our ambition is for the life portfolios to increase their share of investments in the most sustainable companies. This year, for the first time, a target was set for the proportion of the balance sheet that must be invested in companies regarded by Storebrand as being among the most sustainable in their respective industries.

NEW SMART CUTTING EDGE PRODUCT
Storebrand launched "Trippel Smart" in Norway and Sweden in October 2012. The fund is a global equity fund that invests in 100 of the most sustainable companies in the whole world, and in all sectors.

WORLD-CLASS SUSTAINABLE OPERATIONS
The Group requires sustainability in all internal processes and decisions. Sustainability is one of the Purchasing Department's three essential criteria. Ethics, developing talent and employee satisfaction are high on HR's agenda. Product Development integrates sustainability into its work. This contributed to Storebrand being named a Global 100 company as "the most sustainable finance service company in the world" by the Davos World Economic Forum (January 2013). Storebrand qualified for the Dow Jones Sustainability Index for the 14th year in a row as one of the 10 per cent most sustainable companies in the world. Storebrand also qualified for FTSE4Good and was nominated as Sustainable Asset Manager of the Year, a distinction awarded by the IFC and the Financial Times. Storebrand reports the status of its climate change work to the Carbon Disclosure Project and has been Eco-lighthouse certified for the last 3 years.

ONE OF THE FOUNDERS OF THE UN PRINCIPLES FOR SUSTAINABLE INSURANCE (PSI)
Storebrand participated in the UN's conference on sustainable development in the summer and launched a new initiative in the insurance industry. Together with 30 other insurance companies and industry organisations, Storebrand signed UNEP FI's Principles for Sustainable Insurance. Storebrand has participated in the work on developing these principles since 2006 and hope they have as great an impact in the insurance industry as their forerunner PRI (Principles for Responsible Investments) had in the financial sector. During 2013-2014, the work on implementing the principles in day-to-day operations will be intensified, and what sustainable insurance means for Storebrand and our customers will be defined.

You can read more about Storebrand's sustainability work in the separate article nearer the front of the annual report.

ENVIRONMENT
Storebrand systematically strives to reduce the company's impact on the environment due to our business activities, investments, procurement and property management. The best way we can influence the environment is through sustainable investments.

We continuously work to reduce energy consumption in all the properties we manage. The Group is working on eco-labelling its properties. By the end of 2012, 62 per cent of the properties Storebrand runs and manages were Eco-lighthouse certified. All of them are energy labelled.

The Group has eliminated company cars and has electric cars and bicycles that employees can borrow. The environment is a weighty factor in all our procurements. In 2012, Storebrand was nominated as the purchaser of the year by the Swan network.

Storebrand systematically works to reduce CO_2 emissions, including by keeping flights to an absolute minimum and using video conferencing. Storebrand purchases UN certified emissions reductions (CER) to compensate for CO_2 emissions from flights and energy consumption.

HUMAN RESOURCES AND ORGANISATION

The Group had 2,250 employees at the end of the year, compared with 2,221 at the beginning of the year. 51 per cent of our employees are women. The average age of our employees is 41 years old and the average length of service is 9 years.

EQUALITY AND DIVERSITY
Storebrand focuses on retaining and improving the development of talented female employees. A programme aimed at increasing the number of women in senior positions in the Group started in spring 2012. The programme will be expanded to include men in 2013 in order to ensure broader provision for all those with a talent for management. This compensates for some of the effects of the Group deciding to end the trainee programme due to cost reductions.

The Group participates in a number of external talent programmes for women in Norway and Sweden. SPP participates in the "Battle of the Numbers", where the aim is to get more women into senior positions. In 2013, Storebrand will also participate in Norway. SPP also participates in "Ruter Dam", a management development and mentor programme aimed at getting more female managers into senior positions in major companies.

Storebrand strives to ensure that all of its employees, regardless of cultural background, flourish. The same is true for people with disabilities who are employed and provided with access to the workplace on the same terms as other employees. Storebrand's workforce reflects a good example of age diversity. Age is not a decisive criterion in either recruitment processes or later on during someone's employment. In order to be able to compare salaries between male and female employees, we prepare salary statistics for specified levels and types of positions.

44 per cent of Storebrand ASA's board members are women. The proportion of women on the subsidiaries' boards is 35 per cent and in the executive management it is 22 per cent. At the end of the year, women accounted for 43 per cent of people with managerial responsibilities in the Group. The company provides a number of benefits for employees that contribute to flexible solutions, including the right to a maximum of 15 days off in lieu, flexible working hours within the Group's core hours, and laptops. Employees receive full pay during leave due to their own, a child's or a parent's sickness, and also during pregnancy.

In 2012, 12 employees older than 65 years old were still in post compared with 15 in 2011. 25 people over 45 were hired.

In July 2012, a NOK 400 million costs programme was announced, primarily to adapt the Group's cost base to the future Solvency II regulations. The measures entail staffing reductions of around 300 full-time equivalents in the Group before 2104. Storebrand has good routines for reducing staffing and restructuring processes, which include formal discussions between the executive management and committee of employee representatives.

WORKING ENVIRONMENT/SICK LEAVE

Job satisfaction increased somewhat according to the Group's employee satisfaction index. Job satisfaction is a combination of satisfaction and motivation, which in turn is a combination of seven priority areas. The working environment survey shows that the trends for health and satisfaction parameters were stable in 2012. One fixed item on the agenda of the Group's working environment committee is reviewing measurements of light, air and sound, and improvements are continuously being made in this area.

The Group's sick leave rate has been stable for many years. The sick leave rate for the Group as a whole in 2012 was 3.4 per cent: it was 4.2 per cent in Norway, 1.9 per cent in SPP and 2.2 per cent in Storebrand Baltic. Storebrand has been an "inclusive workplace" (IA) company for 10 years and the Group's managers have over the years built up good routines for following up sick employees. Our working relationship with NAV's work centre is also good. Storebrand's health clinic in Norway provided around 6,100 treatments in 2012 by chiropractors, physiotherapists and masseurs, with an average of 6 treatments per employee. The health clinic's low threshold provision has made a positive contribution to the low sick leave rate.

Employees at head office can work out in the spinning room, weights room and sports hall. More than 60 per cent of employees in Norway are members of Storebrand Sport. All employees in Sweden are members of SPP Leisure.

No injuries to people, property damage, or accidents were reported in the Storebrand Group in 2012.

SKILLS

Storebrand encourages lifelong learning to ensure that employees always perform at their best. All employees have easy access to formal e-learning and classroom courses. Just as important is trying to ensure that all employees learn as much as possible every single working day. In 2012, we became more aware of how work can become an effective learning arena. This work will continue in 2013.

Further improving customer relations forms an important part of achieving our vision: "Recommended by our customers". Training in customer communications and sales has been intensified. Storebrand has utilised internal resources for this boost in skills. Communication measures have been implemented in relation to both our retail customers and, not least, our corporate customers. Both managers and staff have been involved. The scope of this work will increase in 2013.

Storebrand continuously works to improve personal and professional development in the Group and attaches great importance to performance appraisals as part of this. All employees go through two mandatory appraisals a year involving follow-up and the documentation of performance, teamwork and compliance with corporate values.

ETHICS AND TRUST

Trust is the lifeblood of Storebrand. The company sets strict requirements concerning high ethical standards for the Group's employees. The Group has a common code of conduct that is available on our intranet. This sets rules for employees' personal conduct, business practices and whistleblowing. The company has rules for both internal and external whistleblowing.

Employees take the company's e-learning course on ethics. The company's authorised financial advisers must also undergo ethics training through the finance industry's own "Courage and Trust" (Mot og tillit) booklet.

CORPORATE GOVERNANCE

Storebrand's executive management and Board of Directors review Storebrand's corporate governance policies annually. The policies were established in 1998. In accordance with section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance dated 23 October 2012, Storebrand issues a statement concerning its corporate governance principles and practices, see page 50-56.

The Board carried out an evaluation in 2012, in which the executive management participated. 14 board meetings and one board seminar were held in 2012 in Storebrand ASA. The work of the Board is regulated by special rules of procedure for the Board. The Board has established two advisory committees: the Compensation Committee and Audit Committee. In September 2012, it was decided to merge the Remuneration Committee, which was established in 2011 in connection with the entry into force of the Remuneration Regulations, with the Compensation Committee to form a joint Compensation Committee. At the same time, it was decided that the Compensation Committee should perform the function of the Swedish Compensation Committee pursuant to the relevant regulations for the Swedish operations.

The following changes to the membership of the Storebrand Group's corporate bodies took place in 2012:

Board of Directors
Heidi Skaaret stepped down from the Board in September and took up the position of COO in Storebrand ASA.

Board of Representatives
Mats Gottschalk was elected a new deputy member. Deputy member Tor Lønnum stepped down from the Board of Representatives.

Control Committee
Anne-Grete Steinkjær (former deputy member) was elected a new member. Tone M. Reierselmoen (former member) was elected a new deputy member.

Nomination Committee
No changes to the committee's composition in 2012. The Board wishes to thank the retiring members of the Board of Directors, Board of Representatives and the Control Committee for their valuable contributions to the Group.

OUTLOOK

MACROECONOMIC SITUATION

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 downturn internationally is nevertheless dampening growth in Norway and Sweden to some extent. Europe is expected to see low growth in the next few years. The low interest rate level is challenging for insurance companies that have to cover an annual interest rate guarantee. However, Storebrand believes there are still good investment opportunities in the market with expected returns that exceed the average interest rate 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 what 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 adopted 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. The development of interest rate, property and equity markets are deemed to be the most important risk factors that can affect the Group's results, in addition to life expectancy and disability trends. Over time, it is important to be able to deliver returns that 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, transitional rules and future processes are describe earlier in the report of the Board of Directors in the chapter Regulatory Adaptation.

SOLVENCY II
Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and EEA. 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 until 1 January 2015 at the earliest, although further postponement cannot be ruled out.

Storebrand is working actively to adapt to the new solvency regulations. The costs 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 without raising more 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 28 in the financial statements section will describe these changes in greater detail.

FUTURE RESERVES FOR PROJECTED HIGHER LIFE EXPECTANCY
The life insurance industry has worked on new mortality tables, in cooperation with the Financial Supervisory Authority of Norway. There is a general need to build up reserves to boost provisions for higher life expectancy within group pensions. 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's mean alternative for mortality plus a 10 per cent safety margin indicates a strengthening of the premium reserves of around 7 per cent, which corresponds 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 Life Insurance will once again set aside a considerable portion of the returns that exceed the interest rate guarantee to increase reserves for longevity in 2013 as well. The remaining build up of reserves is expected to be covered mainly through financial and risk profits. The Financial Supervisory Authority of Norway will clarify the final assumptions for the plan for building up reserves, including the length of the reserves period and the size of the company's contribution.

FINANCIAL TARGETS
In a period of low interest rates and the building up of reserves for higher life expectancy, the profit sharing within group pensions will be substantially reduced. Changes to the taxation of the Group will result in a lower result after tax. The costs programme and expanding margins will have a positive effect on the result. Overall, the effects are expected to reduce the return on equity for a transitional period. Given this, the Board of Directors has changed its target for the return on equity after tax but before amortisation to more than 10 per cent.

Storebrand aims to adapt to the changed regulatory framework without raising more equity. The Board is maintaining a distribution target for a normal situation of more than 35 per cent of the result after tax, but before amortisation costs. The dividend policy states that dividends shall be adjusted such that the Group is assured the right capital structure.

The Board is maintaining the solvency ratio target for the Storebrand Life Insurance Group of more than 150 per cent and the target of an A level rating for Storebrand Life Insurance.

ALLOCATION OF THE ANNUAL RESULT

As described above the Board is maintaining the previous dividend rate target.

The Group is in a situation where it needs to strengthen its reserves for higher life expectancy. Therefore, the good return in 2012 has, in its entirety, been used to strengthen provisions for higher life expectancy. Customers will thus not receive an extra return. Given this, the Board has decided to propose to the Annual General Meeting that no dividend be paid and that the net profit for 2012 be allocated to other equity.

NOK million	2012	2011
Application of the year`s result		
To/from other equity	- 200	700
Total applications	**- 200**	**700**

Lysaker, 12 February 2013
Board of Directors of Storebrand ASA

Translation - not to be signed.

Birger Magnus
Chairman of the Board

Birgitte Nielsen | Jon Arnt Jacobsen | Halvor Stenstadvold

John S. Dueholm | Monica Caneman | Knut Dyre Haug

Kirsti V. Fløystøl | Ann-Mari Gjøstein | Odd Arild Grefstad
Chief Executive Officer

Corporate Governance

Storebrand's corporate values are described by the group's position, vision, core values and corporate policies.

10 %

The total holdings of treasury shares must, however, never exceed 10 per cent of the group's share capital.

Good corporate governance is important to ensure that an enterprise can achieve its defined goals, as well as the best possible utilisation of resources and good value creation in the company. Storebrand focuses strongly on continuous improvement of the Group's overall decision-making processes and the day-to-day management of the company.

Storebrand's corporate governance principles are still in accordance with the Norwegian Code of Practice for Corporate Governance. The management and Board of Directors of Storebrand conduct an annual review of Storebrand's adopted corporate governance policies and how they function in the Group. Storebrand reports in accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance.

STATEMENT IN ACCORDANCE WITH THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

The statement below describes how Storebrand complies with the 15 sections of the Code of Practice.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

(No deviations from the Code of Practice)

There are no significant deviations between the Code of Practice and how Storebrand complies with the code. Deviations have been accounted for below under section 3. Storebrand established its own corporate governance policies as early as 1998 and views the Norwegian Code of Practice as a natural extension of its own policies. The Board of Directors (the Board) has decided that the company will comply with the Norwegian Code of Practice and refers to compliance with the Code of Practice in the Board of Directors' Report on page 47.

Storebrand's corporate values are described in the Group vision and core values. Combined they provide the Group with a common direction and goals. The vision describes the Group's goals and ambitions. The three core values characterise what Storebrand stands for as a company. Further discussion and clarification of the Group's corporate values may be found on the Group's website.

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

The Group also has its own code of ethics, as well as guidelines for whistle-blowing, social events, combating corruption, etc. An employee survey was conducted within the Group in 2012, and this survey showed that on a scale of 0-100, employees responded on average 85 that they had a clear picture of the importance of the ethical guidelines in their day-to-day work.

2. BUSINESS

(No deviations from the Code of Practice)

Storebrand ASA is the parent company in a financial group, and its statutory object is to manage its equity interests in the Group in compliance with the current legislation. The Group's main business areas comprise pension and life insurance, asset management, banking and P&C insurance. The full text of the Articles of Association may be found at storebrand.no.

The market is kept informed of the Group's goals and strategies through quarterly investor presentations held in connection with interim and annual reports and other specialised presentations, such as the Capital Markets Days. The next is the Investor and Analyst Update on 15 March 2013. You can read more about the company's goals and main strategies on page 25.

3. EQUITY AND DIVIDENDS

(Deviation from the Code of Practice)

The Board continually monitors the company's capital solidity in light of its goals, strategy and risk profile. You can read more about Storebrand's solvency capital and capital situation on page 40 of the Board of Directors' Report. The Board has adopted a dividend policy that states that the dividend paid to shareholders shall normally amount to more than 35 per cent of the profit for the year after tax, but before amortisation costs. The dividend is set by the Annual General Meeting (AGM), based on a proposal put forward by the Board. Read more about Storebrand's dividend policy on page 22.

Storebrand ASA would like to have various tools available for its efforts to maintain an optimal capital structure for the Group. At the 2012 AGM the Board was granted authorisation to increase the share capital through issuing new shares for a total maximum value of NOK 224,954,945. This authorisation may be used for the acquisition of businesses in consideration for new shares or increasing the share capital by other means. The Board of Directors may decide to waive the shareholders' preferential rights to subscribe for new shares in accordance with the authorisation.
This authorisation may be used for one or more new issues. The authorisation is valid until the next AGM.

At the same AGM the Board was authorised to buy back shares for a maximum value of NOK 224,954,945. The total holdings of treasury shares must, however, never exceed 10 per cent of the Group's share capital. The buyback of treasury shares may be a tool for the distribution of surplus capital to shareholders in addition to dividends. In addition, Storebrand ASA sells shares to employees from its own holdings in connection with the share purchase scheme and long-term incentive schemes for employees in the Group. It is accordingly appropriate to authorise the Board to buy shares in the market to cover the aforementioned needs or any other needs. The authorisation is valid until the next AGM.

Otherwise there are no provisions in Storebrand's Articles of Association that regulate the buyback or issuance of shares.

Deviation from the Code of Practice:
The Board's authorisations to increase the share capital and buy back shares are not completely limited to defined purposes. No provisions have been made for the General Meeting to vote on each individual purpose to be covered by the authorisations.

4. EQUAL TREATMENT OF SHARE HOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

(No deviations from the Code of Practice)

Storebrand ASA has only one class of shares. Storebrand has no specific restrictions on the ownership of shares or voting rights beyond the restrictions imposed by the Financial Institutions Act. The management and Board of Directors of Storebrand focus strongly on the equal treatment of shareholders.

The general competence rules for board members and executive personnel may be found in the rules of procedure for the Board of Storebrand ASA and the Group's code of ethics. Board members must inform the company if they have direct or indirect material interests in an agreement concluded by one of the Group's companies. The Board shall ensure that an independent third party assesses the value of transactions that are not insubstantial in nature. Furthermore, the rules of procedure for the Board stipulate that no board member may participate in discussions or a decision concerning matters that are of such material importance to them or a close associate that the member must be regarded as having a conspicuous personal or special financial interest in the matter. Each board member has a responsibility to continuously assess whether or not such a situation exists. Transactions with close associates involving the Group's employees and other officers of the Group are regulated by the Group's code of ethics. Employees shall on their own initiative immediately report conflicts of interest that may arise to their immediate superior as soon as they become aware of such a situation. In general, an employee is defined as disqualified if circumstances exist that could result in others questioning the person's impartiality in relation to matters other than the interests of the Storebrand Group.

The share capital has not been increased in 2012, but an authorisation has been granted to increase the share capital, cf. section 3 above. The Board of Directors may decide to waive the shareholders' preferential rights in connection with share capital increases.

For a complete report on shareholder matters, see page 22-23.

5. FREELY NEGOTIABLE SHARES

(No deviations from the Code of Practice)

Shares in Storebrand ASA are listed on Oslo Børs (Oslo Stock Exchange). The shares are freely negotiable, and the Articles of Association do thus not contain any restrictions with regard to the negotiability of the shares. All the shares carry equal rights, cf. section 4 above.

6. GENERAL MEETINGS AND CONTROL COMMITTEE

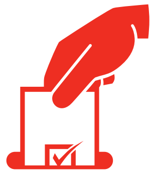
(No deviations from the Code of Practice)

General meetings

Pursuant to the company's Articles of Association, Storebrand ASA's AGM shall be held by the end of June each year. The 2012 AGM was held on 18 April. All shareholders with a known address will receive written notice of the AGM by post, which will be sent out no later than 21 days before the AGM. The deadline for registration is three working days before the AGM.

At the 2010 AGM, the Articles of Association were amended so that the requirement in the Norwegian Public Limited Companies Act or the Articles of Association that documents concerning matters to be considered at the general meeting must be sent to the shareholders does not apply if the documents are made available to the shareholders on the company's website. This also applies to documents that are to be included in or attached to the notice of the general meeting pursuant to the Norwegian Public Limited Companies Act or the Articles of Association. A shareholder may nevertheless request that the documents concerning the items to be discussed are sent free of charge. This provision in the Articles of Association deviates from the main rule in chapter 5 of the Norwegian Public Limited Companies Act that the annual accounts, directors' report, auditor's report, Board of Representatives' statement and the Board's statement on the remuneration of executive personnel shall be sent to all shareholders no later than one week prior to the AGM. The Board's proposal to amend the Articles of Association on this point was justified by a desire to achieve environmental benefits and cost savings. The Articles of Association were amended at the 2011 AGM to allow shareholders to vote in advance by means of electronic communication, cf. section 5-8b of the Norwegian Public Limited Companies Act. The right to vote in advance was exercised for the first time at the AGM in 2012. This arrangement allows the shareholders to vote in advance without being represented at the AGM and enables thus as many shareholders as possible to exert an influence on the company through exercising their voting rights. All shareholders may participate at the AGM, and it is also possible to vote by proxy. Provisions have been made so that the proxy form is linked to each individual item to be considered, and we will seek whenever possible to design the form so that it allows voting for candidates who are to be elected.
The voting rules for the AGM allow separate votes for each member of the various bodies. Further information about voting in advance, use of proxies and shareholders' rights to have matters discussed at the AGM is available in the notice of the AGM and on Storebrand's website.

Storebrand's Articles of Association stipulate that the chairman of the Board of Representatives shall chair the AGM. The Chairman of the Board, at least one representative from the Nomination Committee and the external auditor must attend the AGM. The CEO and the Group's executive management team also participate. AGM minutes are available on the Group's website.



All shareholders may participate at the AGM, and it is also possible to vote by proxy.

The Board of Representatives elects the Board's members and supervises the management of the company by the Board and CEO.

The AGM makes decisions concerning the following:

- Approval of the annual report, financial statements and any dividend proposed by the Board of Directors.
- Statement on the fixing of remuneration to executive personnel.
- Election of shareholder representatives to the Board of Representatives and members of the Nomination Committee and the Control Committee.
- Remuneration of the Board of Representatives, Nomination Committee and Control Committee.
- Election of an external auditor and fixing the auditor's remuneration.
- Any matters listed on the agenda enclosed with the notice of the meeting.

Decisions are generally made on the basis of an ordinary majority. Pursuant to Norwegian law, however, a special majority is required for certain decisions, including decisions about setting aside pre-emptive rights in connection with any share issues, mergers, demergers, amendments to the Articles of Association or authorisations to increase or reduce the share capital. Such decisions require approval by at least two thirds of both the votes cast and the share capital represented at the AGM.

Control Committee
Storebrand is legally required to have a Control Committee. Storebrand ASA, Storebrand Livsforsikring AS, Storebrand Forsikring AS, Storebrand Bank ASA and Storebrand Boligkreditt AS share a committee, which consists of five members and an alternate member, all of which are elected by the AGM. The alternate member attends all the Control Committee meetings. The composition of the committee is identical for Storebrand ASA and all of the aforementioned subsidiaries or group companies. The committee is independent of the respective boards and management of the companies. The term of office is two years. The Control Committee is responsible for ensuring that the Group conducts its activities in a prudent and proper manner. The Storebrand Group believes a good working partnership with the Control Committee is important. The Committee ensures that the Group complies with all relevant legislation and regulations, and that it operates in accordance with the Articles of Association and resolutions adopted by the Group's decision-making bodies. The committee is entitled to look into any matter and has access to all relevant documentation and information. The committee has the power to demand information from any employee and any member of the governing bodies. The committee held ten meetings in 2012 and reports semi-annually on the committee's work to the Board of Representatives, most recently in September 2012.

7. NOMINATION COMMITTEE

(No deviations from the Code of Practice)
Storebrand ASA's Articles of Association regulate the Nomination Committee, which consists of four members and an observer elected by the employees. The chairman of the Nomination Committee and the other members are elected by the AGM. The Articles of Association stipulate that the chairman of the Board of Representatives shall be a permanent member of the Nomination Committee, if the person concerned has not already been elected by the AGM. An employee representative will also participate as a permanent member in discussions and recommendations concerning the election of the chairman and deputy chairman of the Board of Representatives and the Chairman of the Board, as well as in other contexts where this would be natural pursuant to an invitation from the chairman of the committee.
The Nomination Committee is independent of the Board and management, and its composition aims to ensure broad representation of the shareholders' interests. Storebrand does not have any written provisions concerning the rotation of Nomination Committee members. The Articles of Association stipulate that the Nomination Committee should work in accordance with the rules of procedure adopted by the AGM. The Nomination Committee's rules of procedure were adopted at the 2010 AGM. In accordance with the rules of procedure, the Nomination Committee shall focus, for example, on the following when preparing nominations for representatives for the companies' governing and controlling bodies: competence, experience, capacity, gender distribution, independence and the interests of the community of shareholders. More information about the members has been published on the Group's website. The Nomination Committee reviews the annual appraisal of the work of the Board and is responsible for proposing candidates to the Board of Representatives, Boards, Control Committee and Nomination Committee, and the remuneration for the members of these bodies. The Committee's members are also members of the nomination committees of Storebrand Livsforsikring AS, Storebrand Bank ASA and Storebrand Boligkreditt AS.

The Nomination Committee held seven meetings in 2012, and prepared, for example, nominations for the election of new members to the Board of Representatives, Control Committee and boards of the group companies. The Nomination Committee also prepared elections that will be held in 2013.

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

(No deviations from the Code of Practice)
The Board of Representatives elects the Board's members and supervises the management of the company by the Board and CEO. Storebrand ASA is legally required to have a board of representatives. It has 18 members, 12 of whom are elected by the AGM and six by the Group's employees. Members are elected for a two-year term, so that half the members are up for election each year. It is a statutory requirement that the members elected by the AGM shall reflect the company's stakeholders, customer structure and function in society. The company's shareholders are broadly represented through the elections that are held.

The duties of the Board of Representatives include making recommendations to the AGM regarding the Board's proposed annual report and financial statements, electing between five and seven shareholder-elected board members, including the Chairman of the Board, fixing the remuneration paid to board members, prescribing the rules of procedure for the Control Committees' work, and considering reports from the Control Committees. The Board of Representatives is entitled to make recommendations to the Board on any matter.

At the AGM in 2012, the Articles of Association were amended from stating that the company's Board of Directors shall consist of between nine and ten members to the Board of Directors shall consist of between seven and ten members. Furthermore, the Articles of Association stipulate that between five and seven board members shall be elected by the Board of Representatives based on nominations from the Nomination Committee. Two members, or three members if the Board of Representatives elects six or seven directors, shall be elected by and from among the employees. The board members are elected for one year at a time. The day-to-day management is not represented on the Board of Directors. In 2012 the Board of Directors consisted of ten members (six men and four women) up until September, when one of the female members resigned to accept a position as an executive vice president of Storebrand ASA. The gender representation requirement pursuant to section 6-11 a of the Norwegian Public Limited Companies Act was not met after this. It follows from the provision that each gender shall be represented by four individuals if there are nine members on the Board of Directors. The Nomination Committee is working on finding a replacement so that this matter can be rectified.

None of the members elected by the Board of Representatives have any employment, professional or consultancy relationship with the Group beyond their appointment to the Board of Directors. The backgrounds of the individual board members are described on page 60-61 of the annual report and on the Group's website. The composition of the Board of Directors satisfies the independence requirements set forth in the Code of Practice. There are few instances of disqualification during the consideration of matters by the Board. The Board's assessment of each board member's independence is commented on in the overview of governing and controlling bodies on page 62. An overview of the number of shares in the Storebrand Group owned by members of governing bodies as at 31 December 2012 is included in the notes to the financial statements for Storebrand ASA (Information about close associates) on page 155-156.

9. WORK OF THE BOARD OF DIRECTORS

(No deviations from the Code of Practice)
Board's duties
The Board meets at least 11 times a year. A total of 14 board meetings and one board seminar on Solvency II were held in 2012. The Group's future strategy is discussed at the Board's annual strategy meeting, which establishes guidelines for the management's preparation of plans and budgets in connection with the annual planning process, which must be approved by the Board. The Board shall stay informed about Storebrand's financial position and development, and it shall ensure that the company's value creation and profitability are safeguarded in the best possible manner on behalf of the owners. The Board shall also ensure that the activities are subjected to adequate control and ensure that the Group has adequate capital based on the scope of, and risks associated with, its activities. The attendance records of individual board members are provided in the overview of the governing and controlling bodies on page 62. The work of the Board is regulated by special rules of procedure for the Board, which are reviewed annually. In order to ensure sound and well-considered decisions, importance is attached to ensuring that meetings of the Board are well prepared so that all the members can participate in the decision-making process. The Board prepares an annual schedule for its meetings and the topics it will consider. The agenda for the next board meeting is normally presented to the Board based on the approved schedule for the year and a list of matters carried forward from previous meetings. The final agenda is fixed in consultation with the Chairman of the Board. Time is set aside at each board meeting to evaluate the meeting without the management present. The Board is entitled to appoint external advisers to help it with its work whenever it deems this necessary. The Board has also drawn up instructions for the CEO.

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

Board committees
The Board has established a Remuneration Committee and an Audit Committee. Both committees consist of three board members, two shareholder-elected board members and one-employee elected board member. This helps ensure thorough and independent consideration of matters that concern internal control, financial reporting and the remuneration of executive personnel. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are made, however, by the full Board. Both committees are able to hold meetings and consider matters without the involvement of the company's management.

The Remuneration Committee assists the Board with all matters concerning the CEO's remuneration. The committee monitors the remuneration of the Group's executive personnel, and proposes guidelines for the fixing of the executive personnel's remuneration and the Board's statement on the fixing of the executive personnel's remuneration, which is presented to the AGM each year. The Compensation Committee held five meetings in 2012. In addition to the Compensation Committee, the Board has appointed a joint Remuneration Committee for five Norwegian group companies pursuant to section 3, third paragraph of the Compensation Regulations. The Remuneration Committee shall advise the boards of the affected companies in any matters that concern the individual company's compensation scheme for executive personnel, employees with duties of importance to the company's risk exposure and employees with control functions. In addition, the committee shall evaluate whether the company's compensation scheme and its practice makes good management and control of the company's risk possible, counteracts high risk-taking and contributes to the avoidance of conflicts of interest. The committee cannot make decisions on behalf of the individual board. The Remuneration Committee has held two meetings in 2012. In October 2012 the Board of Directors decided to merge the Compensation Committee and Remuneration Committee to form a joint Compensation Committee. The mandate of the Compensation Committee has been expanded to include the matters related to compensation as required by the Compensation Regulations. The Remuneration Committee as it was established in 2011 has been discontinued. It was decided at the same time that the Compensation Committee should also perform the function of the Swedish Compensation Committee pursuant to the relevant regulations for the Swedish operations.

The Audit Committee assists the Board of Directors by reviewing, evaluating and, where necessary, proposing appropriate measures with respect to the Group's overall controls, financial and operational reporting, risk management, and internal

For the 14th year in a row the group qualified for the international Dow Jones Sustainability Index, which includes the top 10 per cent most sustainable companies within all industries on a global basis.

and external auditing. The Audit Committee held eight meetings in 2012. The external and internal auditors participate in the meetings. The majority of the Committee's members are independent of the Group. The Board of Directors has found that it is appropriate to have a combined Remuneration Committee for the entire Storebrand Group.

10. RISK MANAGEMENT AND INTERNAL CONTROL

(No deviations from the Code of Practice)

Management and control
Storebrand ASA's Board of Directors has drawn up general policies and guidelines for management and control. These policies deal with the Board's responsibility for determining the Group's risk profile, approval of the organisation of the business, assignment of areas of responsibility and authority, requirements concerning reporting lines and information, and risk management and internal control requirements. The Board's and CEO's areas of responsibility are defined in the rules of procedure for the Board and instructions for the CEO, respectively.

Storebrand ASA's Board of Directors has drawn up instructions for the Group's subsidiaries that are to ensure that they implement and comply with the Group's management and control policies and guidelines.

The Group's corporate responsibility guidelines summarise how corporate responsibility is an integral part of the Group's management and control processes for investments, product development, purchasing, employee monitoring and internal operations. The Group's corporate sustainability goals are adopted by the Board, and the sustainability scorecard is followed up by the Group's executive management team. The Group also complies with the GRI (Global Reporting Initiative) international reporting standard. The results are audited by the Group's external auditor. For the 14th year in a row the Group qualified for the international Dow Jones Sustainability Index, which includes the top 10 per cent most sustainable companies within all industries on a global basis.

The investor relations guidelines ensure reliable, timely and identical information to investors, lenders and other stakeholders in the securities market.

As an extension of the general policies and guidelines, a code of ethics has been drawn up that applies to all employees and representatives of the Group, in addition to corporate rules for areas such as risk management and internal control, financial reporting, handling inside information and share trading by primary insiders. Guidelines and information about information security, contingency plans and financial criminality have also been drawn up. The Group is subject to statutory supervision in the countries where it has operations that require a licence, including the Financial Supervisory Authority of Norway, as well as its own supervisory bodies and external auditor.

Risk management and internal control
The assessment and management of risk are integrated into the Group's value-based management system. This management system shall ensure that there is a correlation between goals and actions at all levels of the Group and the overall policy of creating value for Storebrand's stakeholders. The system is based on a balanced scorecard, which reflects both short-term and long-term value creation in the Group.

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

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

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

The responsibility for the Group's control functions for risk management and internal control lies in the Business Management unit under the management of the Chief Risk Officer (CRO). The CRO reports to the Group's CFO. The CRO function is responsible for supporting the Board and Group's management team with respect to the establishment of a risk strategy and operationalisation of the setting of limits and risk monitoring across the Group's business areas. In addition, this function is responsible for managing the value-based management system, coordinating the financial planning process, and the management's risk assessment and internal control reporting, in addition to reporting from the Board and management.

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

The basis for Storebrand's continuous management reporting is formed in the strategy and planning process through the stipulation of goals and action plans. Storebrand Compass is the company's monitoring tool and provides comprehensive reports for management and the Board concerning financial and operational targets for earnings, risk and solvency.

The appraisal of Storebrand employees forms an integral part of the value-based management system and is designed to ensure that the Group's strategies are implemented. The policies for earning and

The Storebrand Group publishes four interim financial statements, in addition to the ordinary annual financial statements.

paying bonuses to the Group's risk managers comply with the regulations relating to remuneration in financial institutions. CFO, CRO and employees with control functions related to risk management, internal control and compliance only have fixed salaries.

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

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

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

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

11. REMUNERATION OF THE BOARD OF DIRECTORS

(No deviations from the Code of Practice)

The AGM fixes the Board's annual remuneration on the basis of the recommendations of the Nomination Committee. The fees paid to the members of the Board are not linked to earnings, option schemes or similar arrangements. The members of the Board and Board Committees do not receive incentive-based remuneration; instead they receive a fixed annual compensation. The shareholder-elected members of the Board do not participate in the company's pension schemes. None of the shareholder-elected members of the Board carry out any duties for the company beyond their appointment to the Board. More detailed information on the remuneration, loans and shareholdings of board members may be found in notes 24 (Group) and 6 (ASA) of the notes to the accounts. Board members are encouraged to hold shares in the company.

12. REMUNERATION OF EXECUTIVE PERSONNEL

(No deviations from the Code of Practice)

The Board determines the structure of the remuneration of executive personnel at Storebrand, and a statement on the fixing of remuneration is presented to the AGM. The remuneration consists of fixed salaries, bonuses, pension schemes and other fringe benefits deemed to be natural in a financial group. The aim of the remuneration is to motivate greater efforts to ensure long-term value creation and resource utilisation in the company. In the opinion of the Board the overall remuneration shall be competitive, but not leading. An annual assessment is carried out based on external market data to ensure remuneration is adequate in relation to equivalent positions in the market.

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

Specific goals are set annually for how the company's creation of value shall finance bonuses. The financing is calculated based on the creation of value over the last two years and the value creation target is based on the risk-adjusted result. The bonuses awarded are also determined by the unit's and individual's results in addition to the creation of value. The units' results are measured by means of a scorecard, which incorporates both quantitative and qualitative goals, and these goals are both financial and operational. The employees' performance is followed up by a special monitoring system, in which performance is measured in relation to both the execution of individual action plans and compliance with the Storebrand Group's corporate policies. The unit and individual results are weighted the same, and the maximum total goal achievement is 150 per cent.
The unit's scorecard and the individual's action plan are directly linked to the strategy adopted by the Board. This helps to further strengthen agreement between the owners and the management.

For Norwegian executive personnel half of the awarded bonus is paid in cash, while the remaining half is converted to a number of synthetic shares based on a weighted average price before payment. The number of shares is registered in a share bank and

Monthly and quarterly operating reports are prepared in which the results per business area and product area are analyzed and assessed against set budgets.

will remain there for three years. Actual shares are not purchased. At the end of the period an amount corresponding to the market price of the shares awarded is paid. Half of the amount paid (after tax) from the share bank is used to purchase actual shares in Storebrand with a lock-in period of 3 years. No payments are made from the share bank until the end of the 3-year period, even if the employee withdraws from the scheme or leaves the company.

The "target bonus" shall account for 20-40 per cent of the fixed salary. The bonus awarded for a given year is subject to a fixed ceiling and cannot exceed 90 per cent of the fixed salary. More detailed information about the remuneration of executive personnel may be found in notes 24 (Group) and 6 (ASA) and in the statement on the fixing of salaries and other compensation for executive personnel, which is included in the notice of the AGM, which is available at storebrand.no. Executive personnel are encouraged to hold shares in the Group, even beyond the lock-in period.

13. INFORMATION AND COMMUNICATIONS

(No deviations from the Code of Practice)

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the AGM. The Group's financial calendar is published on the Internet and in the company's annual report. Financial information is published in the quarterly and annual reports, as described under section 10 – *Financial information and the Group's accounting process*. Any documentation that is published will be available on the company's website. All reporting is based on the principle of transparency and takes into account the need for the equal treatment of all participants in the securities markets and the rules concerning good stock exchange practice. Further information may be found on page 22-23. Storebrand has its own guidelines for handling insider information, see also section 10 – *Management and control*, above.

14. TAKEOVERS

(No deviations from the Code of Practice)

The Board of Directors has prepared guidelines for how to act in the event of a possible takeover bid for the company. These guidelines are based on the Board of Directors ensuring the transparency of the process and that all the shareholders are treated equally and given an opportunity to evaluate the bid that has been made. It follows from the guidelines that the Board of Directors will evaluate the bid and issue a statement on the Board's opinion of the bid, in addition to obtaining a valuation from an independent expert. Moreover, the Board will in the event of any takeover bid seek whenever possible to maximise the shareholders' assets. The guidelines cover the situation before and after a bid is made.

15. AUDITOR

(No deviations from the Code of Practice)

The external auditor is elected by the AGM and is responsible for the financial auditing of the Group. The external auditor issues an auditor's report in connection with the annual financial statements and conducts limited audits of the interim financial statements. The external auditor attends board meetings in which interim financial statements are reviewed, all meetings of the Control Committee, and all meetings of the Audit Committee, unless the items on the agenda do not require the presence of the auditor. In 2007, the Board decided that the external auditor must rotate the partner responsible for the audit assignment every seven years. The external auditor's work and independence are evaluated every year by the Board's Audit Committee. Deloitte has been elected by Storebrand ASA's AGM as the company's external auditor. The other companies in the Group use the same auditor as Storebrand ASA.

OTHER

As one of the largest investors in the Norwegian stock market, Storebrand has considerable potential influence over the development of listed companies. Storebrand attaches importance to exercising its ownership in listed companies on the basis of straightforward and consistent ownership principles. Storebrand applies the Norwegian Code of Practice for Corporate Governance in this role. Storebrand has had an administrative Corporate Governance Committee since 2006. The Committee is responsible for ensuring good corporate governance across the Storebrand Group. Storebrand has issued guidelines with respect to employees holding positions of trust in external companies, which regulate, for example, the number of external board positions.

Further information on Storebrand's corporate governance may be found at storebrand.no where we have published an overview of the members of Storebrand's governing and controlling bodies, CVs for the members of Storebrand ASA's Board of Directors, the Articles of Association, and ownership policies.

STATEMENT IN ACCORDANCE WITH SECTION 3-3B, SECOND PARAGRAPH OF THE NORWEGIAN ACCOUNTING ACT

A summary of the matters that Storebrand is to report on in accordance with Section 3-3b, second paragraph of the Norwegian Accounting Act follow here. The points follow the numbering used in the provision.

1. The principles for Storebrand's corporate governance have been prepared in accordance with Norwegian law, and they are based on the Norwegian Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES).

2. The Norwegian Corporate Governance Board's Code of Practice is available at nues.no.

3. Any deviations from the Code of Practice are commented on under each section in the statement above; see the deviations discussed in section 3.

4. A description of the main elements of the Group's systems for internal control and risk management related to the financial reporting process is discussed in section 10 above.

5. Provisions in the Articles of Association that refer to the provisions in chapter 5 of the Norwegian Public Limited Companies Act with regard to the general meeting are discussed in section 6 above.

6. The composition of the governing bodies and a description of the main elements in the current rules of procedure and guidelines may be found in sections 6, 7, 8 and 9 above.

7. The provisions in the Articles of Association that regulate the appointment and replacement of board members are discussed in section 8 above.

8. Provisions in the Articles of Association and authorisations granting the board the authority to buy back or issue the Group's own shares are discussed in section 3 above.

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In ten years time I think we will see that all pension savings will be through defined-contribution solutions, and good risk cover will still be part of the package.

Odd Arild Grefstad

Management

1 Odd Arild Grefstad (47)
CEO
Number of shares: 53 769

Grefstad has worked for the Storebrand Group since 1994, as the Group's CFO, for example, and as the manager of the sales and marketing unit and Managing Director of Storebrand Livsforsikring AS. Grefstad has previously worked for Arthur Andersen & Co.

2 Lars Aa. Løddesøl (48)
Group CFO
Number of shares: 38 071

Løddesøl has worked for the Storebrand Group since 2001, as the Managing Director of Storebrand Livsforsikring AS, Deputy Managing Director of Storebrand Bank ASA and the Group's finance director. Løddesøl has previously worked for companies such as Citibank and the airline SAS.

3 Heidi Skaaret (51)
COO
Number of shares: 0

Skaaret started at the Storebrand Group in the autumn of 2012. She has previously been the Managing Director of Lindorff AS and Ikano Bank SE, held executives positions at DnB and worked for Bank of America in the USA.

4 Robin Kamark (49)
CCO
Number of shares: 0

Kamark started at the Storebrand Group in the autumn of 2012. He has previously worked for the SAS Group as the Chief Commercial Officer and held other executive positions in the Nordic region and internationally.

5 Geir Holmgren (40)
Managing director Storebrand Life Insurance
Number of shares: 4 460

Holmgren has worked for the Storebrand Group since 1997, in executive roles in the area of life and pension insurance. He has long experience with business policy issues through positions at Storebrand and a seat on the board of the Norwegian Financial Services Association for the last ten years.

6 Sarah McPhee (58)
Managing director SPP
Number of shares: 41 723

McPhee has worked for SPP since 2008. She has broad experience from the financial sector and has held executive positions at AMF Pension, Fjärde AP-Fonden and GE Capital Norden.

7 Hans Aasnæs (49)
Managing director Asset Management
Number of shares: 61 400

Aasnæs has worked for Storebrand Asset Management since 1994 and has held a number of executive positions. Aasnæs has a background from Orkla Finans and as a research fellow at the Norwegian School of Economics (NHH).

8 Gunnar Rogstad (56)
Managing director Insurance
Number of shares: 117 764

Rogstad has worked for Storebrand during the period from 1982 to 1990 and since 2006, and he has long experience in the area of general and life insurance. He has also held executive positions at If and Sampo.

9 Truls Nergaard (53)
Managing director Storebrand Bank ASA
Number of shares: 14 658

Nergaard came to Storebrand Bank in 2008 as the Corporate Market Director. He has long-standing banking experience from Norway and abroad, including as the manager of DnB's operations in the USA.

Board of Directors

1 Birger Magnus (57)

Board Chairman of Storebrand ASA since 2009.
Attended 14 out of 14 board meetings in 2012.
Number of shares: 20,000

Magnus's previous positions have included executive vice president at Schibsted ASA and a partner at McKinsey & Co.

He is the Board Chairman of Hafslund ASA and bMenu A/S, a member of the Board of Aschehoug, Kristian Gerhard Jebsen Group, Harward Business Publishing and WeVideo Inc., as well as the foundations Kristian Gerhard Jebsen and Active Against Cancer.

2 Halvor Stenstadvold (68)

Board Member of Storebrand ASA since 2000.
Attended 13 out of 14 board meetings in 2012.
Number of shares: 8,645

Stenstadvold is an independent advisor. He has formerly been a member of Orkla's executive management, Managing Director of Orkla's corporate staff functions, Senior VP of Christiania Bank and Parliamentary Secretary.

Stenstadvold is the Board Chairman of SOS Barnebyer and the Henie Onstad Art Centre, as well as a member of the Board of Navamedic ASA, Statkraft SF and Statskraft AS, Kongsberg Automotive ASA, SOS USA and SOS International.

3 Birgitte Nielsen (49)

Board Member of Storebrand ASA since 2005.
Attended 14 out of 14 board meetings in 2012.
Number of shares: 0

Nielsen's previous positions have included an adviser at Nielsen + Axelsson Asp., CP/CFO at FLS Industries AS and Vice President at Danske Bank.

Nielsen is a member of the Board of KIRK Kapital, Finansiel Stabilitet AS, Novenco AS and Arkil AS.

4 John Staunsbjerg Dueholm (61)

Board Member of Storebrand ASA since 2009.
Attended 13 out of 14 board meetings in 2012.
Number of shares: 0

Dueholm's previous positions have included Executive Vice President & Deputy CEO of the SAS Group, Executive Vice President at Group 4 Falck AS, Executive Vice President at SAS Technical Division, Executive Vice President at ISS Scandinavia AS, CEO of SAS Data A/S and Executive Vice President at Top Danmark.

Dueholm is the Board Chairman of Jetpak AB and DMP AS, as well as a member of the Board of Scan Global Logistics AS, Skadeservice Gruppen AS and Alliance Plus AS.

5 Jon Arnt Jacobsen (55)

Board Member of Storebrand ASA since 2009.
Attended 13 out of 14 board meetings in 2012.
Number of shares: 6,500

Jacobsen is the Procurement Director at Statoil ASA. His previous positions have included Executive Vice President of Refining and Marketing and CFO at Statoil ASA. Jacobsen has held various positions at Den norske Bank ASA: Head of Oil Section, Head of Industrial Section and Head of Industrial and Financial Institutions in the Corporate Customer Division, as well as General Manager of Singapore Branch with responsibility for DNB's operations in ASEAN.

6 Monica Caneman (58)

Board Member of Storebrand ASA since 2011.
Attended 14 out of 14 board meetings in 2012.
Number of shares: 0

Caneman's previous positions have included Deputy CEO and Member of the Group Executive Committee at SEB. She has also been Head of Corporates & Institutions, Head of Retail Services and Head of Nordic and Baltic Operations.

Caneman is the Board Chairman of Fourth Swedish National Pension Fund, Arion Bank hf. and Big Bag AB. She is a member of the Board of SAS AB, Poolia AB, Intermail AS, Schibsted Sverige AB, My Safety AB and SOS Children's Villages.

7 Kirsti Valborgland Fløystøl (32)

Employee-elected Board Member of Storebrand ASA since 2010.
Attended 14 out of 14 board meetings in 2012.
Number of shares: 2,072

Valborgland Fløystøl is a project manager for business development at Storebrand. Her previous positions include project manager at Storebrand Livsforsikring AS, key account manager at Storebrand Livsforsikring AS and corporate trainee at Storebrand ASA.

8 Knut Dyre Haug (56)

Employee-elected Board Member of Storebrand ASA since 2006.
Attended 14 out of 14 board meetings in 2012.
Number of shares: 11,963

Dyre Haug is the CTO of the financial undertaking Storebrand Finansiell Rådgivning AS. His previous positions include Marketing Director at Sparebank1 and BI Centre for Financial Education.

He is the Board Chairman of the Housing Foundation Youth Housing in Asker, a member of the Board of the Asker and Bærum Housing Cooperative, member of the Council for Banking, Insurance and Finance Studies (BI), member of the Professional Council for Financial Education in Europe, Manager of the Project to Coordinate Competence in the Financial Services Industry (Norwegian Financial Services Association) and a deputy on the local council in Asker.

9 Ann-Mari Gjøstein (49)

Employee-elected Board Member of Storebrand ASA since 2007.
Attended 14 out of 14 board meetings in 2012.
Number of shares: 258

Gjøstein is a Senior Union Representative for employees at Storebrand. Her previous positions include training manager and professional consultant at Storebrand Bank ASA, and a financial/funds adviser at DnB and DnB Investor.

Gjøstein is a member of the Executive Committee of the Finance Sector Union of Norway.

Members of Storebrand's corporate bodies

BOARD OF REPRESENTATIVES

CHAIRMAN
Terje R. Venold (2,031)

DEPUTY CHAIRMAN
Vibeke Hammer Madsen (0)

MEMBERS (ELECTED BY SHAREHOLDERS)
Helge Leiro Baastad (0)
Karen Helene Ulltveit-Moe (0)
Marianne Lie (0)
Tore Eugen Kvalheim (0)
Morten Fon (0)
Maalfrid Brath (8,063)
Olaug Svarva (0)
Pål Syversen (0)
Terje Andersen (4,000)
Trond Berger (837)

MEMBERS (ELECTED BY EMPLOYEES)
Annika Fallenius (0)
Nina Hjellup (3,119)
Rune Pedersen (7,663)
Tor Haugom (829)
Trond Thire (2,499)
Unn Kristin Johnsen (434)

DEPUTY MEMBERS (ELECTED BY SHAREHOLDERS)
Anne-Lise Aukner (0)
Jostein Furnes (0)
Lars Tronsgaard (0)
Mats Gottschalk (0)

DEPUTY MEMBERS (ELECTED BY EMPLOYEES)
Joachim Ales (1,595)
Per-Erik Hauge (2,018)

BOARD OF DIRECTORS OF STOREBRAND ASA

CHAIRMAN
Birger Magnus (20,000)

BOARD MEMBERS
Halvor Stenstadvold (8,645)
Birgitte Nielsen (0)
John S. Dueholm (0)
Jon Arnt Jacobsen (6,500)
Monica Caneman (0)

BOARD MEMBERS (ELECTED BY EMPLOYEES)[1]
Ann-Mari Gjøstein (258)
Kirsti Valborgland Fløystøl (2,072)
Knut Dyre Haug (11,963)

AUDIT COMMITTEE

CHAIRMAN
Halvor Stenstadvold (8,645)

MEMBERS
Monica Caneman (0)
Knut Dyre Haug (11,963)

REMUNERATION COMMITTEE

CHAIRMAN
Birger Magnus (20,000)

MEMBERS
Birgitte Nielsen (0)
Ann-Mari Gjøstein (258)

CONTROL COMMITTEE

CHAIRMAN
Elisabeth Wille (163)

DEPUTY CHAIRMAN
Finn Myhre (0)

MEMBERS
Anne Grete Steinkjer (1,800)
Harald Moen (595)
Ole Klette (0)

DEPUTY MEMBER
Tone Margrethe Reierselmoen (1,734)

ELECTION COMMITTEE

CHAIRMAN
Terje R. Venold (2,031)

MEMBERS (ELECTED BY SHAREHOLDERS):
Helge Leiro Baastad (0)
Kjetil Houg (0)
Olaug Svarva (0)

OBSERVER (ELECTED BY EMPLOYEES)
Rune Pedersen (7,663)

1) Not independent, see page 50 regarding corporate governance.
( ) Number of Shares.

Annual account and notes to the financial statement

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Profit and loss account Storebrand Group
1 January - 31 December

NOK million	Note	2012	2011
Net premium income	13	27,822	25,587
Net interest income - banking activities	14	490	443
Net income from financial assets and real estate for the company:			
- equities and other units at fair value	15		26
- bonds and other fixed-income securities at fair value	15	658	503
- financial derivatives at fair value	15	9	38
- net income from bonds at amortised cost	15	101	50
- net income from real estate	16	33	71
- result from investments in associated companies	32	-3	-4
Net income from financial assets and real estate for the customers:			
- equities and other units at fair value	15	6,487	-5,998
- bonds and other fixed-income securities at fair value	15	9,351	7,890
- financial derivatives at fair value	15	772	2,852
- net income from bonds at amortised cost	15	3,712	2,850
- net interest income lending		111	126
- net income from real estate	16	679	1,581
- result from investments in associated companies	32	48	72
Other income	17	2,207	2,138
Total income		**52,479**	**38,225**
Insurance claims for own account	18	-22,870	-25,107
Change in insurance liabilities	20	-20,066	-11,668
To/from buffer capital	19	-2,675	4,163
Losses from lending/reversal of previous losses	21	8	14
Operating costs	22,23,24,25	-4,003	-3,392
Other costs incl. currency bank	26	-233	-274
Interest expenses	27	-680	-681
Total costs before amortisation and write-downs		**-50,519**	**-36,946**
Profit before amortisation and write-downs		**1,960**	**1,279**
Amortisation and write-downs of intangible assets	29	-401	-394
Group pre-tax profit		**1,559**	**885**
Tax cost	28	-550	-144
Result after tax sold/wound up business	56	3	-60
Profit/loss for the year		**1,012**	**681**
Profit/loss for the year due to:			
Majority's share of profit		1,006	674
Minority's share of profit		6	7
Total		**1,012**	**681**
Earnings per ordinary share (NOK)		2.25	1.51
Average number of shares as basis for calculation (million)		446.7	446.3

There is no dilution of the shares

Statement of total comprehensive income Storebrand Group
1 January - 31 December

NOK million	2012	2011
Profit/loss for the year	**1,012**	**681**
Other result elements		
Change in pension experience adjustments	443	-84
Translation differences	-103	117
Adjustment of value of properties for own use	89	76
Gains/losses available-for-sale bonds		-218
Total comprehensive income elements allocated to customers	-89	142
Tax on other result elements	-142	136
Total other result elements	**198**	**169**
Total comprehensive income	**1,210**	**850**
Total comprehensive income due to:		
Majority's share of total comprehensive income	1,207	841
Minority's share of total comprehensive income	3	9
Total	**1,210**	**850**

Statement of financial position Storebrand Group

NOK million	Note	31.12.12	31.12.11
Assets company portfolio			
Deferred tax assets	28	38	58
Intangible assets	29	6,102	6,523
Pension assets	23	152	46
Tangible fixed assets	30	144	155
Investments in associated companies	32,33	121	125
Receivables from associated companies	32,33	69	69
Financial assets at amortised cost:			
- Bonds	9,34,35,36	2,146	1,985
- Bonds held to maturity	9,34,35,36	222	169
- Lending to financial institutions	9,34,35	255	269
- Lending to customers	9,34,35,37	35,306	33,323
Reinsurers' share of technical reserves	38	155	176
Real estate at fair value	7,39	1,208	1,325
Real estate for own use	39	58	67
Other assets	40	64	64
Accounts receivable and other short-term receivables	34,41	2,172	1,803
Financial assets at fair value:			
- Equities and other units	7,11,34,42	53	322
- Bonds and other fixed-income securities	7,9,11,34,43	21,496	20,059
- Derivatives	9,11,34,44	1,313	1,291
Bank deposits	9,34	3,297	3,924
Assets sold/liquidated business	56		35
Total assets company		**74,372**	**71,788**
Assets customer portfolio			
Tangible fixed assets	30	303	268
Investments in associated companies	32,33	115	106
Receivables from associated companies	32,33	596	428
Financial assets at amortised cost:			
- Bonds	9,34,35,36	54,557	62,976
- Bonds held to maturity	9,34,35,36	10,496	7,983
- Lending to customers	9,34,35,37	3,842	3,010
Real estate at fair value	7,39	27,515	27,471
Real estate for own use	39	2,173	1,393
Biological assets	40	535	552
Accounts receivable and other short-term receivables	34,41	2,699	1,900
Financial assets at fair value:			
- Equities and other units	7,11,34,42	72,166	84,936
- Bonds and other fixed-income securities	7,9,11,34,43	164,208	128,034
- Derivatives	9,11,34,44	2,745	5,149
Bank deposits	9,34	3,859	5,447
Total assets customers		**345,810**	**329,654**
Total assets		**420,182**	**401,442**

NOK million	Note	31.12.12	31.12.11
Equity and liabilities			
Paid in capital		11,718	11,717
Retained earnings		8,119	6,929
Minority interests		98	132
Total equity		**19,936**	**18,777**
Subordinated loan capital	8,34,35	7,075	7,496
Buffer capital	46	18,037	15,480
Insurance liabilities	46,47	324,089	307,095
Pension liabilities	23	1,239	1,629
Deferred tax	28	721	
Financial liabilities:			
- Liabilities to financial institutions	8,11,34,35	2,499	6,016
- Deposits from banking customers	8,11,34,35,48	19,860	18,477
- Securities issued	8,34,35	18,033	13,626
- Derivatives company portfolio	9,11,34,44	632	736
- Derivatives customer portfolio	9,11,34,44	725	1,983
Other current liabilities	8,34,49	7,327	10,095
Liabilities sold/liquidated business	56	10	30
Total liabilities		**400,247**	**382,665**
Total equity and liabilities		**420,182**	**401,442**

Lysaker, 12 February 2013
Board of Directors of Storebrand ASA

Translation - not to be signed.

Birger Magnus
Chairman of the Board

Birgitte Nielsen — Jon Arnt Jacobsen — Halvor Stenstadvold

John S. Dueholm — Monica Caneman — Knut Dyre Haug

Kirsti V. Fløystøl — Ann-Mari Gjøstein — Odd Arild Grefstad, Chief Executive Officer

Reconciliation of equity - Storebrand Group

	Majority's share of equity									
	Paid in capital				Retained earnings					
NOK million	Share capital[1]	Own shares	Share premium reserve	Total paid in equity	Pension experience adjustments	Restatement differences	Other equity[2]	Total retained earnings	Minority interests	Total equity
Equity at 31 December 2010	**2,250**	**-19**	**9,485**	**11,715**	**-800**	**101**	**7,229**	**6,530**	**172**	**18,417**
Profit for the period							674	674	7	681
Change in pension experience adjustments					52			52		52
Translation differences						115		115	2	117
Total other result elements					**52**	**115**		**167**	**2**	**169**
Total comprehensive income for the period					**52**	**115**	**674**	**841**	**10**	**851**
Equity transactions with owners:										
Own shares		2		2			19	19		21
Share issue							-491	-491	-3	-494
Purchase of minority interests							38	38	-48	-10
Other							-9	-9	1	-8
Equity at 31 December 2011	**2,250**	**-17**	**9,485**	**11,717**	**-748**	**216**	**7,460**	**6,929**	**132**	**18,777**
Profit for the period							1,006	1,006	6	1,012
Change in pension experience adjustments					301			301		301
Translation differences						-100		-100	-3	-103
Total other result elements					**301**	**-100**		**200**	**-3**	**197**
Total comprehensive income for the period					**301**	**-100**	**1,006**	**1,206**	**3**	**1,210**
Equity transactions with owners:										
Own shares		2		2			22	22		24
Provision for dividend									-26	-26
Purchase of minority interests							-6	-6	-11	-17
Other							-32	-32	-1	-32
Equity at 31 December 2012	**2,250**	**-16**	**9,485**	**11,718**	**-447**	**116**	**8,451**	**8,119**	**98**	**19,936**

1) 449,909,891 shares with a nominal value of NOK 5.
2) Includes undistributable funds in the risk equalisation fund amounting to NOK 640 million and security reserves amounting NOK 268 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.

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

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

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

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

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

For further information on the Group's fulfilment of the capital requirements, see note 54.

Cash flow analysis Storebrand Group

1 January - 31 December

NOK million	2012	2011
Cash flow from operational activities		
Net receipts - insurance	22,888	24,316
Net payments compensation and insurance benefits	-18,904	-17,330
Net receipts/payments - transfers	-751	-5,535
Receipts - interest, commission and fees from customers	1,673	1,595
Payments - interest, commission and fees to customers	-534	-498
Payment of income tax	-5	
Payments relating to operations	-3,430	-2,812
Net receipts/payments - other operational activities	-1,643	3,269
Net cash flow from operations before financial assets and banking customers	**-706**	**3,006**
Net receipts/payments - lending to customers	-2,739	1,192
Net receipts/payments - deposits bank customers	1,424	-306
Net receipts/payments - mutual funds	1,359	-600
Net receipts/payments - real estate investments	743	-415
Net change in bank deposits insurance customers	1,330	497
Net cash flow from financial assets and banking customers	**2,117**	**369**
Net cash flow from operational activities	**1,411**	**3,375**
Cash flow from investment activities		
Net payments - sale/capitalisation of group companies	9	
Net receipts/payments - sale/purchase of property and fixed assets	-7	-14
Net receits/payments - sale/purchase of fixed assets	-236	-110
Net receits/payments - purchase/capitalization of associated companies and joint ventures	-130	-217
Net cash flow from investment activities	**-364**	**-341**
Cash flow from financing activities		
Payments - repayments of loans	-2,678	-2,355
Receipts - new loans	5,925	4,306
Payments - interest on loans	-718	-743
Receipts - subordinated loan capital	149	
Payments - repayment of subordinated loan capital	-400	-100
Payments - interest on subordinated loan capital	-412	-574
Net receipts/payments - lending to and claims from other financial institutions	-3,521	
Net receipts/payments - deposits from Norges Bank and other financial institutions		-2,044
Receipts - issuing of share capital	11	17
Payments - dividends	-42	-491
Net cash flow from financing activities	**-1,687**	**-1,984**
Net cash flow for the period	**-640**	**1,050**
- of which net cash flow in the period before financial assets and banking customers	-2,757	681
Net movement in cash and cash equivalents	-640	1,050
Cash and cash equivalents at start of the period for new companies	-25	-4
Cash and cash equivalents at start of the period	4,218	3,146
Currency translation differences	**-1**	
Cash and cash equivalents at the end of the period[1]	**3,552**	**4,192**
[1] Consist of:		
Lending to financial institutions	255	269
Bank deposits	3,297	3,924
Total	**3,552**	**4,192**

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

OPERATIONAL ACTIVITIES

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

INVESTMENT ACTIVITIES

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

FINANCING ACTIVITIES

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

CASH/CASH EQUIVALENTS

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

Notes
Storebrand Group

NOTE 1 | Company information and accounting policies

1. COMPANY INFORMATION
Storebrand ASA is a Norwegian public limited company that is listed on the Oslo Stock Exchange. The consolidated financial statements for 2012 were approved by the Board of Directors on 12 February 2013.

Storebrand Group offers a comprehensive range of insurance and asset management services, as well as securities, banking and investment services, to private individuals, companies, municipalities, and the public sector. The Storebrand Group comprises the following business segments: life insurance, asset management, banking, P&C insurance and health insurance. The Group's head office is located at Professor Kohts vei 9, in Lysaker.

Storebrand Livsforsikring AS, Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, Storebrand Bank ASA and Storebrand Forsikring AS are significant subsidiaries owned directly by Storebrand ASA. Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Livförsäkring AB and SPP Fondförsäkring AB. On acquiring the Swedish operations 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).

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

Storebrand ASA's consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and related interpretations, as well as other Norwegian disclosure requirements laid down in legislation and regulations.

USE OF ESTIMATES IN PREPARING THE ANNUAL FINANCIAL STATEMENTS
The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See note 2 for further information about this.

3. CHANGES IN ACCOUNTING POLICIES
During the course of 2012 certain amendments were made to IAS 1 – Presentation of Financial Statements. The amendment to IAS 1 entails that the entities must group items under Other Comprehensive Income (Statement of Total Comprehensive Income) based on whether they are potentially reclassifiable to profit or loss subsequently. This amendment has not had any significant effect on the consolidated financial statements.

Major amendments have been adopted to IAS 19 – Employee Benefits. The corridor approach will no longer be allowed as an alternative from 1 January 2013, and the actuarial gains and losses must be recognised in OCI as they arise. The amendments will entail that the portion that is recognised in the ordinary profit and loss will be limited to net interest income (cost) and the pension accrual (service cost) for the period. The estimated return on the pension assets shall be calculated based on the discount rate that is used for the pension liabilities. The corridor approach is not used in Storebrand's consolidated financial statements, and all of the estimated pension liabilities for the company's own employees are already recognised on the balance sheet. The elimination of the corridor approach will thus not entail any change in Storebrand's consolidated financial statements.

Other amendments to the IFRS regulations that apply or can be applied to IFRS accounts that are prepared after 1 January 2013 are listed below. The amendments are not expected to have any significant effect on the consolidated financial statements.

- Amendments to IFRS 12: Defines minimum requirements for the disclosure of interests in other entities
- Amendments to IFRS 13: Combines the regulation of fair value measurement in a single standard
- IAS 32: Sets out the principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and liabilities
- IFRS 7: Amendment of the disclosure requirements with regard to the disclosure of an entity's netting rights for financial instruments for which a netting agreement has been entered into
- IFRS 9: Replaces the provisions for the classification and measurement of financial instruments in IAS 39

IASB has been working for several years on a new accounting standard for insurance contracts, which is often referred to as IFRS 4, Phase II. A new Exposure Draft (ED) is expected in the 1st half of 2013. A potential standard may be ready in 2014. It is uncertain when this will be implemented, but 2018 has been mentioned as an alternative (prior periods must, however, be restated). It is assumed that the standard will require that the value of insurance contracts consist of the following components:

- Probability weighted estimate of future payments related to the contract.
- Cash flows discounted by a rate equivalent to the time value of money.
- A supplement is added for the risk margin
- When entering into a contract the expected profit is also set aside as a liability, residual margin, and this is recognised as income over the duration of the contract

The introduction of a new standard for insurance contracts may have a significant impact on Storebrand's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR MATERIAL STATEMENT OF FINANCIAL POSITION ITEMS
The asset side of the Group's statement of financial position comprises, for the most part, financial instruments and investment properties. Investment properties are recognised at fair value. A large majority of the financial instruments are recognised at fair value, whilst other financial instruments that are included in the categories Loans and receivables and Held to maturity are recognised at amortised cost. Capitalised intangible assets, which mainly comprise excess value relating to insurance contracts upon a business combination, are also recognised on the balance sheet. This excess value is recognised at cost less an annual amortisation and write-down.

The liabilities side of the Group's statement of financial position comprises, for the most part, financial instruments (liabilities) and technical insurance reserves. With the exception of derivatives that are stated at fair value, the majority of the financial liabilities are stated at amortised cost. Technical insurance reserves are intended to cover liabilities relating to issued insurance contracts, and the requirement is that these reserves shall be adequate. Various methods and principles are used when assessing the reserves for different insurance contracts. A considerable part of the insurance liabilities relate to insurance contracts with interest guarantees. Recognised liabilities relating to Norwegian insurance contracts with interest guarantees are discounted at the premium calculation rate. Recognised liabilities relating to Swedish insurance contracts with interest guarantees are discounted at the market rate. In the case of Unit Linked insurance contracts, reserves for the savings element will correspond to the related asset portfolios.

The accounting policies are described in more detail below.

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

COMPANY INTEGRATION
The acquisition method is applied when accounting for business combinations. The acquisition cost is measured at fair value after accounting for any equity instruments plus any costs directly attributable to the acquisition. Any expenses relating to the issuance of shares are not included in the acquisition cost, and are charged to equity.

Identifiable tangible and intangible assets acquired and liabilities assumed are valued at fair value on the date of acquisition. If the acquisition costs exceed the value of the identified assets and liabilities, the difference is recognised in the financial statements as goodwill. With acquisitions of less than 100 per cent of a business, 100 per cent of the additional value and value shortfall are recognised in the statement of financial position with the exception of goodwill of which only Storebrand's share is included.

The acquisition method is applied when accounting for acquired units. Investments in associated companies (normally investments of between 20 per cent and 50 per cent of the company's equity) in which the Group exercises significant influence are consolidated in accordance with the equity method. Interests in joint ventures are consolidated in accordance with the proportionate consolidation method, which includes the share of revenues, expenses, assets and liabilities in the appropriate lines in the financial statements.

When purchasing investments, including investment properties, a decision is made as to whether the purchase is subject to IFRS 3 regulations for business combinations. When these purchases are not regarded as an acquisition of a business, the acquisition method pursuant to IFRS 3 Business combinations is not applied and therefore a determination is not made of any additional value and a provision is not allocated for deferred tax as would have occurred in a business combination.

CURRENCIES AND TRANSLATION OF FOREIGN COMPANIES' ACCOUNTS
The Group's presentation currency is Norwegian kroner. Foreign companies included in the Group which use a different functional currency are translated into Norwegian kroner. The income statement figures are translated using an average exchange rate for the year and the statement of financial position is translated using the exchange rate prevailing at the end of the financial year. As differences will arise between the exchange rates applied when recording items in the statement of financial position and the income statement, any translation differences are included in the total comprehensive income. Any translation differences are included in the total comprehensive income.

ELIMINATION OF INTERNAL TRANSACTIONS
Internal receivables and payables, internal gains and losses, interest, dividends and similar between companies in the Group are eliminated in the consolidated financial statements. Transactions between customer portfolios and the life insurance company's or other Group unit portfolios, are not eliminated in the consolidated accounts. Pursuant to the life insurance regulations, transactions with customer portfolios are based on the arm's length principle.

6. INCOME RECOGNITION

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

NET INTEREST INCOME - BANKING
Interest income is recognised in profit or loss using the effective interest method.

INCOME FROM PROPERTIES AND FINANCIAL ASSETS
Income from properties and financial assets is described in Sections 9 and 10.

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

7. GOODWILL
Additional value on the acquisition of a business that is not directly attributable to assets or liabilities on the date of the acquisition is classified as goodwill on the statement of financial position. Goodwill is valued at acquisition cost on the date of the acquisition. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset.

Goodwill is not amortised, instead it is tested for impairment. Goodwill is reviewed for impairment if there are indications that its value has become impaired. The review is conducted at least annually and determines the recoverable amount of goodwill.

If the discounted present value of the pertinent future cash flows is less than the carrying value, goodwill will be written down to its fair value. Reversal of an impairment loss for goodwill is prohibited even if information later comes to light showing that there is no longer a need for the write-down or the impairment loss has been reduced. Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. Cash flow generating units are identified according to operational segments.

Goodwill arising from the acquisition of interests in associated companies is included in investments in associated companies, and tested for impairment as part of the value of the write-down recognised in the investment.

8. INTANGIBLE ASSETS
Intangible assets with limited useful economic lives are valued at acquisition cost less accumulated amortisation and any write downs. The useful life and amortisation method are reassessed each year. With initial recognition of intangible assets in the statement of financial position, it must be demonstrated that probable future economic benefits attributable to the asset will flow to the Group. The cost of the asset must also be measured reliably. The value of an intangible asset is tested for impairment when there are indications that its value has been impaired. In other respects intangible assets are subject to write-downs and reversals of write-downs in the same manner as described for tangible fixed assets. When insurance contracts are purchased as part of a business combination, the insurance liabilities are recognised on the basis of the underlying company's accounting policies. Excess value linked to these liabilities, often referred to as the value of business in force (VIF), is recognised as an asset. A liability adequacy test must be conducted of the insurance liability, including VIF, pursuant to IFRS 4, every time the financial statements are presented. The test conducted looks at the calculated present value of cash flows to the contract issuer, often called embedded value.

Intangible assets with unlimited useful economic lives are not amortised, but are tested for impairment annually or whenever there are indications that the value has been impaired.

9. INVESTMENT PROPERTIES
Investment properties are valued at fair value Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Primarily, investment properties consist of centrally located office buildings and shopping centres. Properties leased to tenants outside the Group are classified as investment properties. In the case of properties partly occupied by the Group for its own use and partly let to tenants, the identifiable tenanted portion is treated as an investment property. Refer to note 39 for further information on investment properties.

10. FINANCIAL INSTRUMENTS

10-1. GENERAL POLICIES AND DEFINITIONS
RECOGNITION AND DERECOGNITION
Financial assets and liabilities are included in the statement of financial position from such time Storebrand becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are recorded on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value. Initial recognition includes transaction costs directly related to the acquisition or issue of the financial asset or the financial liability if it is not a financial asset or a financial liability at fair value through profit or loss.

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

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

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

DEFINITION OF FAIR VALUE
Refer to the definition of fair value in section 9. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

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

In calculating the fair value of loans the current market rate on similar loans is used. Changes in credit risk are taken into account.

IMPAIRMENT OF FINANCIAL ASSETS
For financial assets carried at amortised cost, an assessment is made at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

Losses expected as a result of future events, no matter how likely, are not recognised.

10-2. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES
Financial assets are classified into one of the following categories:
- Financial assets held for trading
- Financial assets at fair value through profit or loss in accordance with the fair value option (FVO)
- Financial assets, investments held to maturity
- Financial assets, loans and receivables
- Financial assets, available for sale

HELD FOR TRADING
A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling or repurchasing it in the near term, or on initial recognition is part of portfolio of identified financial instruments that are managed together and has evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument

With the exception of derivatives, only a limited proportion of Storebrand's financial assets fall into this category. Financial assets held for trading are measured at fair value at the reporting date, with all changes in their fair value recognised in profit or loss.

AT FAIR VALUE THROUGH PROFIT OR LOSS IN ACCORDANCE WITH THE FAIR VALUE OPTION (FVO)
A significant proportion of Storebrand's financial instruments are classified at fair value through profit or loss because:
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities, or that
- the financial assets form part of a portfolio that is managed and reported on a fair value basis. The accounting treatment is equivalent to that for held for trading assets

INVESTMENTS HELD TO MATURITY
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity and that a company has the intention and ability to hold to maturity, with the exclusion of:
- assets that are designated in initial recognition as assets at fair value through profit or loss, and
- assets that are defined as loans and receivables

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

LOANS AND RECEIVABLES
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of such assets that the company intends to sell immediately or in the near term that are classified as held for trading and those that the company upon initial recognition designates as at fair value through profit or loss.

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

Loans and receivables that are designated as hedged items are subject to measurement under the hedge accounting requirements.

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

10-3. DERIVATIVES
DEFINITION OF A DERIVATIVE
A derivative is a financial instrument or other contract within the scope of IAS 39, with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

ACCOUNTING TREATMENT OF DERIVATIVES THAT ARE NOT HEDGING
Derivatives that do not meet the criteria for hedge accounting are treated as financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

10-4. HEDGE ACCOUNTING
FAIR VALUE HEDGING
Storebrand uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that relate to the hedged risk are applied to the book value of the item and are recognised through profit or loss.

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

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

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

10-5. FINANCIAL LIABILITIES
Subsequent to initial recognition, all financial liabilities are measured at amortised cost using an effective interest method, or at fair value.

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

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

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

11-1. GGENERAL – LIFE INSURANCE
CLAIMS FOR OWN ACCOUNT
Claims for own account comprise claims settlements paid out, less reinsurance received, premium reserves transferred to other companies, reinsurance ceded and changes in claims reserves. Claims not settled or paid out are provided for by allocation to the claims reserve as part of allocations to technical insurance.

CHANGES IN INSURANCE LIABILITIES
These comprise premium savings that are taken to income under premium income and that are paid under claims. This item also includes guaranteed returns on the premium reserve and the premium fund, as well as returns to customers beyond the guarantees.

INSURANCE LIABILITIES

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

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

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

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

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

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

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

SELLING COSTS
Selling costs in the Norwegian life insurance business are expensed, whilst in the Swedish subsidiaries selling expenses are recorded in the statement of financial position and amortised.

11-2. LIFE INSURANCE – NORWAY
ADDITIONAL STATUTORY RESERVES
The company is allowed to make additional statutory allocations to the insurance reserves in order to ensure the solvency of its life insurance business. The maximum additional statutory provision is set as the difference between the premium reserve calculated on the basis of a guaranteed return on policies outstanding, and the premium reserve calculated based on the actual guaranteed return in the policies. The Financial Supervisory Authority of Norway has specified a limit for the additional statutory reserves that applies to each policy. This is defined as the premium reserve for the policy multiplied by twice the guaranteed rate for the policy.

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

PREMIUM FUND, DEPOSIT RESERVE AND PENSIONERS' SURPLUS FUND
The premium fund contains premiums prepaid by policyholders as a result of taxation regulations for individual and group pension insurance and allocated profit shares. Credits and withdrawals are not recognised through the profit and loss account but are taken directly to the statement of financial position.

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

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

MARKET VALUE ADJUSTMENT RESERVE
The current year's net unrealised gains/losses on financial assets at fair value in the group portfolio in Storebrand Livsforsikring AS are allocated to/reversed from the market value adjustment reserve in the statement of financial position assuming the portfolio has a net unrealised excess value. The portion of the current year's net unrealised gains/losses on financial current assets denominated in foreign

currencies that can be attributed to fluctuations in exchange rates is not transferred to the market value adjustment reserve. Similarly, the change in the value of the hedging instrument is not transferred to the market value adjustment reserve, but is charged directly to the profit and loss account. The foreign exchange fluctuations associated with investments denominated in foreign currencies are largely hedged through foreign exchange contracts on a portfolio basis. Transactions with In accordance with legal security funds are considered realisations inasmuch as the company, as an investor, cannot be considered to have control over the securities fund. Pursuant to accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

RISK EQUALISATION RESERVE

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

11-3. LIFE INSURANCE – SPP

LIFE INSURANCE RESERVES

SPP has used a cash flow model for the calculation of life reserves since 2009. The model discounts cash flows by observed swap interest rates for the terms in question up to 10 years, which is the longest term for which the liquidity of the swap interest rates is considered adequate. For cash flows with a term of over 20 years, a normal interest rate is determined as the sum total of assumptions for inflation, real interest rates and maturity premium – based on assessments made by actors such as Riksbanken and the National Institute of Economic Research. For cash flows between 10 and 20 years, discount rates that are the weighted average of the observed 10-year rate and the specified 20-year rate are used.

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

RESERVES FOR UNFIXED INSURANCE CASES

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

CONDITIONAL BONUS

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

11-4. P&C INSURANCE

Costs related to insurance claims are recognised when the claims occur. The following allocations have been made:

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

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

The insurance companies in the Group are subject to their own specific legal requirements for technical insurance reserves, including security reserves etc. In Storebrand's consolidated financial statements, security reserves with high security margin are not defined as liabilities and are thus not recognised in the Group's equity. The technical insurance reserves shall be adequate pursuant to IFRS 4.

12. PENSION LIABILITIES FOR OWN EMPLOYEES

Storebrand Group has country-specific pension schemes for its employees. With effect from 1 January 2011, the Storebrand Group in Norway provides it employees with defined contribution pension schemes. Up until 31 December 2010, Storebrand had a defined benefit scheme for its Norwegian employees. The Norwegian defined benefit scheme was closed to new members with effect from 1 January 2011, and existing members could elect to transfer to the defined contribution scheme.

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

12-1. BENEFIT SCHEME

Pension costs and pension obligations for defined benefit pension schemes are determined using a linear accrual formula and expected final salary as the basis for the entitlements, based on assumptions about the discount rate, future salary increases, pensions and National Insurance benefits, future returns on pension plan assets as well as actuarial estimates of mortality, disability and voluntary early leavers. The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains/losses and the effects of changes in assumptions are included in the total comprehensive income in the income statement for the period in which they occur. The effects of changes in the pension scheme are recognised on an ongoing basis, unless the changes are conditional upon accrued future pension entitlements. In which case the benefit is apportioned on a straight line basis until the entitlement has been fully earned. The employer's national insurance contributions are included as part of the pension liability and are included in the actuarial gains/losses shown in the total comprehensive income.

As at 31 December 2012 an interest rate derived from high quality corporate bonds is used as the discount rate. Government bond rates were used earlier. See note 23 for further details.

Storebrand has an insured and an uninsured pension plan. The insured plan in Norway is written by Storebrand Livsforsikring AS, which is part of the Storebrand Group. Premiums relating to employees in Norway are eliminated in premium income in the consolidated accounts.

12-2. DEFINED CONTRIBUTION SCHEME

The defined contribution pension scheme involves the Group in paying an annual contribution to the employees' collective pension savings. The future pension will depend upon the size of the contribution and the annual return on the pension savings. The Group does not have any further work-related obligations after the annual contribution has been paid. No provisions are made for ongoing pension liabilities for these types of schemes. Defined contribution pension schemes are recognised directly in the financial statements.

13. TANGIBLE FIXED ASSETS

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

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

Properties used for the Group's own activities are recorded at appreciated value less accumulated depreciation and write-downs. The fair value of these properties is tested annually in the same way as described for investment properties. The increase in value for buildings used by the Group for its own activities is recognised through other comprehensive income. Any write-down of the value of such a property is first applied to the revaluation reserve for increases in the value of the property in question. If the write-down exceeds the revaluation reserve for the property in question, the excess is expensed over the profit and loss account.

The write-downs period and method are reviewed annually to ensure that the method and period being used both correspond to the useful economic life of the asset. The disposal value is similarly reviewed. Properties are split into components if different parts have different useful economic lives. The depreciation period and method of depreciation are evaluated separately for each component.

The value of a tangible fixed asset is tested when there are indications that its value has been impaired. Any impairment losses are charged to the income statement as the difference between the carrying value and the recoverable amount. The recoverable amount is the greater of the fair value less related costs of sale and the value in use. On each reporting date a determination is made as to whether to reverse previous impairment losses on non-financial assets.

14. TAX

The tax expense in the income statement comprises current tax and change in deferred tax and is based on the accounting standard IAS 12 Income Taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities.

Effective 1 January 2012, the Norwegian taxation rules were amended by the fact that the exemption method for equities etc. no longer applied to customer portfolios in life insurance companies.

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

15. PROVISION FOR DIVIDENDS

Pursuant to IAS 10, which deals with events after the balance sheet date, proposed dividends/group contributions are classified as equity until approved by the general meeting.

16. LEASING

A lease is classified as a finance lease if it transfers substantially the risk and rewards incident to ownership. Other leases are classified as operating leases. Storebrand has no financial lease agreements.

17. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the direct method and shows cash flows grouped by sources and use. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice. The statement of cash flows is classified according to operating, investing and financing activities.

18. BIOLOGICAL ASSETS

Pursuant to IAS 41, investments in forestry are considered biological assets. Biological assets are assessed at fair value, which is defined based on alternative fair value estimates, or the present value of expected net cash flows. Changes in the value of biological assets are recognised in the profit and loss account. Ownership rights to biological assets are recognised at the point in time when the purchase agreement is signed. Annual income and expenses are calculated for forestry and outlying fields.

19. SHARE-BASED REMUNERATION

Storebrand Group has share-based remuneration for key personnel. The fair value of the share options is determined on the date of the allocation. Valuation is made on the basis of recognised valuation models adjusted to the characteristics of the actual options. The value determined on the date of the allocation is periodised in the income statement over the option's vesting period with a corresponding increase in equity. The amount is recognised as an expense and is adjusted to reflect the actual number of share options earned. The vesting period is the period of time from when the scheme is established until the options are fully vested.

NOTE 2 | Critical accounting estimates and judgements

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 disability, 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.

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 is working on new mortality tables in cooperation with the Financial Supervisory Authority of Norway in Norway. There is a general need for reserves to boost provisions for longer life expectancy within group pensions. 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. Statistic Norway's mean mortality alternative with a 10 per cent safety margin indicates an increase in the premium reserves of around 7 per cent, which corresponds to approximately 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 long life expectancy. Customers must also expect that Storebrand Livsforsikring will set aside a considerable amount of the return beyond the interest rate guarantee in 2013 to cover the projected longer life expectancy. It is expected that the remaining need for reserves will be mainly covered through financial and risk profits. The Financial Supervisory Authority of Norway will clarify the final prerequisites for the reserve build-up plan, including the length of the reserve period and size of the owner's contribution.

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.

The profit sharing rules in life insurance are also discussed in more detail in note 4.

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.

INVESTMENT PROPERTIES

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

Key elements included in valuations that require exercising judgment are:

- Market rent and vacancy trends.
- Quality and duration of rental income.
- Owners' costs.
- Technical standard and any need for upgrading.
- Discount rates for both certain and uncertain cash flows, as well as residual value.

FINANCIAL INSTRUMENTS AT FAIR VALUE

There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions, and for these investments various valuation techniques are applied in order to fix fair value. These include private equity investments, investments in foreign properties, and other financial instruments where theoretical models are used in pricing. Any changes to the assumptions could affect recognised amounts. The majority of such financial instruments are included in the customer portfolio.

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

FINANCIAL INSTRUMENTS AT AMORTISED COST

Financial instruments valued at amortised cost are assessed on the reporting date to see whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A certain degree of judgement must be used in assessing whether impairment has occurred and the amount of the impairment loss. Uncertainty grows when there is turmoil in financial markets. The assessments include credit, market and liquidity risk. Changes in assumptions for these factors will affect an assessment of whether impairment is indicated. There will thus be uncertainty concerning the recognised amounts of individual and group write-downs. This will apply to provisions relating to loans in the private and the corporate markets and to bonds that are recognised at amortised cost.

TECHNICAL PROVISIONS

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

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

See note 6 for further information about insurance risk.

INTANGIBLE ASSETS

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

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

An intangible asset arising from development (or from the development phase of an internal project), should be recognised if all of the following points are documented:

- The technical prerequisites for completing the intangible asset intended to be available for use or sale.
- The company intends to complete the intangible asset and either use it or sell it.
- The company's ability to either use or sell the intangible asset.
- How the intangible asset will probably generate future economic benefits As examples, the company can demonstrate that a market exists for the products of the intangible asset or for the intangible asset itself, or if it will be applied internally, the benefits from the intangible asset.
- The availability of sufficient technical, financial and other resources to complete its development, and to use or sell the intangible asset.
- The company's ability to reliably measure the expenses attributable to the intangible asset while it is being developed.

PENSIONS FOR OWN EMPLOYEES

The present value of pension obligations depends upon the financial and demographic assumptions used in the calculation. The assumptions must be realistic, mutually consistent and up to date as they should be based on a cohesive set of estimates about future financial performance. The pension liability calculations are undertaken by actuaries. Any changes to these estimates including forecast salary growth and the discount rate can have a substantial effect on the recognised pension liabilities relating to own employees. Estimates of future real interest rates, real salary growth, future adjustments to the national insurance base amount and future inflation, are subject to significant uncertainty.

The Norwegian legislation for defined benefit schemes may change in the coming years. A public commission has proposed new schemes that generally contain reduced guarantees compared with the current defined benefit scheme. Changes as a result of this work may affect the size of the recognised liabilities.

DEFERRED TAX

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

In 2012 the tax legislation for Norwegian life insurance companies was amended by making dividends and capital gains on equities etc. included in the group or investment option portfolios taxable as ordinary income, while losses on the realisation of such equities will be deductible.

CONTINGENT LIABILITIES

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

NOTE 3 | 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.

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 6-10.

STOREBRAND LIFE INSURANCE NORWAY

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

The composition of the financial assets is determined by the company's investment strategy. The investment strategy establishes guidelines and limits for the company's risk management, credit exposure, counterparty exposure, currency risk, the use of derivatives, and requirements regarding the liquidity in the asset portfolio. The objectives of this dynamic risk management are to maintain good risk bearing capacity and to adjust the financial risk to the company's financial strength. By exercising this type of risk management, the company expects to create good returns both for individual years and over time. Given the current investment portfolio and dynamic risk management strategy, the annual return for the main product groups will normally fluctuate between 2 per cent and 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 repre-

sented 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.

STOREBRAND BANK

Storebrand Bank's Board of Directors has adopted guidelines for risk management and internal control that ensure that the bank has established effective and robust functions for risk management, internal control, compliance and internal auditing. The guidelines make sure that the bank's strategies are implemented correctly and that the risk-taking limits are complied with.

Storebrand Bank has identified the following areas of risk: credit risk, liquidity risk, market risk, operational risk, business risk and compliance risk. The company's risk strategy forms the foundation for managing the risks through policies aimed at achieving the bank's desired risk profile. The risk strategy is determined by the Board and is updated at least annually. The Risk Management Unit prepares monthly risk reports, where the types of risk are followed up in line with the respective policies. The risk reports are considered by the balance sheet management committee and the Board of the bank.

NOTE 4 | Profit sharing and result allocated to owners – life insurance

The profit and loss account includes result elements relating to both customers and owners. Profit generation in a life insurance company comprises net return on the company's equity and risk products where the profit passes entirely to the owner. In the case of Storebrand, the risk products are included in the segment Insurance and are not part of life insurance segment. There are also products with profit sharing where the profit is allocated between customers and the owner as described in greater detail in this note. In addition, there are collective pension products with interest guarantees where the customer pays a fee for the interest guarantee. Unit linked products are fee based and without any interest guarantee.

This note provides a description of the content of the various elements of the total profit generated and an overview of the results allocated to owners and customers.

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

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

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

- *Financial result*
  The financial result consists of the net financial income from financial assets for the group portfolio less the guaranteed return. In addition, there is the net return on the company capital, which consists of equity and subordinated loans. Any returns-based fees for asset management are included in the financial result.

GENERATION OF PROFIT TO THE OWNER

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

STOREBRAND LIFE INSURANCE

FINANCIAL PERFORMANCE – STOREBRAND LIFE INSURANCE

NOK million	Group defined benefits fee based	Group investment with choice and Unit Linked fee based	Individual and paidup policies profit sharing	BenCo	Company portfolio/ other	Total 2012	Total 2011
Administration result	-100	63	8	35		6	101
Risk result	161	-54	10	14		131	117
Financial result[1]			-6	13	-65	-58	-226
Price of interest guarantee and profit risk	522	23				545	520
Other					28	28	-32
Pre-tax profit	**582**	**32**	**12**	**62**	**-37**	**652**	**481**
Assets under management (NOK billion)	88	28	91	16	9	231	213

1) Interest result and profit sharing.

ADMINISTRATION RESULT

The administration result line includes all products apart from traditional individual products with profit sharing. Administration and management costs are paid annually in advance. The insurance company must then meet any deficit in the administration and management result, and similarly any profit passes to the company.

RISK RESULT

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

FINANCIAL RESULT

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

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

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

PROFIT SHARING

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

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

PRICE OF RETURN GUARANTEE AND PROFIT RISK

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

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

OTHER RESULTS
Comprises inter alia the results from subsidiaries.

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

SPP

FINANCIAL PERFORMANCE – SPP

NOK million	Guaranteed products	Unit Linked	Company portfolio	Total 2012	Total 2011
Administration result	57	44	-2	99	99
Risk result	147	2		149	289
Financial result	395			395	-226
Other/currency			160	160	129
Result before amortisation and writedowns	**598**	**46**	**158**	**803**	**291**
Amortisation of intangible assets			-356	-356	-358
Pre-tax profit	**598**	**46**	**-198**	**447**	**-66**
Assets under management (NOK billion)	81	37	10	128	124

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

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

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

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

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

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

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

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

OTHER RESULTS
Other results consist of the return on assets not managed for account of the policyholders, equity and depreciation on intangible assets and interest expenses on subordinated loans.

NOTE 5 | Solvency II

Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and the EEC area. 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 6 | Insurance risk

LIFE INSURANCE

INSURANCE RISK
Life insurance represents a significant portion of the overall insurance risk and comprises:

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

The new solvency regulations stipulate requirements for the adequacy of the companies' capital. The capital adequacy regulations are based on probability calculations that specify how much capital the company must have in order to be able to fulfil its obligations to the customers in cases of unforeseen events of given magnitudes and types. The new solvency regulations have not entered into force.

Storebrand has primarily life insurance risk in Norway (SBL) and Sweden (SPP), in addition to Ireland and Guernsey (BenCo).

DESCRIPTION OF PRODUCTS
Traditional life, pension and Unit Linked insurance contracts are offered as both group and individual contracts. For the traditional products a calculation interest rate is used to establish the premiums and reserves. The maximum calculation interest rate is set by the Financial Supervisory Authority of Norway and is 2.5 per cent as of 1 January 2011.

GROUP CONTRACTS

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

INDIVIDUAL CONTRACTS

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

SPECIAL CONDITIONS

Follow-up of the results in recent years has shown a need for further strengthening of the premium reserves as they relate to longevity for Norwegian group pensions, including paid-up policies. The need for reserves applies in general to products that involve a guaranteed benefit, but the impact varies depending on the product composition and characteristics, as well as amendments to regulations, as a result of the pension reform, for example. The industry has submitted a mortality tariff proposal to the Financial Supervisory Authority of Norway through Finance Norway. The mortality tariff is under consideration at the Financial Supervisory Authority of Norway, and it is expected that the authority will set the minimum level for a new mortality tariff (K2013) for group pensions early in 2013 and that it will take effect from 1 January 2014.

The tariff from Finance Norway (FNO) is based on three elements that are subject to discussion. These are the initial mortality, safety margin and future mortality reduction. The initial mortality is the best estimate of mortality in 2013. The safety margin will take into account the difference in mortality based on income, random variation in mortality and the company's margins. The future mortality reduction entails that the projected life expectancy is also dependent on the year of birth. Today's 50-year-olds are not expected to live as long as 50-year-olds in 20 years' time. This factor is referred to as dynamic mortality. K2013 will thus be a dynamic tariff when it is introduced.

The level of the new tariff will be of great importance to the need to build up reserves and the course of funding in the coming years. The company has started such a build-up of reserves in the accounts starting in 2011. In 2012 and 2013 Storebrand will set aside as much as possible from its financial and risk results. When the minimum level for the tariff has been set, there will be a dialogue between the industry, Financial Supervisory Authority of Norway and the Ministry of Finance concerning the terms and conditions surrounding a plan to build up reserves.

RISK PREMIUMS AND TARIFFS

Storebrand Life Insurance Norway

Tariffs for group life insurance and certain risk insurances within group pensions also depend on the industry/occupation, in addition to age and gender. Group life insurance also applies tariffs based on claims experience. The company's standard tariff for group life insurance, both for life and disability cover, is based on the company's own experience.

For individual insurance, the premiums for life and long life cover are based on tariffs produced by insurance companies on the basis of their shared experience. This applies to both endowment and pension insurance. Disability premiums are based on the company's own experience.

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

SPP AND BENCO

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

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

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

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

MANAGEMENT OF RISK

1) EVALUATION OF INSURANCE RISK (UNDERWRITING)

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

2) CONTROL AND MONITORING OF INSURANCE RISK

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

3) DISABILITY PENSION

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

In Norway new regulations for disability benefits will enter into force in 2015. It has been announced that the Banking Law Commission will also evaluate the regulations for disability cover in the private sector in connection with adaptation of the occupational pension regulations to the pension reform.

4) REINSURANCE

The company also manages its insurance risk through a variety of reinsurance programmes. Through catastrophe reinsurance (excess of loss), the company covers losses (single claims and reserves provisions) where a single event causes more than 2 deaths or disability cases. This cover is also subject to an upper limit. Surplus reinsurance on life policies covers death and disability risk that exceeds the maximum risk amount for own account the company practices. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

5) POOLING

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

6) TRAFFIC LIGHT REPORTING (ONLY SPP)

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

RISK RESULT

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

SPECIFICATION OF RISK RESULT

	Storebrand Livsforsikring AS		BenCo		SPP	
NOK million	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Survival	-118	-79	4	6	-90	-78
Death	350	287			84	85
Disability	428	479	11	13	140	179
Reinsurance	-51	-15			2	117
Pooling	-74	-109			-3	-4
Other	-6	-29	-1		15	-10
Total risk result	**529**	**535**	**13**	**19**	**149**	**289**

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

TRANSFER RIGHT

A transfer right exists that allows for the transferring of insurance liabilities linked to group and individual pension insurance contracts to or from other insurance companies. The transfer right may constitute a liquidity risk.

GUARANTEED RATE (DISCOUNT RATE)

STOREBRAND LIFE INSURANCE NORWAY

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

The percentage distribution of the insurance reserves by the various basic annual interest rates as at 31 December 2012 is:

Interest rate guarantee in per cent	2012	2011
6%	0.3%	0.3%
5%	0.5%	0.5%
4%	48.4%	49.7%
3.4%	3.0%	3.4%
3%	36.7%	37.4%
2.75%	1.6%	1.8%
2.5%	5.1%	0.5%
0 %	4.4%	4.3%

In the table above, the premium fund, contribution fund and pensioners' surplus fund have been included at 3 per cent and the additional statutory reserves at 0 per cent.

The average overall interest rate guarantee for all sectors was 3.4 per cent in 2012. The interest rate guarantee must be fulfilled on an annual basis. If the company's investment return in any given year is lower than the guaranteed interest rate, current legislation permits the equivalent of up to one year's guaranteed return for the individual policy to be covered by transfers from the policy's additional statutory reserves.

Average interest rate guarantee in per cent	2012	2011
Individual endowment insurance	3.2%	3.1%
Individual pension insurance	3.8%	3.7%
Group pension insurance	3.1%	3.2%
Paid-up policy	3.6%	3.6%
Group life insurance	0.2%	0.3%
Total	3.4%	3.4%

SPP

The percentage distribution of the insurance liabilities by the various terminal value guarantee rates as at 31 December 2012 is:

Interest rate guarantee in per cent	2012	2011
3,0 % DB	44.1%	43.7%
1.25 - 2.5% P250	14.2%	13.8%
2.75 - 4.0%P300	20.8%	21.4%
4.5 - 5.2% P520	20.8%	21.1%

P&C INSURANCE

- Occupational injury.
- Critical illness and cancer insurance.
- Accident insurance.

In the P&C business, large claims or special events represent the greatest risk. The largest claims will typically be in the group life and occupational injury sectors. To reduce the risk Storebrand has taken out excess of loss reinsurance at the group level.

The risk inherent in occupational injury insurance is also covered by a separate excess of loss reinsurance, with a deductible of NOK 10 million.

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 real estate, increased risk for corporate bonds and rapid increases in interest rates. In the longer term, low market interest rates over time represent a significant market risk for the company. The current formulation of the regulations means that 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.

SPP

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

SENSITIVITY ANALYSES

The stress tests were applied to the investment portfolio as at 31 December 2012 and the outcome shows the estimated effect on profits for one stress after the other for the year as a whole. The analysis was done with immediate individual stresses, i.e. a class of assets experiences a day with sharp market fluctuations, and the associated effect on the result.

Storebrand Life Insurance has used Risk-based Supervision (RBS), the Financial Supervisory Authority of Norway's official reporting document. The stresses were as follows: shares +/- 20 per cent, interest rates +/- 150 basis points, property +/- 12 per cent, foreign currency +/- 12 per cent, spread based on rating and duration. The buffer capital for market risk consists of, additional statutory reserves that can be recognised as income in 2012, market value adjustment reserve and the unrealised gain reserve. SPP has used the traffic light, the official reporting document of Finansinspectionen.

Changes in market risk that arise during the course of 1 year and the buffer capital's coverage of the market risks will be as presented below, based on the statement of financial position as at 31 December 2012:

STOREBRAND LIFE INSURANCE

Change in market value 2012	NOK million	Percentage of buffer
Buffer for market risk from RBT	5,357	
Interest rate risk	3,194	60%
Equity price risk	3,399	63%
Property price risk	3,252	61%
Foreign exchange risk	338	6%
Spread risk	1,734	32%
Market risk (correlated)	**8,275**	

SPP

Change in market value 2012	SEK million	Percentage of buffer
Buffer for market risk	5,886	
Interest rate risk	273	5%
Equity price risk	1,809	31%
Property price risk	402	7%
Foreign exchange risk	1,912	32%
Spread risk	158	3%
Market risk (correlated)	**3,964**	

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

STOREBRAND LIFE INSURANCE NORWAY
The stress tests were carried out on all investment profiles with a guaranteed return and the effect of each stress changes the expected return in each profile. For the negative stress tests (equities down, interest rates up and property down) the return in some individual profiles will fall below the guarantee. The guarantee and buffer situation for each contract will then decide how much equity the company must use if the return remains at this level in 2013. In addition to the need to use equity to cover the guaranteed return, it is the changes in profit sharing on paid-up policies and individual contracts, as well as the return and interest costs in the company portfolio, that give the greatest deviation from the expected result in 2013. The effect of negative stresses has declined since last year. The most important reason for this is the reduction in the equity holdings in the life portfolios.

The stresses were applied individually, but the overall market risk has used the correlations between the stresses, and thus it is less than the sum of the individual stresses. In addition to the negative result effect for the owner, the expected building up of buffer capital will, to a substantial degree, fall away in the negative stress tests. In the case of the positive stresses, greater building up of buffer capital is also assumed, in addition to the positive result effects for the owner in the form of the market value adjustment reserve and additional statutory reserves.

The effect on the result of products without a guaranteed return, primarily defined-contribution pensions and Unit Linked, are not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market on the owner's result will be very limited.

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

OTHER OPERATIONS
The other companies in the Storebrand Group are not included in the sensitivity analyses, as there is little market risk in these areas. The equity of these companies is invested with little or no allocation to high-risk assets, and the products do not entail a direct risk for the company as a result of price fluctuations in the capital market.

EXPOSURE TO SELECTED COUNTRIES

The table below shows the exposure to selected countries, not including indirect exposure.

NOK million	2012	2011
Greece	4	13
Italy	869	4,208
Portugal	723	863
Republic of Ireland	1,518	2,392
Spain	2,351	4,657
Total	**5,466**	**12,133**

The reduction in exposure is attributed primarily to realisations.

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.

UNDISCOUNTED CASH FLOWS FOR FINANCIAL LIABILITIES

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	> 5 years	Total value	Book value
Subordinated loan capital	2,526	34	3,366	338	1,558	**7,821**	7,075
Liabilities to financial institutions	1,325	509	1,002			**2,835**	2,499
Deposits from bank customers	19,933					**19,933**	19,860
Debt raised from issuance of securities	1,179	587	9,148	8,868	2,211	**21,993**	18,033
Other current liabilities[1]	5,305		2,022			**7,327**	7,327
Uncalled residual liabilities limited partnership	5,317					**5,317**	
Unused credit lines lending	5,205					**5,205**	
Lending commitments	796					**796**	
Total financial liabilities 2012	**41,585**	**1,129**	**15,537**	**9,206**	**3,769**	**71,226**	**54,793**
Derivatives related to funding 2012	**-190**	**-62**	**-383**	**-100**	**-74**	**-808**	**149**
Total financial liabilities 2011	43,157	1,273	17,444	8,724	2,971	73,570	55,710

The agreed maturity provides limited information on the company's liquidity risk, since the vast majority of the investment assets can be realised faster in the secondary market than the agreed maturity indicates. In the case of perpetual subordinated loans the cash flow is calculated through to the first call date.

1) Of which the minority interests in Storebrand Eiendomsfond KS amount to NOK 2,022 million. After 3 years, participants can present a demand for redemption every year. Redemption is conditional on a total demand of NOK 100 million. The redemption sum is set at 98.75 per cent of value-adjusted equity. See also note 49.

SPECIFICATION OF SUBORDINATED LOAN CAPITAL

NOK million	Nominal value	Currency	Interest	Maturity	Book value
Issuer					
Hybrid tier 1 capital					
Storebrand Bank ASA	107	NOK	Fixed	2014	112
Storebrand Bank ASA	168	NOK	Variable	2014	169
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
Dated subordinated loan capital					
Storebrand Bank ASA	150	NOK	Variable	2017	151
Total subordinated loans and hybrid tier 1 capital 2012					**7,075**
Total subordinated loans and hybrid tier 1 capital 2011					7,496

SPESIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value	
NOK million	2012	2011
Call date		
2012	512	1,769
2013	990	3,258
2014	997	988
Total liabilities to financial institutions	**2,499**	**6,016**

SPECIFICATION OF DEBT RAISED THROUGH ISSUANCE OF SECURITIES

	Book value	
NOK million	2012	2011
Call date		
2012		2,083
2013	1,287	2,031
2014	3,375	3,583
2015	3,263	1,466
2016	3,374	3,369
2017	4,523	
2018	500	
2019	1,710	1,095
Total debt raised through issuance of securities	**18,033**	**13,626**

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevant covenants in 2012. Under the loan programme in Storebrand Boligkreditt AS, the company's overcollateralisation requirement was 109.5 per cent fulfilled. As at 31 December 2012, Storebrand Bank ASA had only one current credit facility. A NOK 750 million Revolving Credit Facility was signed in October 2010. The credit facility agreement for NOK 750 million contains certain special covenants. In 2012, Storebrand Bank ASA fulfilled all the terms and conditions of the agreement.

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.

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

FINANCIAL ASSETS AT FAIR VALUE OVER PROFIT AND LOSS (FVO)

NOK million	2012	2011
Book value maximum exposal for credit risk	4,102	3,443
Net credit risk	**4,102**	**3,443**
The years change in fair value due to credit risk	11	-1
Accumulated change in fair value due to changes in credit risk	16	5

Fair value is fixed on the basis of a theoretical estimation where the cash flow is discontinued at the rate offered for new loans with a corresponding duration and credit risk.

The maximum credit exposure is the sum of gross loans, guarantees, amounts drawn from credit lines and undrawn amounts of credit lines. The maximum exposure was marginally reduced from the end of 2011 as a result of lower commitments, counteracted by an increase in interest rate swaps.

Bonds and derivatives are presented below by rating and lending by customer groups.

CREDIT RISK BROKEN DOWN BY COUNTERPARTY

BONDS AND OTHER FIXED-INCOME SECURITIES AT FAIR VALUE

Category by issuer or guarantor	AAA	AA	A	BBB	Other	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Government and government guaranteed bonds	69,368	9,232	164	570		13	79,347
Credit bonds	161	4,085	23,715	12,595		3,238	43,794
Mortgage and asset backed securities	35,822	8,107	520	916		489	45,855
Supernational organisations	1,930	1	1,614	1,573			5,117
Total interest bearing securities stated by rating	**107,280**	**21,425**	**26,013**	**15,655**		**3,740**	**174,113**
Bond funds not managed by Storebrand							9,027
Non-interest bearing securities managed by Storebrand							2,565
Total 2012[1]	**107,280**	**21,425**	**26,013**	**15,655**		**3,740**	**185,704**
Total 2011[1]	91,718	21,356	23,070	12,247	96	3,064	148,092

1) Excluding underlying investments in external funds

INTEREST BEARING SECURITIES AT AMORTISED COST

Category of issuer or guarantor	AAA	AA	A	BBB	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Government and government guaranteed bonds	13,095	3,008		903	712	17,718
Credit bonds		3,433	7,678	1,097	71	12,278
Mortgage and asset backed securities	26,716	5,235				31,952
Supernational organisations	3,775	4,765	1,423	351	387	10,702
Total 2012	**43,587**	**16,442**	**9,101**	**2,351**	**1,169**	**72,650**
Total 2011	52,006	6,726	12,711	1,083	2,343	74,868

Counterparties	AAA	AA	A	BBB	Other	NIG	Total
NOK million	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Derivatives	1,975	614	1,370	579			4,537
Of which derivatives in bond funds, managed by Storebrand		197	283				480
Total derivatives excluding derivatives in bond funds 2012	**1,975**	**417**	**1,086**	**579**			**4,057**
Total derivatives excluding derivatives in bond funds 2011	36	2,697	3,236	472			6,440
Bank deposits	35	6,972	1,180	556	-35	68	8,777
Of which bank deposits in bond funds, managed by Storebrand		1,711	-91				1,620
Total bank deposits excluding bank deposits in bond funds 2012	**35**	**5,262**	**1,271**	**556**	**-35**	**68**	**7,157**
Total bank deposits excluding bank deposits in bond funds 2011	671	5,369	2,227	1,104			9,371
Lending to financial institutions		142	113				255

Rating classes based on Standard & Poors's.
NIG = Non-investment grade.

The purpose of the use of financial derivatives is to identify and reduce currency and interest rate risk. Counterparty risk in connection with the trading of financial derivatives is included in credit risk.

LENDING

COMMITMENTS BY CUSTOMER GOUPS

NOK million	Lending to and receiv-ables from customers	Guaran-tees	Unused credit-lines	Total commit-ments	Unim-paired commit-ments	Impaired commit-ments	Individual write-downs	Net defaulted commit-ments
Development of building projects	1,496	45	487	2,028				
Sale and operation of real estate	11,352	195	1,293	12,840	41		45	-5
Other service providers	1,940	3	5	1,948		8		8
Wage-earners and others	24,015		3,436	27,452	55	143	41	157
Others	489	33	30	552	19		19	1
Total	**39,292**	**276**	**5,251**	**44,819**	**115**	**151**	**105**	**161**
- Individual write-downs	-105			-105				
+ Group write-downs	-39			-39				
Total lending to and receiv-ables from customers 2012	**39,148**	**276**	**5,251**	**44,675**	**115**	**151**	**105**	**161**
Total lending to and receiv-ables from customers 2011	36,333	348	5,694	42,375	159	171	103	227

The division into customer groups is based on Statistics Norway's standard for sector and business grouping. The placement of the individual customer is determined by the customer's primary business.

CREDIT EXPOSURE, LENDING

Loans to the corporate market amount to over NOK 15 billion. Furthermore, we have approximately NOK 1.8 billion in undrawn credit lines and almost NOK 280 million in guarantees. The portfolios' collateral is for the most part in commercial properties.

In the retail market, most of the loans are secured by means of home mortgages. Approximately NOK 23 billion has been lent in home loans, with additionally almost NOK 2 billion in undrawn credit facilities. The total exposure to the housing sector is therefore approximately NOK 26 billion. Customers are checked in accordance with policies, and their ability and willingness to service the loan is evaluated using a liquidity calculation and a risk classification model.

The average weighted loan-to-value ratio (LVR) in the bank group is approximately 53 per cent for housing loans, and approximately 96 per cent of the housing loans re within an 80 per cent LVR. About 99 per cent are within 90 per cent LVR. In the bank group, about 61 per cent of the housing commitments have a 60 per cent LVR. The portfolio is considered to have a low risk. The portfolio is considered to have a low credit risk.

TOTAL COMMITTMENTS BY REMAINING TERM

	2012				2011			
NOK million	Loans to and re-ceivables from customers	Guaran-tees	Unused credit line	Total commit-ments	Loans to and re-ceivables from customers	Guaran-tees	Unused credit line	Total commit-ments
Up to one month	78		3	**81**	37		5	41
1 - 3 months	261		15	**276**	371	1	26	398
3 months - 1 year	1,560	9	132	**1,701**	1,641	3	184	1,828
1 -5 years	9,057	244	2,446	**11,747**	3,877	338	606	4,821
More than 5 years	28,335	23	2,655	**31,014**	27,549	6	2,883	30,438
Total gross commitments	**39,292**	**276**	**5,251**	**44,819**	**33,475**	**348**	**3,704**	**37,526**

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

CREDIT RISKS BY CUSTOMER GROUPS

NOK million	Gross non-performing commitments	Individual write-downs	Net non-performing commitments	Total recognised value changes during the period
Development of building projects				-3
Sale and operation of real estate	41	45	-5	1
Other service providers	8		8	
Wage-earners and others	198	41	157	4
Others	20	19	1	-1
Total 2012	**266**	**105**	**161**	**2**
Total 2011	330	103	227	-70

In the case of default, Storebrand Bank ASA will sell the securities or repossess the properties if this is most suitable. The bank has two repossessed properties that are held as part of the Storebrand Bank Group in separate subsidiaries, and internal transactions are eliminated in the normal manner.

FINANCIAL LIABILITIES AT FAIR VALUE OVER PROFIT AND LOSS

NOK million	2012	2011
Change in fair value of liabilities due to changes in credit risk	2	-2
The difference between the liabilities' book value and the contractual amount at maturity	1	4
Accumulated change in fair value of liabilities due to changes in credit risk	1	-2
The difference between the liabilities' book value and the contractual amount at maturity	1	4

NOTE 10 | Operational risk

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. Operational risk is defined as the risk of financial losses or reduced reputation due to inadequate or the failure of internal processes, control routines, systems, human error or external incidents.

The Group seeks to reduce operational risk through effective internal control with 1) unambiguous descriptions of responsibilities 2) clear routines and 3) documented powers of attorney/authority. Risks are followed up through the management's quarterly risk reviews, with documentation of risks, measures and the follow-up of incidents. In addition, the internal auditing unit carries out an independent control in accordance with audit projects adopted by the Board.

Contingency plans have been prepared to deal with serious incidents in business-critical processes. Storebrand's control functions also involve people with particular responsibility for controlling operational risk.

NOTE 11 | Valuation of financial instruments at fair value

The Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Fund units are generally valued at the updated official NAV prices when such prices exist. Bonds are generally valued based on prices obtained from Reuters and Bloomberg. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg.

The Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

LEVEL 1: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF QUOTED PRICES FOR IDENTICAL ASSETS IN ACTIVE MARKETS
This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 15 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

LEVEL 2: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF OBSERVABLE MARKET INFORMATION NOT COVERED BY LEVEL 1
This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified as level 2. Fund investments, with the exception of private equity funds, are generally classified as level 2, and encompass equity, interest rate, and hedge funds.

LEVEL 3: FINANCIAL INSTRUMENTS VALUED ON THE BASIS OF INFORMATION THAT IS NOT OBSERVABLE IN ACCORDANCE WITH LEVEL 2
Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds.

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

UNLISTED EQUITIES – INCLUDING FORESTRY
The external valuations are based on models that include non-observable assumptions. Besides the external valuations that have been conducted as at 31 December 2011, the equity investments are stated on the basis of value adjusted equity reported by external sources. Comprehensive external valuations were carried out for the largest forestry investments as at 31 December 2011 and these form the basis for the valuation of the company's investments.

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

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

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

In the case of investments in which Storebrand participates as a co-investor together with a leading investor that conducts a valuation, and no recent transactions exist, Storebrand will use this value after it has been quality assured. In the case of investments for which Storebrand has not received an up-to-date valuation as at 31 December from a leading investor by the time the annual financial statements are closed, the previous valuation is used and adjusted for any market effects during the period from the last valuation up to the reporting date. In those cases where no valuation is available from a leading investor in the syndicate, a separate valuation will be made, as described above.

INDIRECT REAL ESTATE INVESTMENTS
Indirect real estate investments are primarily investments in funds with underlying real estate investments where Storebrand's intention is to own the investments throughout the fund's lifetime. Real estate funds are valued on the basis of information received from the individual fund manager.

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

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

Storebrand's private equity investments are for the most part made through unlisted companies, meaning no observable market prices are available. Large portions of the portfolio are priced using comparable listed companies, while smaller portions of the portfolio are listed. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. For the period from 1997 to 2012, Storebrand's private equity portfolio has had a beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.4. The annualised alpha for the same period has been around 7.9 per cent.

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. The indirect property investments are leveraged structures. The portfolio is leveraged 55 per cent on average.

	Level 1	Level 2	Level 3		
NOK million	**Quoted prices**	**Observable assumptions**	**Non-observable assumptions**	**2012**	**2011**
Assets					
Equities and units					
- Equities	9,305	349	3,116	**12,771**	26,261
- Fund units		50,251	1,670	**51,922**	49,263
- 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**	**51,325**	**11,589**	**72,220**	
Total equities and units 2011	22,647	50,054	12,557		85,258
Lending to customers		1,241		**1,241**	
Total lending to customers 2011		788			788
Bonds and other fixed-income securities					
- Government and government guaranteed bonds	31,851	20,028		51,879	47,051
- Credit bonds	4	25,484	1,233	26,721	21,333
- Mortgage and asset backed securities	69	43,711		43,780	34,562
- Supranational organizations	3	3,754		3,757	2,212
- Bond funds		59,568		59,568	42,935
Total bonds and other fixed-income securities	**31,927**	**152,545**	**1,233**	**185,704**	
Total bonds and other fixed-income securities 2011	23,372	122,717	2,002		148,092
Derivatives					
- Interest derivatives		2,106		2,106	4,668
- Currency derivatives		594		594	-949
- Credit derivatives					2
Total derivatives		**2,701**		**2,701**	
- of which derivatives with a positive market value		4,057		4,057	6,440
- of which derivatives with a negative market value		-1,356		-1,356	-2,720
Total derivatives 2011		3,721			3,721
Liabilities					
Liabilities to financial institutions		1,986		1,986	3,497
Total liabilities 2011		3,497			3,497

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

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

SPECIFICATION OF SECURITIES PURSUANT TO VALUATION TECHNIQUES (NON-OBSERVABLE ASSUMPTIONS)

NOK million	Equities	Fund units	Private equity fund	Hedge fund	Indirect real estate fund	Financial and corporate bonds	Asset backed securities
Book value 01.01	3,112	2,224	5,226	27	1,969	1,213	790
Net gains/losses on financial instruments	-81		73	-2	-241	108	547
Supply/disposal	176	144	533		66	401	
Sales/due settlements	-70	-680	-417		-421	-485	-1,336
Transferred from observable assumptions to none-observable assumptions						2	
Translation differences	-22	-18	-8			-7	
Other	2						
Book value 31.12	**3,116**	**1,670**	**5,406**	**25**	**1,372**	**1,233**	

NOTE 12 | Segment reporting

Storebrand's activities are operationally divided into five business areas: life and pensions, asset management, bank and P&C insurance. Two result areas are reported for life and pensions: Life and Pensions Norway (LPN) and Life and Pensions Sweden (LPS). Storebrand is the Nordic region's leading provider of life insurance and pensions, and offers a comprehensive range of products to retail customers, local authorities, and the public sector.

STOREBRAND LIFE INSURANCE

Includes the companies in the Storebrand Life Insurance Group, except Storebrand Eiendom AS, Storebrand Realinvesteringer AS and Storebrand Holding AB, 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 is also included and offers pension products to multinational companies via Nordben and Euroben.

SPP

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

ASSET MANAGEMENT

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

BANK

Storebrand Bank offers traditional banking services such as accounts and loans in the retail market and project financing to selected corporate customers.

INSURANCE

The insurance segment comprises the companies Storebrand Forsikring AS, Storebrand Helseforsikring AS (50 per cent stake) and P&C insurance in Storebrand Livsforsikring AS. Storebrand Insurance AS offers standard insurance products in the Norwegian retail market, and some corporate insurance in the SMB market. Storebrand Health Insurance AS offers treatment insurance in the Norwegian and Swedish corporate and retail markets. It also 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.

OTHER

Other activities consist of activities in the Group that are not included in the five listed business areas above. Consists of the holding company Storebrand ASA, which invests in and manages subsidiaries and Storebrand Baltic UAB. It also includes eliminations from intragroup transactions, which are included in the other segments.

	Storebrand Life Insurance[1]		SPP[1]		Asset management		Banking	
NOK million	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	33,451	24,111	15,737	11,187	828	574	613	541
Revenue from other group companies [2]	1	32			-27	204	3	3
Group result before amortisation and write-downs of intangible assets	652	481	803	291	144	293	238	213
Write-downs of intangible assets and amortisations			-356	-358	-5	-8	-34	-22
Group pre-tax profit	**652**	**481**	**447**	**-67**	**139**	**284**	**204**	**190**
Assets	238,042	223,161	134,266	133,354	955	965	40,671	38,718
Liabilities	227,979	212,222	127,096	128,505	622	608	38,216	36,413

	Insurance		Other		Eliminations		Storebrand Group	
NOK million	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	2,224	1,929	107	66	-481	-182	52,479	38,225
Revenue from other group companies [2]			478	1,158	-455	-1,397		
Group result before amortisation and write-downs of intangible assets	402	281	193	880	-473	-1,158	1,960	1,279
Write-downs and amortisation of intangible assets	-6	-6					-401	-394
Group pre-tax profit	**397**	**275**	**193**	**880**	**-473**	**-1,158**	**1,559**	**885**
Assets	4,031	3,532	19,894	19,854	-17,677	-18,141	420,182	401,442
Liabilities	3,464	3,046	3,717	3,805	-847	-1,934	400,247	382,665

1) Income from external customers includes the total premium income including savings premiums and transferred premium fund from other companies, net financial return and other income.
2) Income from other group companies: Storebrand Investments manages financial assets for other group companies. Asset management fees are made up of fixed management fees and performance-related fees. Performance-based fees apply to the portfolios qualifying for such fees at any given time, and are recognised as income when they are assured. Storebrand Livsforsikring AS earns revenue from other group companies for product sales and management. These services are priced on commercial terms.

GEOGRAPHICAL PRESENCE

The Storebrand Group are represented in the following countries:

Segment	Norway	Sweden	Lithuania	Ireland	Guernsey	Latvia
Storebrand Life Insurance	X	X		X	X	X
SPP		X				
Asset Management	X	X				
Banking	X					
Insurance	X	X				
Other			X			

KEY FIGURES BY BUSINESS AREA - CUMULATIVE FIGURES

NOK million	2012	2011
Group		
Earnings per ordinary share	2.25	1.51
Equity	19,936	18,777
Capital adequacy	11.7%	13.9%
Storebrand Life Insurance		
Premium income after reinsurance	16,163	15,288
Net inflow of premium reserves	525	-4,690
Insurance liabilities	221,785	206,339
- of which products with guaranteed return	180,310	172,656
Market return customer funds with guarantee	6.2%	3.4%
Booked investment yield customer funds with guarantee	5.6%	4.6%
Investment yield company portfolio	5.4%	5.1%
Solidity capital [2]	46,860	40,109
Capital adequacy (Storebrand Life Insurance Group)[1]	12.2%	13.8%
Solvency margin (Storebrand Life Insurance Group)[1]	162%	161%
SPP		
Premium income after reinsurance	6,190	6,049
Net inflow of premium reserves	-1,124	-802
Policyholders' fund incl. accrued profit (excl. conditional bonus)	108,747	105,857
- of which products with guaranteed return	72,191	73,880
Return Defined Benefit	6.6%	8.6%
Return Defined Contribution	7.1%	8.0%
Conditional bonus	8,626	7,417
Deferred capital contribution	2,786	2,905
Solvency margin (SPP Life Insurance Group) [3]	222%	169%
Asset management		
Total funds under management	442,162	413,950
Funds under management for external clients	81,651	73,665
Costs/AuM bp [4]	13.9	12.0
Banking		
Net interest income as a percentage of average total assets	1.25%	1.13%
Costs/income per cent (banking) [5]	64%	66%
Deposits from and due customers as percentage of gross lending	56%	55%
Gross defaulted and loss-exposed loans as percentage of gross lending	0.8%	1.0%
Gross lending	35,445	33,475
Core (tier 1) capital ratio	11.2%	11.4%
Insurance		
Claims ratio	68%	73%
Cost ratio	19%	19%
Combined ratio	87%	91%

1) 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 from the second quarter of 2012.

In connection with Storebrand Life Insurance's 2007 acquisition of SPP, the Financial Supervisory Authority of Norway placed a condition on its approval by giving a time limited approval to include parts of the conditional bonus as primary capital. This approval ends on 1 April 2012.

The key figures for capital adequacy and solvency for previous periods have not been restated. They are shown in the tables above such as they were originally calculated.

2) Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation fund, unrealised gains, bonds at amortised cost, additional statutory reserves, conditional bonus and accrued profit.

3) Consists of the company SPP Livförsäkring AB due to changes in the company structure of SPP Livförsäkring Group. Previous quarters are accordingly revised.

4) Costs and AuM are 12 month rolling figures. Previous quarters are revised. AuM = Assets under Management (total assets under management), bp = basis points.

5) Consists of the companies Storebrand Bank ASA and Storebrand Boligkreditt AS.

NOTE 13 | Premium income

NOK million	2012	2011
Storebrand Life Insurance		
Defined benefit scheme (fee based)	11,747	10,867
Defined contribution scheme (Unit Linked based)	4,569	3,654
Total group occupational pensions	**16,316**	**14,521**
Paid up policies	253	658
Individual endowment insurance and pensions	385	604
Unit Linked (retail)	1,600	1,122
Total individual pension and savings	**2,237**	**2,384**
BenCo	747	700
Net premium income Storebrand Livsforsikring	**19,300**	**17,606**
Of which premium reserve transferred to company	3,138	2,317
SPP		
Guaranteed products	2,495	2,500
Unit Linked	4,172	3,869
Net premium income SPP	**6,667**	**6,369**
Of which premium reserve transferred to company	477	320
Insurance		
P&C	556	499
Health	183	160
Personal Risk	494	467
Employee	818	678
Net premium income Insurance	**2,051**	**1,804**
Eliminations	-197	-192
Total net premium income	**27,822**	**25,587**
Of which premium reserve transferred to company	3,615	2,637

NOTE 14 | Net interest income - banking activities

NOK million	2012	2011
Fixed income and similar income from lending to and receivables from financial institutions	13	21
Fixed income and similar income from lending to and receivables from customers	1,436	1,394
Fixed income and similar income from commercial paper, bonds, and other interest-bearing paper	97	115
Other interest income and similar income	7	6
Total interest income[1]	**1,553**	**1,537**
Interest and similar costs from liabilities to financial institutions	-104	-225
Interest and similar costs from deposits from and liabilities to customers	-520	-475
Interest and similar costs from issued securities	-408	-329
Interest and similar costs from subordinated loan capital	-29	-39
Other interest costs and similar costs	-1	-25
Total interest costs [2]	**-1,063**	**-1,094**
Total net interest income	**490**	**443**
1) The total interest income for lending, etc, that is not stated at fair value.	1,300	1,151
2) The total interest costs for deposits, etc, that are not stated at fair value.	-995	-923

INTEREST COSTS AND VALUE CHANGES ON BORROWING AT FAIR VALUE (FVO)

NOK million	2012	2011
Interest expenses funding FVO	-67	-171
Changes in value of funding FVO	2	-8
Net costs borrowing at fair value (FVO)	**-65**	**-179**

NOTE 15 | Net income analysed by class of financial instrument

NOK million	Share dividend and interest income etc. financial assets	Net gains and losses on financial assets	Net revaluation on investments	Total 2012	Of which Company	Of which Customer	2011
Profit on equities and units	1,844	58	4,585	6,488		6,487	-5,972
Profit on bonds and other fixed-income securities at fair value	6,220	3,179	610	10,009	658	9,351	8,393
Profit on financial derivatives	195	2,428	-1,842	781	9	772	2,890
Total gains and losses on financial assets at fair value	**8,259**	**5,665**	**3,354**	**17,278**	**668**	**16,610**	**5,310**
- of which FVO (fair value option)	**7,904**	**3,101**	**5,306**	**16,312**	**617**	**15,694**	**1,972**
- of which trading	195	2,423	-1,831	787	15	772	2,890
- of which available-for-sale	144	125	-125	144		144	452
Net income lendings and accounts receivable	2,984	337		3,320	91	3,229	2,639
Net income held to maturity	493			493	10	483	261
Total gains and losses, bonds at amortised cost	**3,477**	**337**		**3,814**	**101**	**3,713**	**2,901**
Revaluation, bonds available-for-sale recognised in the comprehensive income							**-218**

NOTE 16 | Net income from real estate

NOK million	2012	2011
Rent income from real estate[1]	1,940	1,815
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period[2]	-386	-408
Result minority defined as liabilitites	-117	-71
Total	**1,438**	**1,336**
Realised gains/losses	-26	82
Change in fair value	-700	234
Total income real estate	**712**	**1,652**
1) Of which real estate for own use	74	73
2) Of which real estate for own use	-4	-6
Allocation by company and customers		
Company	33	71
Customer	679	1,581
Total income from real estate	**712**	**1,652**

CHANGE IN VALUE REAL ESTATE INVESTMENTS

NOK million	2012	2011
Wholly owned real estate investments - investment properties	-700	238
Real estate equities and units in Norway and Sweden[1]	-57	73
Real estate units abroad[1]	-128	131
Real estate units in associated companies	12	
Total change in value investment real estate	**-873**	**442**
Real estate for own use	89	27
Total change in value in real estate	**-783**	**469**
Realised gains/losses sold real estate	-26	82

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

NOTE 17 | Other income

NOK million	2012	2011
Fee and commission income, banking	85	91
Fee and commission expense, banking	-14	-18
Net fee and commission income, banking	**71**	**73**
Management fees, asset management	308	330
Interest income on bank deposits	100	128
Other insurance related income	1,158	983
Other revenue from companies other than banking and insurance	452	557
Other income	118	66
Total other income	**2,207**	**2,138**

NOTE 18 | Insurance claims for own account

NOK million	2012	2011
Storebrand Life Insurance		
Defined benefit scheme (fee based)	-5,324	-8,403
Defined contribution scheme (Unit Linked based)	-806	-516
Total group occupational pensions	**-6,130**	**-8,919**
Paid up policies	-2,894	-3,811
Individual endowment insurance and pensions	-3,384	-2,563
Unit Linked (retail)	-1,692	-1,586
Total individual pension and savings	**-7,971**	**-7,961**
BenCo	-803	-1,041
Insurance claims for own account Storebrand Livsforsikring	**-14,903**	**-17,920**
Of which premium reserve transferred from company	-2,765	-7,050
SPP		
Guaranteed products	-5,341	-4,788
Unit Linked	-1,445	-1,233
Insurance claims for own account SPP	**-6,786**	**-6,021**
Of which premium reserve transferred from company	-1,601	-1,122

NOK million	2012	2011
Insurance		
P&C	-405	-384
Health	-117	-97
Personal Risk	-165	-163
Employee	-494	-521
Insurance claims for own account Insurance	**-1,181**	**-1,166**
Total insurance claims for own account	**-22,870**	**-25,107**
Of which premium reserve transferred from company	-4,366	-8,172

The table below shows the anticipated compensation payments (excluding repurchase and payment). The residual balance after 3 years is equal to the obligations carried on the statement of financial position in the financial statements.

DEVELOPMENT IN EXECTED INSURANCE CLAIM PAYMENTS - LIFE INSURANCE

NOK billion	Storebrand Life Insurance	SPP	BenCo
0-1 year	-9	-6	-2
1-3 years	-13	-13	-2
> 3 years	-180	-98	-4

DEVELOPMENT IN INSURANCE CLAIM PAYMENT - P&C INSURANCE, EXLUSIVE RUN-OFF

NOK million	2007	2008	2009	2010	2011	2012	Total
Calculated gross cost of claims							
At end of the policy year	79	197	298	425	481	545	
- one year later	88	197	301	403	459		
- two years later	87	200	295	406			
- three years later	82	201	294				
- four years later	83	201					
- five years later	82						
Calculated amount 31.12.12	44	141	220	319	359	424	1,506
Total disbursed to present	81	195	278	370	400	367	1,691
Claims reserve	1	5	16	36	59	178	295

NOTE 19 | Change in buffer capital

NOK million	2012	2011
Change in market value adjustment reserve	-1,027	1,971
Change in additional statutory reserves	-190	9
Change in conditional bonuses	-1,458	2,182
Total change in buffer capital	**-2,675**	**4,163**

NOTE 20 | Change in insurance liabilities - life insurance

NOK million	Storebrand Life Insurance	BenCo	SPP	Eliminations	2012	2011
Guaranteed return	-5,735	-135	-2,264		-8,134	-8,302
Other changes in premium reserves customer funds with guaranteed return	-1,314	-186	2,110	161	771	693
Change in premium reserve customer funds without guaranteed return	-6,541	-120	-5,542		-12,203	-3,220
Change in premuim fund/ pensioners surplus reserve	-82				-82	-146
Profit sharing	-182				-182	-521
Change in allocations, risk products	-235				-235	-173
Change in insurance liabilities - life insurance	**-14,089**	**-440**	**-5,697**	**161**	**-20,066**	**-11,668**

NOTE 21 | Losses from lendings and reversal of previous losses

NOK million	2012	2011
Change in individual loan write-downs for the period	6	70
Change in grouped loan write-downs for the period	14	31
Other corrections to write-downs	-4	-3
Realised losses on loans where provisions have previously been made	-9	-95
Realised losses on loans where no provisions have previously been made	-6	-7
Recovery of loan losses realised previously	6	18
Write-downs/income recognition for lending and guarantees for the period	**8**	**14**
Interest on written down loans recognised as income	10	5

NOTE 22 | Operating costs and number of employees

OPERATING COSTS

NOK million	2012	2011
Personnel costs[1]	-2,385	-1,964
Amortisation	-118	-108
Other operating costs[2]	-1,500	-1,320
Total operating costs	**-4,003**	**-3,392**

1) Including restructuring costs, see note 49.
2) Figures for 2011 include NOK 291 million in cost reductions related to reinsurance commissions.

NUMBER OF EMPLOYEES

	2012	2011
Number of employees 31.12	2,250	2,221
Average number of employees	2,234	2,230
Number of person-years 31.12	2,217	2,173
Average number of person-years	2,196	2,181

Storebrand Helseforsikring is 50 per cent owned by Storebrand. Employees are added by 50 per cent.

NOTE 23 | Pension costs and pension liabilities

The Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have both a defined contribution pension scheme and a defined benefit pension scheme that have been established in Storebrand Livsforsikring AS, but the Group will not participate in the AFP early retirement scheme until 1 January 2013. From 1 January 2011 the defined benefit scheme was closed to new members. At the same date a defined contribution pension scheme was established. The contribution based scheme applies to all new employees from 1 January 2011 and to those who chose to transfer from a defined benefit to a defined contribution pension arrangement. In the case of the defined contribution scheme, the cost is equal to the period's contribution to the employees' pension savings, which amounts to 5 per cent of the contribution basis between 1G and 6G (G = National Insurance Scheme basic amount as at 31 December 2011, amounting to NOK 82,122), plus 8 per cent of the contribution basis between 6G and 12G, as well as the defined-contribution scheme that is funded from operations that annually comprises 20 per cent of the contribution basis for salaries over 12G. The contributions are deposited in the employees' pension accounts each month. The future pension depends upon the amount of the contributions and the return on pension savings.

The employees who are members of the defined benefit pension scheme are secured a pension of about 70 per cent of pensionable salary at the time of retirement. Full pension entitlement is reached after 30 years of membership in the pension scheme. The cost for the period shows the employees' accrued future pension entitlements during the financial year. From 1 July 2011 the retirement age is 67 years old. Nonetheless employees are given the right to retire at 65 years old and receive a pension directly until they reach 67 years old. In the case of underwriters, retirement age is 65 years.

The pension for employees aged between 65 and 67 years old and pensions linked to salaries over 12 G are paid out directly from the companies and apply to both members of the defined contribution scheme and the defined benefit scheme. A guarantee has been granted for earned pensions on salaries over 12 G for employees retiring before the age of 65. The pension conditions are determined by the pension regulations. Storebrand is obliged to have an occupational pension scheme pursuant to the Act relating to mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

All the members of the pension schemes have an associated survivor's and disability cover.

The pension plan for employees in SPP follows the plan for bank employees in Sweden. The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the trade unions that are part of BTP. The amount is 10 per cent of the annual salary up to 7.5 times the basic income amount, which was SEK 54,600 in 2012 and will be SEK 56,600 in 2013, 65 per cent of the annual salary in the interval from 7.5 to 20, and 32.5 per cent in the interval from 20 to 30. No retirement pension is paid for the portion of salary in excess of 30 times the "basic income amount". Full pension entitlement is reached after 30 years of membership in the pension scheme. In addition to the defined benefit part, the BTP plan has a smaller defined contribution part. As to this part, the employees can decide themselves how assets are to be invested (traditional insurance or Unit Linked insurance). The defined contribution part is 2 per cent of the annual salary.

The retirement age for SPP's CEO is 62 years. The CEO is also covered by a defined contribution pension plan, which implies that the company pays 35 per cent of the CEO's fixed salary in pension premiums. In addition, he has a predefined pension plan that implies a lifetime pension of 16.25 per cent of the fixed salary in the interval from 30 to 50 times the "basic income amount". The retirement pension from age 62 to 65 amounts to 65 per cent of the fixed salary, limited to a maximum of SEK 4,045,000. The pension terms comply otherwise with the pension agreement between BAO and Union of Financial Sector Employees or SACO, respectively (BTP plan). The company secures its pension liabilities through the payment of insurance premiums during the employment period.

The pension for the employees of Nordben Life and Pension Insurance Company LTD and Euroben Life and Pension LTD is covered by a defined contribution scheme. In addition, the employees of Nordben are covered by a lump sum upon death during their period of service.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2012	2011
Present value of insured pension liabilities	3,613	3,996
Fair value of pension assets	-3,224	-3,187
Net pension liabilities/assets insured scheme	389	810
Present value of unsecured liabilities	698	774
Net pension liabilities recognised in statement of financial position	**1,087**	**1,583**

Includes employer contributions on net under-financed liabilities in the gross liabilities.

BOOKED IN STATEMENT OF FINANCIAL POSITION

NOK million	2012	2011
Pension assets	153	46
Pension liabilities	1,239	1,630

ESTIMATE DEVIATIONS RECOGNISED AGAINST EQUITY

NOK million	2012	2011
Year's change in estimate deviation included in equity	301	52
Accumulated estimate deviations included in equity	-447	-748

CHANGES IN THE NET DEFINED BENEFIT PENSION LIABILITIES IN THE PERIOD

NOK million	2012	2011
Net pension liabilities 01.01	4,770	4,492
Pensions earned in the period	223	189
Pension cost recognised in period	146	172
Estimate deviations	-537	143
Gain/loss on insurance reductions		-13
Pensions paid	-228	-219
Pension liabilities additions/disposals and currency adjustments	-42	7
Employer's NI contributions reversed	-21	-2
Net pension liabilities 31.12	**4,312**	**4,770**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2012	2011
Pension assets at fair value 01.01	3,187	3,066
Expected return	132	137
Estimate deviation	-90	-38
Gain/loss on insurance reductions		-7
Premiums paid	223	222
Pensions paid	-197	-167
Changes to pension scheme		-31
Pension liabilities additions/disposals and currency adjustments	-30	6
Net pension assets 31.12	**3,225**	**3,187**

Expected premium payments (pension assets) in 2013	255
Expected premium payments (contributions) in 2013	22
Expected AFP early retirement scheme payments in 2013	15
Expected payments from operations (uninsured scheme) in 2013	36

Pension assets are based on the financial assets held by Storebrand Life Insurance/SPP composed at 31.12:

	Storebrand Life Insurance		SPP	
	2012	2011	2012	2011
Real estate	17%	17%	4%	3%
Bonds at amortised cost	35%	38%	0%	0%
Mortgage loans and other loans	2%	2%	0%	0%
Equities and units	14%	22%	10%	11%
Bonds	18%	14%	79%	70%
Certificates	14%	6%	0%	0%
Other short-term financial assets	0%	1%	7%	16%
Total	**100%**	**100%**	**100%**	**100%**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance.

Realised return on assets.	5.8%	4.5%	6.3%	8.6%

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNT, SPECIFIED AS FOLLOWS

NOK million	2012	2011
Current service cost including employer's national insurance contributions	223	205
Interest on pension liabilities	147	171
Expected return on pension assets	-132	-137
Changes to pension scheme	1	
Gain/loss on insurance reductions		-5
Total for defined benefit schemes	**238**	**234**
The period's payment to contribution scheme	45	34
Net pension cost recognised in profit and loss account in the period	**284**	**268**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY 31.12

	Storebrand Life Insurance		SPP	
	2012	2011	2012	2011
Discount rate	4,0%	3,1%	3,5%	3,8%
Expected return on pension fund assets in the period	4,0%	4,6%	3,5%	5,0%
Expected earnings growth	3,3%	3,6%	3,5%	3,5%
Expected annual increase in social security pensions	3.3%	3.75%	3,0%	3,0%
Expected annual increase in pensions in payment	1,5%	1,5%	2,0%	2,0%
Disability table	KU	KU		
Mortality table	K2005	K2005	DUS06	DUS06

FINANCIAL ASSUMPTIONS
The financial assumptions have been determined on the basis of the regulations in IAS 19. Long term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are particularly subject to a high degree of uncertainty.

IAS 19.78 states that high quality corporate bond rates shall be used as the discount rate. In countries where there is no deep market for such bonds, the government bond rates shall be used. As at 31 December 2011 Storebrand used government bond rates as the discount rate. Recently evaluations of whether there is a deep market for covered bonds in Norway have been made, and whether such securities satisfy the definition of corporate bond in accordance with IAS 19.78.

With a few exceptions involving unrated securities, all of the rated covered bonds in Norway have a rating of AA- or higher. The Norwegian covered bond market is quite young, but the market has undergone major development in recent years. The outstanding covered bond volume was more than NOK 530 billion as at the fourth quarter of 2012. The bid/ask spreads do not normally exceed more than a 2-3 basis point yield in this market. Average daily trading in 2012 has been around NOK 650 million, and the average new issue volume was approximately 7.5 billion per month in 2012. Around 20 per cent of the market consists of fixed income securities, while around 80 per cent of the market consists of securities with adjustable interest rates. As is the case for the rest of the Norwegian corporate bond market, the Norwegian swap interest rates are used as a basis for calculation of the price/yield. The Norwegian swap interest rates are considered very liquid.

Based on the market and volume development observed, the Norwegian covered bond market must be perceived as a deep market in relation to the provisions in IAS 19 in the opinion of Storebrand. This conclusion is based on the regular activity that takes place in both the primary and secondary markets, as well as the transparency that exists due to the fact that the trades observed on the exchange are close to the indicative levels quoted by the banks. Broad participation by all of the largest bond brokers in the reporting system of the Norwegian Mutual Fund Association (VFF) supports the reliability of the available data. Reference is made to the statement of 13 December 2012 from the Norwegian Accounting Standards Board related to the use of covered bonds as the discount rate. As of the fourth quarter of 2012 Storebrand has used a discount rate based on the covered bond rate in Norway. This change is considered to be a change in the estimate. The corresponding interest rate in Sweden is also used for the Swedish operations.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS
In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. The mortality table K2005 is used until new mutual mortality tariffs are adopted by the industry and can provide a basis for more precise calculations. The average employee turnover rate is 2-3 per cent for the entire work force as a whole, and falling turnover with increasing age is assumed.

The actuarial assumptions in Sweden follow the industry's mutual mortality table DUS06 adjusted for corporate differences. The average employee turnover rate is estimated to be 4 per cent p.a.

NET PENSION LIABILITIES 31.12

NOK million	2012	2011	2010	2009	2008
Discounted present value of defined benefit pension liabilities[1]	4,312	4,770	4,493	4,108	4,296
Pension assets at fair value	3,225	3,187	3,066	2,973	2,897
Deficit	**1,087**	**1,583**	**1,427**	**1,135**	**1,399**
Fact based adjustments pension liabilities	183	32	1		
Fact based adjustments pension assets	-90	-13	-90		

SENSITIVITY ANALYSIS PENSION CALCULATIONS

Change in discount rate	0,5%	-0,5%
Percentage change in pension		
Norway		
Pension liabilities	-7%	8%
The period's net pension costs	-11%	13%
Sweden		
Pension liabilities	-9%	11%
The period's net pension costs	-5%	5%

The pension liabilities are particularly sensitive to changes in the discount rate. A reduction in the discount rate will in isolation entail an increase in the pension liabilities.

1) The pension liabilities at the end of 2012 have declined compared with the corresponding liabilities as at 2011. As is evident from the table above, this is attributed primarily to a change in actuarial gains or losses. The change in actuarial gains or losses is attributed primarily to the higher discount rate, since a high quality corporate bond rate (covered bond rate) has been used at the end of 2012, while the discount rate was based on the government rate in Norway in 2011. This has also resulted in a positive effect on the statement of total comprehensive income (OCI).

If the government rate has been used as the discount rate as at 31 December 2012 instead of the high quality corporate bond rate, it is estimated that the pension liabilities would have increased by around 25 per cent for the Norwegian operations when the other assumptions in the calculations remain unchanged.

NOTE 24 | Remuneration to senior employees and elected officers of the company

NOK thousand	Ordinary salary	Bonus paid	Other ben-efits[1]	Post termination salary (months)	Pension accrued for the year	Present value of pension	Loan	Interest rate at 31.12.12	Repayment period*
Senior employees									
Odd Arild Grefstad	3,854	320	172	24	1,146	19,986	3,500	2,25%	2036
Lars Aa. Løddesøl	4,047	47	177	18	1,271	14,268	10,674	2,25-4,55%	2013-2041
Hans Aasnæs	4,797	480	174	18	1,246	21,973	1,700	2,25%	2027
Gunnar Rogstad	2,636	289	169	6	896	5,923			
Geir Holmgren	2,158	96	161	12	436	6,602	3,237	2,25%	2022
Robin Kamark (employed from 15.10.12)	883		35	18	132				
Heidi Skaaret (employed from 17.09.12)	805		47	12	115		8,522	2,25-3,5%	2042
Truls Nergaard	2,346	240	172	18	840	3,053	3,900	2,25-3,85%	2022-2042
Sarah McPhee	3,739	317	49	18	3,201	4,388			
Idar Kreutzer[2]	4,660	430	123		459		12,314	3,45-4,55%	2025-2042
Total 2012	**29,926**	**2,219**	**1,280**		**9,743**	**76,192**	**43,847**		
Total 2011	24,433	12,806	1,070		10,386	96,626	29,405		

*) Intervals indicate that there are several loans with differing interest rates and repayment periods.
1) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.
2) CEO for the period from January 1st 2012 to May 31st 2012. See also note 6 in the annual finacial statement s iof Storebrand ASA.

NOK thousand	No. of shares owned[3]	Bonus earned in 2012 [4]	Bonus to be paid in 2013	Total share bank per 31.12.12
Senior employees				
Odd Arild Grefstad	53,769	1,243	622	942
Lars Aa. Løddesøl	38,071			
Hans Aasnæs	61,400	1,394	697	1,177
Gunnar Rogstad	117,764	859	430	719
Geir Holmgren	4,460	408	204	300
Robin Kamark				
Heidi Skaaret		209	105	105
Truls Nergaard	14,658	717	359	599
Sarah McPhee[5]	41,723	1,144	457	2,011
Idar Kreutzer	122,617			430
Sum 2012	**454,462**	**5,974**	**2,873**	**6,282**

NOK thousand	Remuneration	No. of shares owned [3]	Loan	Interest rate at 31.12.12*	Repayment period*
Board of Directors					
Birger Magnus	582	20,000			
Halvor Stenstadvold	400	8,645			
Birgitte Nielsen	420				
Ann-Mari Gjøstein	322	258			
Knut Dyre Haug	375	11,963	1,509	2,25%	2,030
Jon Arnt Jacobsen	294	6,500			
John Staunsberg Dueholmen	385				
Kirsti Valborgland	294	2,072	3,500	2,25%	2,041
Heidi Skaaret	241		8,522	2,25-3,5%	2,042
Monica Caneman	412				
Total 2012	**3,723**	**49,438**	**13,531**		
Total 2011	3,539	46,038	5,107		
Control Committee[6]					
Elisabeth Wille	324	163			
Finn Myhre	264		5,404	3,64-3,94%	2025-2036
Harald Moen	233	595			
Anne Grete Steinkjer	233	1,800			
Ole Klette	233				
Tone M. Reierselmoen (deputy member)	233	1,734	460	4,1%	2,021
Total 2012	**1,520**	**4,292**	**5,864**		
Total 2011	1,375	2,492	8,753		

*) Intervals indicate that there are several loans with differing interest rates and repayment periods.
1) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.
2) CEO for the period from January 1st 2012 to May 31st 2012. See also note 6 in the annual finacial statement s iof Storebrand ASA.
3) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. The Accounting Act, Section 7-26.
4) Earned bonus at 31 December 2012. Senior executives are contractually entitled to performance related bonuses. 50 per cent of the earned bonus is paid in cash. The remaining amount is converted to synthetic shares based on the market priice. These are registered in a share bank with a lock-in period of three years. At the end of three years, the value of the synthetic share is calculated at a new market price. Half of the amount paid from the share bank shall, after tax, be used to purchase shares in Storebrand ASA at market price, with a new three-year lock-in period.
5) The retirement age for SPP's CEO is 62 years old. SPP's CEO is covered by a defined contribution based scheme in addition to a defined benefits scheme.
6) Control committee covers all the Norwegian companies in the group wich are required to have a control committee.

Loans to Group employees totalled NOK 2 304 million.

STOREBRAND ASA - THE BOARD OF DIRECTOR'S STATEMENT ON THE FIXING OF THE SALARY AND OTHER REMUNERATION FOR SENIOR EMPLOYEES

The Board of Directors of Storebrand ASA has had a special Compensation Committee since 2000. The Compensation Committee is tasked with providing a recommendation to the Board of Directors concerning all matters to do with the company's remuneration of its Chief Executive Officer. The Committee is responsible for keeping itself informed and proposing guidelines for the fixing of remuneration for senior employees in the Group. In addition, the Committee is an advisory body for the CEO with respect to remuneration regimes that cover all employees in the Storebrand Group, including Storebrand's bonus system and pension scheme. The Compensation Committee satisfies the follow-up requirements set forth in the Compensation Regulations.

1. ADVISORY GUIDELINES FOR THE COMING FINANCIAL YEAR

Storebrand aims to base remuneration on competitive and stimulating principles that help attract, develop and retain highly qualified staff. Optimised financial remuneration helps create a performance culture with clear goals for all employees, and correct assessments by managers, who differentiate between performances that are good and less good.

Financial remuneration should be designed to:

1. Help support continuous improvement, stimulate internal cooperation and create a value-based performance culture.
2. Help focus the efforts of employees.
3. Ensure that the Group's strategy and plans provide the basis for the goals and requirements set for the employees' performance.
4. Ensure that remuneration is based on long-term thinking, balanced goal-oriented management and real value creation.
5. Ensure that remuneration is based on an assessment of the individual's results and compliance with the core values.
6. Facilitate a clear, transparent and team-based process for setting goals and goal structures.
7. Ensure that both the development of financial remuneration and job requirements are embedded in the employee's role, responsibilities and influence in the Group. Ensure that the composition and level of the components of the financial remuneration are balanced and in line with the market.

The salaries of executive employees are determined based on the position's responsibilities and complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to the sector.

Senior employees at Storebrand may, in addition to their fixed salary, receive remuneration in the form of an annual bonus, participation in the Group's group pension scheme, as well as other personal benefits. Senior employees may also be entitled to a severance pay arrangement, which guarantees that they will receive their salary less other income for a specified period of up to 24 months upon the conclusion of their employment.

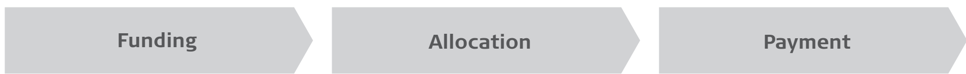
2. BINDING GUIDELINES FOR SHARES, SUBSCRIPTION RIGHTS, OPTIONS, ETC. FOR THE COMING 2013 FINANCIAL YEAR

BONUS SYSTEM

Senior employees and employees who influence the company's risk are divided into two categories with regard to financial remuneration. Senior employees for whom accounting and control functions make up a large part of their duties receive fixed salaries only.
The other senior employees have a bonus scheme linked to value creation in the Group, in the unit and through the performances of individual employees.

The Storebrand Group's bonus scheme for the 2013 financial year complies with the regulations laid down by the Ministry of Finance on 1 December 2010 relating to remuneration schemes in financial institutions. The bonus scheme is robust with regard to ensuring the overall goals of increasing the correspondence between the owners' and executives' incentives, and helping to ensure that management does not take inappropriately large risks.

Main structure of the bonus scheme
The main structure of the bonus scheme consists of the following elements:



Bonuses are financed through value creation in the Group, but allocation is dependent on the unit's value creation and the employees' own performances.

Funding
Specific quantitative goals for how the value creation in the company will fund bonuses are set each year. The value creation target is based on the risk-adjusted result, which excludes market-dependent results and profit sharing. Significant one-time effects must also be eliminated by adjustment. Funding is calculated on the basis of value creation for the last two years. For 2013, the value creation will be the average target attainment percentages for 2012 and 2013, respectively. The overall group result must also be in excess of a predetermined level to prevent curtailment of bonus earnings based on the risk-adjusted result. Negative group profit before tax gives a full deduction and zero bonuses. In addition, an RoE (before tax) greater than 5 per cent and satisfactory financial strength are required.

The Board of Storebrand ASA sets the target that determines how the risk-adjusted value creation will fund the bonus.

Allocation
The allocation result depends on both the unit's result and individual target attainment.
A unit's value creation is measured using a scorecard that is based on the unit's strategic, financial and operational targets. The scorecard incorporates both quantitative and qualitative targets. Specific targets are also set each year with respect to the senior employees' performance, which is documented using a special monitoring system. The unit's result and individual target attainment are weighted equally. Over time the target bonus for senior employees should be between 20 and 40 per cent of their fixed salary. The maximum target attainment for funding and allocation is 150 per cent, respectively. Senior employees' bonus entitlements are calculated using the following formula: Target bonus level x Funding result x Allocation result.
The maximum possible bonus entitlement is 90 per cent of the annual fixed salary. For senior employees in STB Bank, 50 per cent is the maximum.

Payment of the bonus
Of the variable remuneration of the CEO and senior employees, 50 per cent of the allocated bonus will be paid in cash, and 50 per cent will be converted to a number of synthetic shares. The number of shares will be registered in a share bank and will remain there for three years. At the end of the three-year period, an amount corresponding to the market price of the allotted shares will be paid.

Half of the amount paid, after tax, from the share bank is to be used to purchase actual shares in Storebrand ASA at the market price with a new lock-in period of 3 years. No payments are made from the share bank until the end of the 3-year period, even if the employee withdraws from the scheme or leaves the company, but the payment will be made on the date that was specified at the time the allocation was made.

In special circumstances, the Board of Directors may decide to completely eliminate or partially reduce the number of shares in the share bank. Such circumstances may include when it is subsequently proven that the employee or entity did not fulfil the result criteria, or when the entity's or Group's financial position has drastically weakened.

1.2. PENSION SCHEME
The company shall arrange and pay for an ordinary group pension insurance common to all employees, from the moment employment commences, and in accordance with the pension rules in force at any given time.

1.3. SEVERANCE PAY
The Chief Executive Officer and executive vice presidents are entitled to severance pay if their contracts are terminated by the Company. Entitlement to severance pay is also triggered by resignation if this is due to substantial organisational changes or equivalent situations that make it unreasonable for the employee to remain in his or her position. If the employment is brought to an end due to a gross breach of duty or other material non-performance of the employment contract, the provisions in this section do not apply.

Deductions are made to the severance pay for all work-related income, including fees from the provision of services, offices held, etc. The severance pay corresponds to the pensionable salary at the end of the employment, excluding any bonus schemes. The CEO is entitled to 24 months of severance pay. Other executive vice presidents are entitled to 18 months of severance pay.

1.4. EMPLOYEE SHARE PURCHASE PROGRAMME
Senior employees are given, as are other Storebrand employees, an opportunity to purchase a limited number of shares in Storebrand ASA at a discount under an employee share purchase programme.

3. STATEMENT ON THE SENIOR EMPLOYEE REMUNERATION POLICY IN THE PREVIOUS FINANCIAL YEAR
The senior employee remuneration policy established for 2012 has been observed.

4. STATEMENT CONCERNING THE EFFECTS OF SHARE-BASED REMUNERATION AGREEMENTS ON THE COMPANY AND SHAREHOLDERS
In accordance with the new guidelines, cf. section 2.1 above, half of the amount paid from the share bank shall be used to purchase shares in Storebrand ASA at the market price with a new 3-year lock-in period.

Senior employees will therefore have bonuses withheld for up to 6 years and substantial exposure to the company's share price. In the opinion of the Board, this does not have any negative effect on the company and the shareholders, given the structure of the scheme and the size of each executive vice president's portfolio of shares in Storebrand ASA.

NOTE 25 | Remuneration paid to auditors

THE REMUNERATION PAID TO DELOITTE AS AND COADJUTANT COMPANIES

NOK million	2012	2011
Statutory audit	12.6	11.5
Other reporting duties	1.1	1.9
Tax advice	1.8	2.1
Other non-audit services[1]	0.5	1.9
Total remuneration to auditors	**16.0**	**17.4**

1) The fee is mainly due to assistance in connection with inquirys from public authorities. The amounts are excluding VAT.

NOTE 26 | Other costs

NOK million	2012	2011
Pooling	-94	-152
Interest costs, insurance	-34	-42
Insurance related costs	-56	-5
Borrowing expenses	-15	-25
Other costs	-34	-50
Total other costs	**-233**	**-274**

NOTE 27 | Interest expenses

NOK million	2012	2011
Interest expense - funding	-170	-161
Interest expense - subordinated loans	-510	-519
Total interest expenses[1]	**-680**	**-681**

1) Interest expenses for Storebrand Bank are included in net interest income for banking enterprises.

NOTE 28 | Tax

TAX COST IN THE RESULT

NOK million	2012	2011
Tax payable	-10	-16
Deferred tax	-540	-128
Total tax charge	**-550**	**-144**

RECONCILIATION OF EXPECTED AND ACTUAL TAX COST

NOK million	2012	2011
Ordinary pre-tax profit	1,559	885
Expected income tax at nominal rate (28 per cent)	-437	-248
Tax effect of:		
realised/unrealised shares	-38	-782
share dividends received		164
associated companies		21
permanent differences	-6	-309
recognition/write-down of tax assets	-224	949
Changes from previous years	153	61
Total tax charge	**-550**	**-144**
Effective tax rate[1]	35%	16%

1) The effective tax rate for 2012 is affected by certain factors that are not related to the results for 2012. The Group has a tax credit carryforward of NOK 758 million from 2003, and this must be used within 10 years. Since it is not considered probable that this can be used in 2013, the tax credit carryforward has been written down and recognised as an expense in the accounts. This has resulted in an additional income tax expense of NOK 213 million. The income tax expense has also been affected by the elimination of the exemption method for the customer portfolio, which is described below, as well as the tax effects associated with prior years.

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

NOK million	2012	2011
Tax-increasing temporary differences		
Securities [1]	3,486	1,404
Real estate [1]	8,032	8,350
Operating assets	262	301
Pre-paid pensions	3	48
Gains/losses account	258	322
Other	874	681
Total tax-increasing temporary differences	**12,913**	**11,107**
Tax-reducing temporary differences		
Securities [1]	-678	-1,720
Real estate		-8
Operating assets	-34	-19
Provisions	-1,165	-161
Accrued pension liabilities	-1,046	-1,455
Securities liabilities	-9	-9
Gains/losses account	-26	-36
Other	-284	-201
Total tax-reducing temporary differences	**-3,242**	**-3,609**
Carryforward losses	-7,233	-6,914
Benfits carried forward	-758	-773
Total tax loss and assets carried forward	**-7,991**	**-7,687**
Basis for net deferred tax and tax assets	**1,679**	**-189**
Write-down of basis for deferred tax assets	759	-19
Net basis for deferred tax and tax assets	**2,439**	**-208**
Net deferred tax assets/liabilities in balance sheet	**683**	**-58**
Recognised in balance sheet		
Deferred tax assets	38	58
Deferred tax	721	

1) 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.

The Group's tax-increasing temporary differences also include temporary differences linked to the Group's investment properties. These properties are for the most part recorded in the Norwegian life insurance company's customer portfolios and recorded in the accounts of Storebrand Eiendom Holding AS (SEH), which is owned by Storebrand Livsforsikring AS. If these companies were to be disposed of, they could be disposed of practically tax-free. The tax-increasing temporary differences related to the difference between the fair value and taxable value of investment properties that have arisen during the period of ownership (around NOK 7.9 billion), are included in the Group's temporary differences, on which deferred tax is calculated at a nominal tax rate of 28 per cent. In accordance with IAS 12, no provisions have been set aside for deferred tax related to temporary differences that existed when companies were acquired and the transaction was not defined as a business transfer (basis of around NOK 2.7 billion).

The equity includes a risk equalisation reserve that can only be used to cover a negative risk result. Tax deductions related to the build-up of this reserve are treated as a permanent difference between the financial and tax accounts. See "Reconciliation of the Group's equity" for more details concerning this.

NOTE 29 | Intangible assets

NOK million	Intangible assets: Brand names	IT systems	Customer lists	VIF [1]	Goodwill	2012	2011
Acquisition cost 01.01	205	417	517	8,618	1,363	11,119	11,035
Additions in the period							
- Developed internally		48				48	27
- Purchased separately		74				74	60
Disposals in the period		-34				-34	-71
Currency differences on converting foreign units	-3		-9	-149	-4	-166	69
Other changes					-8	-8	
Acquisition cost 31.12	**202**	**504**	**508**	**8,469**	**1,350**	**11,033**	**11,119**
Accumulated depreciation and write-downs 01.01	-70	-229	-209	-3,940	-148	-4,596	-4,157
Write-downs in the period		-1			-1	-2	-5
Amortisation in the period [2]	-23	-57	-52	-288		-421	-407
Disposals in the period		13				13	
Currency differences on converting foreign units	1		4	69		75	-30
Other changes							2
Acc. depreciation and write-downs 31.12	**-92**	**-275**	**-257**	**-4,159**	**-149**	**-4,931**	**-4,596**
Book value 31.12	**110**	**230**	**251**	**4,310**	**1,201**	**6,102**	**6,523**

1) Value of business-in-force, the difference between market value and book value of the insurance liabilities in SPP.
2) NOK 22 million was classified as depreciation under operating costs.

INTANGIBLE ASSETS LINKED TO ACQUISITION OF SPP
Storebrand Livsforsikring AS acquired SPP Livförsäkring AB and its subsidiaries in 2007. The majority of the intangible assets associated with SPP comprise the value of in-force business (VIF), for which a separate liability adequacy test has been performed in accordance with the requirements of IFRS 4. In order to determine whether goodwill and other intangible assets associated with SPP have suffered an impairment in value, estimates are made of the recoverable amount for the relevant cash-flow generating units. Recoverable amounts are established by calculating the enterprise's utility value. SPP is regarded as a single cash flow generating unit, and the development of future administration results, risk results and financial results for SPP will affect its utility value. In calculating the utility value, the management have made use of budgets and forecasts approved by the Board for the next three years.

The forecast for the various result elements are based on the development in recent years, effects of measures during the forecast period, as well as assumptions regarding the normalised development of the financial markets based on the current financial strategy and applicable market interest rates. The administration result is expected to show a positive development as the result of greater cost effectiveness, and growth in the sales of products and services that are cost-effective to manage and require less capital. In addition to the coming three-year period, cash flows are projected for the period from 2016 to 2020 based on growth in the various result elements of between -15 per cent and 3 per cent per annum. A stable growth rate of 3 per cent is also assumed for calculation of the terminal value. The primary drivers of improved results will be the return on total assets, underlying inflation and wage growth in the market. The utility value is calculated using a required rate of return after tax of 7.8 per cent. The required rate of return is calculated based on the risk-free interest rate and added to a premium that reflects the risk of the business.

INTANGIBLE ASSETS LINKED TO THE BANKING BUSINESS
A cash flow based valuation based on the expected pre-tax result is used when calculating the utility value of the banking business. The calculation is based on budgets and forecasts approved by the Board for the next three years. The forecast assumes an improvement in results, which includes implementation of a cost programme and growth in other income based on the development shown and effort made in recent years. A stable growth rate of 2.5 per cent is assumed for calculation of the terminal value, which corresponds to the expected inflation. The utility value is calculated using a required rate of return after tax of 8.3 per cent. The required rate of return is calculated based on the risk-free interest rate and added to a premium that reflects the risk of the business.

The executive management has assessed the recoverable amount of goodwill as at 31 December 2012 and concluded that no write-down is necessary. Sensitivity analyses have been conducted with respect to the assumptions regarding the development of results and required rate of return. The management is of the opinion that it is improbable that possible reasonable changes in the key assumptions would entail a need for a write-down.

SPECIFICATION OF INTAGIBLE ASSETS

NOK million	Useful economic life	Depr. rate	Depr. method	Book value 2012
Brand name SPP	10 years	10%	Straight line	86
Brand name (Hadrian Eiendom)	5 years	20%	Straight line	25
IT systems	3-8 years	12,5 - 33,3%	Straight line	230
Customer lists SPP	10 years	10%	Straight line	249
Value of business in force SPP	20 years	5%	Straight line	4,310
Rights to withdraw fees from SPP Fonder	10 years	10%	Straight line	2
Total				**4,900**

GOODWILL DISTRIBUTED BY BUSINESS ACQUISITION

NOK million	Business area	Acquisition cost 01.01	Accumulated depreciation 01.01	Book value 01.01	Supply/ disposals/ currency effect	Write-downs	Book value 31.12
Delphi Fondsforvaltning	SB Fondene	35	-4	32			32
Hadrian Eiendom AS	SB Bank	19	-3	16			16
Storebrand Bank ASA	SB Bank	563	-141	422			422
SPP	SB Liv	737		737	-8	-4	724
Storebrand Baltic	SB Liv	4		4			4
Evoco	SB Liv	4		4		-1	3
Total		**1,363**	**-148**	**1,215**	**-8**	**-6**	**1,201**

Goodwill is not amortised, but is tested annually for impairment.

NOTE 30 | Tangible fixed assets

NOK million	Equipment	Vehicles	Fixtures & fittings	Real estate	2012	2011
Book value 01.01	43	2	89	289	423	434
Additions	39		22	7	67	15
Disposals			-1	-1	-2	-31
Value adjustment recognised through the balance sheet				20	20	22
Addition via acquisition/ merger						3
Depreciation	-32	-1	-14		-47	-42
Write-downs in the period				4	4	10
Currency differences from converting foreign units				-16	-16	14
Other changes			-2		-2	-2
Book value 31.12	**49**	**1**	**94**	**303**	**447**	**422**

NOK million	Equipment	Vehicles	Fixtures & fittings	Real estate	2012	2011
Acquisition cost opening balance	175	3	163	289	631	619
Acquisition cost closing balance	185	3	145	303	636	625
Accumulated depreciation and write-downs opening balance	-132	-2	-74		-208	-187
Accumulated depreciation and write-downs closing balance	-136	-2	-51		-189	-202
Allocation by company and customers						
Tangible fixed assets - company					144	155
Tangible fixed assets - customers					303	268

DEPRECIATION PLAN AND FINANCIAL LIFETIME

Depreciation method:	Straight line
Equipment	4-6 years
Vehicles	6 years
Fixtures & fittings	4-8 years

NOTE 31 | Tangible fixed assets - operational leasing

MINIMUM FUTURE PAYMENTS ON OPERATIONAL LEASES FOR FIXED ASSETS ARE AS FOLLOWS

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1 - 5 years	Minimum lease payment > 5 years
Lease < 1 year	4		
Lease 1 - 5 years	14	32	
Lease > 5 years	131	300	374
Total	**149**	**332**	**374**

AMOUNT THROUGH PROFIT AND LOSS ACCOUNT

NOK million	2012	2011
Lease payments through profit and loss account	154	130

This primarily concerns lease of office buildings at Lysaker and in Stockholm, as well as some movables.
The external lease regarding office buildings durate from 2013 until 2019 in Norway and from 2013 to 2023 in Sweden, with an optional renewal.

NOTE 32 | Investments and receivables in associated companies

NOK million	2012	2011
Income		
NREP Logistics ab (publ)	145	124
Formuesforvalting AS	313	298
Handelsbodarna AB	58	34
Result		
NREP Logistics ab (publ)	79	10
Formuesforvalting AS	-1	-3
Handelsbodarna AB	-4	-2
Assets		
NREP Logistics ab (publ)	2,560	2,038
Formuesforvalting AS	345	334
Handelsbodarna AB	686	444
Liabilities		
NREP Logistics ab (publ)	2,367	2,018
Formuesforvalting AS	206	196
Handelsbodarna AB	684	438

OWNERSHIP INTERESTS IN ASSOCIATED COMPANIES

NOK million	Ownership interest	Acquisition cost	Book value 01.01	Additions/ disposals	Share of profit	Share of other income and costs	Book value 31.12
Norsk Pensjon AS	25.0%	5	4				4
Inntre Holding	34.3%	2	42	-1	-1		41
Formuesforvaltning	14.7%	78	79		-2		76
Handelsboderna i Sverige Fastighets AB	50.0%	6	22		-2	3	23
NREP Logistics ab (publ)	47.5%	6	83		37	-29	92
Visit Karlstad	15.0%	1	1	-1			
Total		**99**	**231**	**-1**	**32**	**-26**	**236**
Booked in the statement of financial position							
Investments in associated companies - company			125				121
Investments in associated companies - customers			106				115
Total investments in associated companies			**231**				**236**

RECEIVABLES FOR ASSOCIATED COMPANIES

NOK million	2012	2011
Formuesforvaltning AS	69	69
Handelsbodarna AB	168	125
NREP Logistics ab (publ)	428	304
Total	**665**	**497**
Allocation by company and customers		
Receivables in associated companies - company	69	69
Receivables in associated companies - customers	596	428
Total receivables for associated companies	**665**	**497**

INCOME FROM ASSOCIATED COMPANIES

NOK million	2012	2011
Proportion of the result	32	
Interest income	42	25
Realised change in value	-1	
Unrealised change in value	-29	43
Total	**45**	**68**
Allocation by company and customers		
Receivables in associated companies - company	-3	-4
Receivables in associated companies - customers	48	72
Total receivables from associated companies	**45**	**68**

NOTE 33 | Joint Ventures

Joint Ventures are businesses the Group operates together with external partners.

THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING COMPANIES WITH THE AMOUNTS SHOWN

NOK million	2012	2011
Income		
Storebrand Helseforsikring AS	189	166
Group result		
Storebrand Helseforsikring AS	29	27
Assets		
Storebrand Helseforsikring AS	258	219
Liabilities		
Storebrand Helseforsikring AS	121	105

OWNERSHIP INTEREST

	2012	2011
Storebrand Helseforsikring AS	50%	50%
Evoco	50%	50%

NOTE 34 | Classification of financial assets and liabilities

NOK million	Lendings and receiv-ables	Invest-ments, held to maturity	Fair value, held for sale	Fair value, FVO	Available for sale	Liabilities at amortised cost	Total
Financial assets							
Bank deposits	7,157						7,157
Shares and units				72,220			72,220
Bonds and other fixed-income securities	56,703	11,409		185,014			253,126
Lending to financial institutions	255						255
Lending to customers	37,907			1,241			39,148
Accounts receivable and other short-term receivables	4,871						4,871
Derivatives			4,057				4,057
Total financial assets 2012	**106,892**	**11,409**	**4,057**	**258,474**			**380,833**
Total financial assets 2011	113,849	8,152	6,440	228,977	5,162		362,579
Financial liabilities							
Subordinated loan capital						7,075	7,075
Liabilities to financial institutions				1,986		513	2,499
Deposits from banking customers						19,860	19,860
Securities issued						18,033	18,033
Derivatives			1,356				1,356
Other current liabilities						7,327	7,327
Total financial liabilities 2012			**1,356**	**1,986**		**52,807**	**56,150**
Total financial liabilities 2011			2,720	3,497		52,213	58,430

NOTE 35 | Fair value of financial assets and liabilities at amortised cost

	2012		2011	
NOK million	Book value	Fair value	Book value	Fair value
Financial assets				
Loans to and due from financial institutions	255	255	269	269
Lending to customers	38,051	37,798	35,702	35,471
Bonds held to maturity	10,718	11,688	8,152	8,484
Bonds classified as loans and receivables	56,703	60,962	64,961	66,385
Financial liabilities				
Debt raised by issuance of securities	18,033	18,249	13,626	13,398
Liabilities to financial institutions	513	513	2,519	2,514
Deposits from banking customers	19,860	19,860	18,477	18,477
Subordinatd loan capital	7,075	7,111	7,496	7,502

LENDING TO CUSTOMERS/LIABILITIES TO FINANCIAL INSTITUTIONS/DEBT RAISED BY ISSUANCE OF SECURITIES
The fair value of lending to customers subject to variable interest rates is recognised as book value. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have had, had they been taken upat year end 2012. The shortfall is calculated using a discounted difference between the agreed margin and the current market price over the remaining term to maturity. Fair value is also adjusted for individual write-downs.

The fair values of lending, liabilities to financial institutions and debt raised by issuance of securities are based on valuation techniques. The valuation techniques use interest rate curves and credit spreads from external sources. The calculations are made using the QRM risk management system.

BONDS AT AMORTISED COST
As a general rule, the fair value of bonds is based on prices obtained from Reuters and Bloomberg. Bonds that are not quoted regularly will normally be valued on the basis of recognised theoretical models. The latter is particularly true for bonds denominated in NOK. These sorts of valuations are based on discount rates consisting of swap interest rates plus a credit premium. The credit premium will often be issuer specific and normally based on a consensus of credit spreads quoted by a selected brokerage house. The impariment tests carried out have resulted in no need for write.downs in 2012.

DEBT ISSUED BY ISSUANCE OF SECURITIES
The bonds are recognised on the basis of our theoretical models using the issuer-specific credit spead over swap.
Bonds are valued on the basis of registered sales of the bonds and quoted prices from brokers. All prices are quality assured in relation to EOM (end of month) reports from brokers.

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

NOTE 36 | Bonds at amortised cost

LENDING AND RECEIVABLES

	2012				2011	
NOK million	Nominal value	Acquisi-tion cost	Book value	Fair value	Book value	Fair value
Government and government-guaranteed bonds	16,408	16,549	16,839	17,718	26,147	26,589
Credit bonds	10,261	10,336	10,494	11,195	12,638	12,901
Mortgage and asset backed securities	19,266	19,296	19,804	21,733	16,678	16,996
Supranational organisations	9,332	9,309	9,566	10,316	9,499	9,898
Total bonds at amortised cost	**55,267**	**55,490**	**56,703**	**60,962**	**64,961**	**66,385**
Storebrand Bank						
Modified duration			0,12		0,16	
Average effective yield			2,1%		3,2%	
Storebrand Life Insurance						
Modified duration				5.86		5.12
Average effective yield			5.0%	3.7%	5.7%	4.5%
Distribution beween company and customers						
Lending and receivables company			2,146		1,985	
Lending and receivables customers with guarantee			54,557		62,976	
Total			**56,703**		**64,961**	

BONDS HELD TO MATURITY

	2012			
NOK million	Nominal value	Acquisition cost	Book value	Fair value
Credit bonds	1,000	1,003	1,046	1,083
Mortgage and asset backed securities	9,134	9,135	9,309	10,218
Supranational organisations	350	348	363	387
Total bonds at amortised cost	**10,484**	**10,486**	**10,718**	**11,688**
Modifed duration				7.6
Average effective yield			4.8%	3.7%
Distribution beween company and customers:				
Bonds held to maturity - company			222	
Bonds held to maturity - customers with guarantees			10,496	
Total			**10,718**	

A yield is calculated for each bond, based on both the paper's book value and the observed market price (fair value). For fixed income securities with no observed market prices the effective interest rate is calculated on the basis of of the fixed interest rate period and classification of the individual security with respect to liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

NOTE 37 | Lendings to customers

LENDINGS

NOK million	2012	2011
Corporate market	15,517	14,201
Retail market	23,775	22,289
Gross lending	**39,292**	**36,490**
Write-downs of lending losses	-144	-157
Net lending	**39,148**	**36,333**

NON-PERFORMING AND LOSS-EXPOSED LOANS

NOK million	2012	2011
Non-performing and loss-exposed loans without identified impairment	151	159
Non-performing and loss-exposed loans with identified impairment	115	171
Gross non-performing loans	**266**	**330**
Individual write-downs	-105	-103
Net non-performing loans	**161**	**227**

For further information about lending, see note 9 credit risk.

NOTE 38 | Reinsurer's share of technical reserves

NOK million	2012	2011
Book value 01.01	176	185
Change in premium and claims reserves	-21	26
Other changes		-34
Book value 31.12	**155**	**176**

See note 46 and 47 for liabilities.

NOTE 39 | Real estate

BOOK VALUE OF INVESTMENT PROPERTIES[1]

NOK million	2012	2011
Book value 01.01	28,784	27,141
Supply due to purchases	701	2,078
Supply due to additions	585	582
From owner-occupied properties	-437	
Disposals	-190	-1,244
Net write-ups/write-downs	-700	265
Taken over properties		-32
Exchange rate changes	-21	5
Book value 31.12	**28,723**	**28,796**
Distribution by company and customers:		
Company	1,208	1,325
Customer	27,515	27,471
Total income from real estate	**28,723**	**28,796**

1) Consists of investment properties in Storebrand Life Insurance Group and taken over properties in Storebrand Bank Group.

PROPERTY TYPE

NOK million	2012	2011	2012 Duration of lease (years)	2012 m²	2012 Leased amount in %[1]
Office buildings (including parking and storage):					
Oslo-Vika/Filipstad Brygge	6,205	6,044	7	140,900	92
Rest of Greater Oslo	8,168	7,746	5	495,570	93
Rest of Norway	2,459	2,719	13	179,535	99
Office buildings Sweden	729	853	14	36,500	100
Shopping centres (including parking and storage)	10,103	10,321	4	483,129	94
Multi-storey car parks	650	654	4	27,393	100
Cultural/conference centres in Sweden	359	399	20	18,700	100
Other buildings	50	49			
Taken over properties		12			
Total investment properties	**28,723**	**28,796**		**1,381,727**	
Properties for own use	2,231	1,460	8	70,641	87
Total properties	**30,954**	**30,256**		**1,452,368**	

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

GEOGRAPHICAL LOCATION

NOK million	2012	2011
Oslo - Vika/Fillipstad Brygge	6,855	6,698
Rest of Greater Oslo	10,709	9,664
Rest of Norway	11,411	12,594
Sweden	1,929	1,252
Other	50	49
Total properties	**30,954**	**30,256**

There have not been made any further agreements with regards to buying or selling of real estate in 2012.
NOK 227 million in Storebrand and SEK 72 million in SPP have 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 properties consists mainly of office buildings and shopping centres.

CASH FLOW

An internal cash flow model is used to calculate fair value. The individual properties' net cash flows are discounted by an individual required rate of return. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rents and normal operating costs for the property. The net income cash flow takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future changes in market rents. 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. The required rate of return is divided into the following components:

Composition of the required rate of return:

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

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

EXTERNAL VALUATIONS

To ensure that every property will be taxated as a minimum every third year, there is a methodic approach in order to choose a representative selection of property to taxate every quarter. As per 31 December 2012, valuations had been obtained for approximately 95 per cent of Storebrand's property portfolio in Norway.

In SPP appraisals are obtained for all of the wholly owned property investments.

THE PROPERTIES ARE VALUED ON THE BASIS OF THE FOLLOWING EFFECTIVE REQUIRED RATE OF RETURN (INCL. 2.5 PER CENT INFLATION)

	Required rate of return (%)		Fair value (NOK million)	
Office buildings (including parking and storage)	**2012**	**2011**	**2012**	**2011**
Oslo-Vika/Filipstad Brygge	7,35 - 8,95	7,20 - 8,70	6,855	6,698
Rest of Greater Oslo	7,54 -9,72	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	340

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 in Norway of approximately 1 billion. Around 25 per cent of a real estate'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.

PROPERTIES FOR OWN USE

NOK million	2012	2011
Book value 01.01	1,460	1,380
Additions	461	53
Depreciation	-50	-49
Write-ups due to write-downs in the period	50	49
Write-downs in the period	-86	27
Currency differences from converting foreign units	-3	
Other change	399	
Book value 31.12	**2,231**	**1,460**
Acquisition cost opening balance	1,479	1,426
Acquisition cost closing balance	2,510	1,479
Accumulated depreciation and write-downs opening balance	-19	-46
Accumulated depreciation and write-downs closing balance	-279	-19
Allocation by company and customers		
Properties for own use - company	58	67
Properties for own use - customers	2,173	1,393
Total	**2,231**	**1,460**
Depreciation method	Straight line	
Depreciation plan and financial lifetime:	50 years	

NOTE 40 | Biological assets

NOK million	2012	2011
Book value 01.01	616	589
Additions due to purchases/new planting (forest)	6	29
Translation difference	-30	-3
Change in fair value less sales expenses	6	1
Book value 31.12	**599**	**616**

Biological assets booked in the statement of financial statement consist of forests in the subsidiaries AS Værdalsbruket and Foran Real Estate SIA in Latvia.

NOTE 41 | Accounts receivable and other short-term receivables

NOK million	2012	2011
Accounts receivable	2,032	1,591
Interest earned/pre-paid expenses	349	215
Claims on insurance brokers	1,055	628
Sales credit in real estate	250	273
Pre-paid commisions	443	406
Other current receivables	741	591
Book value 31.12	**4,871**	**3,703**
Allocation by company and customers		
Accounts receivable and other short-term receivables - company	2,172	1,803
Accounts receivable and other short-term receivables - customers	2,699	1,900
Total	**4,871**	**3,703**

AGE DISTRIBUTION FOR ACCOUNTS RECEIVABLE, ETC. 31.12 (GROSS)

	2012		2011	
NOK million	Accounts receivable	Receivables in connection with reinsurance	Accounts receivable	Receivables in connection with reinsurance
Receivables not fallen due	2,013	13	1,393	118
Past due 1 - 30 days	15		154	1
Past due 31 - 60 days	6		21	
Past due 61 - 90 days			4	
Past due > 90 days			21	
Gross accounts receivable/receivables from reinsurance	**2,034**	**13**	**1,592**	**119**
Provisions for losses 31.12	-2		-2	
Net accounts receivable/receivables from reinsurance	**2,032**	**13**	**1,591**	**119**

NOTE 42 | Equities and units

	2012		2011
NOK million	Acquisition cost	Fair value	Fair value
Equities	10,175	12,731	26,079
Fund units	47,950	52,015	50,526
Private Equity fund investments	5,347	6,032	6,676
Hedge fund	66	55	
Indirect real estate funds	2,553	1,387	1,976
Total equities and units	**66,091**	**72,219**	**85,258**
Allocation by company and customers			
Equities and units - company		54	322
Equities and units - customers with guarantee		27,152	48,280
Equities and units - customers without guarantee		45,014	36,656
Sum		**72,219**	**85,258**

See note 9.

NOTE 43 | Bonds and other fixed-income securities

	2012		2011
NOK million	Acquisition cost	Fair value	Fair value
Government and government-guaranteed bonds	50,391	51,579	46,885
Credit bonds	26,531	26,738	21,332
Mortgage and asset backed securities	43,204	43,779	34,562
Supranational organizations	3,759	3,757	2,212
Bond funds	59,006	59,851	43,101
Total bonds and other fixed-income securities	**182,892**	**185,704**	**148,092**
Allocation by company and customers			
Bonds and other fixed-income securities - company		21,496	20,058
Bonds and other fixed-income securities - customers with guarantee		142,313	109,202
Bonds and other fixed-income securities - customers without guarantee		21,895	18,831
Total		185,704	148,092

	Fair value					
	Storebrand Life Insurance	SPP Life Insurance	Euroben	Storebrand Bank	Storebrand Insurance	Storebrand ASA
Modified duration	2.3	2.1	4.9	0.2	0.2	0.3
Average effective yield	2.1%	1.3%	1.5%	2.9%	2.3%	2.3%

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

NOTE 44 | Derivatives

NOMINAL VOLUME

Financial derivatives are related to underlying amounts which are not recognised in the statement of financial position. In order to quantify the scope of the derivatives, reference is made to amounts described as the underlying nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and provides some indication of the size of the position and risk the derivative presents.

Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume provides some indication of the risk exposure. However , nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions.

A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. For currency derivatives, a long position results in a positive change in value if the relevant exchange rate strengthens against the NOK. Average gross nominal volume are based on daily calculations of gross nominal volume.

				Fair value[1]	
NOK million	Gross nominal volume[1]	Average nominal volume[2]	Net nominal volume[1]	Assets	Liabilities
Equity derivatives	237	1,764	-237		
Interest derivatives	107,942	128,471	52,337	3,340	1,233
Currency derivatives	50,399	74,584	-17,144	718	123
Total derivatives 2012				**4,057**	**1,356**
Total derivatives 2011				6,440	2,719
Distribution between company and customers					
Derivatives - company				1,313	632
Derivatives - customers with guarantee				2,601	724
Derivatives - customers without guarantee				144	
Total				**4,057**	**1,356**

1) Values 31 December.
2) Average for the year.

The above table includes net positions in indirect investments.

NOTE 45 | Currency exposure

FINANCIAL ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

	Balance sheet items excluding currency derivatives	Forwad contracts	Net position	
NOK million	Net in balance sheet	Net sales	in currency	in NOK
AUD	36	-67	-31	-177
CAD	52	-101	-49	-272
CHF	110	-79	31	190
DKK	135	-35	100	100
EUR	661	-784	-123	-876
GBP	116	-173	-57	-515
HKD	111	-98	13	10
INR	2		2	2
LTL	177		177	18
JPY	7,370	-15,748	-8,378	-539
NZD	140	-139	1	4
SEK[1]	161,628	1,600	163,228	139,773
SGD	10	-8	2	10
USD	1,973	-2,854	-881	-4,881
NOK[2]	10,721		10,721	10,721
Insurance liabilities in foreign currency				-129,102
Total net currency positions 2012				**14,466**
Total net currency positions 2011				13,058

1) SEK 4,5 billion are related to SPP/Benco.
2) Equity and bond funds denominated in NOK with foreign currency exposurein i.a. EUR and USD NOK 11 billion.

STOREBRAND LIFE INSURANCE

The company hedges most of the foreign exchange risk in the customer portfolios on an ongoing basis. Foreign exchange risk exists primarily as a result of investments in international securities, as well as subordinated loans in a foreign currency to a certain extent. Hedging is performed by means of forward foreign exchange contracts at the portfolio level, and the currency positions are monitored continuously against a total limit. Negative currency positions are closed out no later than the day after they arose. In addition, separate limits have been defined so that active currency positions can be taken. These positions are included in the note under short-term positions. Storebrand employs a currency hedging principle called block hedging, which makes the execution of currency hedging more efficient. Currency hedging of investments in the subsidiary Storebrand Holding AB have been reduced since 2011, and currency hedging has not been used for the subsidiary BenCo since 2011.

SPP
SPP uses currency hedging for its investments to a certain degree. Currency exposure may be between 0 and 30 per cent in accordance with the investment strategy.

BANKING BUSINESS
Storebrand Bank ASA hedges net balance sheet items by means of forward contracts.

NOTE 46 | Technical insurance reserves - life insurance

SPECIFICATION OF BALANCE SHEET ITEMS CONSERNING LIFE INSURANCE

NOK million	Group defined benefits fee-based	Group investment with choise and Unit-Linked fee based	Paid-up policies profit sharing	Individual profit sharing	Risk products[1]	Life and Pensions Norway 2012	Guaranteed products	Unit Linked SPP	Total SPP 2012	BenCo	Total Storebrand Group 2012	Total Storebrand Group 2011
Additional statutory reserves	2,899		2,043	804		5,746					5,746	5,442
Conditional bonus							8,626		8,626	2,638	11,264	10,038
Market value adjustment reserve	703	3	264	51	7	1,027					1,027	
Total buffer capital	**3,602**	**3**	**2,307**	**855**	**7**	**6,773**	**8,626**		**8,626**	**2,638**	**18,037**	**15,480**

The excess value of bonds valued at amortised cost totalled NOK 5,225 million at the end of the 4th quarter, an increase of NOK 3,468 million since the turn of the year.

The excess value of bonds at amortised cost is not included in the financial statements.

Premium reserve	80,958	27,489	69,446	17,658	1,420	196,972	72,191	36,481	108,672	12,441	318,084	301,294
- of which RBNS	233	176	10	27	127	573					573	1,871
- of which IBNR	87	61	126	30	234	538					538	247
- of which premium income received in advance	765	3	15	62	112	956					956	750
Pension surplus fund	22					22					22	8
Premium fund/ deposit fund	3,837		22			3,858					3,858	3,921
Other technical reserves					561	561					561	492
- of which RBNS					76	76					76	
- of which IBNR					449	449					449	
- of which premium income received in advance					37	37					37	
Claims reserve	31	21	13	216	480	760	75		75	2	837	774
- of which RBNS	22	18		108	350	498					498	141
- of which IBNR	9	3	13	109	129	262					262	201
Total insurance liabilities - life insurance	**84,847**	**27,509**	**69,481**	**17,874**	**2,461**	**202,173**	**72,266**	**36,481**	**108,747**	**12,443**	**323,363**	**306,489**

1) Including personal risk and employee insurance of the Insurance segment.

CHANGE IN INSURANCE LIABILITIES - LIFE INSURANCE

NOK million	Group defined benefits fee-based	Group investment with choise and Unit-Linked fee based	Paid-up policies profit sharing	Individual profit sharing	Risk products[1]	Life and Pensions Norway	Guaranteed products	Unit Linked SPP	Total SPP 2012	BenCo	Total Storebrand Group
Book value 01.01	81,096	21,950	62,938	20,091	2,200	188,274	73,963	31,895	105,857	12,358	306,489
Net premium income	11,111	6,805	253	385	1,311	19,865	2,495	4,172	6,667	747	27,279
Net financial income	5,590	1,977	3,793	1,183	143	12,687	5,054	2,815	7,868	694	21,250
Insurance claims for own account	-5,324	-2,498	-2,894	-3,384	-659	-14,760	-5,341	-1,445	-6,786	-802	-22,348
Other changes	-7,626	-724	5,391	-400	-534	-3,893	-3,903	-956	-4,860	-554	-9,307
Book value 31.12	**84,847**	**27,509**	**69,481**	**17,874**	**2,461**	**202,173**	**72,266**	**36,481**	**108,747**	**12,442**	**323,362**

1) Including personal risk and employee insurance of the Insurance segment.

MARKET VALUE ADJUSTMENT RESERVE

NOK million	2012	2011	Change 2012	Change 2011
Equities	701		701	-1,404
Interest-bearing	325		325	-567
Total market value adjustment reserves at fair value	**1,027**		**1,027**	**-1,971**

See note 47 for insurance liabilities - P&C.

NOTE 47 | Technical insurance reserves - P&C insurance

INSURANCE LIABILITIES

NOK million	P&C	Health	2012	2011
Reserve for undischarged risk				
Non-earned gross premiums	296	75	370	311
The Norwegian FSA's minimum requirement	296	75	370	311
Gross claims reserves	309	17	326	282
The Norwegian FSA's minimum requirement	261	17	278	252
Gross claims liabilities		**17**	**17**	**252**
Administration reserve	15	2	18	14
The Norwegian FSA's minimum requirement	15	1	16	13

CHANGE IN GROSS INSURANCE LIABILITIES

NOK million	2012	2011
Book value 01.01	606	510
Change in premium and claims reserves	117	110
Change in administration reserve	3	-13
Book value 31.12	**726**	**606**

ASSETS AND LIABILITIES - P&C INSURANCE

NOK million	2012	2011
Reinsurance share of insurance technical reserves	11	9
Total assets	**11**	**9**
Premium reserve	370	311
Claims reserve	339	282
- fo which RBNS	122	128
- of which IBNR	201	143
Administration reserve	18	14
Total liabilities	**727**	**606**

See note 46 for insurance liabilities - life insurance.

NOTE 48 | Deposits from banking customers

NOK million	2012	2011
Corporate market	7,549	6,956
Retail market	12,311	11,521
Total	**19,860**	**18,477**

Note 49 | Other current liabilities

NOK million	2012	2011
Accounts payable	199	216
Accrued expenses/appropriations	401	447
Governmental fees and tax withholding	356	380
Collateral received derivates	1,717	4,340
Liabilities in connection with direct insurance	1,387	1,615
Liabilities fund arbitration	283	517
Minority real estate fund[1]	2,022	1,540
Other current liabilities	962	1,040
Book value 31.12	**7,327**	**10,095**

1) As of January 2014 the partisipants are able to claim redemption on a yearly basis.
The redemption are conditioned to a total demand of NOK 100 million. The redemption amounts to 98,75 per cent of VEK. See note 8.

SPECIFICATION OF RESERVES

	2012			2011
NOK million	Restructuring	Earnout	Total	Total
Book value 01.01	11	12	23	23
Increase in the period	205	4	209	7
Amount recognised against reserves in the period	-34	-8	-42	-19
Change due to discounting		1	1	2
Book value 31.12	**182**	**9**	**191**	**13**

NOTE 50 | Hedge accounting

HEDGING INSTRUMENT/HEDGED ITEM – FAIR VALUE HEDGING

Storebrand uses fair value hedging for interest risk. The hedged items are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value over profit or loss . Changes in the value of the hedged item that can be attributed to the hedged risk are adjusted in the book value of the hedged item and reconised in the income statement.

The effectiveness of hedging is monitored at the individual security level, except in the case of structured bond loans where effectiveness is monitored at the portfolio level. Each portfolio consists of swaps and hedging items that mature within the same half-year period.

HEDGING INSTRUMENT/HEDGED ITEM – FAIR VALUE HEDGING

	2012				2011			
	Contract/ nominal value	Book value[1]			Conract/ nominal value	Book value[1]		
NOK million		Assets	Liabilities	Booked		Assets	Liabilities	Booked
Interest rate swaps	9,083	690		-15	8,963	746		91
Subordinated loans	-3,473		-4,152	42	-3,366		-3,608	8
Debt raised through issuance of securities	-5,610		-6,099	-30	-5,594		-6,070	-108

1) Book values as at 31 December.

CURRENCY HEDGING OF NET INVESTMENT IN SPP

In 2012, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in SPP. 3 month rolling currency derivatives were used in which the spot element in these is used as the hedging instrument. The effective share of hedging instruments is recognised in total profit. The net amount recognised in total profit in 2012, i.e. the effective share of the hedging instruments and the currency effect on the hedged object was NOK - 84 million. The net investment in SPP is partly hedged and therefore the expectation is that future hedge effectiveness will be around 100 per cent.

HEDGING INSTRUMENT/HEDGED ITEM - CASH FLOW

	2012			2011		
	Contract/	Book value[1]		Contract/	Book value[1]	
NOK million	nominal value	Assets	Liabilities	nominal value	Assets	Liabilities
Currency derivatives	6,582		6	6,364		136
Underlying items		13,880			12,761	

1) Book values at 31 December.

NOTE 51 | Collateral

NOK million	2012	2011
Collateral for Derivatives trading	2,209	2,047
Collateral received in connection with Derivatives trading	-1,717	-4,113
Received collateral for Security Lending Programme J.P. Morgan		-343
Total received and pledged collateral	**492**	**-2,409**

Collateral pledged in connection with futures and options are regulated on a daily basis in the daily margin clearing on individual contracts.

NOK million	2012	2011
Book value of bonds pledged as collateral for the bank's lending from Norges Bank	1,854	2,159
Total	**1,854**	**2,159**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has a F-loan for NOK 500 million in Norges Bank as per 31 December 2012.

NOTE 52 | Contingent liabilities

NOK million	2012	2011
Guarantees	226	294
Unused credit limit lending	5,250	5,697
Uncalled residual liabilities re limited partnership	5,317	5,898
Other liabilities/lending commitments	796	1,409
Total contingent liabilities	**11,589**	**13,297**

Guarantees principally concern payment guarantees and contract guarantees. Unused credit facilities concern granted and unused overdrafts and credit cards, as well as unused facility for credit loans secured by property.

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

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 Pension Insurance Board resolution on such index regulation. The plaintiffs also allege that SPP is obliged to index-regulate paid-up policies (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, including the District Court's judgment, 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.

KAUPTING BANK

Storebrand Luxembourg SA (Storebrand) is being sued by the bankruptcy estate of Kaupthing Bank HF with a demand for payment of USD 11,812,109 plus interest and costs. Storebrand received the writ of summons on 25 June 2012. The claim is primarily against Guy Butler Ltd., secondarily against RBC Europe Limited, and thereafter against Storebrand. The case pertains to a sale of bonds with a nominal value of USD 11,000,000 issued by Kaupthing Bank HF (US48632FAC59), which was performed by Storebrand Active Credit Fund in September 2008. The complainant submits that Kaupthing Bank HF was the real or final buyer of the bonds and that this is therefore a case of forced repayment of a debt that can be reversed. The proceedings are in an early phase, and no reason has as yet been found to make provisions in the accounts.

EQUITY INDEX BONDS

In 2012 Storebrand (Bank) has not received any new complaint cases requiring a hearing with regard to retail customers' investments in various equity index bonds in Storebrand Bank ASA. A total of 70 private customers have complained to the Norwegian Financial Services Complaints Board about their investments in various equity index bonds in Storebrand Bank. The bank is awaiting the final guidelines from the Norwegian Financial Services Complaints Board. No provisions have been made with regard to these lawsuits.

NOTE 53 | Securities lending and buy-back guarantees

SECURITIES LENDING AND BUY-BACK GUARANTEES

Storebrand Life Insurance has had a securities lending agreement with J.P.Morgan. This agreement is liquidated in 2012.

COVERED BONDS - STOREBRAND BANK GROUP

NOK mill.	2012	2011
Book value of covered bonds	2,763	6,665
Book value associated with financial liabilities	1,986	3,497

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 51). The swap agreements are entered into through auctions that are administrated by Norges Bank. In the swap arrangement, the state sells treasury bills to the bank through a time-restricted swap for covered bonds. The bank can either keep the treasury bill and receive payment from the state when the bill falls due for repayment, or it may sell the treasury bill in the market. When bills matures within the term of the swap agreement, the bank must purchase new bills from the state at the price that is determined by the market price for treasury bills. This roll-over will be on-going throughout the entire term of the agreement. Upon expiry of the swap agreement, the bank is obliged to purchase the covered bonds back from the state at the same price that the state purchased them for. Storebrand Bank ASA will receive the returns on the transferred covered bonds.

NOTE 54 | Capital adequacy and solvency requirements

The Storebrand Group is a cross-sectoral financial group subject to capital requirements pursuant to Basel I/II (capital adequacy) and the solvency rules on a consolidated basis. Pursuant to the solvency rules, solvency margin requirements are calculated for the insurance companies in the Group, while for the other companies a capital requirement pursuant the capital adequacy regulations is calculated. The calculations in the tables below conform to the regulations relating to the application of the solvency rules on a consolidated basis, etc., Paragraph 7.

Primary capital consists of core capital and supplementary capital. Pursuant to the regulations for the calculation of primary capital, core capital is significantly different from the equity in the financial statements. The table on the next page shows a reconciliation of core capital relative to equity. Issued hybrid bonds can account for 15 per cent of core capital, while the remaining amount can be included in supplementary capital. Core capital is adjusted for the value judgments applied in the solvency calculations at the national level for foreign companies (Solvency Regulations, Paragraph 4.7). For Storebrand Holding AB this will consist of an adjustment in SPP AB's estimated insurance liabilities, which use a different yield curve in the solvency calculation than that used in the financial statements. Supplementary capital consisting of subordinated debt may not exceed 100 per cent of core capital, while dated subordinated debt may not exceed 50 per cent of core capital.

Pursuant to Basel II the capital requirement for primary capital is 8 per cent of the basis for calculating the credit risk, market risk and operational risk. The insurance companies in the Group are included in capital adequacy with a capital requirement pursuant to the regulations in Basel I.

In a cross-sectoral financial group the sum of the primary capital and other solvency margin capital shall cover the sum of the solvency margin requirements for the insurance activities and the requirements for primary capital of financial institutions and securities firms.

In the solvency margin requirement that is used for the insurance companies, this requirement is calculated as 4 per cent of the gross insurance fund. This applies in both Norway and Sweden. In Sweden, the requirement also covers 1 per cent of Conditional bonus and 0.1 - 0.3 per cent of the death risk in Unit Linked insurance. The solvency margin capital in insurance differs slightly from primary capital which is used in capital adequacy. Primary capital includes a proportion of conditional bonuses, but this capital cannot be included in the solvency margin capital. A proportion of additional statutory reserves and the risk equalisation fund are also included in the solvency margin capital.

PRIMARY CAPITAL IN CAPITAL ADEQUACY

NOK million	2012	2011
Share capital	2,250	2,250
Other equity	17,686	16,528
Equity	**19,936**	**18,777**
Hybrid tier 1 capital	1,779	1,779
Conditional bonus[1]		3,024
Interest rate adjustment of insurance obligations[1]	-1,454	
Goodwill and other intangible assets	-6,213	-6,635
Deferred tax assets	-38	-58
Risk equalisation fund	-640	-469
Deductions for investments in other financial institutions	-3	-3
Secuity reserves	-267	-238
Minimum requirement reassurance allocation	-5	-7
Capital adequacy reserve	-141	-121
Other equity	-109	132
Core capital (tier 1)	**12,844**	**16,181**
Perpetual subordinated capital	4,901	5,024
Ordinary primary capital	149	400
Deduction for investments in other financial institutions	-3	-3
Capital adequacy reserve	-141	-121
Supplementary capital	**4,907**	**5,300**
Net primary capital	**17,751**	**21,482**

MINIMUM REQUIREMENTS PRIMARY CAPITAL IN CAPITAL ADEQUACY

NOK million	2012	2011
Credit risk		
Of which by business area		
Capital requirement insurance	10,218	10,653
Capital requirement banking	1,845	1,598
Capital requirements securities undertakings	10	9
Other capital requirements	-27	48
Total minimum capital requirements credit risk	**12,046**	**12,308**
Operational risk	117	118
Deductions	-26	-24
Minimum requirements primary captial	**12,137**	**12,401**
Capital adequacy ratio	**11.7%**	**13.9%**
Core (tier 1) captial ratio	**8.5%**	**10.4%**

SOLVENCY REQUIREMENTS FOR CROSS-SECTORAL FINANCIAL GROUPS

NOK milion	2012	2011
Requirements re primary capital and solvency capital		
Capital requirements Storebrand Group from capital adequacy statement	12,137	12,401
-capital requirements insurance companies	-10,218	-10,653
Capital requirements pursuant to capital adequacy regulations	1,919	1,748
Requirements re solvency margin capital insurance	11,737	11,500
Total requirements re primary capital and solvency capital	**13,656**	**13,249**
Primary capital and solvency capital		
Net primary capital	17,751	21,482
Change in solvency capital for insurance in relation to primary capital		
Conditional bonus - not approved as solvency capital[1]		-3,024
Other solvency capital	3,315	3,060
Total primary capital and solvency capital	**21,066**	**21,519**
Surplus solvency capital	**7,410**	**8,270**

1) 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 (government interest rate and housing interest rate) for the calculation of solvency capital. SPP has used a 30-year interest rate as a basis as of the second quarter of 2012.

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 1 April 2012.

Note 55 | Information about close associates

Companies in the Storebrand Group have transactions with close associates who are shareholders in Storebrand ASA and senior employees. These are transactions that are part of the products and services offered by the Group's companies to their customers. The transactions are entered into on commercial terms and include occupational pensions, private pensions savings, P&C insurance, leasing of premises, bank deposits, lending, asset management and fund saving. See note 24 for further information about senior employees.

Storebrand ASA's largest owner is Gjensidige Forsikring with an ownership interest of 24.3 per cent. Storebrand Kapitalforvaltning AS sells some management services to Gjensidige Forsikring. These services are provided on normal commercial conditions.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the Group. See note 1 Accounting Policies for further information.

For further information about close associates, see notes 32, 33 and 49.

NOTE 56 | Sold business and discontinued operations

Storebrand Bank ASA have decided to exit estate agency business and the Ring Eiendomsmegling AS Group will be liquidated or sold. As a consequence the annual result, assets and liabilities are classified as hold for sale in the Group accounting.

Profit and loss account Storebrand ASA

1 January - 31 December

NOK million	Note	2012	2011
Operating income			
Income from investments in subsidiaries	2	220	474
Net income and gains from financial instruments:			
- bonds and other fixed-income securities	3	67	73
- financial derivatives/other financial instruments	3	13	-12
Other financial instruments		1	4
Operating income		**300**	**539**
Interest expenses		-170	-161
Other financial expenses		-17	-16
Operating costs			
Personnel costs	4,5,6	-26	-31
Amortisation	13	-1	-1
Other operating costs		-152	-133
Total operating costs		**-180**	**-165**
Total costs		**-366**	**-343**
Pre-tax profit		**-66**	**196**
Tax	7	-135	504
Profit for year		**-200**	**700**
Allocations			
Other equity		-200	700
Total allocations		**-200**	**700**

Statement of financial position Storebrand ASA

NOK million	Note	31.12.12	31.12.11
Fixed assets			
Deferred tax assets	7	472	632
Pension assets	5	152	46
Tangible fixed assets	13	31	32
Shares in subsidiaries	8	17,351	16,658
Total fixed assets		**18,007**	**17,368**
Current assets			
Owed within group	18	220	474
Lending to group companies	18	17	986
Other current receivables		51	5
Investments in trading portfolio:			
- bonds and other fixed-income securities	10,12	1,754	1,268
- financial derivatives/other financial instruments	11,12,16	52	53
Bank deposits		48	126
Total current assets		**2,143**	**2,912**
Total assets		**20,150**	**20,280**
Equity and liabilities			
Share capital	14	2,250	2,250
Own shares	14	-16	-18
Share premium reserve	14	9,485	9,485
Total paid in equity		**11,718**	**11,717**
Other equity	14	4,591	4,718
Total equity	**14**	**16,310**	**16,434**
Non-current liabilities			
Pension liabilities	5	155	195
Securities issued	15,16	3,492	3,544
Total non-current liabilities		**3,648**	**3,739**
Current liabilities			
Financial derivatives	11		23
Debt within group	18	127	46
Other current liabilities		65	39
Total current liabilities		**192**	**107**
Total equity and liabilities		**20,150**	**20,280**

Lysaker, 12 February 2013
Board of Directors of Storebrand ASA

Translation - not to be signed.

Birger Magnus
Chairman of the Board

Birgitte Nielsen — Jon Arnt Jacobsen — Halvor Stenstadvold

John S. Dueholm — Monica Caneman — Knut Dyre Haug

Kirsti V. Fløystøl — Ann-Mari Gjøstein — Odd Arild Grefstad, Chief Executive Officer

Cash flow analysis Storebrand ASA

1 January - 31 December

NOK million	2012	2011
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	84	78
Net receipts/payments - securities at fair value	-504	36
Payments relating to operations	-210	-225
Net receipts/payments - other operational activities	474	1,158
Net cash flow from operational activities	**-157**	**1,046**
Cash flow from investment activities		
Net payments - sale/capitalisation of subsidiaries	315	-992
Net receipts/payments - sale/purchase of property and fixed assets	0	11
Net cash flow from investment activities	**315**	**-981**
Cash flow from financing activities		
Payments - repayments of loans	-909	-874
Receipts - new loans	850	1,504
Payments - interest on loans	-187	-170
Receipts - issuing of share capital	11	17
Payments - dividends		-491
Net cash flow from financing activities	**-236**	**-13**
Net cash flow for the period	**-78**	**53**
Net movement in cash and cash equivalents	-78	53
Cash and cash equivalents at start of the period	126	74
Cash and cash equivalents at the end of the period	**48**	**126**

Notes

Storebrand ASA

NOTE 1 | Accounting policies

The financial statements of Storebrand ASA have been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting policies in Norway, and the Norwegian Regulations relating to annual accounts, etc. for insurance companies. Storebrand ASA does not apply IFRS to the company's financial statements.

USE OF ESTIMATES AND DISCRETIONARY ASSUMPTIONS

In preparing the annual financial statements, Storebrand has made assumptions and used estimates that affect the reported value of assets, liabilities, revenues, costs, as well as the information provided on contingent liabilities. Future events may cause these estimates to change. Such changes will be recognised in the financial statements when there is a sufficient basis for using new estimates.

CLASSIFICATION AND VALUATION POLICIES

Assets and liabilities have been valued in accordance with the general valuation rules of the Norwegian Accounting Act. Assets intended for permanent ownership and use are classified as fixed assets, and assets and receivables due for payment within one year are classified as current assets. Equivalent policies have been applied to liability items.

PROFIT AND LOSS ACCOUNT AND STATEMENT OF FINANCIAL POSITION

Storebrand ASA is a holding company with subsidiaries in the fields of insurance, banking and asset management. The layout plan in the Regulations relating to annual financial statements etc. for insurance companies has not been used. A layout plan that complies with the Norwegian Accounting Act has been used.

DIVIDENDS AND GROUP CONTRIBUTIONS

In the company's accounts, investments in subsidiaries and associated companies are valued at the acquisition cost less any write-downs. Storebrand ASA's primary income is the return on capital invested in subsidiaries. Group contributions and dividends received in respect of these investments are therefore recorded as ordinary operating income. Proposed and approved dividends and group contributions from subsidiaries at the end of the year are recognised in the financial statements of Storebrand ASA as income in that financial year.

A prerequisite for recognition is that this is income earned by a subsidiary that Storebrand owns. Otherwise, this is recorded as an equity transaction. This means that the ownership interest in the subsidiary is reduced by dividends or group contributions that are received.

TANGIBLE FIXED ASSETS

Tangible fixed assets for own use are recognised at acquisition cost less accumulated depreciation. Write-downs are made if the book value exceeds the recoverable amount of the asset.

PENSION LIABILITIES FOR COMPANY'S OWN EMPLOYEES

The company uses the Norwegian standard for pensions accounting NRS 6, which permits the use of IAS 19 Employee Benefits. Storebrand provides defined contribution schemes for its employees as of 1 January 2011. Up until 31 December 2010, Storebrand had a defined benefit scheme for its Norwegian employees. The Norwegian defined benefit scheme was closed to new members with effect from 1 January 2011, and existing members could elect to transfer to the defined contribution scheme.

Pension costs and pension liabilities for defined benefits schemes are calculated based on a straight-line earnings profile and anticipated final salary as the calculation basis, based on assumptions relating to the discount rate, future wage adjustments, pensions and National Insurance benefits, future return on pension assets and actuarial assumptions relating to mortality, disability, and voluntary retirement.

The net pension cost for the period comprises the total of the accrued future pension entitlements during the period, the interest cost on the calculated pension liability and the expected return on pension plan assets.

Actuarial gains or losses and the effect of changes in assumptions are recognised directly against equity. The effect of changes in the pension plan is recognised on an ongoing basis, unless the changes are conditional upon the future accrual of pension entitlements. The effect is distributed on a straight-line basis over the period until the benefit is fully accrued. The employer's National Insurance contributions are included as part of the pension liability and as part of the actuarial gains/losses shown in the total comprehensive income.

As at 31 December 2012 an interest rate derived from high quality corporate bonds is used as the discount rate. Government bond rates were used earlier. See note 5 for further details.

TAX

The tax cost in the profit and loss account consists of tax payable and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded on the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly against equity to the extent that it relates to items that are themselves directly applied against equity.

CURRENCY

Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

FINANCIAL INSTRUMENTS

EQUITIES AND UNITS
Investments in subsidiaries and associated companies are valued at cost less any write-down of value. The need to write down is assessed at the end of each accounting period.

Other equities and units are valued at fair value. For securities listed on an exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the balance sheet date.

Any repurchase of own shares is dealt with as an equity transaction, and own shares (treasury stock) are presented as a reduction in equity.

BONDS AND OTHER FIXED INCOME SECURITIES
Financial assets and liabilities are included in the statement of financial position from such time Storebrand becomes party to the instrument's contractual terms and conditions. Ordinary purchases and sales of financial instruments are recognised on the transaction date. When a financial asset or a financial liability is initially recognised in the accounts, it is valued at fair value plus, in the case of a financial asset or a financial liability that is not at fair value through profit or loss, transaction costs directly related to the acquisition or issue of the financial asset or financial liability.

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

Bonds and other fixed income securities are recognised at fair value.
Fair value is the amount for which an asset could be sold for, or a liability settled with, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on an exchange or other regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

FINANCIAL DERIVATIVES
Financial derivatives are recognised at fair value. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

BOND LOANS
Bond loans are recorded at amortised cost using the effective interest rate method. The amortised cost includes the transaction costs on the date of issue.

ACCOUNTING TREATMENT OF DERIVATIVES AS HEDGING

FAIR VALUE HEDGING
Storebrand uses fair value hedging, and the hedged items are fixed rate funding measured at amortised cost. Derivatives that fall within this category are recognised at fair value through profit or loss. Changes in the value of the hedged item that relate to the hedged risk are applied to the book value of the item and recognised through profit or loss.

NOTE 2 | Income from investments in subsidiaries

NOK million	2012	2011
Storebrand Livsforsikring AS		200
Storebrand Fondene AS	49	47
Storebrand Bank ASA	100	50
Storebrand Kapitalforvaltning AS	71	177
Total	**220**	**474**

Group contribution from Storebrand ASA, see note 8.

NOTE 3 | Net income for various classes of financial instruments

NOK million	Dividend/ interest income	Net gain/loss on realisation	Net unrealised gain/loss	Total 2012	2011
Net income from bonds and other fixed income securities	74	11	-18	67	73
Net income from financial derivatives		-7	20	13	-12
Net income and gains from financial assets at fair value	**74**	**4**	**1**	**79**	**62**
– of which FVO (Fair Value Option)	74	11	-19	66	73
– of which trading		-7	20	13	-12

NOTE 4 | Personnel costs

NOK million	2012	2011
Ordinary wages and salaries	-18	-15
Employer's social security contributions	-9	-8
Personnel costs[1]	7	-1
Other benefits	-7	-7
Total	**-26**	**-31**

1) See the spesification in note 5.

NOTE 5 | Pensions costs and pension liabilities

Storebrand's employees in Norway have both a defined contribution pension scheme and a defined benefit pension scheme that have been established in Storebrand Livsforsikring AS, but the Group will not participate in the AFP early retirement scheme until 1 January 2013. From 1 January 2011 the defined benefit scheme was closed to new members. At the same date a defined contribution pension scheme was established. The contribution based scheme applies to all new employees from 1 January 2011 and to those who chose to transfer from a defined benefit to a defined contribution pension arrangement. For the contribution based scheme, the cost is equal to the employee's pension savings contribution during the period, which totals 5 per cent annually of the contribution basis between 1 and 6 G (G = the National Insurance scheme's basic amount which was NOK 82,122 as of 31 December 2012), and 8 per cent of the contribution basis between 6 and 12 G, as well as a defined-contribution scheme that is funded from operations that annually comprises 20 per cent of the contribution basis for salaries over 12G. The contributions are deposited in the employees' pension accounts each month. The future pension depends upon the amount of the contributions and the return on pension savings.

The employees who are members of the defined benefit pension scheme are secured a pension of about 70 per cent of pensionable salary at the time of retirement. Full pension entitlement is reached after 30 years of membership in the pension scheme. The cost for the period shows the employees' accrued future pension entitlements during the financial year. From 1 July 2011 the retirement age is 67 years old. Nonetheless employees are given the right to retire at 65 years old and receive a pension directly until they reach 67 years old. In the case of underwriters, the retirement age is 65 years.

The pension for employees aged between 65 and 67 years old and pensions linked to salaries over 12 G are paid out directly from the companies and apply to both members of the defined contribution scheme and the defined benefit scheme. A guarantee has been granted for earned pensions on salaries over 12 G for employees retiring before the age of 65. The pension conditions are determined by the pension regulations. Storebrand is obliged to have an occupational pension scheme pursuant to the Act relating to mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

All the members of the pension schemes have an associated survivor's and disability cover.

RECONCILIATION OF PENSION ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2012	2011
Present value of insured pension benefit liabilities	1,371	1,568
Pension assets at fair value	-1,523	-1,614
Net pension liabilities/assets for the insured schemes	-152	-46
Present value of the uninsured pension liabilities	155	195
Net pension liabilities in the statement of financial position	**3**	**149**

BOOKED IN THE STATEMENT OF FINANCIAL POSITION

NOK million	2012	2011
Pension assets	152	46
Pension liabilities	155	195

CHANGES IN THE NET DEFINED BENEFITS PENSION LIABILITIES IN THE PERIOD

NOK million	2012	2011
Net pension liabilities 01.01	1,763	1,813
Net pension cost recognised in the period	4	3
Interest on pension liabilities	52	68
Pension experience adjustments	-119	53
Pensions paid	-173	-175
Net pension liabilities 31.12	**1,526**	**1,763**

CHANGES IN THE FAIR VALUE OF PENSION ASSETS

NOK million	2012	2011
Pension assets at fair value 01.01	1,614	1,660
Expected return	63	71
Pension experience adjustments	-29	11
Premium paid	35	36
Pensions paid	-159	-164
Net pension assets 31.12	**1,523**	**1,614**

Expected premium payments are estimated to be NOK 46 million and the payments from operations are estimated to be NOK 12 million in 2013.

PENSION ASSETS ARE BASED ON THE FINANCIAL ASSETS HELD BY STOREBRAND LIFE INSURANCE, WHICH ARE COMPOSED OF AS PER 31.12

	2012	2011
Properties and real estate	17%	17%
Bonds at amortised cost	35%	38%
Secured and other lending	2%	2%
Equities and units	14%	22%
Bonds	18%	14%
Commercial papers	14%	6%
Other short-term financial assets	0%	1%
Total	**100%**	**100%**
Booked returns on assets managed by Storebrand Life Insurance	**5.8%**	**4.5%**

NET PENSION COST BOOKED TO PROFIT AND LOSS ACCOUNTS IN THE PERIOD

NOK million	2012	2011
Net pension cost recognised in the period	4	3
Interest on pension liabilities	52	68
Expected return on pension assets	-63	-71
Net pension cost booked to profit and loss accounts in the period	**-7**	**1**

MAIN ASSUMPTIONS USED WHEN CALCULATING NET PENSION LIABILITY AS PER 31.12

	2012	2011
Economic assumptions:		
Discount rate	4.0%	3.1%
Expected return on pension fund assets in the period	4.0%	4.6%
Expected earnings growth	3.3%	3.6%
Expected annual increase in social security pension	3.3%	3.8%
Expected annual increase in pensions in payment	1.5%	1.5%
Disability table	KU	KU
Mortality table	K2005	K2005

FINANCIAL ASSUMPTIONS

The financial assumptions have been determined on the basis of the regulations in IAS 19. Long term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are particularly subject to a high degree of uncertainty.

IAS 19.78 states that high quality corporate bond rates shall be used as the discount rate. In countries where there is no deep market for such bonds, the government bond rates shall be used. As at 31 December 2011 Storebrand used government bond rates as the discount rate. Recently evaluations of whether there is a deep market for covered bonds in Norway have been made, and whether such securities satisfy the definition of corporate bond in accordance with IAS 19.78.

With a few exceptions involving unrated securities, all of the rated covered bonds in Norway have a rating of AA- or higher. The Norwegian covered bond market is quite young, but the market has undergone major development in recent years. The outstanding covered bond volume was more than NOK 530 billion as at the fourth quarter of 2012. The bid/ask spreads do not normally exceed more than a 23 basis point yield in this market. Average daily trading in 2012 has been around NOK 650 million, and the average new issue volume was approximately 7.5 billion per month in 2012. Around 20 per cent of the market consists of fixed income securities, while around 80 per cent of the market consists of securities with adjustable interest rates. As is the case for the rest of the Norwegian corporate bond market, the Norwegian swap interest rates are used as a basis for calculation of the price/yield. The Norwegian swap interest rates are considered very liquid.

Based on the market and volume development observed, the Norwegian covered bond market must be perceived as a deep market in relation to the provisions in IAS 19 in the opinion of Storebrand. This conclusion is based on the regular activity that takes place in both the primary and secondary markets, as well as the transparency that exists due to the fact that the trades observed on the exchange are close to the indicative levels quoted by the banks. Broad participation by all of the largest bond brokers in the reporting system of the Norwegian Mutual Fund Association (VFF) supports the reliability of the available data. Reference is made to the statement of 13 December 2012 from the Norwegian Accounting Standards Board related to the use of covered bonds as the discount rate. As of the fourth quarter of 2012 Storebrand has used a discount rate based on the covered bond rate in Norway. This change is considered to be a change in the estimate. The corresponding interest rate in Sweden is also used for the Swedish operations.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

ACTUARIAL ASSUMPTIONS

In Norway standardised assumptions on rates of mortality and disability as well as other demographic factors are prepared by Finance Norway. The mortality table K2005 is being used until new common mortality rates for the industry are adopted and can provide a basis for more accurate calculations. The average employee turnover rate is 2-3 per cent for the entire work force as a whole, and falling turnover with increasing age is assumed.

The actuarial assumptions in Sweden follow the industry's common mortality table DUS06 adjusted for corporate differences. The average employee turnover rate is estimated to be 4 per cent p.a.

NET PENSION LIABILITY 31.12

NOK million	2012	2011
Discounted current value of defined benefit pension liabilities	1,526	1,763
Fair value of pension assets	1,523	1,614
Deficit	**3**	**149**

NOTE 6 | Remuneration of the CEO and elected officers of the company

NOK thousand	2012	2011
Chief Executive Officer		
Salery	3,854	4,685
Bonus (performance-based)[1]	320	5,127
Total remuneration	**4,174**	**9,812**
Other taxable benefits	172	171
Pension costs[2]	1,146	1,284
Board of Representatives	723	589
Control Committee[3]	1,520	1,375
Chairman of the Board	582	598
Board of Directors including the Chairman	3,723	3,539
Remuneration paid to auditors		
Statutory audit	1,453	1,295
Other reporting duties		189
Other non-audit services	26	1,364

1) Remuneration for 2012 includes remuneration from the Group to Odd Arild Grefstad. He has been the CEO of Storebrand ASA from 1 June 2012, and he was formerly the CEO of Storebrand Livsforsikring AS. He has a guaranteed salary for 24 months after the ordinary period of notice. All work-related income including consulting assignments will be deducted.

Idar Kreutzer was the CEO of Storebrand ASA until 31 May 2012. He has received a salary for 6 months during his period of notice, and he has received total remuneration of 5.5.1 million in 2012. NOK 0.4 million of this amount is a bonus from 2011.

2) Senior executives are contractually entitled to performance related bonuses. 50 per cent of the awarded bonus is paid in cash. The remaining amount is converted to synthetic shares based on the market price. These are registered in a share bank with a lock-in period of three years. At the expiration of the three-year period the value of the synthetic shares is calculated with a new market price. Half of the amount paid from the share bank, after tax, shall be used to purchase shares in Storebrand ASA at the market price, with a new three-year lock-in period.
3) Pension costs include accrual for the year.
4) The Control Committee covers all the Norwegian companies in the Group which are required to have a control committee.

For additional specifications for senior executives in the Group, the Board of Directors, Control Committee and the Board of Directors' statement on the salary and other remuneration of senior executives, see note 24 under the Storebrand Group.

NOTE 7 | Tax

THE DIFFERENCE BETWEEN THE FINANCIAL RESULTS AND THE TAX BASIS

NOK million	2012	2011
Pre-tax profit	-66	196
Permanent differences	91	-292
Change in temporary differences	-148	-9
Tax base for the year	**-123**	**-105**
- Use of losses carried forward		
Payable tax	**-123**	**-105**

TAX COST

NOK million	2012	2011
Payable tax	-	-
Change in deferred tax	-135	504
Tax cost	**-135**	**504**

CALCULATION OF DEFERRED TAX ASSETS AND DEFERRED TAX ON TEMPORARY DIFFERENCES AND LOSSES CARRIED FORWARD

NOK million	2012	2011
Tax increasing temporary differences		
Pensions	152	46
Securities	2	1
Other		2
Total tax increasing temporary differences	**154**	**49**
Tax reducing temporary differences		
Operating assets	-2	-3
Provisions	-1	-1
Accrued pension liabilities	-155	-195
Gains/losses account	-9	-11
Other	-1	
Total tax reducing temporary differences	**-168**	**-210**
Net tax increasing/(reducing) temporary differences	**-13**	**-161**
Losses carried forward	-1,671	-1,548
Allowances carried forward	-534	-546
Write-down of deferred tax assets[1]	534	
Net tax increasing/(reducing) temporary differences	**-1,685**	**-2,256**
Net deferred tax asset/liability in the statement of financial position	**472**	**632**
- of which changes in deferred tax assets recognised in the balance sheet	-25	128

1) Tax credit carryforward from 2003 must be used in 2013. Since it is not considered probable that this can be used, the associated deferred tax assets have been written down.

RECONCILIATION OF TAX COST AND ORDINARY PROFIT

NOK million	2012	2011
Pre-tax profit	-66	196
Expected tax at nominal rate (28 per cent)	18	-55
Tax effect of		
permanent differences	-25	82
capitalisation/write-down of deferred tax assets	-128	477
Tax cost	**-135**	**504**
Effective tax rate	-205%	-258%

NOTE 8 | Parent company's shares in subsidiaries and associated companies

			Booked value	
NOK million	Business office	Interests/votes	2012	2011
Subsidiaries				
Storebrand Livsforsikring AS	Oslo	100%	13,703	13,153
Storebrand Bank ASA[1]	Oslo	100%	2,652	2,630
Storebrand Kapitalforvaltning AS[2]	Oslo	100%	322	249
Storebrand Fondene AS[3]	Oslo	100%	207	176
Storebrand Skadeforsikring AS	Oslo	100%	359	359
Storebrand Leieforvaltning AS	Oslo	100%	10	10
Storebrand Baltic UAB	Vilnius	100%	17	
Jointly controlled/associated companies				
Storebrand Helseforsikring AS	Oslo	50%	78	78
AS Værdalsbruket[4]	Værdal	25%	4	4
Total			**17,351**	**16,658**

1) Group contribution in 2012 of NOK 21 million as a capital injection.
2) Group contribution in 2012 of NOK 70 million as a capital injection.
3) Group contribution in 2012 of NOK 31 million as a capital injection.
4) 74.9 per cent owned by Storebrand Life Insurance AS.

NOTE 9 | Equities and units

	2012		2011	
NOK million	Acquisition cost	Fair value	Acquisition cost	Fair value
Unlisted equities	1		1	
Total equities	1		1	

NOTE 10 | Bonds and other fixed-income securities

	2012		2011
NOK million	Acquisition cost	Fair value	Fair value
State and state guaranteed	295	296	234
Company bonds	734	743	547
Covered bonds	629	632	487
Supranational organisations	81	83	
Total bonds and other fixed-income securities	**1,738**	**1,754**	**1,268**
Modified duration		0.33	0.36
Average effective yield		2.3%	3.3%

NOTE 11 | Financial derivatives

NOK million	Gross nominal	Average	Net nominal	Fair value	
				Assets	Liabilities
Interest rate swaps[1]	1,300	1,300	1,300	52	
Total derivatives 2012	**1,300**	**1,300**	**1,300**	**52**	
Total derivatives 2011	2,272	1,757	328	53	23

1) Used for hedge accounting, also see note 16.

NOTE 12 | Financial risks

CREDIT RISK BY RATING

Short-term holdings of interest-bearing securities Category of issuer or guarantor

NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Totalt Fair value
State and state guaranteed	42	255				296
Company bonds			630	78	36	743
Covered bonds	551	81				632
Supranational organisations			83			83
Total 2012	**593**	**335**	**713**	**78**	**36**	**1,754**
Total 2011	432	310	489	38		1,268

Counterparties NOK million	AA Fair value	A Fair value	BBB Fair value	Totalt Fair value
Derivatives	14	38		52
Bank deposits	45		3	48

The rating classes are based on Standard & Poors's.
NIG = Non-investment grade.

INTEREST RATE RISK

Storebrand ASA has both interest-bearing securities and interest-bearing debt. A change in interest rates will have a limited effect on the company's equity.

LIQUIDITY RISK

Undiscounted cash flows for financial liabilities

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	Total value	Carrying amount
Securities issued/bank loans	532	67	1,322	1,927	3,847	3,492
Total financial liabilities 2012	**532**	**67**	**1,322**	**1,927**	**3,847**	**3,492**
Derivatives related to funding 2012	**-3**	**43**	**2**		**43**	**52**
Total financial liabilities 2011	340	115	2,466	1,068	3,989	3,544
Derivatives related to funding 2011	-26	36	33		43	53

Storebrand ASA had as per 31 December 2012 liquid assets of NOK 1.8 billion.

CURRENCY RISK

Financial assets and liabilities in foreign currencies

	Balance sheet items excl. currency derivatives	Currency forwards	Net position	
	Net on balance sheet	Net Sales	in currency	in NOK
NOK million				
LTL	8		8	17

NOTE 13 | Tangible fixed assets

EQUIPMENT, FIXTURES & FITTINGS

NOK million	2012	2011
Acquisition cost 01.01	49	72
Accumulated depreciation	-16	-27
Carrying amount 01.01	32	45
Disposals		-11
Depreciation/write-downs for the year	-1	-2
Carrying amount 31.12	**31**	**32**

Straight line depreciation periods for tangible fixed assets:

Equipment. fixtures and fittings 4-8 years
Vehicles 6 years
IT systems 3 years

NOTE 14 | Equity

NOK million	Share capital[1]	Own shares	Share premium	Other equity	Equity 2012	Equity 2011
Equity 01.01	2,250	-18	9,485	4,718	16,434	15,634
Profit for the year				100	100	700
Pension experience adjustments				65	65	86
Own shares bought back[2]		2		22	24	21
Employee share[2]				-13	-13	-6
Equity 31.12	**2,250**	**-16**	**9,485**	**4,891**	**16,610**	**16,434**

1) 449 909 891 shares with a nominal value of NOK 5,-
2) 380 172 shares were in 2012 sold to own employees. Holding of own shares 31 December 2012 was 3 124 482.

NOTE 15 | Bond and bank loans

NOK million	Interest rate	Currency	Net nominal value	2012	2011
Bond loan 2009/2012	Variable	NOK	282		282
Bond loan 2009/2014[1]	Fixed	NOK	550	581	582
Bond loan 2009/2014[1]	Fixed	NOK	550	573	570
Bond loan 2010/2013[1]	Fixed	NOK	200	209	211
Bond loan 2010/2013	Variable	NOK	279	279	400
Bond loan 2011/2016	Variable	NOK	1,000	998	997
Bond loan 2012/2017	Variable	NOK	850	853	
Total bond loans				**3,492**	**3,042**
Bank loan 2011/2013	Variable	NOK	507		502
Total bond and bank loans[2]				**3,492**	**3,544**

1) Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
2) Loans are booked at amortised cost and include earned not due interest.
Signed loan agreements have standard covenant requirements. The terms and conditions have been redeemed persuant to signed loan agreements. Storebrand ASA has an unused drawing facility of EUR 240 million.

NOTE 16 | Hedge accounting

The company uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level.

HEDGING INSTRUMENT/HEDGED ITEM – FAIR VALUE HEDGING

	2012				2011			
	Contract/ nominal value	Carrying amount[1]		Booked	Contract/ nominal value	Carrying amount[1]		Booked
NOK million		Assets	Liabilities			Assets	Liabilities	
Interest rate swaps	1,300	52		-3	1,300	53		18
Securities issued	1,300		1,363	4	1,300		1,363	-19

1) Carrying amount 31 December.

NOTE 17 | Shareholders

THE 20 LARGEST SHAREHOLDERS[1]

	Ownership interest
Gjensidige Forsikring	24.3%
Folketrygdfondet	5.7%
Clearstream Banking S.A.	2.8%
Varma Mutual Pension Company	2.7%
J.P.Morgan Chase Bank	2.1%
State Street Bank and Trust Co.	2.1%
Tapiola Mutual Pensjon Insurance	1.7%
J.P.Morgan Chase Bank	1.5%
The Northern Trust Co.	1.4%
Prudential Assurance Comp. Ltd	1.4%
The Northern Trust Co.	1.2%
Skandinaviska Enskilda Banken	1.1%
Deutsche Wertpapierservice Bank AG	1.1%
J.P.Morgan Chase Bank	0.9%
J.P.Morgan Chase Bank	0.9%
The Bank og New York Mellon	0.9%
State Street Bank and Trust Co.	0.8%
Jpmcb Re Shb Swedish Funds Lending	0.8%
The Northern Trust Co.	0.8%
Statoil Pensjon	0.7%
Foreign ownership of total shares	50.3%

1) The summary includes Nominee (client account).

NOTE 18 | Information about close associates

	Number of shares[1]
Senior employees	
Odd Arild Grefstad	53,769
Lars Aa. Løddesøl	38,071
Hans Aasnæs	61,400
Gunnar Rogstad	117,764
Geir Holmgren	4,460
Robin Kamark	
Heidi Skaaret	
Truls Nergaard	14,658
Sarah McPhee	41,723
Board of Directors	
Birger Magnus	20,000
Halvor Stenstadvold	8,645
Birgitte Nielsen	
Ann-Mari Gjøstein	258
Knut Dyre Haug	11,963
Jon Arnt Jacobsen	6,500
John Staunsberg Dueholmen	
Kirsti Valborgland	2,072
Monica Caneman	

1) The summary shows the number of shares owned by the individual, as well as his or her immediate family and companies where the individual exercises significant influence, confer the Accounting Act, Section 7-26.

	Number of shares[1]
Control Committee	
Elisabeth Wille	163
Finn Myhre	
Ole Klette	
Harald Moen	595
Anne Grete Steinkjer	1,800
Tone M. Reierselmoen (deputy member)	1,734
Board of Representatives	
Terje R. Venold	2,031
Vibeke Hammer Madsen	
Terje Andersen	
Trond Berger	837
Maalfrid Brath	8,063
Helge Leiro Baastad	
Morten Fon	
Tore Eugen Kvalheim	
Marianne Lie	
Olaug Svarva	
Pål Syversen	
Karen Helene Ulltveit -Moe	
Tor Haugom	829
Trond Thire	2,499
Unn Kristin Johnsen	434
Rune Pedersen	7,663
Annika Fallenius	
Nina Hjellup	3,119

1) The summary shows the number of shares owned by the individual, as well as his or her immediate family and companies where the individual exercises significant influence, confer the Accounting Act, Section 7-26.

TRANSACTIONS BETWEEN GROUP COMPANIES

NOK million	2012	2011
Profit and loss account items		
Group contributions and dividends from subsidiaries	220	474
Purchase and sale of services (net)	-116	-93
Interest	16	11
Statement of financial position items		
Subordinated loans to group companies	17	986
Due from group companies	220	474
Payable to group companies	128	46

NOTE 19 | Number of employees/person-years

	2012	2011
Number of employees	11	12
Number of full time equivalent positions	11	12
Average number of employees	13	11

Storebrand ASA and the Storebrand Group

Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand ASA and the Storebrand Group for the 2012 financial year and as at 31 December 2012 (2012 Annual Report).

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as the other disclosure obligations stipulated in the Norwegian Accounting Act that must be applied as at 31 December 2012. The annual financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act, Norwegian Regulations relating to annual accounts, etc. for insurance companies and the additional requirements in the Norwegian Securities Trading Act. The annual report for the Group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2012.

In the best judgment of the Board and the CEO, the annual financial statements for 2012 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2012. In the best judgment of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand ASA and the Storebrand Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 12 February 2013
Board of Directors of Storebrand ASA

Translation - not to be signed.

Birger Magnus
Chairman of the Board

Birgitte Nielsen	Jon Arnt Jacobsen	Halvor Stenstadvold
John S. Dueholm	Monica Caneman	Knut Dyre Haug
Kirsti V. Fløystøl	Ann-Mari Gjøstein	Odd Arild Grefstad Chief Executive Officer

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at December 31, 2012, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at December 31, 2012, and the statement of total comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as The Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Storebrand ASA as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Storebrand ASA as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the allocation of the profit

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and that the proposal for the allocation of the profit, complies with the law and regulations and that the information is consistent with the financial statements.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, February 12, 2013
Deloitte AS

Ingebret G. Hisdal
State Authorised Public Accountant (Norway)

Storebrand ASA

Statement of the Control Commitee and the Board of Representatives for 2012

STOREBRAND ASA – STATEMENT OF THE CONTROL COMMITTEE FOR 2012

At its meeting on 26 February 2013, the Control Committee of Storebrand ASA examined the annual accounts as proposed by the Board (consisting of the parent and consolidated financial statements) and the 2012 annual report for Storebrand ASA.

With reference to the auditor's report of 12 February 2013, the Control Committee finds that the proposed annual report and accounts can be adopted as Storebrand ASA's annual report and accounts for 2012.

Lysaker, 26 February 2013
Translation - not to be signed.

Elisabeth Wille
Chair of the Control Committee

THE BOARD OF REPRESENTATIVES' STATEMENT FOR 2012

The annual financial statements as proposed by the Board, the Board's report, the auditor's report and the Control Committee's statement have been submitted to the Board of Representatives, in the manner prescribed by the law.

The Board of Representatives recommends that Annual General Meeting approve the Board's annual report and accounts of Storebrand ASA and the Storebrand Group.

The Board of Representatives has no further comments to the Board's proposal regarding the allocation of the profit for the year of Storebrand ASA.

Lysaker, 4. March 2013
Translation - not to be signed.

Terje Venold
Chairman of the Board of Representatives

Deloitte.

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To the management of Storebrand ASA

AUDITOR'S REPORT

We have reviewed the reporting on 2012 Corporate Sustainability Indicators presented in the "Scorecard for sustainability", pages 162 – 165 in the Annual Report 2012 Storebrand ASA (the Report). The selection of indicators and the information presented are the responsibility of and have been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews employees responsible for the subject matters, as well as a review on a sample basis of supporting evidence.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Conclusion
In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

- Storebrand ASA has applied procedures, as summarised on page 163 in the Report, for the purpose of collecting, compiling and validating data for 2012 for the selected indicators, to be included in the presentation on pages 162 – 165 in the Report.
- The information accumulated as a result of the procedures noted above for the selected indicators is consistent with the source documentation presented to us and appropriately reflected on the pages referred to above.
- Storebrand ASA applies a reporting practice for its reporting on sustainability that is aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines reporting principles and the reporting fulfils Application Level B+ according to the GRI guidelines. The GRI Index referred to on page 163 in the Report appropriately reflects where relevant information on each of the elements and performance indicators of the GRI guidelines is presented.

Oslo, 12 February, 2013
Deloitte AS

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

Frank Dahl
Deloitte Sustainability

Scorecard for sustainability

Status 2012

	Status 2010	Status 2011	Status 2012	Target 2011-2012
Economic Value Creation				
Shareholders				
Solvency margin of Storebrand Life Insurance	164%	161%	162%	> 150%
Dow Jones Sustainability Index	74 points	78 points	79 points	≥ 75 points
Social Responsibility				
Customers				
UN's principles for responsible investments (UN PRI)	In upper quartile in 1 out of 7 areas	In upper quartile in 2 out of 7 areas	Discontinued[1]	In upper quartile 3 out of 7 areas
Average sustainability score for the life balance sheet investments	-	Definition of the indicator is primarily developed	Baseline assessment; score 53 of 100 points	Develop indicator+ baseline assessment
Investments in microfinance and alternative asset classes	Explored new opportunities	2 new investments decided and committed. 279.8 NOK million committed 190.7 NOK million invested	4 new investments decided, 3 committed. 342.1 NOK million committed 261.3 NOK million invested	Explore new opportunities and increase investments if appropriate
Customer satisfaction – retail customers	63	63	66	65
Customer satisfaction – corporate customers	Same level as others in industry	No. 3 in the industry for companies > 20 employees No. 2 in the industry for companies < 20 employees	No. 2 in the industry for companies > 20 employees No. 2 in the industry for companies < 20 employees	No. 1 in the industry
3rd Customer promise – All our relationships, solutions and measures are sustainable[2]	-	Definition of the indicator is developed in 2011. Baseline assessment conducted in 2012.	Baseline assessment; score 54 of 100 points	Develop indicator+ baseline assessment
Prevention and detection of fraud	-	Maintained	Maintained	Ensure compliance with internal guidelines and participate in external professional forums
Processing time for complaints	55% within 3 weeks	61% within 3 weeks	70% within 3 weeks	70% within 3 weeks
Employees				
Ethics work in the Group[3]	-	80%	80%	85%
Sick Leave	3.8%	3.8%	3.4%	3.5%
Employees working environment and wellbeing	-	Indicator developed with baseline; Environmental factors: score 66 of 100 points Wellbeing: score 73 of 100 points	Environmental factors: score 59 of 100 points Wellbeing: score 72 of 100 points	Develop indicator+ baseline assessment
Proportion of female managers	38%	38%	43%	Within 40-60%
Diversity	Analysed measures	Indicator developed with baseline; score 77 of 100 points	Score 77 of 100 points	Develop indicator+ baseline assessment
Employees' awareness and support of Storebrand's corporate responsibility work	79%	82%	83%	85%

	Status 2010	Status 2011	Status 2012	Target 2011-2012
Suppliers				
Environmental requirements for suppliers	Implemented guidelines	System for measuring under developments Percentage reported from 2012	51% of new agreements contain environmental requirements	50% of new agreements contain environmental requirements
Environmental considerations				
Society				
CO_2-emissions (metric tons)	1,394	Reduced 6% to 1,308	Reduced 4% to 1,337	Reduce by 14% to 1,200
Air travel (individual flights)	8,408	9,053	9,379	Stable level
Head office: Energy consumption Water consumption Waste – rate of recycling	 210 kWh/m^2 0.35 m^3/m^2 49%	 194 kWh/m^2 0.35 m^3/m^2 53%	 189 kWh/m^2 0.35 m^3/m^2 69%	 160 kWh/m^2 - -
Managed properties: Energy consumption Water consumption Waste – rate of recycling	 253 kWh/m^2 0.43 m^3/m^2 49%	 Reduced 6% to 238 kWh/m^2 0.44 m^3/m^2 54%	 Reduced 8% to 234 kWh/m^2 0.44 m^3/m^2 57%	 Reduced 3% to 245 kWh/m^2 - -
Externally managed properties: Energy consumption	-	Work on assessment has been initiated. Completion in 2012.	238 kWh/m^2	Assess
Environmental certification of managed properties[4]	-	60%	62%	50% certified

1) Status 2012 discontinued due to implementation of the new UNPRI model. Reporting will be resumed and new targets for 2013 set when the new model has been implemented with baseline assessment.
2) Baseline assessment for 2012 applies to Norway Retail only. Implemented during 2013; corporate customers in Norway, retail and corporate customers in Sweden.
3) Measures employee awareness, proportion of employees who complete e-learning course (every 3rd year), proportion who participate in dilemma training and proportion of managers who have reported on compliance with the code of ethics.
4) Certification according to the Norwegian environmental standard "Miljøfyrtårn", 13 of 21 managed properties are certified in 2012. In addition 13 of 14 externally managed shopping centres are certified.

ABOUT OUR WORK ON SUSTAINABILITY

Storebrand has signed the UN Global Compact on responsible business practices. The principles encompass human rights, labour standards, and environment and anti-corruption standards. We support the UN Principles for Responsible Investment (PRI) and the UN Principles for Sustainable Insurance (PSI). Storebrand has been a driving force behind the development of the World Business Council for Sustainable Developments Vision 2050, and we are thus working towards a world in 2050 where "9 billion people are living well within the resource limits of the planet". Our sustainability work is regulated by guidelines that are revised annually and adopted by the Board of Storebrand ASA.

ABOUT SUSTAINABILITY REPORTING

Storebrand has published environmental and corporate social responsibility reports since 1995, integrated into the Group's annual report since 2008. Storebrand uses the Global Reporting Initiative (GRI) guidelines as a tool for reporting on sustainability. Our reporting practice is essentially in accordance with GRI's reporting principles and satisfies level B+. See storebrand.no for references as to where information on the individual indicators can be found, and for whether they have been answered in full or in part. Further details regarding the scorecard indicators are also described here. Storebrand desires transparency and requires compliance and quality in its sustainability work. The results have therefore been reviewed and certified by Deloitte AS. This increases the credibility of the reporting and data, and also engenders greater internal confidence that the information has been collected, analysed, and the quality assured in a proper manner.

ABOUT THE SCORECARD

The sustainability scorecard shows the sustainability indicators defined by the Group – those that are the most important for Storebrand to report to the stock market. They are a key element in the reports submitted to relevant indices, such as the Dow Jones Sustainability Index and FTSE4Good. The Group's sustainability manager owns and follows up the sustainability scorecard. Ownership of the indicators is well-established within the Group. The sustainability manager and executive vice presidents for the business areas jointly set targets for Storebrand's sustainability work. Quarterly status reports are submitted to the executive management, and annual reports are submitted to the Board of Directors.

ABOUT NEW INDICATORS

We have added new indicators during the year. Two of these merit special comment. The first indicator is a volume indicator for the assets under management in the sustainability fund Storebrand Trippel Smart. This emphasises our intention to disseminate knowledge of and raise the importance of sustainable investments to our customers. The second indicator reports the average sustainability score for the life balance sheet investments. Based on the sustainability analysis and points ranging from 0-100, which are used for Storebrand Trippel Smart, the Group's life portfolios are screened and assigned an average sustainability score for equities, interest, forestry, real estate and alternative investments. The Group has set a target for the percentage of the balance sheet that should be invested in what we find to be in the forefront of the restructuring for sustainability. Our ambition is that the life portfolios shall annually increase their share of investments in sustainable companies for all asset classes.

Targets 2013-2014

	Status 2012	Target 2013-2014
Economic Value Creation		
Shareholders		
Solvency margin of Storebrand Life Insurance	162%	> 150%
Dow Jones Sustainability Index	79 points	80 points
Social Responsibility		
Customers		
UN's principles for responsible investments (UN PRI)	Status 2012 discontinued due to implementation of the new UNPRI model.	2013: Report on new UNPRI template. 2014: Baseline assessment. 2015: Develop targets based on baseline assessment from 2014.
Average sustainability score for the life balance sheet investments	Score 53 of 100 points	Score 55 of 100 points
Investments in microfinance – social impact	Replaces previous indicator: Investments in microfinance and alternative asset classes	Develop indicator+ basement assessment
Volume sustainability fund – Storebrand Trippel Smart	481 NOK million[1]	850 NOK million
Net Promoter Score (NPS)	Replaces previous indicators: Customer satisfaction – retail customers and corporate customers	Calibration and target completed during 2013. New target for 2014 set in 2013.
3rd Customer promise – All our relationships, solutions and measures are sustainable[2]	Baseline score 54 of 100 points	Score 60 of 100 points
Prevention and detection of fraud, money laundering and corruption	Replaces previous indicators: Prevention and detection of fraud	Maintained
Processing time for complaints	70% within 3 weeks	70% within 3 weeks
Employees		
Ethics work in the Group[3]	80%	85%
Sick Leave	3.4%	3.5%
Employees' work satisfaction	Score 69 of 100 points	Score 71 of 100 points
Proportion of female managers	43%	Within 40-60%
Diversity	Score 77 of 100 points	Score 77 of 100 points
Employees' awareness and support of Storebrand's corporate responsibility work	83%	86%
Suppliers		
Environmental requirements for suppliers	24%	40%

	Status 2012	Target 2013-2014
Environmental considerations		
Society		
CO_2-emissions (metric tons)	0.6 tons/FTE	Stable level
Air travel (individual flights)	4.2 individual flights/FTE	Stable level
Head office:		
Energy consumption	189 kWh/m²	Stable level
Water consumption	0.35 m³/m²	Stable level
Waste – rate of recycling	69%	72%
Managed properties:		
Energy consumption	234 kWh/m²	Reduce 6%
Water consumption	0.44 m³/m²	Stable level
Waste – rate of recycling	57%	62%
Externally managed properties:		
Energy consumption	238 kWh/m²	Reduce 5% to 226 kWh/m²
Environmental certification of managed property	75%	100%
Paper consumption	73 metric tons	Reduce 10%

1) The 2012 result applies to the period from the fund was launched 1 October 2012 to 31 December 2012.
2) Baseline assessment for 2012 applies to Norway Retail only. Implemented during 2013; corporate customers in Norway, retail and corporate customers in Sweden.
3) Measures employee awareness, proportion of employees who complete e-learning course (every 3rd year), proportion who participate in dilemma training and proportion of managers who have reported on compliance with the code of ethics.

TARGETS 2013-2017

Sustainability is a long term issue. Therefore we have this year, for the first time, supported our two-year goal with long-term five-year goals. The following targets have been set for the main areas within the Group's long-term commitments to sustainability:

	Target 2013-2017
Dow Jones Sustainability Index	Industry leader
Average sustainability score for the life balance sheet investments	Score 58 of 100 points
3rd Customer promise – All our relationships, solutions and measures are sustainable	Score 67 of 100 points. Two out of three customers should experience the deliverance of the 3rd customer promise.
Net Promoter Score (NPS)	Top 3 in the industry, retail and corporate, Norway and Sweden
Volume Sustainability fund – Storebrand Trippel Smart	2,000 NOK million
Employee job satisfaction	Score 73 of 100 points

SUSTAINABLE INVESTMENTS

	2012	2011	2010
Number of dialogues with companies on violations of the Minimum standard	51	50	62
Number of external managers contacted about violations of the Minimum standard[1]	12	-	-
Number of excluded companies[2]	120	96	94
Violations of human rights and international law	24	20	19
Corruption and financial crime	15	13	9
Environmental degradation	6	11	10
Anti-personnel mines	3	3	3
Cluster munitions	6	6	6
Nuclear weapons	13	13	13
Tobacco	21	19	18
Low sustainability rating – companies	40	20	31
Low sustainability rating – sovereigns	32	31	26
Number of included companies	9	6	21

1) Corresponding figures for prior years are not available.
2) Some companies are excluded for more than one criterion.

Terms and expressions

GENERAL

SUBORDINATED LOAN CAPITAL
Subordinated loan capital is loan capital that ranks after all other debt. Subordinated loan capital forms part of the tier 2 capital for capital adequacy calculations.

DURATION
Average remaining term to maturity of the cash flow from interest-bearing securities. The modified duration is calculated based on the duration and expresses the sensitivity to the underlying interest rate changes.

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

EARNINGS PER ORDINARY SHARE
The earnings per share are calculated as the majority interest's share of the profit after tax divided by the number of shares. The number of shares included in the calculation is the average number of shares outstanding over the course of the year. If new shares are issued, the shares will be included from the date of payment.

CAPITAL ADEQUACY

PRIMARY CAPITAL
Primary capital is capital eligible to satisfy the capital requirements under the authorities' regulations. Primary capital may consist of core (tier 1) capital and tier 2 capital.

CAPITAL REQUIREMENTS
A capital requirement is calculated for credit risk, market risk and operational risk. The individual asset items and off-balance-sheet items are a assigned a risk weight based on the estimated risk they represent. The capital requirement is 8 per cent of the calculation basis for credit risk, market risk and operational risk.

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

CORE (TIER 1) CAPITAL
Core (tier 1) capital is part of the primary capital and consists of the equity less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets, net prepaid pensions, 50 per cent of any capital adequacy reserve, and cross-ownership deductions in other financial institutions. The core (tier 1) capital will be adjusted for the valuations that are used as the basis for credit calculations at a national level for foreign companies. For Storebrand Holding AB this will entail an adjustment of SPP AB's estimated insurance liabilities for which a different yield curve is used for credit assessment than is used in the financial accounts. Issued hybrid tier 1 capital may account for 15 per cent of the core (tier 1) capital, while any amount exceeding 15 per cent may be included in the tier 2 capital.

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

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

INSURANCE

REINSURANCE (REASSURANCE)
The transfer of part of the risk to another insurance company.

IBNR-AVSETNINGER (INCURED BUT NOT REPORTED)
Reserves for the compensation of insured events that have occurred, but not yet been reported to the insurance company.

RBNS RESERVES (REPORTED BUT NOT SETTLED)
Reserves for the compensation of reported, but not yet settled claims.

LIFE INSURANCE

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

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

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

Group one-year risk cover
These products involve guaranteed payments upon death or disability, and a waiver of premiums in the event of disability.

Paid-up policies (benefit) and pension capital certificate (contribution)
These are contracts with earned rights that are issued upon withdrawal from or the termination of pension contracts.

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

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

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

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

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

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

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

Financial result
The financial result consists of the net financial income from financial assets for the group portfolio (group and individual products without investment choice) less the guaranteed return. In addition, there is the net return on the company capital, which consists of equity and subordinated loans. Any returns-based fees for asset management are included in the financial result.

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

Profit sharing and profit allocated to owner
See note 4, pages 86-88.

OTHER TERMS
Insurance reserves - life insurance
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 – accounting policies, pages 78-80.

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

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

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

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

P&C INSURANCE

F.O.A.
Abbreviation for the term "for own account", i.e. before additions/deductions for reinsurance.

INSURANCE RESERVES – P&C INSURANCE
For a more detailed description of the technical insurance reserves and accrual accounting for premiums and compensation, see note 1 - accounting policies, pages 78-80.

INSURANCE (TECHNICAL) PROFIT/LOSS
Premium income less claims and operating costs.

COST RATIO
Operating expenses as a percentage of premiums earned.

CLAIMS RATIO
Claims incurred as a percentage of premiums earned.

COMBINED RATIO
The sum of the cost ratio and the claims ratio.

BANKING

LEVEL REPAYMENT LOAN
Periodic payments (representing both capital and interest) on a level repayment loan remain constant throughout the life of the loan.

ANNUAL PERCENTAGE RATE (APR)
The true interest rate calculated when all borrowing costs are expressed as an annual payment of interest in arrears. In calculating the APR, allowance must be made for whether interest is paid in advance or arrears, the number of interest periods per annum, and all the fees and commissions.

REAL RATE OF INTEREST
The return produced after allowing for actual or expected inflation. Preferably expressed as a nominal rate less the rate of inflation.

NET INTEREST INCOME
Total interest income less total interest expense. Often expressed as a percentage of average total assets.

INSTALMENT LOAN
An instalment loan is a loan on which the borrower makes regular partial repayments of principal in equal amounts throughout the repayment period. The borrower pays the sum of a fixed instalment amount and a reducing interest amount at each instalment date. Payments accordingly reduce over the life of the loan assuming a fixed interest rate.

FINANCIAL DERIVATIVES

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

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

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

CROSS CURRENCY SWAPS
A cross currency swap is an agreement to exchange principal and interest rate terms in different currencies. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Cross currency swaps are used, for example, to hedge returns in a specific currency or to hedge foreign currency exposure.

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

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

INTEREST RATE SWAPS/ASSET SWAPS
Interest rate swaps/asset swaps are agreements between two-parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange fixed rate payments for floating rate. This instrument is used to manage or change the interest rate risk.

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

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

Storebrand Group Companies

	Org. number	Interest
Storebrand ASA	**916 300 484**	
Storebrand Livsforsikring AS	**958 995 369**	**100.0%**
Storebrand Holding AB		100.0%
SPP Fonder AB		100.0%
SPP Liv Fondförsäkring AB		100.0%
SPP Livförsäkring AB		100.0%
SPP Liv Pensionstjänst AB		100.0%
SPP Fastigheter AB		100.0%
SPP Varumärkes AB		100.0%
Storebrand Eiendom AS	972 415 731	100.0%
Storebrand Fastigheter AB		100.0%
Storebrand Eiendom Indirekte AS	992 183 489	100.0%
Storebrand Eiendom Holding AS	989 976 265	100.0%
Storebrand Realinvesteringer AS	995 237 954	100.0%
Storebrand Finansiell Rådgivning AS	989 150 200	100.0%
Aktuar Systemer AS	968 345 540	100.0%
Storebrand Pensjonstjenester AS	931 936 492	100.0%
Foran Real Estate, SIA [1]		97.1%
AS Værdalsbruket [2]	920 082 165	74.9%
Norsk Pensjon AS	890 050 212	25.0%
Benco Insurance Holding BV		89.96%
Euroben Life & Pension Ltd		100.0%
Nordben Life & Pension Insurance Co. Ltd		100.0%
Storebrand Bank ASA	**953 299 216**	**100.0%**
Storebrand Boligkreditt AS	990 645 515	100.0%
Bjørndalen Panorama AS	991 742 565	100.0%
Filipstad Invest AS	995 215 918	100.0%
Filipstad Tomteselskap AS	984 133 561	100.0%
Hadrian Eiendom AS	976 145 364	100.0%
Ring Eiendomsmegling AS	987 227 575	100.0%
Storebrand Kapitalforvaltning AS	**984 331 339**	**100.0%**
Storebrand Alternative Investments AB		100.0%
Storebrand Fondene AS	**930 208 868**	**100.0%**
Storebrand Luxembourg S.A.		99.8%
Storebrand Baltic UAB		**100.0%**
Evoco UAB		50.0%
Storebrand Forsikring AS	**930 553 506**	**100.0%**
Storebrand Leieforvaltning AS	**911 236 184**	**100.0%**
Storebrand Helseforsikring AS	**980 126 169**	**50.0%**

1) SPP Livförsäkring AB owns 29.4 per cent and Storebrand Livsforsikring AS owns 66.4 per cent of SIA Front Real Estate.
2) Storebrand ASA owns 25.1 per cent, and the total stake in Storebrand is 100 per cent of AS Værdalsbruket.

”

Many will experience that their income is halved when they become pensioners. Do you know what sort of pension you can expect from the National Insurance Scheme, your employer and your own savings?

”

Andreas (40): I save NOK 1,100 every month and will retire when I am 67. I can expect an additional pension of NOK 55,000 a year for 15 years.

Do you want to know more?

Try the pension calculator at storebrand.no

storebrand

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