Interim report

Storebrand Group

(unaudited)

4th quarter
2012

storebrand

Interim report - 4Q 2012:

Storebrand Group

Contents

Important notice:

This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make.

Storebrand Group

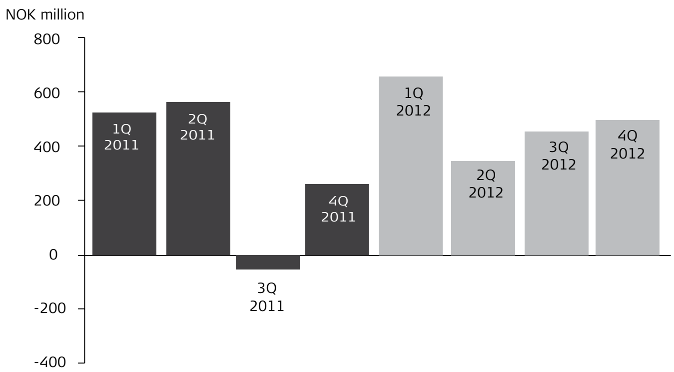
- **Group profit[1] of NOK 489 million for 4th quarter and NOK 1,960 million for the year**
- **Excess value of securities and customer buffers totalling NOK 12.0 billion in SBL and NOK 8.6 billion in SPP in 2012**
- **Strong returns for Norwegian and Swedish pension customers**
- **NOK 4,3 billion in provisions for new mortality tables, 3.2 billion in 2012**
- **Board of Directors recommends no dividend be paid for 2012**

The Storebrand Group is a leading company in the Norwegian and Swedish market for life insurance, pensions and long-term savings. The Group consists of the following business areas: life and pensions, asset management, banking and insurance.

Group result

	4Q		Full year	
NOK million	2012	2011	2012	2011
Storebrand Life Insurance	132	139	652	481
SPP	157	-14	803	291
Asset Management	100	90	144	293
Bank	66	51	238	213
Insurance	116	77	402	281
Other activities	-82	-75	-279	-278
Group result before amortisation and write-downs	489	268	1,960	1,279
Amortisation and write-downs intangible assets	-101	-99	-401	-394
Group pre-tax profit/loss	388	170	1,559	885

Group result before amortisation and write-downs per quarter



2012 has been marked by European and Norwegian regulatory changes, building up reserves for increased future life expectancy and changing customer and market conditions. The Group's response has been to improve its capital effectiveness and reduce costs in combination with increased focus on new customer concepts and new solutions for pension savings.

Result

Group profit before amortisation and write-downs of intangible assets was NOK 489 million (NOK 268 million) for the 4th quarter and NOK 1,960 million (NOK 1,279 million) for the year. The figures in brackets show the corresponding period last year. The results for the quarter and the full year are affected by costs in connection with reorganisation and a more focused strategy. It reduces the administration and fee results in the 4th quarter, but the implanted measures will contribute to strengthened results going forward. The customers' return in Storebrand Life Insurance has been good throughout the year and more than adequate to cover the average annual interest rate guarantee for all portfolios. In SPP asset returns have provided a basis for profit sharing in all of the customer portfolios.

Asset management's result is marked by weak income growth. This is attributed to greater allocation to products with lower margins. The costs have increased primarily as a result of restructuring costs.

The banking result increased by NOK 25 million for the year. The underlying portfolio performance and sales results are in line with the market.

Storebrand Insurance continues its positive financial performance. This performance reflects a positive underlying risk performance in the portfolio combined with efficient operations within the organisation.

Operational income statement Storebrand Group[2]

	4Q		Full year	
NOK million	2012	2011	2012	2011
Fee and admininstration income	1,034	973	4,152	3,952
Operational cost	-796	-732	-2,958	-2,800
Fee and admininstration result	237	241	1,194	1,152
Risk and insurance result	154	243	682	686
Holding company and company portfolios	-64	-80	-184	-268
Provision for cost program and discontinued business	-14		-195	
Result before profit sharing and loan losses	313	404	1 519	1 570
Net profit sharing and loan losses	176	-136	441	-291
Group profit before amortisation and write-downs	489	268	1 960	1 279
Amortisation and write-downs of intangible assets	-101	-99	-401	-394
Group pre-tax profit/loss	388	170	1 559	885

[1] Group profit before amortisation and write-downs of intangible assets.
[2] The income statement is based on reported IFRS results for the individual companies in the Group. The statement differs from the official financial statements.

Result improvement programme

In connection with the results for the 2nd quarter of 2012, the Board adopted a programme to reduce the Group's costs by NOK 400 million by 2014. This programme is important to strengthen the Group's competitiveness and is a part of the company's adaptation to Solvency II. The cost programme is progressing well with the implementation of measures and realisation of effects. The most important measures that were implemented in the 4th quarter of 2012 included reducing the workforce and the use of consultants, initiation of offshoring process for the transfer of tasks to Storebrand Baltic, discontinuation of online equity trading and the hedge fund venture, and enhancing the efficiency of document handling within the Group. The effects realised as at the end of 2012 total NOK 68 million measured on an annual basis for the Storebrand Group, with a full effect in 2013.

Market and sales performance

The shift from products with 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. This trend will grow stronger in connection with the proposed transitional rules for defined benefit products from the Banking Law Commission, and the fact that companies that already have a defined contribution pension may be given an opportunity to save significantly more for their employees than today. Sales in the Norwegian corporate market were good, with booked net transfers to Storebrand totalling NOK 525 million.

Equity fund subscriptions have been low in asset management, and both retail and institutional customers have preferred low-margin products with lower risk and management fees in 2012. The bank has confirmed its strong direct position, and it was ranked as the third best full service bank by Norsk Familieøkonomi. The sales results continue to show a positive development, and lending growth is on par now with the market growth.

The insurance business has experienced stable sales growth for personal insurance and property and casualty insurance. Sales growth in health insurance has been strong throughout the year in the corporate market, and it reflects focused sales efforts combined with a continued high demand in the market.

Proposed transitional schemes for private occupational pensions from the Banking Law Commission

In January 2013, the Banking Law Commission published the third of its reports on proposals for legislative amendments to adapt private occupational pensions to the National Insurance reform. Combined these reports establish a framework for handling the existing rights and accrual with the new occupational pension products. New occupational pension accrual will generally take place in defined contribution occupational pension products that are well adapted to Solvency II and the low interest rate level. The taxation framework for savings allows room for good pension schemes for employees. The proposals provide greater flexibility and more predictable costs for employers compared with the current defined benefit schemes. The challenges for paid-up policies under Solvency II as described in NOU 2012:3 are, however, not solved by the measures that are proposed in the reports. The effect of the proposals for the capital requirements under Solvency II will depend on the escalation plans in the regulations from the Ministry of Finance, the ultimate handling of the accrued rights, and market adaptations.

Building up reserves for a higher projected life expectancy

The life insurance industry in Norway is working 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 increase its reserves in the coming years. Due to the good returns in 2012, a total of NOK 3.2 billion has been 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 increased life expectancy. An ongoing process is taking place with the authorities to ensure that an adequately long period of time is allowed to build up reserves.

Dividends

In Norway there is a need to strengthen the longevity reserves. This entails that the good returns in 2012 have been used in their entirety to strengthen the longevity reserves. The customers have thus not received any excess return, and the company's shareholders have not received any profit sharing and will not receive any dividend for 2012.

Capital situation

The Storebrand Life Insurance Group's (Storebrand Life Insurance and SPP's) solvency margin was 162 per cent at the end of the quarter. This is an improvement of nine percentage points since the 3rd quarter. This is related primarily to the quarterly results and higher interest rates in Sweden. The Storebrand Life Insurance Group's Swedish insurance liabilities are discounted by a market interest rate that is based on the Swedish solvency rules and higher interest rates reduce the liabilities.

The Group's capital adequacy and core capital adequacy at the end of the 4th quarter were 11.7 per cent and 8.5 per cent, respectively, a reduction of 0.2 and 0.4 percentage points, respectively, for the quarter. In December 2012, Storebrand ASA signed an agreement for a new three-year credit facility for EUR 240 million. This agreement replaced a credit facility for EUR 210 million that would have matured in May 2013.

Key figures

	4Q		Full year	
NOK million	2012	2011	2012	2011
Earnings per share adjusted (NOK)[1)]	0.38	0.20	3.15	2.39
Return on equity, annualised[1)]	3.7%	2.6%	7.5%	6.0%
Equity			19,936	18,777
Capital adequacy Storebrand Group			11.7%	13.9%
Solvency margin Storebrand Life Group			162%	161%
Core capital adequacy Bank Group			11.2%	11.4%

1) Adjusted for amortisation and write-downs of intangible assets, after tax.

Storebrand Life Insurance

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

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

Result

Financial performance Storebrand Life Insurance including BenCo

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

Administration result

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

Risk result

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

Financial result

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

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

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

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

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

Return on investment portfolios with an interest rate guarantee

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

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

Capital return

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

Market return defined contribution pensions

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

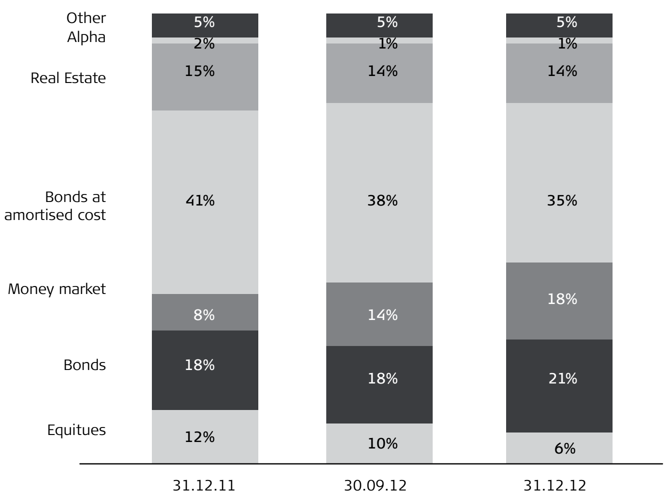
Price of interest rate guarantee and profit risk

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

Balance sheet

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

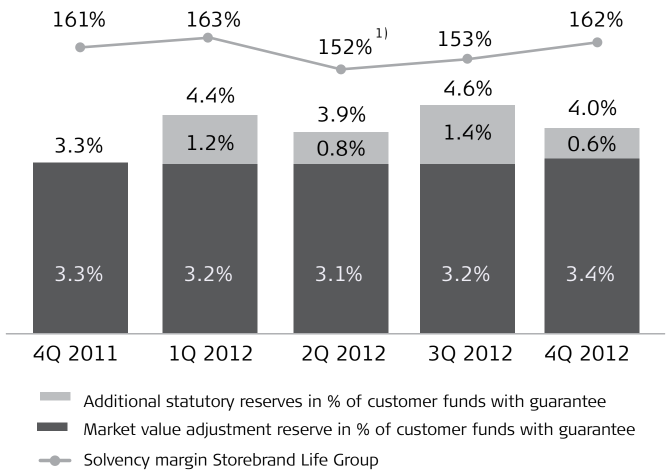
Asset profile for customer portfolios with an interest rate guarantee



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

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

Financial strength



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

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

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

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

Market

Premium income[1)]

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

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

Sales

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

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

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

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

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

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

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

SPP

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

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

Result

Financial performance SPP

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

Administration result

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

Risk result

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

Financial result

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

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

Total return on assets SPP

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

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

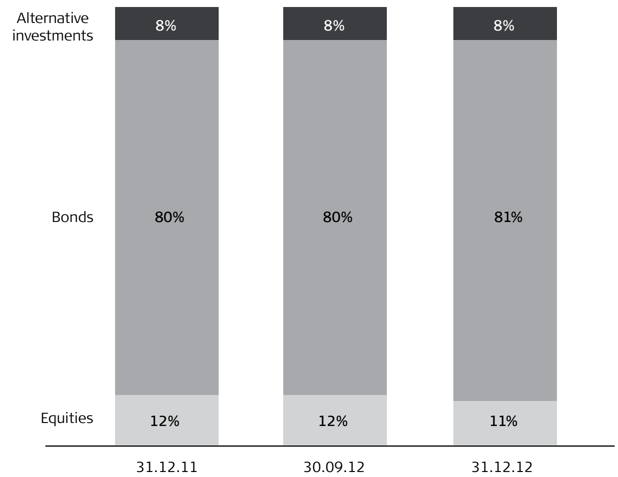
Other result

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

Balance sheet

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

Asset profile for customer portfolios with an interest rate guarantee



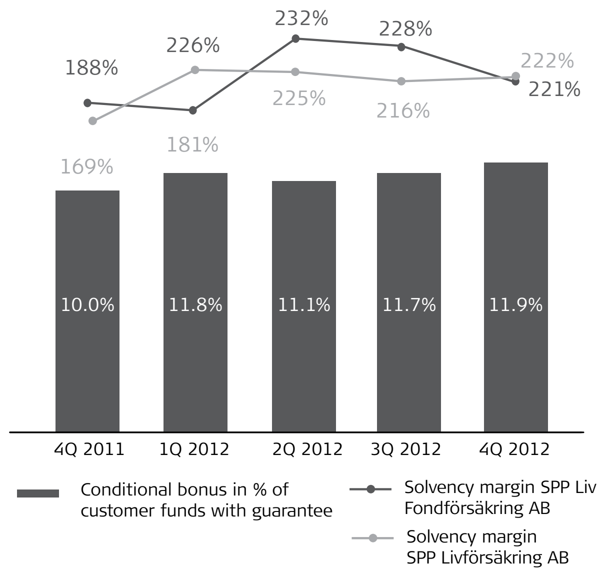
[1)] SPP includes all legal entities in Storebrand Holding Group except SPP Fonder, which is included in Asset Management.
[2)] All percentage changes are in local currency.

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

Solvency

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

Financial strength



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

Market

Premium income[1)]

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

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

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

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

Sales

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

1) *Excluding transfer premium reserves*

Asset management

- **Excess return of NOK 848 million for the quarter and NOK 2.6 billion for the year**
- **Results temporarily weakened by restructuring provisions**
- **Assets under management have increased by NOK 3.3 billion during the quarter and NOK 28.2 billion in 2012 to NOK 442 billion**

The asset management business[1)] in Storebrand provides a full range of savings and investment products for external and internal institutional customers. In addition, the business area offers securities funds to the retail market.

Result

Financial performance Asset management

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Operating revenue	165	163	671	684
Operating cost	-143	-122	-590	-481
Operating result	22	41	81	203
Net performance fees	75	44	53	79
Net financial income	3	5	10	11
Result before amortisation	100	90	144	293
Amortisation intangible assets	-2	-2	-5	-9
Pre-tax profit/loss	98	88	138	284

Asset management reported a profit before amortisation of NOK 99 million (NOK 90 million) for the 4th quarter and NOK 144 million (NOK 293 million) for 2012. The weakened result is attributed primarily to the fact that there has been no income growth as a result of the shift towards low margin products, while the costs have increased.

The income for the quarter and 2012 is on par with the previous year. Institutional customers increasingly prefer low margin products with lower risk and management fees. The increase in assets under management of NOK 28 billion is not enough to offset the shift towards low margin products.

The operating costs for the quarter and 2012 increased compared with the previous year. Increased costs are driven primarily by an allocation of NOK 54 million linked to the Group’s cost programme. In addition to this, there are increased pension and bonus costs, growth in the Swedish operations, as well as measures related to improved reporting solutions and an increased degree of automation. Substantial measures are being carried out to reduce the costs, which will have an effect during 2013.

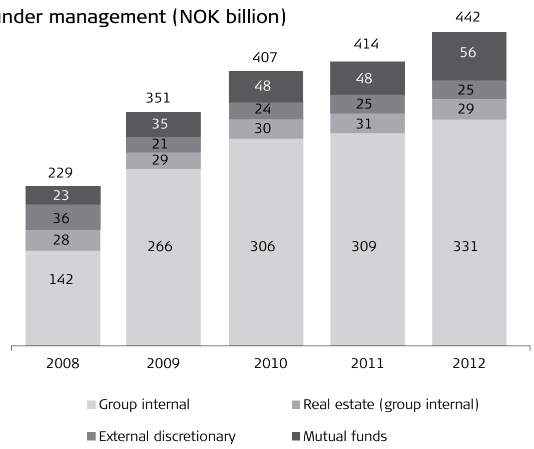
The returns-based result was NOK 75 million for the 4th quarter (NOK 44 million) and NOK 53 million (NOK 79 million) for the year. The good investment performance in 2012 is reflected in a high allocation to result-based bonuses.

Assets under management

The combined assets under management totalled NOK 442 billion (NOK 414 billion) at the end of the 4th quarter. This represents an increase of NOK 3.3 billion during the quarter:

- The management volume from intragroup customers, including property, increased by NOK 1.5 billion during the quarter.
- Securities funds increased by NOK 2.3 billion during the quarter.
- The management volume for external discretionary customers increased by NOK 0.5 billion during the quarter.

Assets under management (NOK billion)



Investment performance

There was a positive excess return in relation to the relevant benchmarks of NOK 848 million (negative excess return of minus NOK 87 million) for the quarter. In 2012 the excess return was NOK 2.6 billion (negative excess return of minus NOK 1.2 billion). Of all the actively managed equity funds, 52 per cent (26 per cent) showed a return better than their benchmark indices in 2012 (calculated before management fees). All fixed income funds (45 per cent) have reported a return that is better than their benchmark indices at the end of 2012.

Market

The institutional market has been marked by a low level of activity within the traditional asset classes since the summer of 2011, with few mandates changing management. After a strong end for the 1st half of the year, the 2nd half of the year has been marked by a wait-and-see attitude among the customers, and there is still a limited transfer of new funds. In the 4th quarter, the business area worked in particular on raising capital for Storebrand Eiendomsfond Norge KS and a large Private Equity transaction. Overall this resulted in a good end for the year.

Net new sales in the asset management business (external discretionary assets and securities funds) totalled NOK 806 million (NOK 393 million) for the quarter and NOK 4.9 billion (NOK 5.5 billion) for 2012. Net redemption for the quarter was minus NOK 1.3 billion (minus NOK 144 million) for the Norwegian business, and new sales of NOK 2,1 billion (NOK 537 million) for the Swedish business.

[1)] The business includes Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, SPP Fonder AB, Storebrand Realinvestering AS, Storebrand Eiendom AS and Storebrand Fastigheter AB.

Banking

- **Positive financial performance**
- **Good portfolio quality**
- **Charge against income of NOK 5 million during the quarter due to discontinuation of online equity trading**

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

Result

Financial performance Bank[1)]

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Net interest income	133	104	490	443
Net commission income	17	18	71	73
Other income	8	7	55	32
Total income	158	129	616	548
Operating costs	-99	-79	-386	-345
Result before losses	59	50	231	203
Losses on lending/investment properties	7	0	8	10
Result before amortisation	66	51	238	213
Amortisation intangible assets	-10	-8	-34	-22
Pre-tax profit/loss	56	43	204	190

The banking group reported a profit before amortisation and write-downs of NOK 66 million (NOK 50 million) for the quarter and NOK 238 million (NOK 213 million) for the year. Net interest income and other income showed a positive development during the quarter. However, operating costs have risen somewhat, driven primarily by the restructuring costs. There is positive lending growth in both the retail and corporate markets. The development of deposits has also been positive.

The interest margin has shown a positive development. Net interest income as a percentage of average total assets was 1.29 per cent (1.06 per cent) for the quarter and 1.25 per cent (1.13 per cent) for the year. Other income has shown a positive development in relation to the corresponding periods last year. This can largely be explained by good sales of interest rate swaps within the corporate market and healthy revenues in Hadrian. Costs of NOK 5 million related to the discontinuation of online equity trading were charged as operating costs in the 4th quarter. The cost percentage for the banking business[2)] totalled 59 per cent (64 per cent) for the quarter. After adjusting for the cost of restructuring, the cost percentage would have been 56 per cent for the quarter and 61 per cent for the year.

The portfolio quality has improved, the volume of non-performing loans is falling and NOK 7 million has been recognised as income (NOK 10 million recognised as income) on loan write-downs in the 4th quarter.

Balance sheet performance

Gross lending to customers at the end of the year comprises NOK 35.4 billion. This corresponds to a small increase during the quarter. Lending on the retail market comprises 67 per cent of the portfolio. There are few customers in default, and the loss level for the portfolio is low.

The volume of non-performing loans has fallen throughout 2012 and accounts for 0.8 per cent (1.0 per cent) of gross lending.

Liquidity risk and funding

The bank has established good liquidity buffers, and puts a lot of emphasis on having a balanced funding structure with varying maturities and issuances in various markets. Credit facilities/agreements have been established with other banks that Storebrand Bank can draw down as required. The deposit-to-loan ratio was 56 per cent at the end of the year. This is an increase compared with the previous year. The banking group issued covered bonds valued at NOK 4.4 billion and senior loans valued at NOK 2.3 billion in 2012.

Capital adequacy

The banking group's capital adequacy was 11.8 per cent and the core (tier 1) capital ratio was 11.2 per cent at the end of the quarter.

Market

During the quarter the bank has continued to work on improving the customer experience, with positive results in the form of a high level of customer satisfaction and greater share of total banking relationship customers. The sales results continue to show a positive development, and lending growth is on par now with the market growth.

The demand for financing in the commercial property market is higher than the supply, and financing for good projects is scarce. The lending margins therefore continue to increase.

1) Encompasses the Storebrand Bank group.
2) The banking business consists of Storebrand Bank ASA and Storebrand Boligkreditt AS

Insurance

- **Positive underlying risk performance**
- **9 per cent growth in premium income**
- **Greater cost effectiveness**

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 treatment insurance[1)] 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.

Financial performance Insurance

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Premiums earned, net	526	457	1,973	1,807
Claims incurred, net	- 380	- 327	-1,333	-1,314
Operating costs	- 95	- 84	- 375	- 332
Insurance result	50	45	265	161
Net financial result	66	32	137	119
Result before amortisation	116	77	402	281
Amortisation intangible assets	- 2	- 2	- 6	- 6
Pre-tax profit/loss	115	76	396	275

The financial performance of Storebrand Insurance was good in the 4th quarter. The insurance result was NOK 50 million (NOK 45 million) for the quarter, and NOK 265 million (NOK 161 million) for the year, with a combined ratio of 87 per cent (91 per cent). The insurance result reflects a positive 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.

Profit before amortisation was NOK 116 million (NOK 77 million) for the quarter, giving a profit for the year of NOK 402 million, an increase of NOK 121 million over 2011.

Key figures Insurance

	4Q		01.01 - 31.12	
In %	2012	2011	2012	2011
Claims ratio[2)]	72%	72%	68%	73%
Cost ratio[2)]	18%	19%	19%	19%
Combined ratio[2)]	90%	91%	87%	91%

The risk result for the quarter is on par with the previous year with a claims ratio of 72 per cent. The result was particularly strong in the quarter for the motor vehicle and property portfolio and the personal insurance portfolio, which have shown a better risk development than can be expected in a normal year. Motor vehicle and property have had a mild start for the winter with fewer incidents, and the personal insurance result reflects the improved disability risk.

The insurance has a strong overall risk result for the year that is 5 percentage points lower than the claims ratio last year. The risk result reflects an improved risk development 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 continuous development of the pricing models in combination with specific product initiatives. The cost percentage was 18 per cent for the quarter (19 per cent) and reflects the improved cost effectiveness of the unit. The cost percentage for the year was 19 per cent (19 per cent). Stabilisation of the cost percentage is temporary and consists essentially of the unit's provisions of NOK 20 million in the 3rd quarter for the estimated costs related to the Group's cost programme. The cost base must be rationalised further by increased automation and sourcing of services, in addition to increased sales via cost-effective and direct-based channels.

Storebrand Insurance's investment portfolio comprises NOK 3.72 billion and is mainly invested in fixed income securities with a short to medium term duration. The financial income is higher than last year and reflects increased assets under management in combination with falling interest rates and a credit spread reduction.

Market

Storebrand Insurance offers a broad range of products to the retail and corporate markets. Profitability on the market remains good, but competition is perceived to be growing on the retail market, and is particularly strong for large corporate customers. Total written premiums at the end of the 2012 amounted to NOK 2.34 billion, NOK 1.16 billion of which is from the retail market and NOK 1.18 billion of which is from the corporate market.

Storebrand has an established position in the retail market for personal insurance and a challenger position for P&C insurance (motor vehicle and property). Growth in personal insurance is stable and in accordance with the general market growth. The sale of property and casualty insurance is 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 has an annual growth rate of 20 per cent. Measured in premiums written, Storebrand has a market-leading position in health insurance. Sales growth has been strong throughout the year and reflects our focus on health insurance and a continued high demand in the market. For other employee insurance segments, Storebrand is one of several major players, and we have won several large important tenders throughout the year.

Demand for products that link health and employee insurance plus disability cover continues to grow. This is driven by the companies' desire to reduce absence due to illness, increase job satisfaction and reduce the overall insurance costs.

1) Health insurance is owned 50 per cent each by Storebrand ASA and Munich Re.
2) For own account.

OTHER ACTIVITIES

Other activities principally consist of the Storebrand Group's parent company, Storebrand ASA, and accounting eliminations.

Result

Financial performance other activities

	4Q		01.01 - 31.12	
NOK million	2012	2011	2012	2011
Storebrand ASA				
Interest income	15	21	75	73
Interest expenses	-40	-45	-170	-161
Gains/losses securities	-3	-1	5	-8
Other financial items	-5	-4	-17	-16
Net financial items	-34	-29	-106	-113
Operating costs	-53	-45	-180	-165
Pre-tax profit/loss Storebrand ASA[1)]	-87	-75	-286	-278
Eliminations	4	0	6	0
Pre-tax profit/loss	-82	-75	-279	-278

Storebrand ASA's result in accordance with IFRS is shown in the table above. The official financial statements have been prepared pursuant to Norwegian accounting law and presented in full in the financial statements section.

Balance sheet

Storebrand ASA held liquid assets of NOK 1.8 billion at the close of the quarter. Liquid assets consist primarily of short-term fixed income securities.

Total interest-bearing debt at Storebrand ASA totalled NOK 3.5 billion at the end of the quarter. Next maturity for bond debt is in March 2013.

Storebrand ASA owned 0.69 per cent (3,124,482) of the company's own shares at the end of the quarter.

[1)] Profit and loss, Storebrand ASA, before group contributions.

Outlook

Macroeconomic situation

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

Financial performance

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

Risk

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

Regulatory changes in private occupational pensions

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

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

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

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

Solvency II

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

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

Amendment of the Norwegian Tax Code

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

Future reserves for a projected higher life expectancy

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

Financial targets

With the current low interest rate level and a need to strengthen reserves for increased life expectancy, profit sharing in group pensions will be significantly reduced. Changes in Norwegian tax legislation will lead to lower post tax results. The cost program and increased margins will affect results positively. The combined effects are expected to, in a transition period, to reduce the return on equity. The Board has consequently decided to change the targeted return on equity after tax and before amortisation to above 10 per cent.

Storebrand has an ambition to adapt to changes in regulation without raising new equity capital. The Board maintains that the dividend payout ratio will normally amount to over 35 per cent of the full-year profit after tax, but before amortisation costs. The dividend policy specifies that the dividend shall be adjusted to ensure the right capital structure in the group.

The Board maintains the targeted solvency ratio of 150 per cent for the Storebrand Life Group and an A rating level for Storebrand Livsforsikring AS.

Lysaker, 12 February 2013

Storebrand Group

PROFIT AND LOSS ACCOUNT

		4Q		01.01 - 31.12	
NOK mill.	Note	2012	2011	2012	2011
Net premium income		6,537	4,854	27,822	25,587
Net interest income - banking activities	14	133	104	490	443
Net income from financial assets and real estate for the company:					
- equities and other units at fair value	15	1	30		26
- bonds and other fixed-income securities at fair value	15	134	142	658	503
- financial derivatives at fair value	15	-5	-26	9	38
- net income from bonds at amortised cost	15	32	17	101	50
- net income from real estate	18	9	19	33	71
- result from investments in associated companies		-1	-7	-3	-4
Net income from financial assets and real estate for the customers:					
- equities and other units at fair value	15	1,112	5,004	6,487	-5,998
- bonds and other fixed-income securities at fair value	15	2,539	1,736	9,351	7,890
- financial derivatives at fair value	15	307	-869	772	2,852
- net income from bonds at amortised cost	15	1,510	768	3,712	2,850
- net interest income lending		26	37	111	126
- net income from real estate	18	124	253	679	1,581
- result from investments in associated companies		2	39	48	72
Other income		522	657	2,207	2,138
Total income		**12,981**	**12,759**	**52,479**	**38,225**
Insurance claims for own account		-6,251	-5,406	-22,870	-25,107
Change in insurance liabilities		-5,969	-4,878	-20,066	-11,668
To/from buffer capital		942	-1,087	-2,675	4,163
Losses from lending/reversal of previous losses		7	-4	8	14
Operating costs	16	-962	-845	-4,003	-3,392
Other costs incl. currency bank		-83	-87	-233	-274
Interest expenses		-176	-183	-680	-681
Total costs before amortisation and write-downs		**-12,492**	**-12,491**	**-50,519**	**-36,946**
Profit before amortisation and write-downs		**489**	**268**	**1,960**	**1,279**
Amortisation and write-downs of intangible assets		-101	-99	-401	-394
Group pre-tax profit		**388**	**170**	**1,559**	**885**
Tax cost	3	-320	-120	-550	-144
Result after tax sold/wound up business		1	-32	3	-60
Profit/loss for the year		**69**	**18**	**1,012**	**681**
Profit/loss for the year due to:					
Majority's share of profit		68	16	1,006	674
Minority's share of profit		1	2	6	7
Total		**69**	**18**	**1,012**	**681**
Earnings per ordinary share (NOK)		0.15	0.03	2.25	1.51
Average number of shares as basis for calculation (million)				446.7	446.3
There is no dilution of the shares					

Storebrand Group

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	4Q		01.01 - 31.12	
Million NOK	2012	2011	2012	2011
Profit/loss for the year	**69**	**18**	**1,012**	**681**
Other result elements				
Change in pension experience adjustments	473	-90	443	-84
Translation differences	-157	118	-103	117
Adjustment of value of properties for own use	19	53	89	76
Gains/losses available-for-sale bonds		-47		-218
Total comprehensive income elements allocated to customers	-19	-6	-89	142
Tax on other result elements	-142	136	-142	136
Total other result elements	**174**	**164**	**198**	**169**
Total comprehensive income	**243**	**182**	**1,210**	**850**
Total comprehensive income due to:				
Majority's share of total comprehensive income	245	177	1,207	841
Minority's share of total comprehensive income	-1	5	3	9
Total	**243**	**182**	**1,210**	**850**

Storebrand Group

STATEMENT OG FINANCIAL POSITION

Million NOK	Note	31.12.12	31.12.11
Assets company portfolio			
Deferred tax assets		38	58
Intangible assets		6,102	6,523
Pension assets		152	46
Tangible fixed assets		144	155
Investments in associated companies		121	125
Receivables from associated companies		69	69
Financial assets at amortised cost:			
- Bonds		2,146	1,985
- Bonds held to maturity		222	169
- Lending to financial institutions		255	269
- Lending to customers	17	35,306	33,323
Reinsurers' share of technical reserves		155	176
Real estate at fair value	18	1,208	1,325
Real estate for own use	18	58	67
Biological assets		64	64
Accounts receivable and other short-term receivables		2,172	1,803
Financial assets at fair value:	*10*		
- Equities and other units		53	322
- Bonds and other fixed-income securities		21,496	20,059
- Derivatives		1,313	1,291
Bank deposits		3,297	3,924
Assets sold/liquidated business	21		35
Total assets company		**74,372**	**71,788**
Assets customer portfolio			
Tangible fixed assets		303	268
Investments in associated companies		115	106
Receivables from associated companies		596	428
Financial assets at amortised cost:			
- Bonds		54,557	62,976
- Bonds held to maturity		10,496	7,983
- Lending to customers	17	3,842	3,010
Real estate at fair value	18	27,515	27,471
Real estate for own use	18	2,173	1,393
Biological assets		535	552
Accounts receivable and other short-term receivables		2,699	1,900
Financial assets at fair value:	10		
- Equities and other units		72,166	84,936
- Bonds and other fixed-income securities		164,208	128,034
- Derivatives		2,745	5,149
Bank deposits		3,859	5,447
Total assets customers		**345,810**	**329,654**
Total assets		**420,182**	**401,442**

Continues on next page

Storebrand Group

STATEMENT OF FINANCIAL POSITION CONTINUE

Million NOK	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	7,075	7,496
Buffer capital		18,037	15,480
Insurance liabilities		324,089	307,095
Pension liabilities		1,239	1,629
Deferred tax		721	
Financial liabilities:			
- Liabilities to financial institutions	8	2,499	6,016
- Deposits from banking customers	19	19,860	18,477
- Securities issued	8	18,033	13,626
- Derivatives company portfolio		632	736
- Derivatives customer portfolio		725	1,983
Other current liabilities		7,327	10,095
Liabilities sold/liquidated business	21	10	30
Total liabilities		**400,247**	**382,665**
Total equity and liabilities		**420,182**	**401,442**

Storebrand Group

RECONCILIATION OF GROUP'S EQUITY

	Majority's share of equity									
	Paid in capital				Retained earnings					
Million NOK	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 result Share capital, the share premium fund and other equity is evaluated and managed together. The share premium fund may be used to cover a loss, and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

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

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

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

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

For further information on the Group's fulfilment of the capital requirements, see note 23.

Storebrand Group

CASH FLOW ANALYSIS

	01.01 – 31.12	
Million NOK	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 life insurance companies, and these cash flows are invested in financial assets that are also defined as operational activities. One subtotal is generated in the statement that shows the net cash flow from operations before financial assets and banking customers, and one subtotal that shows the cash flows from financial assets and banking customers. This shows that the composition of net cash flows from operational activities for a financial group includes cash flows from both operations and investments in financial assets. The life insurance companies' balance sheets include substantial items linked to the insurance customers that are included on the individual lines in the cash flow analysis. Since the cash flow analysis is intended to show the change in cash flow for the company, the change in bank deposits for insurance customers is included on 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 to the interim accounts Storebrand Group

NOTE 1: ACCOUNTING POLICIES

The Group's interim financial statements include Storebrand ASA, subsidiaries, and associated companies. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

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

Storebrand Livsforsikring AS, Storebrand Kapitalforvaltning AS, Storebrand Fondene AS, Storebrand Bank ASA and Storebrand Forsikring AS are significant subsidiaries owned by Storebrand ASA. Storebrand Livsforsikring AS also owns the Swedish holding company Storebrand Holding AB, which in turn owns SPP Livförsäkring AB and SPP Liv Fondförsäkring AB. On acquiring the Swedish activities in 2007, the authorities instructed Storebrand to make an application to maintain a group structure by the end of 2009. Storebrand has submitted an application to maintain the current group structure, and it is of the opinion that it is natural to see possible changes in the group structure in light of the upcoming solvency rules (Solvency II).

NOTE 2: ESTIMATES

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

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

Life insurance in general

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

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

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

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

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

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

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

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

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

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

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

NOTE 3: TAX

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

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

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

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

Notes to the interim accounts Storebrand Group

Tax costs in the fourth quarter 2012 were also affected by the devaluation of recognised deferred tax assets related to tax credit carry-forwards, which at the end of 2012 amounted to NOK 758 million for the Group. The tax credit carry-forwards expire ten years after 2003, and it is considered improbable that they will be able to be used in 2013. As a consequence, the tax expense increased by NOK 213 million in Q4 2012.

NOTE 4: INFORMATION ABOUT CLOSE PARTIES

Storebrand conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with senior employees and close parties are stipulated in notes 24 and 55 in the 2011 annual report above and beyond normal commercial transactions.

Storebrand had not carried out any material transactions with close associates at the close of the fourth quarter.

NOTE 5: RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

Organisation

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

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

Managers at all levels in the organisation are responsible for risks, risk management and internal control within their own area of responsibility, and shall continuously consider the implementation of internal control. The managements prepare annual internal control reports that show how the internal control that has been established functions. At least once a year, the Chief Executive Officer shall prepare an overall review of the risk situation and submit this to the Board of Directors for action.

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

Notes to the interim accounts Storebrand Group

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 6-9.

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

The composition of the financial assets is determined by the company's investment strategy. The investment strategy establishes guidelines and limits for the company's risk management, credit exposure, counterparty exposure, currency risk, the use of derivatives, and requirements regarding the liquidity in the asset portfolio. The objectives of this dynamic risk management are to maintain good risk bearing capacity and to adjust the financial risk to the company's financial strength. By exercising this type of risk management, the company expects to create good returns both for individual years and over time. Given the current investment portfolio and dynamic risk management strategy, the annual return for the main product groups will normally fluctuate between 2 per cent and 6 per cent. Smaller portions of the portfolio are invested in profiles with somewhat lower and somewhat higher market risk. Dynamic risk management and hedging transactions reduce the likelihood of a low investment return. If the investment return is not sufficient to meet the guaranteed interest rate, the shortfall will be met by using risk capital built up from previous years' surpluses. Risk capital primarily consists of additional statutory reserves and unrealised gains. The owner is responsible for meeting any shortfall that cannot be covered. The average interest rate guarantee is expected to decline in the years ahead and from 2012 all new earnings will be linked to a basic interest rate of 2.5 per cent. The share capital is invested with a low market risk. The financial risk related to contracts in the unit-linked and defined contribution pension product categories is borne by the insured person himself, and the insured person can also choose the risk profile himself.

The company's total risk picture is monitored continuously, using tools such as the Financial Supervisory Authority of Norway's Risk-based Supervision and self-developed risk goals.

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

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

Notes to the interim accounts Storebrand Group

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 6: SOLVENCY II

Solvency II is a set of rules covering solvency that will apply to all insurance companies in the EU and the EEC area. The rules were to take effect from 1 January 2014. Due to major delays in the schedule, however, it is clear that the introduction will be postponed. No new schedule has been announced.

The capital requirements shall reflect all significant risks, including financial market risk, insurance risk, counter-party risk, and operational risk. The ultimate formulation of the capital requirements, including possible transitional arrangements, are still not ready, but it is likely that the capital requirements will be higher than the capital requirements under Solvency I.

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

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

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

The proposed new occupational pension regulations (NOU 2012:13 Pension Acts and the National Insurance Reform II) from the Banking Law Commission describe the new hybrid schemes (basic model and standard model). The new schemes entail good solutions for new pension accrual in relation to Solvency II. There will no longer be any interest rate risk and the life expectancy risk will be significantly less than today.

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

NOTE 7: FINANCIAL MARKET RISK

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

Storebrand Life Insurance Norway

The largest contributions to short-term, result-related market risk for the Norwegian life insurance business are falls in the value of equities and property, increased risk for corporate bonds and rapid increases in interest rates. In the longer term, low market interest rates over time represent a significant market risk for the company. The current formulation of the regulations means that the value of the insurance liabilities in Storebrand Life Insurance are not affected by changes in market interest rates. When Solvency II is introduced, the value of the insurance liabilities will be interest rate sensitive in the solvency accounts for the Norwegian business as well.

SPP

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

Notes to the interim accounts Storebrand Group

NOTE 8: LIQUIDITY RISK

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

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

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

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

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	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 31.12.12					**7,075**
Total subordinated loans and hybrid tier 1 capital 31.12.11					7,496

Specification of liabilities to financial institutions

	Book value	
NOK million	31.12.12	31.12.11
Maturity		
2012	512	1,769
2013	990	3,258
2014	997	988
Total liabilities to financial institutions	**2,499**	**6,016**

Specification of securities issued

	Book value	
NOK million	31.12.12	31.12.11
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 securities issued	**18,033**	**13,626**

The loan agreements contain standard covenants. Storebrand Bank ASA and Storebrand Boligkreditt AS were in compliance with all relevants covenants in 2012. Under the loan programme in Storebrand Boligkreditt AS the company's overcollateralisation requirement was 109.5 per cent fulfilled. As per 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.

Notes to the interim accounts Storebrand Group

NOTE 10: 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 that are valued at fair value into three different levels, which are described in more detail in the annual report for 2011. The levels express the differing degrees of liquidity, price for uncertainty and different measurement methods.

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	31.12.2012	31.12.2011
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**	
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
- Mortage and asset backed securities	69	43,711		43,780	34,562
- Supranational organisations	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**	**3,721**
- 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
Liabilities 2011		3,497			3,497

Notes to the interim accounts Storebrand Group

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 papers 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 to quoted prices from observable assumptions						2	
Translation differences	-22	-18	-8			-7	
Other	2						
Book value 31.12.12	**3,116**	**1,670**	**5,406**	**25**	**1,372**	**1,233**	

Notes to the interim accounts Storebrand Group

NOTE 11: SEGMENTS - RESULT BY BUSINESS AREA

Storebrand's activities are operationally divided into five business areas: Storebrand Livsforsikring, SPP, asset management, bank and P&C insurance.

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 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 intra-group transactions, which are included in the other segments.

	4Q		1.1 - 31.12	
NOK million	2012	2011	2012	2011
Storebrand Life Insurance	132	139	652	481
SPP	157	-13	803	291
Asset management	100	90	144	293
Storebrand Bank	66	51	238	213
Insurance	116	77	402	281
Other activities	-82	-75	-279	-278
Group result	**489**	**268**	**1,960**	**1,279**
Write-downs and amortisation of intangible assets	-101	-99	-401	-394
Group pre-tax profit	**388**	**170**	**1,559**	**885**

Notes to the interim accounts Storebrand Group

Segment information as of 4Q

NOK million	Storebrand Life Insurance [1] 2012	2011	SPP[1] 2012	2011	Asset management 2012	2011	Banking 2012	2011
Revenue from external customers	8,089	7,408	4,130	4,743	297	43	157	133
Revenue from other group companies [2]	1	9			- 18	73	1	1
Group result before amortisation and write-downs of intangible assets	132	139	157	- 13	100	90	66	51
Amortisation and write-downs			- 88	- 88	- 2	- 2	- 10	- 8
Group pre-tax profit	**132**	**139**	**69**	**- 102**	**98**	**88**	**56**	**43**

NOK million	Insurance 2012	2011	Other 2012	2011	Eliminations 2012	2011	Storebrand Group 2012	2011
Revenue from external customers	412	368	27	20	- 131	44	12,981	12,759
Revenue from other group companies [2]					16	- 83		
Group result before amortisation and write-downs of intangible assets	116	77	- 82	- 75			489	268
Amortisation and write-downs	- 2	- 1					- 101	- 99
Group pre-tax profit	**115**	**76**	**- 82**	**- 75**			**388**	**170**

Segment information as of 01.01 - 31.12

NOK million	Storebrand Life Insurance [1] 2012	2011	SPP[1] 2012	2011	Asset management 2012	2011	Banking 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
Amortisation and write-downs			-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

NOK million	Insurance 2012	2011	Other 2012	2011	Eliminations 2012	2011	Storebrand Group 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
Amortisation and write-downs	-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 Kapitalforvaltning AS 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.

Notes to the interim accounts Storebrand Group

NOTE 12: KEY FIGURES BY BUSINESS AREA - CUMULATIVE FIGURES

NOK million	4Q 2012	3Q 2012	2Q 2012	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2010
Group								
Earnings per ordinary share	2.25	2.10	1.47	1.17	1.51	1.47	1.87	0.87
Equity	19,936	19,706	19,335	19,202	18,777	18,555	18,736	18,832
Capital adequacy [1)]	11.7%	11.5%	11.9%	14.3%	13.9%	14.0%	13.2%	12.8%
Storebrand Life Insurance								
Premium income after reinsurance	16,163	12,150	8,542	5,526	15,288	12,368	8,811	5,694
Net inflow of premium reserves	525	219	-1,077	-1,013	-4,690	-4,049	-3,286	-2,390
Insurance liablilities	221,785	218,312	212,363	211,864	206,339	201,092	204,154	203,558
- of which products with guaranteed return	180,310	177,678	174,815	173,908	172,656	171,807	171,646	170,637
Market return customer funds with guarantee	6.2%	4.5%	2.6%	2.1%	3.4%	1.7%	2.7%	1.5%
Booked investment yield customer funds with guarantee	5.6%	3.1%	1.8%	0.9%	4.6%	3.0%	2.6%	1.3%
Investment yield company portfolio	5.4%	4.0%	2.4%	1.5%	5.1%	3.8%	3.0%	1.4%
Solidity capital (Storebrand Life Insurance Group)[2)]	46,860	48,938	43,210	43,687	40,109	40,326	44,543	43,375
Capital adequacy (Storebrand Life Insurance Group)[1)]	12.2%	11.9%	11.7%	14.2%	13.8%	14.6%	13.6%	13.3%
Solvency margin (Storebrand Life Insurance Group)[1)]	162%	153%	152%	163%	161%	165%	162%	161%
SPP								
Premium income after reinsurance	6,190	4,812	3,442	1,578	6,049	4,714	3,411	1,507
Net inflow of premium reserves	-1,124	-923	-592	-320	-802	-634	-377	-176
Insurance liablilities	108,747	109,510	105,830	105,028	105,857	101,528	99,881	101,124
- of which products with guaranteed return	72,191	73,708	71,799	71,160	73,880	71,911	67,668	68,780
Return Defined Benefit	6.6%	4.7%	1.5%	0.6%	8.6%	6.0%	3.4%	0.8%
Return Defined Contribution	7.1%	5.1%	2.0%	0.8%	8.0%	5.6%	3.3%	0.5%
Conditional bonus	8,626	8,593	7,966	8,393	7,417	6,788	9,059	9,159
Deferred capital contribution	2,786	2,832	2,755	2,642	2,905	2,671	2,105	2,139
Solvency margin (SPP Life Insurance AB)[3)]	222%	216%	225%	226%	169%	166%	224%	256%
Asset management								
Total funds under management	442,162	438,878	423,872	425,816	413,950	405,215	409,477	408,376
Funds under management for external clients	81,651	80,103	75,340	77,463	73,665	70,260	71,224	72,834
Costs/AuM bp[4)]	13.9	13.5	12.2	12.0	12.0	12.2	12.1	11.9
Banking								
Net interest income as a percentage of average total assets	1.25%	1.22%	1.22%	1.18%	1.13%	1.16%	1.17%	1.21%
Costs/income % (banking)[5)]	64%	66%	65%	65%	66%	66%	63%	64%
Deposits from and due customers as % of gross lending	56%	57%	59%	54%	55%	56%	58%	54%
Gross defaulted and loss-exposed loans as % of gross lending	0.8%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.2%
Gross lending	35,445	34,687	34,100	33,642	33,475	32,869	33,185	34,229
Core (tier 1) capital ratio	11.2%	10.7%	11.3%	11.6%	11.4%	10.9%	10.8%	10.3%
Insurance								
Claims ratio	68%	66%	66%	66%	73%	73%	75%	79%
Cost ratio	19%	20%	18%	19%	19%	19%	19%	19%
Combined ratio	87%	85%	84%	85%	91%	92%	94%	98%

[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 1.4.2012.
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

Notes to the interim accounts Storebrand Group

NOTE 13: PROFIT AND LOSS BY QUARTER

NOK million	4Q 2012	3Q 2012	2Q 2012	1Q 2012	4Q 2011	3Q 2011	2Q 2011	1Q 2011
Total income	12,980	15,424	7,201	16,873	12,759	1,932	10,598	12,935
Total costs	-12,492	-14,966	-6,855	-16,206	-12,491	-1,981	-10,054	-12,419
Group pre-tax profit	387	350	249	571	170	-146	445	416
Profit for the period before other comprehensive income	68	282	137	524	18	-175	447	392
Profit by business area								
Storebrand Life Insurance	132	140	183	197	139	18	167	156
SPP	157	247	43	355	-13	-221	260	265
Asset management	100	-27	40	31	90	73	53	77
Banking	66	60	57	56	51	50	61	51
Insurance	116	93	104	89	77	95	75	33
Other acitvities	-82	-55	-81	-61	-75	-65	-73	-66
Profit before amortisation and write-downs	**489**	**458**	**346**	**667**	**268**	**-49**	**544**	**516**
Amortisation and write-downs of intangible assets	-101	-108	-96	-95	-99	-97	-99	-100
Group pre-tax profit	**388**	**350**	**249**	**571**	**170**	**-146**	**445**	**416**

NOTE 14: NET INTEREST INCOME - BANKING

	4Q		1.1 - 31.12	
NOK million	2012	2011	2012	2011
Total interest income	386	396	1,553	1,537
Total interest costs	-253	-292	-1,063	-1,094
Net interest income	**133**	**104**	**490**	**443**

Notes to the interim accounts Storebrand Group

NOTE 15: NET INCOME ANALYSED BY CLASS OF FINANCIAL INSTRUMENTS

NOK million	Dividend/ interest income	Net gain/ losses on disposals	Net unrealised gains/ losses	4Q 2012	4Q 2011	1.1 - 31.12 2012	1.1 - 31.12 2011
Net income from equities and units	358	383	372	1,113	5,035	6,488	-5,972
Net income from bonds, bond funds and other fixed-income securities	2,936	1,469	-1,733	2,673	1,878	10,009	8,393
Net income from financial derivatives, FVO	67	467	-232	302	-895	781	2,890
Net income and gains from financial instruments at fair value	**3,361**	**2,320**	**-1,593**	**4,087**	**6,018**	**17,278**	**5,310**
Net income from bonds at amortised cost[1)]	**849**	**693**		**1,542**	**786**	**3,814**	**2,901**

NOTE 16: OPERATING COSTS

NOK million	4Q 2012	4Q 2011	1.1 - 31.12 2012	1.1 - 31.12 2011
Personnel costs	-572	-492	-2,385	-1,964
Amortisation	-30	-27	-118	-108
Other operating costs	-360	-326	-1,500	-1,320
Total operating costs	**-962**	**-845**	**-4,003**	**-3,392**

NOTE 17: LEANDING

NOK million	31.12.12	31.12.11
Corporate market	15,517	14,201
Retail market	23,775	22,289
Gross lending	**39,292**	**36,490**
Write-down of lending losses	-144	-157
Net lending	**39,148**	**36,333**

Non-performing and loss-exposed loans

NOK million	31.12.12	31.12.11
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**

NOTE 18: REAL ESTATE

The following amounts are booked in the profit and loss account:

	4Q		1.1 - 31.12	
NOK million	2012	2011	2012	2011
Rent income from real estate [1]	468	497	1,940	1,815
Operating costs (including maintenance and repairs) relating to real estate that have provided rent income during the period [2]	-117	-178	-386	-408
Result minority defined as liabilitites	-20	-2	-117	-71
Total	**331**	**317**	**1,438**	**1,336**
Realised gains/losses	-30	70	-26	82
Change in fair value	-167	-116	-700	234
Total income real estate	**133**	**271**	**712**	**1,652**
Distribution by company and customers:				
Company	9	19	33	71
Customer	124	253	679	1,581
Total income from real estate	**133**	**271**	**712**	**1,652**
1) Of which real estate for own use	19	18	74	73
2) Of which eral estate for own use	-2	-1	-4	-6

Change in value real estate investments

	4Q		1.1 - 31.12	
NOK million	2012	2011	2012	2011
Wholly owned real estate investments - investment real estate	-167	-120	-700	238
Reclassifications etc. for wholly owned real estate investments		-95		
Real estate equities and units in Norway [1]	2	7	-57	73
Real estate units abroad [1]	-82	85	-128	131
Real estate units in associated companies	-6		12	
Total changes in value investment real estate	**-253**	**-124**	**-873**	**442**
Real estate for own use	58	41	89	27
Total changes in value in real estate	**-195**	**-83**	**-783**	**469**
Realised gains/losses sold real estate	**-30**	**107**	**-26**	**82**

[1] *Are in the statement of financial position classified as equities and other units*

Notes to the interim accounts Storebrand Group

Book value of investment properties [1]

NOK million	31.12.12	31.12.11
Book value 01.01	28,784	27,141
Supply due to purchases	701	2,078
Supply due to additions	585	582
To owner used real estate	-437	
Disposals	-190	-1,244
Net write-ups/write-downs	-700	265
Taken over real estate [2]		-32
Exchange rate changes	-21	5
Book value	**28,723**	**28,796**

[1] Consists of investment real estate in Storebrand Life Insurance Group.
The real estate are valued individually on the basis of the estimated income and costs associated with the completion/sale of the projects.

Type of real estate

			31.12.12		
NOK mill.	31.12.12	31.12.11	Duration of lease (years)	m2[2]	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 in 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 real estate	50	49			
Taken over real estate		12			
Total investment real estate	**28,723**	**28,796**		**1,381,727**	
Real estate for own use	2,231	1,460	8	70,641	87
Total real estate	**30,954**	**30,256**		**1,452,368**	

[1] The leased amount is calculated in relation to floor space.
[2] Figures in NOK thousand

Notes to the interim accounts Storebrand Group

Geographical location:

NOK million	31.12.12	31.12.11
Oslo - Vika/Fillipstad Brygge	6,855	6,698
Rest of Greater Oslo	10,709	9,664
Rest of Norway	11,411	12,594
Sweden	1,929	1,252
Other	50	49
Total real estate	**30,954**	**30,256**

No further acquisitions in Storebrand 4 quarter 2012 beyond what has been finalised and included in the accounts as of 31 December 2012. NOK 227 million has been committed, but not drawn in Storebrand, and SEK 72 million in SPP, in international real estate funds.

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

Cash flow
An internal cash flow model is used to calculate fair value. The individual real estate' net cash flows are discounted by an individual required rate of return. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rents and normal operating costs for the real estate. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future changes in market rents. Storebrand's average occupancy rate in its office 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 takes into consideration 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 real estate. The required rate of return should be viewed in relation to the cash flow. Cash flows are determined on the basis of data about the market's required rate of return, including transactions and valuations.

Composition of the required rate of return:
Risk free interest rate
Risk markup, adjusted for:
- Type of real estate
- Location
- Structual standard
- Environmental standard
- Contract duration
- Quality of tenant
- All other information about real estate values, the market and the individual real estate

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

External valuations:
To ensure that every real estate will be taxated as a minimum every third year, there is a methodic approach in order to choose a selection of real estate to taxate every quarter. As of 31 December 2012, valuations had been obtained for approximately 95 per cent of Storebrand's real estate portfolio in Norway.

In SPP appraisals are obtained for all of the wholly owned property investments.

Notes to the interim accounts Storebrand Group

The real estate 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)	
Segment	31.12.12	31.12.11	31.12.12	31.12.11
Office buildings (including parking and storage):				
Oslo-Vika/Filipstad Brygge	7,35 - 8,95	7,20 - 8,70	6,855	6,698
Rest of Greater Oslo	7,54 -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.

NOTE 19: DEPOSITS FROM BANKING CUSTOMERS

NOK million	31.12.12	31.12.11
Corporate market	7,549	6,956
Retail market	12,311	11,521
Total	**19,860**	**18,477**

Notes to the interim accounts Storebrand Group

NOTE 20: CONTINGENT LIABILITIES

NOK million	31.12.12	31.12.11
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.

Svenskt Näringsliv
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 judgement 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.

Notes to the interim accounts Storebrand Group

NOTE 21: SOLD/LIQUIDATED BUSINESS

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.

NOTE 22: BUFFER CAPITAL

NOK million	31.12.12	31.12.11	Changes
Additional statutory reserves	5,746	5,442	304
Market adjusment reserves	1,027		1,027
Conditional bonuses	11,264	10,038	1,226
Total	**18,037**	**15,480**	**2,557**

The excess value of held-to-maturity 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.

NOTE 23: CAPITAL REQUIREMENTS AND SOLVENCY REQUIREMENTS

The Storebrand Group is a cross-sectoral financial group subject to capital requirements pursuant to Basel I/II (capital adequacy) and the solvency rules on a consolidated basis. Pursuant to the solvency rules, solvency margin requirements are calculated for the insurance companies' in the Group, while for the other companies a capital requirement pursuant the capital adequacy regulations is calculated. The calculations in the tables below conform to the regulations relating to the application of the solvency rules on a consolidate basis, etc., Section 7.

Primary capital consists of core (tier 1) capital and supplementary capital. Pursuant to the regulations for calculating primary capital, core (tier 1) capital is materially different to equity in the financial statements. The table below shows a reconciliation of core (tier 1) capital in relation to equity. Issued hybrid tier 1 capital can account for 15 per cent of the core (tier 1) capital, while any overshoot can be included in the tier 2 capital. Core capital is adjusted for the value assessments that form the basis for solvency calculations at the national level for foreign companies (solvency regulations, section 4, 7th paragraph). For Storebrand Holding AB this will be an adjustment in SPP AB's estimated insurance liabilities involving the use of a different interest rate curve in the solvency calculation than that are used in the financial statements. Tier 2 capital which consists of subordinated loans cannot exceed more than 100 per cent of the core (tier 1) capital, while dated subordinated loan capital cannot exceed more than 50 per cent of the core (tier 1) capital.

Pursuant to Basel II the capital requirement for primary capital is 8 per cent of the basis for calculating the credit risk, market risk and operational risk. The insurance companies in the Group are included in capital adequacy with a capital requirement pursuant to the regulations in Basel 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 to both the Norwegian and Swedish businesses. In Sweden the requirement also includes 1 per cent of the conditional bonus and 0.1-0.3 per cent of mortality 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.

Notes to the interim accounts Storebrand Group

Primary capital in capital adequacy

NOK million	31.12.12	31.12.11
Share capital	2,250	2,250
Other equity	17,686	16,528
Equity	**19,936**	**18,777**
Hybrid tier 1 capital [1)]	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
Security reserves	-267	-238
Minimum requirement reassurance allocation	-5	-7
Capital adequacy reserve	-141	-121
Other	-109	132
Core (tier 1) capital	**12,844**	**16,181**
Perpetual subordinated capital	4,901	5,024
Ordinary primary capital	149	400
Deductions for investments in other financial institutions	-3	-3
Capital adequacy reserve	-141	-121
Tier 2 capital	**4,907**	**5,300**
Net primary capital	**17,751**	**21,482**

Minimum requirements primary capital in capital adequacy

NOK million	31.12.12	31.12.11
Credit risk		
Of which by business area:		
Capital requirements insurance	10,218	10,653
Capital requirements banking	1,845	1,598
Capital requirements securities undertakings	10	9
Capital requirements other	-27	48
Total minimum requirements credit risk	**12,046**	**12,308**
Operational risk/settlement risk	117	118
Deductions	-26	-24
Minimum requirements primary capital	**12,137**	**12,401**
Capital adequacy ratio	**11.7%**	**13.9%**
Core (tier 1) capital ratio	**8.5%**	**10.4%**

Notes to the interim accounts Storebrand Group

Solvency requirements for cross-sectoral financial groups

NOK million	31.12.12	31.12.11
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 1.4.2012.

Storebrand ASA

PROFIT AND LOSS ACCOUNT

	4Q		Full year	
NOK mill.	2012	2011	2012	2011
Operating income				
Income from investments in subsidiaries	220	474	220	474
Net income and gains from financial instruments:				
- bonds and other fixed-income securities	19	39	67	73
- financial derivatives/other financial instruments	-8	-20	13	-12
Other financial instruments			1	4
Operating income	**232**	**493**	**300**	**539**
Interest expenses	-40	-45	-170	-161
Other financial expenses	-5	-4	-17	-16
Operating costs				
Personnel costs	-6	-8	-26	-31
Amortisation			-1	-1
Other operating costs	-47	-37	-152	-133
Total operating costs	**-53**	**-45**	**-180**	**-165**
Total costs	**-98**	**-94**	**-366**	**-343**
Pre-tax profit	**134**	**399**	**-66**	**196**
Tax	-190	504	-135	504
Profit for the period	**-57**	**903**	**-200**	**700**

Storebrand ASA

STATEMENTS OF FINANCIAL POSITION

NOK million	30.12.12	31.12.11
Fixed assets		
Deferred tax assets	472	632
Pension assets	152	46
Tangible fixed assets	31	32
Shares in subsidiaries	17,351	16,658
Total fixed assets	**18,007**	**17,368**
Current assets		
Owed within group	220	474
Lending to group companies	17	986
Other current receivables	51	5
Investments in trading portfolio:		
- bonds and other fixed-income securities	1,754	1,268
- financial derivatives/other financial instruments	52	53
Bank deposits	48	126
Total current assets	**2,143**	**2,912**
Total assets	**20,150**	**20,280**
Equity and liabilities		
Share capital	2,250	2,250
Own shares	-16	-18
Share premium reserve	9,485	9,485
Total paid in equity	**11,718**	**11,717**
Other equity	4,591	4,718
Total equity	**16,310**	**16,434**
Non-current liabilities		
Pension liabilities	155	195
Securities issued	3,492	3,544
Total non-current liabilities	**3,648**	**3,739**
Current liabilities		
Financial derivatives		23
Debt within group	127	46
Other current liabilities	65	39
Total current liabilities	**192**	**107**
Total equity and liabilities	**20,150**	**20,280**

Storebrand ASA

CASH FLOW STATEMENT

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		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 to the financial statements Storebrand ASA

NOTE 1: ACCOUNTING POLICIES

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2011. The accounting policies are described in the 2011 annual report.
Storebrand ASA does not apply IFRS to the parent company's financial statements.

NOTE 2: ESTIMATES

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

NOTE 3: 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**

NOTE 4: EQUITY

NOK million	Share capital [1]	Own shares	Share premium	Other equity	Equity 31.12.12	Equity 31.12.11
Equity as per 1 January	**2,250**	**-18**	**9,485**	**4,718**	**16,434**	**15,634**
Profit for the year				-200	-200	700
Experience pension				65	65	86
Own share bought back [2]		2		22	24	21
Employee share is [2]				-13	-13	-6
Total equity	**2,250**	**-16**	**9,485**	**4,591**	**16,310**	**16,434**

[1] 449,909,891 shares with a nominal value of NOK 5
[2] In 2012, 380 172 of our own shares were sold to our own employees.
Holding of own shares as per 31 December 2012 was 3 124 482.

NOTE 5: BONDS ISSUED

NOK million	Interest rate	Currency	Net nominal value	31.12.12	31.12.11
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	1000	998	997
Bond loan 2012/2017	Variable	NOK	850	853	
Total bond loan				**3,492**	**3,042**
Bank loan 2011/2013	Variable	NOK	507		502
Total [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 pursuant to signed loan agreements. Storebrand ASA has an unused drawing facility for EUR 240 million.

Offices in Norway (incl. agents)
Tromsø, Trondheim, Kristiansund, Bergen, Stavanger, Kristiansand, Bø, Porsgrunn, Sandefjord, Tønsberg, Drammen, Asker, Sandvika, Oslo, Hønefoss, Hamar, Lillehammer, Jessheim, Sarpsborg, Fredrikstad, Molde, Ålesund, Lysaker, Ski.

Offices in Sweden
Göteborg, Linköping, Malmö, Stockholm, Sundsvall, Örebro.

HEADQUARTERS:

Storebrand ASA
Professor Kohts vei 9
P.O. Box 500
N-1327 Lysaker, Norway
Tel.: +47 22 31 50 50
www.storebrand.no

Call center:
+47 08880

OTHER GROUP COMPANIES:

SPP Livförsäkring AB
Vasagatan 10
S-105 39 Stockholm, Sweden
Tel.: +46 8 451 70 00
www.spp.se

Storebrand Livsforsikring AS,
- Swedish branch
Vasagatan 10
S-105 39 Stockholm, Sweden
Tel.: +46 8 700 22 00
www.storebrand.se

Storebrand Kapitalforvaltning AS
- Swedish branch
Vasagatan 10
S-105 39 Stockholm, Sweden
Tel.: +46 8 614 24 00
www.storebrand.se

Storebrand Helseforsikring AS
Professor Kohts vei 9
P.O. Box 464
N-1327 Lysaker, Norway
Tel.: +47 22 31 13 30
www.storebrandhelse.no

DKV Hälsa
Vasagatan 10
S-105 39 Stockholm, Sweden
Tel.: +46 8 619 62 00
www.dkvhalsa.se

Financial calender 2013

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

Investor Relations contacts

TROND FINN ERIKSEN	Head of IR	trond.finn.eriksen@storebrand.no	+47 9916 4135
SIGBJØRN BIRKELAND	Finance Director	sigbjorn.birkeland@storebrand.no	+47 9348 0893
LARS LØDDESØL	CFO	lars.loddesol@storebrand.no	+47 2231 5624

storebrand

Storebrand ASA
Professor Kohtsvei 9, P.O. Box 500, N-1327 Lysaker, Norway
Telephone: +47 22 31 50 50, www.storebrand.com/ir