Annual report 2010

Storebrand Livsforsikring AS

storebrand

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Report of the Board of Directors

MAIN FEATURES

Storebrand Livsforsikring primarily operates in Norway and its head office is in Lysaker Park in the Municipality of Bærum. The company's primary focus areas are pensions and life insurance for retail customers, corporations and local authorities.

Storebrand's vision is to be the leading and most respected Nordic partner in long-term savings and insurance. For Storebrand Livsforsikring this means that the company aims to be Norway's most respected, customeroriented life insurance company. Such a position can only be attained and maintained by providing the best quality advice, customer service, and product range in the market. Storebrand Livsforsikring has an advantage in Norway in that the Storebrand Group is the only major player in the market with long-term savings and life insurance as its primary business areas.

The general conditions for Storebrand Livsforsikring's business areas have changed in a number of areas in recent years, including through the introduction of new business rules for life insurance in 2008. Future changes to the general conditions that will be of significant importance for the company include the Pensions Reform, which will be implemented in 2011, and Solvency II, which will be implemented in Norwegian law from 2013.

Storebrand's adaptation to these changes includes products changes, portfolio changes, customer dialogue, changed risk management and systems modification.

Norwegian pensions reform

In 2001, the Norwegian government set up the pensions commission to prevent state pension expenses growing uncontrollably. Now, ten years later, the changes have entered into force throughout the entire pension system. The changes' common denominator is that total pension payments are directly linked to how long individuals stay in work. This principle has also been applied to private occupational pension schemes. Therefore, Storebrand made the necessary adjustments such that our customers and their employees were ready to meet the reform.

The proposed amendments to the act relating to company pensions, defined contribution pensions, mandatory occupational pensions and individual pension schemes were submitted by the Ministry of Finance on 22 October 2010. The proposal was thereafter considered and adopted by the Norwegian Parliament in the middle of December 2010. New regulations apply from 1 January 2011 and contain the necessary adjustments for the new National Insurance Scheme and flexible withdrawal of pensions from 62 years old.

The Banking Law Commission will in 2011 and 2012 continue to work on adapting products to the other two main pillars of the new National Insurance Scheme: Every year's earnings and life expectancy adjustments. This work will complete the adaptation of private occupational pensions to the pensions reform. They can be expected to come into force in a couple of years. The topics discussed include: New and adapted products tailored to the new National Insurance Scheme, life expectancy adjustments and maximum saving limits for defined contribution pensions.

The pensions reform project delivered solutions in 2010 pursuant to the goals and plans for the year, as well as the statutory requirements as per 1 January 2011.

Storebrand 's products, system solutions and settlement processes have been renewed due to the pensions reform. The pensions calculator, which is available externally on the websites *Mitt kundeforhold* and *Bedriftsportalen*, was launched in January 2011 and enables customers to simulate a variety of pension and flexible withdrawal scenarios. The adjustments to processes the pensions reform and new system solutions bring with them are well embedded in all the affected areas in the Group.

All of the aforementioned groups have undergone training in the final regulations and implemented solutions.

The Storebrand-Group is well-equipped to receive and advise customers who contact us about the pensions reform in general or about withdrawals in particular.

Solvency II

Solvency II is the term of a common set of European regulatory requirements for the insurance industry. The framework directive was adopted by the European Parliament in 2009. The work on supplementary provisions and adaptation to Norwegian legislation is underway and much is expected to be clarified during 2011. The Storebrand-Group is actively working with the authorities in Norway, Sweden, and the EU to ensure the most appropriate formulation of the final regulations. The plan is for the Solvency II regulations to become law on 1 January 2013.

The Solvency II regulations are based on three pillars. Pillar 1 stipulates rules for capital adequacy, pillar 2 regulates the supervisory process and stipulates requirements for business management, and pillar 3 defines what should be reported to the supervisory authorities and the market.

Solvency II is based on the principle that all assets and liabilities must be stated at fair value (market value). This entails a significant change in the valuation of insurance liabilities in relation to current solvency regulations and financial accounts, especially for Norwegian life insurance. The size of the capital requirement will be determined by the amount of risk to which the company is exposed. Market risk (financial markets), insurance risk, counter-party risk and operational risk must all be taken into account. Solvency II will therefore impose strict requirements concerning good risk measurement and management.

It will be possible to apply to the supervisory authorities to use a so-called "internal model", which can fully or partly replace calculations using the standard model. The Storebrand-Group has initiated a project aimed at satisfying the comprehensive requirements for gaining approval to use an internal model for selected risks. The supervisory authorities will initiate a so-called investigation process during the first quarter of 2011. Participation in the investigation process can result in faster consideration of the final application for internal models when Solvency II comes into force.

The Group has put a lot of work into a project responsible for ensuring the proper implementation of Solvency II throughout the Group. The project has analysed the consequences the regulations are expected to have and will follow these up as new sections of the regulations are clarified. Important work in 2011 will be to continue preparing the Group for the new capital adequacy calculation and ensuring that the requirements concerning risk management and control are addressed.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Storebrand Livsforsikring AS owns 100 per cent of Storebrand Holding AB, which in turn owns 100 per cent of the SPP Group and SPP Fonder AB. SPP is a leading Swedish provider of life insurance and occupational pensions.

SPP offers unit linked products, traditional insurance, and defined benefits pension products, as well as consultancy services covering occupational pensions and insurance and administration solutions for local authorities and other organisations. Together Storebrand and SPP want to create the leading life insurance and pensions provider in the Nordic region. SPP's head office is in Stockholm.

Storebrand Livsforsikring AS owns 9 per cent directly and 81 per cent though SPP of BenCo Insurance Holding, which in turn owns Nordben Life and Pension Insurance Company Ltd. on Guernsey and Euroben Life and Pension Ltd with headquarter in Dublin. The companies offer pension products to multinational companies.

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

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

Storebrand Finansiell Rådgivning AS was established as a wholly owned subsidiary in order to satisfy statutory changes within financial advice (MiFid Regulations) which came into force on 1 November 2007. The company is 100 per cent owned by Storebrand Livsforsikring AS.

Storebrand Eiendom Holding AS is the holding company for real estate activities. The company is 100 per cent owned by Storebrand Livsforsikring AS.

Storebrand Eiendom AS manages properties for Storebrand and SPP, nationally and internationally. The company is 100 per cent owned by Storebrand Livsforsikring AS. A new subsidiary was established in 2010, Storebrand Realinvesteringer AS, which is 100 per cent owned by Storebrand Livsforsikring AS. The company will manage investments in real investments.

Storebrand Livsforsikring AS owns 58 per cent of Foran Real Estate in Latvia, as well as 31 per cent through SPP Livförsäkring AB. The company invests in forests in Latvia.

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

SALES

Storebrand has been very successful within occupational pensions in recent years and has seen a net inflow in the last 6 months worth around NOK 12 billion. The market was characterised by a market transition from defined benefit pensions to defined contribution pensions. Storebrand is a market leader with a market share of 30 per cent measured in gross premiums written for defined contribution pensions and 43 per cent for defined benefit pensions (preliminary FNO statistics as per 4Q 2010).

The occupational pensions market is characterised by heavy competition and changes associated with the Norwegian pensions reform. Storebrand has prioritised laying the ground work for good information provision with regard to the changes that will take effect in 2011 and we continue to work on solutions that are expected to be put in place from 2013.

The vast majority of our customers in the public sector, which has seen strong price competition in recent years, have chosen to continue their customer relationships in Storebrand, but three of our existing local authorities have chosen to move from Storebrand. However, Storebrand is working on strengthening its position within the public sector and we see a number of exciting opportunities for growth in the future.

Storebrand has experienced somewhat lower new sales in the retail market in recent years. However, we are succeeding well with sales to employees of our corporate customers and are actively working on refining the concepts within this area as an important part of our overall strategy in the retail market.

FINANCIAL PERFORMANCE

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed Storebrand ASA. For information about the Storebrand Group's result please refer to the Storebrand Group's annual report for 2010.

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

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

Result Life and Pensions

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

The development of the results in Life and Pensions in Norway and Sweden is described below.

Life and Pensions – Norway

- Customers received NOK 7.1 billion, NOK 1.5 billion in excess of the interest guarantee
- Good returns produced a satisfactory financial result for the owner and increased customer buffer by NOK 2.7 billion
- Continued cost reductions and income growth improved the administration result
- Solid Statement of financial position and solvency margin of 164 per cent and total solvency capital at 42.7 billion at Storebrand Livsforsikring Group
- Positive net transfer balance of NOK 1.9 billion

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

Financial performance

Main features

The result allocated to owners in Life and Pensions Norway amounted to NOK 877 million (NOK 759 million) for 2010. This is an increase compared to the year before and was driven by a good booked return, improved administration results and volume growth.The result allocated to customers amounted to NOK 1.5 billion, NOK 0.6 billion of which was profit for insurance customers in excess of the guaranteed return and NOK 0.9 billion was allocated as additional statutory reserves.

The financial markets have developed positively, especially towards the end of the year. The market return in the group portfolio amounted to 6.1 per cent for the year. Unrealised gains were built up in 2010. The market value adjustment reserve amounted to NOK 2 billion at year-end 2010.

The booked return achieved in the individual portfolio was sufficient to cover the build up of reserves for long life amounting to NOK 423 million.
The transfer balance was positive and amounted to NOK 1.9 billion in 2010.
The administration result improved due to reductions in costs. The new generation of products without guarantees (defined contribution pensions and unit linked) also contributed positive results totalling NOK 139 million (minus NOK 37 million) in 2010.

Result Life and Pensions*

NOK million	2010	2009
Life and Pensions Norway	877	759
Life and Pensions Sweden	464	487
Profit life group before amortisation cost	1 341	1 246
Amortisation	-348	-340
Profit before tax	**993**	**906**
Tax	411	30
Profit/loss	**1 405**	**936**

** Encompasses Storebrand Livsforsikring Group excluding Storebrand Eiendom AS and SPP Fonder AB.*

Result Life and Pensions Norway

NOK million	2010	2009
Administration result	19	-169
Risk result	212	229
Financial result**	119	201
Profit from risk and interest rate guarantee	557	478
Other	-30	20
Profit before tax	**877**	**759**

*** Investment result and profit sharing.*

Investment return group portfolio Life and Pensions Norway

	2010		2009	
Portfolio in per cent	Market return	Booked return	Market return	Booked return
Total	6.1	4.9	4.6	4.6
Total Group (DB)	6.4	4.9	4.8	4.8
Paid-up policies	6.0	4.9	4.5	4.6
Individual	6.0	6.0	4.3	4.0

Administration result

The administration result was NOK 19 million (minus NOK 169 million) for 2010.
A number of cost efficiency measures were implemented in the last year involving staffing reductions, offshoring, and lower purchasing costs. The underlying growth in income within defined contribution pensions and unit linked is good.

Risk result

The risk result amounted to NOK 212 million (NOK 229 million) for 2010. The result was affected by an increase in reserves in line with new methodology for incurred but not reported claims (IBNR) and reported but not settled claims (RBNS). The risk results for disability and longevity were improved compared with the same period last year.

NOK 76 million was set aside in the risk equalisation fund for group pensions in 2010. The risk equalisation fund for group pensions amounted to NOK 257 million at year-end 2010.

The risk equalisation fund for paid-up policies amounted to NOK 27 million at year-end 2010, a reduction of NOK 15 million for 2010.

The risk result for fund-based products and other risk products amounted to NOK 120 million (NOK 156 million) for 2010.

Financial result

The financial result amounted to NOK 119 million (NOK 201 million) for 2010.

The market return was good due to:

- the positive development of equity markets in the second half of the year after weak development in the first half of the year
- the spread contraction and fall in long interest rates in 2010, though there were significant fluctuations during the year
- the level of activity in the real estate market rose slightly in 2010 and the number of transactions has been climbing

Unrealised gains increased during the year by NOK 2.0 billion, which was also the balance at year-end 2010. Excess value on loans and receivables increased by NOK 0.6 billion due to falls in interest rates and amounted to NOK 0.7 billion at year-end 2010. The value of the real estate portfolio increased by NOK 182 million in excess of the current return during the year. The valuation of the real estate portfolio is supported by a broad range of external valuations.

Booked return was above the interest guarantee in all portfolios and hence produced surplus allocated to additional statutory reserves and the customers premium fund. The average annual interest guarantee in the various customer portfolios is between 3.3 per cent and 3.7 per cent.

The financial result for risk products amounted to NOK 93 million for 2010.

Profit sharing

The contribution from products with profit sharing was a net NOK 64 million (90 million) divided by NOK 60 million (minus 21 million) from individual endowment insurance and individual pensions and NOK 4 million (123 million) from paid-up policies.

There is a need to build up reserves for individual pension insurance and paid-up policies due to assumptions concerning lower mortality in the future. NOK 423 million was allocated to build up reserves in 2010. At year-end 2010, the amount by which the reserves still need to be built up was calculated at around NOK 520 million: around NOK 430 million for individual pension insurance and around NOK 90 million for paid-up policies. The plan is to complete the build up of the reserves by the end of 2012. This build up of reserves can be covered by positive booked return results and if the booked return for the individual portfolio is higher than 5.8 per cent this could result in profit sharing for the owner.

Company portfolio

The company portfolio's result amounted to minus NOK 55 million (NOK 92 million) for 2010. The company portfolio saw a gross return of 3.1 per cent for 2010. Money market portfolio represents about 75 per cent of the investment portfolio. Storebrand Livsforsikring's loan interest costs will amount to around NOK 130 million per quarter for the next 12 months. Total interest-bearing liabilities amounted to NOK 6.6 billion at year-end 2010.

Price of interest guarantee and profit on risk

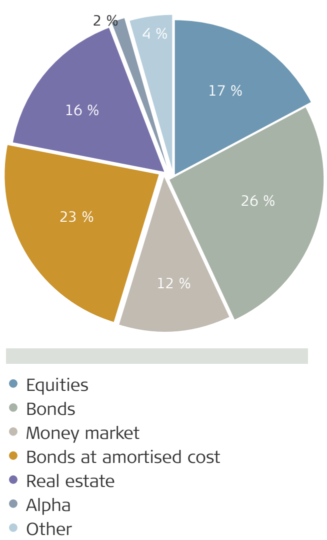
A total of NOK 557 million was recognised as income in 2010 compared to NOK 478 million in 2009 from upfront pricing of the interest guarantee and profit from risk for group defined benefit. The increase was due to volume growth and implemented price changes.

Other result

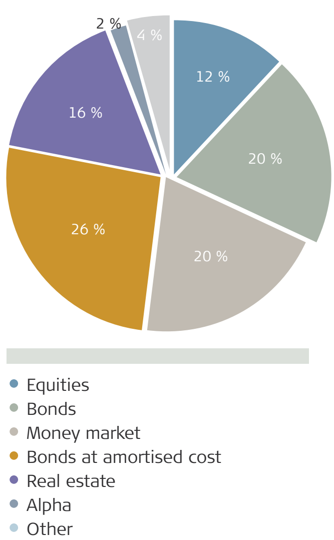
The other result was minus NOK 30 million (NOK 20 million) for 2010 and primarily consists of the result from subsidiaries and changes in administration and security reserves.

Assets profile

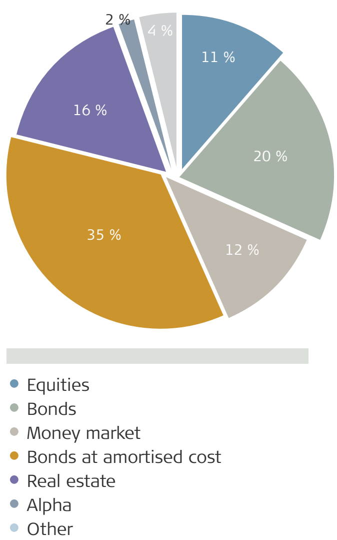
Group defined benefit



Individual



Paid-up policies



Balance sheet
The diagrams on previous page/below show the risk-adjusted allocations (including derivatives). The proportion of equities in portfolios with a guarantee increased during 2010. Changes in equity allocations corresponded to changes in short-term bond and money market allocations.

- The Aggressive profile had a 25 per cent proportion of equities at the close of 2010 compared to 20 per cent at the close of 2009.
- The Standard profile had an 18 per cent proportion of equities at the close of 2010 compared to 12 per cent at the close of 2009.
- The Careful profile had a 9 per cent proportion of equities at the close of 2010 compared to 8 per cent at the close of 2009.
- Paid-up Policy profiles had on average an 11 per cent proportion of equities at the close of 2010 compared to 9 per cent at the close of 2009.
- The Individual profile had a 12 per cent proportion of equities at the close of 2010 unchanged from the close of 2009.

Only minor changes in allocations were made to the company portfolio.

Total assets under management increased by around NOK 15 billion and amounted to NOK 200 billion at year-end 2010. Customer assets grew due to a net inflow of customer assets and positive returns in the period.

Market
Total premium income fell by 3 per cent compared with the same period in 2009. There was good growth in premiums from defined contribution pensions for corporate, while premium income from group defined benefit pensions is gradually falling due to the transition to defined contribution pensions. New subscriptions are no longer being sold for pension accounts and life accounts, which also decreased premium income from traditional individual pensions compared to the year before.

Sales
The booked net inflow to Storebrand was NOK 1 857 million compared with NOK 82 million in 2009.

Net sales of guarantee accounts in the retail market amounted to NOK 1.5 billion in total for 2010 compared with NOK 1.7 billion for 2009, while sales of other retail unit linked contracts were low.

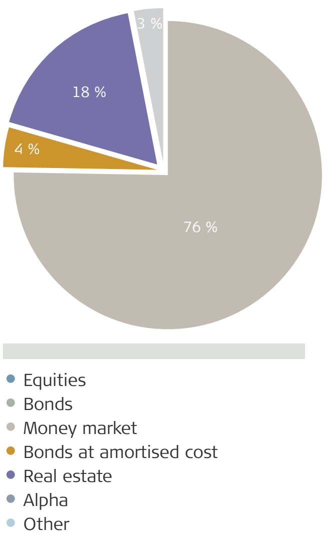
New subscriptions
Total new premiums (APE) amounted to NOK 1,476 million compared with NOK 1,209 million for 2009. The increase was primarily due to collective defined benefit pensions. The company won a number of large tender competitions towards year-end 2009, and reserves for these have been transferred which resulted in increased APE in 2010.

New premiums (APE) in the period:
- Guaranteed products: NOK 778 million for 2010 compared with NOK 402 million for 2009.
- Unit linked insurance: NOK 500 million for 2010 compared with NOK 486 million for 2009.
- Risk products: NOK 199 million for 2010 compared with NOK 173 million for 2009.

Return for defined contribution pensions
The investment portfolios for defined contribution pensions achieved good returns in 2010. After falling in 2Q, the equity markets rebounded strongly in 3Q and especially in 4Q. The year's returns for the recommended investment choices for defined contribution pensions were higher than the benchmarks for all profiles.

- 6.7 per cent for 2010 compared with 10.6 per cent for 2009 for Careful pensions

Company portfolio



Premium income Life and Pensions Norway*

NOK million	2010	2009
Group pension	8 154	8 286
Paid-up policies	98	101
Group pension defined contribution	3 409	3 068
Individual endowment and pension	761	1 506
Individual Unit linked	1 993	2 073
Risk products without profit sharing	1 103	1 040
Total	**15 518**	**16 073**

**Exclusive transfer of premium reserves.*

Result Life and Pensions Sweden**

NOK million	2010	2009
Administration result	84	-101
Risk result	311	253
Financial result	31	260
Other	38	74
Profit before amortisation cost	**464**	**487**
Amortisation	-348	-340
Profit before tax	**116**	**146**

*** Nordben was included in the result from and including June 2009.*

- 10.3 per cent for 2010 compared with 20.6 per cent for 2009 for Balanced pensions
- 13.4 per cent for 2010 compared with 30.2 per cent for 2009 for Aggressive pensions

Life and Pensions – Sweden

- Administration result according to plan
- Increasing sales pace
- Buffer capital of NOK 11.5 billion in portfolios whit guarantee

Investment return Life and Pensions Sweden

Portfolio in per cent	2010	2009
Defined Benefit (DB)	6.0	4.1
Defined Contribution (DC)		
P250*	7.0	9.6
P300*	5.3	4.8
P520*	3.4	2.9
AP (Retirement Pension)	0.1	1.3

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

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

Financial performance

Life and Pensions Sweden achieved a profit before the amortisation of intangible assets of NOK 464 million compared to NOK 487 million for 2009.

Administration result

The administration result in SPP was NOK 84 million compared to minus NOK 101 million for 2009. The improvement is principally due to the effects of the streamlining and restructuring programme implemented in 2009. This resulted in substantially lower costs in 2010. At the same time administration income increased due to an increase in assets under management. In addition to this a larger proportion of the business comes from unit linked insurance, which is more profitable than traditional products.

Risk result

The risk result amounted to NOK 311 million for 2010 compared to NOK 253 million for 2009. The increase was in large part due to a strong disability result. A substantial fall in new people on sick leave in recent years is the biggest single reason for the increased risk result. The long life result, thanks to increased life expectancy, and the mortality result were also positive.

Financial result

The financial result amounted to NOK 31 million for 2010 compared to NOK 260 million for 2009. The year was characterised by strong returns in the equity markets at the beginning and end of the year, while the spring saw unstable markets and instability in the European interest rate markets. In total this resulted in the financial result ending the year weakly positive.

Profit sharing

The good total return on assets in the investment portfolios resulted in profit sharing totalling NOK 174 million in 2010 compared to NOK 160 million in 2009. A strong return on equities and alternative investments resulted in profit sharing in two of the three guaranteed defined contribution pension portfolios. The consolidation for the defined benefit pension portfolio did not exceed 107 per cent in 3Q, which is the condition for adjusting it upwards by the consumer price index and an expense for SPP.

The total recovery of capital reserved against equity to cover undercapitalised pension contracts, so-called deferred capital contribution, amounted to NOK 100 million.

SPP also has a hedging portfolio to protect equity against powerful market fluctuations. The hedging portfolio was increased in the second and third quarter to protect the company against further falls in the equity markets. Since the equity markets improved in the autumn the exposure in the hedging portfolio has been reduced. The hedging portfolio ended up at minus NOK 262 million.

Other result

The other result amounted to NOK 38 million compared to NOK 74 million in 2009. The result primarily reflects the return on the equity portfolio. The fall was primarily due to lower market interest rates. The majority of the portfolio is placed in short-term interest-bearing securities.

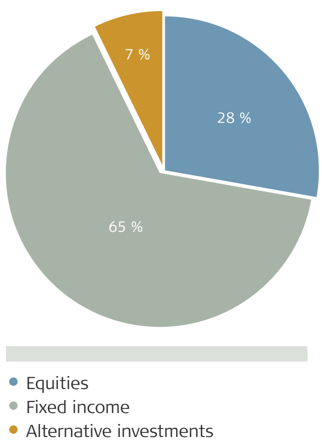
Balance sheet

SPP adjusts its exposure to equities in line with developments in the market via so-called dynamic risk management. SPP has divided customer assets into four portfolios according to guarantee level. The exposure to equities in the customer portfolios increased slightly in three of these during the year, while the portfolio with the highest guarantee level slightly reduced its equity exposure.

The buffer capital for overcapitalised pension contracts amounted to NOK 11.5 billion due to the return on the asset side increasing more than the change in technical insurance reserves on the liabilities side in pension portfolios with

Asset profile customer portfolios with a guaranteed return

Defined benefit (DB)



guarantees. This represents an increase of 24 per cent in 2010.

Climbing market interest rates resulted in the SPP Group's solvency margin rising strongly towards the end of the year and at year-end 2010 it was 199 per cent.

Total assets amounted to NOK 122 billion at year-end 2010, which is equivalent to an increase of NOK 10 billion since 2009. The increase was due to good premium growth within unit linked insurance and good returns in the customer portfolios. The SEK has strengthened markedly against the NOK since 2009, which had a positive effect on the capital under management measured in NOK.

Market

Premium income Life and Pensions Sweden**

NOK million	**2010**	**2009**
Guaranteed products	3 030	3 524
Unit Linked	3 388	3 016
BenCo	759	857
Total	**7 177**	**7 397**

*** Exclusive transfer of premium reserves.*

Sales shifted to some extent from guaranteed products to unit linked insurance in 2010. Premiums for guaranteed products fell by 14 per cent, while unit linked insurance increased by 12 per cent. In autumn 2010, a new payment solution was introduced in unit linked insurance. The result of this is that contracts that were previously transferred to guaranteed products during payment will now be kept within the unit linked insurance product in the future.

Reconciliation tables in the report of the Board of Directors towards profit and loss account

NOK million	**2010**	**2009**
Profit and Loss Life and Pensions	**993**	**905**
Change in administration reserve p&c insurance	-1	3
Change in security reserves p&c insurance	-11	-18
Profit and loss Storebrand Eiendom AS (real estate management)	53	45
Profilt and loss SPP Fonder AB (asset management)	32	17
Profit and loss Storebrand Livsforsikring Group before tax	**1 067**	**952**

New subscriptions

Total new contracts increased by 11 per cent from NOK 919 million to NOK 1,021 million. The increase was primarily due to positive growth within unit linked insurance. Unit linked insurance accounted for 67 per cent of total new contracts. The sales organisation was strengthened in the autumn with more sales staff and greater efficiency. This is expected to have a positive effect on sales.

New premiums (APE) in the period:

- Guaranteed products: NOK 291 million for 2010 compared with NOK 348 million for 2009.
- Unit linked insurance: NOK 683 million for 2010 compared with NOK 504 million for 2009.
- BenCo: NOK 47 million for 2010 compared with NOK 66 million for 2009.

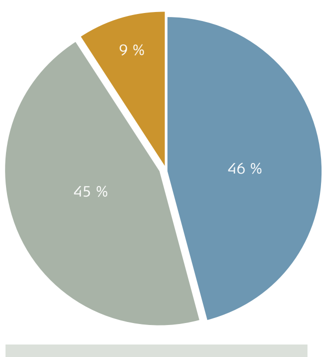
Reconciliation tables towards profit and loss account

The above table shows reconciliation between the profit and loss tables above showing the business area Life and Pensions according to IFRS, and profit and loss to local Annual Accounts Regulations for Insurance Companies (NGAAP). The official financial statements for Storebrand Livsforsikring Group are prepared in accordance with "Regulations on the annual accounts etc. of insurance companies".

RISK AND CAPITAL SITUATION

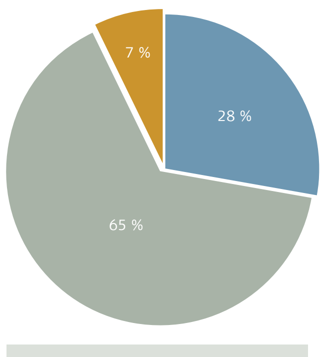
The Storebrand-Group's income depends on external factors with which some uncertainty is associated. The most important of these is the development of the capital markets and changes in life expectancy in the Norwegian and Swedish populations. Certain internal operational factors can result in losses, e.g. poor quality management of the customers' assets.

Defined contribution (DC) P250



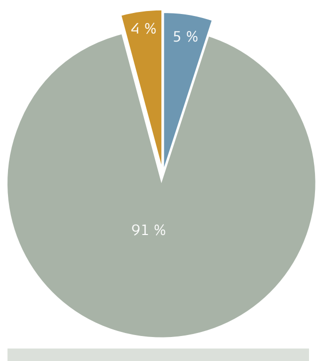
- Equities
- Fixed income
- Alternative investments

Defined contribution (DC) P300



- Equities
- Fixed income
- Alternative investments

Defined contribution (DC) P520



- Equities
- Fixed income
- Alternative investments

The continuous monitoring and active management of risk is a core area of the Group's activities. Managing operational risk forms an integral part of management responsibility. The executive management team annually assesses risk which results in a risk summary and improvement measures. The risk assessment is presented to and considered by the Board.

Dynamic risk management
Storebrand Livsforsikring and SPP utilise dynamic risk management. These methods are intended to ensure the companies maintain good risk-bearing capacity by continuously adapting asset allocations and the financial risk to the company's solvency and risk capital. This moderates the effect of market downturns and at the same time leaves customers and owners in a position to participate in market upturns. Daily calculations using a specific modelling tool provides, on the basis of market and portfolio developments in the last 24 hour period, a basis for making decisions about possible asset adjustments pursuant to predefined limits. By practising this type of risk management, the company expects to create good returns every year and over time.

Life and Pensions Norway
A significant proportion of the savings products in Storebrand Livsforsikring AS include a guaranteed minimum annual return. Today these savings products have an average annual guaranteed return of just over 3.5 per cent. The average guaranteed interest rate is expected to fall in future years. From 2012 all new earnings will be subject to annual guarantee of 2.5 per cent. The life insurance company's financial risk principally relates to its ability to meet the guaranteed return, which for the majority of the products applies for one year at a time. This places particular demands on how the capital is invested and how the risk is managed.

Both the Norwegian and international equity markets made positive return contributions in 2010. Market interest rates fell quite a lot in both Norway and internationally in the first half of the year, but rallied strongly after the summer. Long interest rates in Norway were at around the same level at year-end 2010 as they were at the start of the year. Assets invested in credit bonds and real estate produced returns in line with expectations. Relatively high interest rate levels are preferable for the Norwegian life companies since this means guaranteed returns can be achieved more easily. The company has invested a proportion of the financial assets in bonds in the loans and receivables category. These bonds are not recognised at current market value, but will provide a steady current booked return substantially above the guaranteed interest rate from coupon payments. Loans and receivables help to reduce sensitivity to interest rate changes.

Storebrand Livsforsikring AS continued its solvency based risk management in 2010 and has, due to the positive development of the market, been able to increase the proportion of equities in the customers' investment portfolios. Overall the market movements in 2010 helped the company to strengthen its risk bearing capacity further.

The greatest risk factors for Storebrand Livsforsikring AS are financial risk, especially from equities, real estate, interest rates and credit bonds, and insurance risk, in which increased life expectancy and a higher frequency of disability are the greatest risk factors. The company's insurance contracts are by nature long-term commitments, and there are thus risks associated with the assumptions made about future life expectancy and disability. The tariffs used are reported to the authorities and build on statistical historical material. The company has also established strategies for how future needs to strengthen reserves should be met and how the owners' risk from portfolio changes should be reduced to the lowest possible level. The composition of financial assets and thus the company's financial risk is set by Storebrand Livsforsikring AS' investment strategy. This strategy, which is approved by the Board each year and revised every six months, defines limits for market risk, credit exposure, counterparty exposure, currency risk, using derivative instruments, and liquidity requirements, as well as limits for the company's risk management. Dynamic risk management is an important tool in the company's risk management. The objectives are to maintain good risk bearing capacity and continuously adjust the financial risk to the company's financial strength.

Finanstilsynet requires insurance business to be stress tested pursuant to predefined templates in order to ensure that insurance companies have adequate capital to service their liabilities. The stress tests cover both the assets and liabilities sides of the balance sheet and are referred to as "Risk-based Supervision". The tests have been developed in line with the coming European regulations for life insurance, Solvency II. The tests are expected to be further refined to reflect the final version of the new solvency rules.

Operational risk refers to the risk of direct or indirect losses due to inadequate or failing internal processes or systems, human error or external events. Clear routines, clear descriptions of responsibilities and documented mandates have been put in place to try and reduce operational risk. Risks are monitored via the executive management team's quarterly risk reviews which document risks and measures, as

Solidity capital[1]

NOK million	2006	2007	2008	2009	2010
Equity capital	5 361	14 304	15 247	14 004	15 069
Subordinated loans	2 962	8 814	9 833	6 637	6 642
Risk equalisation reserve		197	153	225	287
Market value adjustment reserve	5 918	3 889		31	1 971
Additional statutory reserves	5 551	5 757	3 437	4 646	5 439
Conditional bonus		13 699	7 499	8 689	11 503
Reserves on bonds held at amortised cost	1 097	40	-313	140	732
Profit carried forward	4 175	1 340		952	1 067
Total	**25 063**	**48 041**	**35 856**	**35 324**	**42 710**

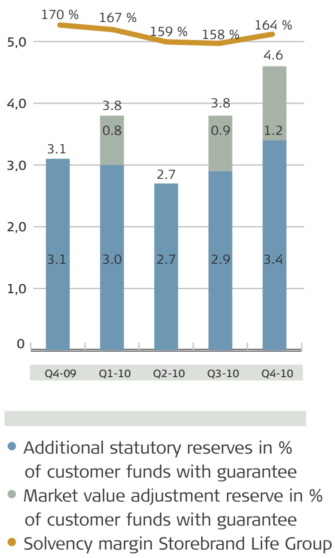
well as the line management's continuous reporting, registration and follow-up of events. In addition to this comes the internal audit function's independent control via Board approved audit projects. The greatest operational risks are associated with regulatory changes, major IT projects and the accompanying risk of operational and business-related consequences for Storebrand Livsforsikring AS.

Solidity capital[1] increased by NOK 7.4 billion due to positive result development and increased customer buffers and amounted to NOK 42.7 billion at year-end 2010. Additional statutory reserves amounted to NOK 5.4 billion at year-end 2010, an increase of NOK 0.8 billion due to the allocation of the year's profit. The market value adjustment reserve increased by NOK 2.0 billion and amounted to NOK 2.0 billion at year-end 2010. The excess value of bonds at amortised cost increased by NOK 592 million and amounted to NOK 732 million at year-end 2010.

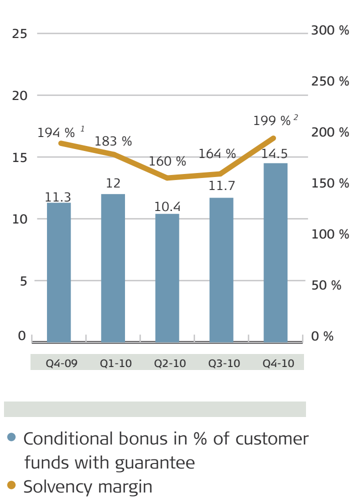
Storebrand Livsforsikring Group's capital adequacy was 13.6 per cent at year-end 2010. Capital adequacy fell by around 1 percentage point in 2010 due to balance sheet growth and an increased proportion of equities. Storebrand Life Insurance Group achieved a solvency margin of 164 per cent, a reduction of 5 percentage points. The fall was due to the growth in customer assets, which increases the solvency requirement and allocated group contribution to Storebrand ASA of NOK 850 million. The solvency margin capital increased due to the build up of additional statutory reserves.

Life and Pensions Sweden
SPP is exposed to the same type of risks as the Norwegian part of the Storebrand Livsforsikring Group. Nonetheless, differences in product design, general conditions and asset allocation mean that the contributions from the various types of risk differ somewhat. SPP has insurance products with interest guarantees on paid premiums and unit-linked insurance in which the customers bear the financial risk. SPP's benefits-based products include adjustments for inflation and thus parts of the portfolio are exposed to inflation risk. Because the Swedish framework for life insurance has largely been tailored to the European Solvency II code of regulations, where the level of interest rates affects the magnitude of the insurance obligation, SPP's financial risk associated with movements in interest rates is different. This affects the assets on the statement of financial position as well as their risk management. The assets' interest rate sensitivity is continuously adjusted to the insurance liabilities. Interest rates rose significantly in the four last months of the year after falling relatively heavily during the first eight months of 2010. Together with a positive equity market this helped SPP strengthen its risk bearing capacity throughout the year.

Solidity Life and Pensions Norway



Solidity Life and Pensions Sweden



1 After pro-forma group contribution
2 Before group contribution

A net deferred capital contribution can also arise for some customers in SPP if the accumulated return on assets is lower than the size of the insurance liabilities. The company makes provisions in the financial statements to meet this and continuously monitors risk using tools such as Value at Risk measurements. A net deferred capital contribution can be reversed by a good return on a portfolio and/or increased market interest rates. SPP's risk management and investment strategy are designed and optimised for these regulations. The company's investment strategy sets limits for allocations to risky assets with the relevant continuous risk management. The risk management involves making adjustments to asset allocations in both the customer portfolio and the company portfolio. This can be done by changing allocations to risky assets or through the use of derivatives. Liquidity risk is managed by parts of the company's financial investments being invested in listed securities with good liquidity.

The Swedish Financial Supervisory Authority, Finansinspektionen, applies a stress testing method for financial companies based on predefined templates. The stress tests cover both the asset and liability sides of the balance sheet and are known as "traffic light reporting". They have been developed in line with the coming European regulations for life insurance, Solvency II.

Capital situation
Storebrand pays particular attention to the active management of equity and loans in the group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the group's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating

companies' requirements. The group's goal is to achieve a solvency margin in life and pensions of more than 150 per cent over time. In addition, Storebrand Livsforsikring AS' goal is to attain an A level rating. At the year-end, Storebrand Livsforsikring AS had A3 and A- ratings from Moody's and Standard & Poor's respectively.

Regulatory matters

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

CORPORATE RESPONSIBILITY

The Storebrand-Groups' corporate responsibility goals are intended to create business opportunities that simultaneously involve an improvement in social problems. The Group's ambition is to be a corporate responsibility leader in the Nordic region and a world leader within sustainable investments. Storebrand has worked systematically for 15 years to achieve the position the Group holds today. The work is anchored in the Group's vision, core values and corporate principles, and measures intended to achieve the goals one finds in the scorecards and actions plans for all administration and business units.

Today's results are not enough to ensure the Group will be a leader tomorrow. Therefore, our high level of ambition is followed up with comprehensive action plans containing concrete goals. The results for 2010 were audited by an independent third party and are provided on www.storebrand.no/samfunnsansvar. To achieve our goals we have to successfully integrate corporate responsibility into core processes such as product development, sales and employee monitoring.

The most important focus area in the Group's corporate responsibility work in 2010 was integrating corporate responsibility into our core activities. This entails increasing our employees' ownership of the work and analysing areas where the Group can combine profitability with helping to resolve some of the challenges society faces. Some examples are highlighted below, while you can read about others on www.storebrand.no/samfunnsansvar.

Ethics and trust

Trust is the lifeblood of Storebrand. We do not sell a physical product; instead we sell a promise to be there when we are needed, whether that is tomorrow or in ten or forty years. This is why we expect the Group's employees to abide by high ethical standards. All employees are measured by results, conduct and attitude. One of the Group's core values is *Reliable* and one of its corporate principles is *We take corporate responsibility*. These provide a basis for the Group's code of ethics and our continuous work to ensure employees make wise, conscious choices every day.

In 2010, the Group focused on making the revised code of ethics known throughout the organisation. 93 per cent of employees have undergone the e-learning course in ethics, and the course has received good feedback. After the course all departments underwent dilemma training in which they discussed relevant scenarios and dilemmas. In addition to the employees, the Board of Storebrand ASA and the boards of the wholly owned subsidiaries in the Group were presented with the revised code of ethics and plan for the internal work on ethics.

In order to ensure the ethics work has the desired effects, a special ethics indicator was produced consisting of four components:

1. The proportion of employees who have taken the e-learning course in ethics.
2. Score in the employee satisfaction survey that shows the ethical awareness of employees.
3. The proportion of managers who have reported their code of ethics compliance status.
4. The proportion of managers who have carried out dilemma training in their department.

The results from the ethics indicator were incorporated into the scorecards of the CEO, executive vice presidents and Group, and were reported to the Board every quarter.

Demographic trends

Some of the greatest social challenges we face in the Nordic region are linked to demographic trends. We are living longer, taking longer educations and working for shorter periods. Statistics also show that an increasing number of young people in Norway are for various reasons not participating in the labour market and receiving disability pensions.

As the Nordic region's largest life insurance company with long experience and a high level of competence in life and health, we are involved in developing healthy and inclusive workplaces. These efforts allow us as a pensions provider to help ensure that employees' health improves, we have a greater presence, fewer become disabled and more employees can stay in work longer. This is profitable for all parties. Our corporate customers get motivated, healthy employees, the employees stay healthy, Storebrand achieves a better risk result, and society avoids the extra costs associated with illness and disability.

Environment

The Group systematically strives to reduce the impact of business operations on the environment through its own operations, investments, purchasing, and property management. The Group sets strict environmental requirements for suppliers and the companies it invests in, and this means it is important its own house is in order.

The Group systematically tried to capitalise on its investment in environmentally friendly solutions in the new head office at Lysaker in 2010, and the head office's energy consumption decreased compared to 2009. The Group has invested in electronic communication solutions to improve communication, and this has reduced the need for business travel. The company car scheme was also wound up and the Group acquired five electric cars that employees at the head office can use for external work meetings. These measures benefit society. The analyses also show the environmental measures are producing a positive present value for the company.

The Group can impact the environment via the properties we administer ourselves or which are administered by others. The Group is working on energy labelling its properties. At year-end 2010, 90 per cent of the properties Storebrand operates or administers were energy labelled. In January 2010, Storebrand's Swedish subsidiary, SPP, in partnership with KF Fastigheter, started a property company with ambitious environmental and climate goals.

Even though the Group actively works to reduce emissions, it is currently impossible to reduce CO_2 emissions to zero. To compensate for this, Storebrand purchases UN certified climate quotas, certified emissions reductions (CER), which cover its emissions from flights, energy consumption, and company cars. I 2008, the Group became Norway's first climate neutral financial actor.

International work
The Group qualified for the Dow Jones Sustainability Index, the leading global sustainability index, for the 12th time in a row. Only the top 10 per cent in the world within their industry qualify. The Storebrand Group is one of the few Norwegian companies that have managed this every year since the index was established in 1999.

Storebrand has been involved in various international groups working for more sustainable development in business through its corporate responsibility work. Storebrand is active in and supports the work of the World Business Council for Sustainable Development, the UNEP Finance Initiative and the UN's Global Compact. The Group has also contributed to the development of and is a signatory to the UN's principles for responsible investments (UNPRI). As an investor the Group is also signatories to the Carbon Disclosure Project and the Forest Footprint Disclosure Project.

HUMAN RESOURCES AND ORGANISATION

Storebrand Livsforsikring AS is a wholly owned subsidiary of Storebrand ASA. At year-end 2010, the life group had 1,656 employees compared to 1,696 at the start of the year. 1,034 employees work in Norway and 622 abroad. The average age in the Storebrand Group, excluding SPP and associated companies, is 42, and the average length of service is 10 years.

Equality opportunities and diversity
Systematic work in the area of diversity is important for attracting, retaining and developing qualified, motivated and adaptable employees. As a key actor in society the Storebrand-Group has a social responsibility to its employees and the market in which the Group operates. Storebrand is fully committed to increasing the number of women in senior positions. 43 per cent of the members of the Board of Storebrand Livsforsikring AS are women, as are 20 per cent of the Group's executive management team. At year-end 38 per cent of those with management responsibilities in the Group were women.

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

Diversity work forms part of the systematic job of including people from groups who are under-represented in the labour market, including people with disabilities and people with different ethnic backgrounds. A project was established in 2010 to further develop and boost the Group's diversity work in the next three years. Employees with immigrant backgrounds represented 5 per cent of employees in 2010. The Storebrand-Group's desire to lay the groundwork that enables applicants with impaired functional ability or immigrant backgrounds to gain employment and access to the workplace on a level playing field with other applicants has resulted in the applicable groups being able to choose whether they want to register these details or not.

In 2010, 38 employees over the retirement age of 65 were in work, compared to 35 in 2009. There are no employees over the age of 65 in SPP. In Norway, we hired 9 new people over the age of 45.

Sick leave
Health and satisfaction were high on the agenda in the Storebrand-Group in 2010. The sick leave rate in Storebrand Livsforsikring was 4.9 per cent for 2010, compared to 5.3 per cent in 2009 and 3.8 per cent in 2008. SPP had a sick leave rate of 2.4 per cent and Storebrand Baltic 2.3 per cent. The Group became an "inclusive workplace" (IA) company in 2002 and renewed its agreement in November 2010. The activities that form part of the follow-up of sick leave are defined in the Group's Personnel Handbook, which is available on the intranet. The follow-up is continuous and both managers and employees are responsible for it.

The Storebrand-Group has an actively used in-house health clinic with a comprehensive and interdisciplinary treatment concept. Head office employees can work out in their own gym during working hours and the sports club, which is administratively responsible for activities in the gym, has more than 900 members.

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

Skills and training

The company intensified its focus on skills training in 2010. Most managers and employees are now more aware of learning arenas and their own responsibilities vis-à-vis skills training. Special attention was paid to the fact that an important part of skills training takes place in the daily interactions between managers and employees and between employees.
A common e-learning platform has made the training on offer more visible and available than before. This has resulted in more people taking advantage of the varied training the company offers. In addition to this there is an increased focus on training throughout the organisation, both centrally and locally in the units.

The Group has developed training plans for different roles in Storebrand in which skills training in all arenas is combined. There is also a standardised course on offer that is readily available to all employees. This helps to raise awareness about skills training and learning.

The number of e-learning users and hours spent increased significantly in 2010. E-learning has become a recognised and respected teaching tool among managers and employees in the Group. It results in more efficient training, both in Norway and Sweden. Answers to the question about the employees' development plans in the satisfaction survey (MTI) show a positive trend and more than 16,000 hours were spent on courses/e-learning in 2010. This highlights the strength of the measures that have been implemented.

The authorisation scheme for financial advisers required major resources from HR skills training. It contributed to a big boost in skills both on the theoretical and the communications-related level. Storebrand used internal resources for this skills boost. Good training has produced very good results, especially on the theoretical side.

A course called "Service Heroes" has been developed and implemented. This is a course in both written and verbal communication for employees. The course has helped enhance skills among service staff in the life insurance company. A similar course will be offered to other employees in similar positions in the future.

The Storebrand-Group further developed the managerial programme in 2010, including preparing a handbook for all managers in Storebrand that defines a common managerial platform. Storebrand Leadership clarifies the requirements and expectations for managers in the Group. A common managerial platform provides an opportunity to create greater value across departments, areas and legal structures.

In 2011 more standardised processes for identifying, developing and implementing skills training that directly support the Storebrand Group's long-term strategy will be developed.

CORPORATE GOVERNANCE

The Group established its corporate governance principles in 1998. The Board of Directors reviews these principles every year. In December of 2004 a recommendation for a national standard for good corporate governance was presented. This was last revised on 21 October 2010. The Storebrand Group's corporate governance principles comply with this recommendation and the new requirements concerning the statement of company management in the annual report that came into force on 1 July 2010 (section 3-3b of the Accounting Act). Further information about Storebrand's corporate governance policies and procedures and company management pursuant to section 3-3b of the Accounting Act can be found in a separate article on the annual report to the Storebrand Group.

The Board carried out an evaluation of its work in 2010 in which the Storebrand's administration participated. In 2010, the Board held 10 meetings and one Board conference. The work of the Board is subject to a specific mandate. The Board has established advisory committees on remuneration and internal auditing.

Changes to the Board of Directors

Tove Storrødvann was appointed as a new board member, no one stepped down from the Board during 2010.

OUTLOOK

Life and Pensions Norway

Occupational pensions market

A large majority of employees in the private sector are now covered by defined contribution-based occupational pensions schemes.

The last few years have been characterised by a transition from defined benefits-based to defined contribution-based schemes. The most important goal for enterprises that undergo such a conversion is achieving more predictable costs.

However, when one looks at the amount of capital involved in schemes, the reserves associated with defined benefits schemes will remain dominant for the foreseeable future.

Paid-up policies

The paid-up policies market has grown strongly in recent years. The transition from defined benefit pensions to defined contribution pensions, introduction of mandatory occupational pensions, and the dynamic in the labour market are factors that will further strengthen this growth in coming years.

Therefore, Storebrand is focusing heavily on delivering good returns and reducing costs associated with paid-up policies. We are also very interested in ensuring good communication and follow-up in connection with the issuing and management of paid-up policies.

The management of paid-up policies is an area where there are substantial economies of scale and Storebrand has substantially reduced the costs associated with paid-up policies in recent years. We have long experience from administering and managing paid-up policies, and thanks to this have built up significant competence in this area. We have also focused heavily on streamlining and improving systems and routines for managing paid-up policies in the last few years. This means we are very well positioned to cope with strong growth in this market in coming years. This growth will have a direct impact through reduced costs per paid-up policy.

Competition in this market is increasing, and new market players have arrived. Storebrand will meet this competition aggressively based on its competitive products and long experience of managing pension assets, which reassure the customer.

Storebrand focuses on HSE
Storebrand wishes to encourage its customers in both the private and public sectors to place greater emphasis on health and safety in the working environment (HSE).

Focusing on HSE improves employees' health and quality of life. A stronger presence in the workplace will result in greater value creation and lower sick leave costs for organisations. Insurance premiums will also be reduced. HSE work is part of Storebrand's corporate responsibility. Lower sick leave, fewer new disability pensioners and a higher retirement age provide substantial savings for society. We help our customers create a healthy and inclusive working environment by providing advice on HSE. For public sector customers, Storebrand has established a HSE and senior policy fund. The fund makes contributions to various HSE measures that help organisations achieve their HSE goals. Storebrand also offers health insurance via its subsidiary Storebrand Health Insurance, which means employees do not have to wait on waiting lists to receive necessary treatment.

Life and Pensions Sweden
Sales of new business have increased considerably and most of the increase comes from brokered business which has increased fivefold since the merger with Storebrand in 2007. The focus on improving the range of unit linked insurance offered has had clear results and premium income from unit linked insurance has grown steadily and surpassed premium income from traditional pension savings.

A new strategic direction has been defined and developed. The strategy entails a much broader range of products for the retail market in which we will supplement our existing product portfolio with attractive long-term savings solutions. The strategy will be implemented in 2011. The work on strengthening our brand will continue.
A higher profile and a new communications concept have already resulted in significantly higher recognition. With a stronger brand that stands for security and long-term planning, we are well positioned to meet the market's demand for modern savings products.

SPP stands for freedom of choice. It is important customers are free to choose who will manage their pensions and that customers have a good understanding of the regulations relating to the transfer right and, not least, the entire pension solution. SPP will continue to work for greater freedom of choice with regard to pension solutions by actively seeking to increase competition between pension companies.

Storebrand Livsforsikring's branch in Sweden
Storebrand Livsforsikring opened a branch in Sweden in autumn 2005. The acquisition and integration of SPP has removed the premises for this venture, and in 2009 it was decided to collate all new sales in Sweden in SPP. Storebrand Life Sweden will no longer sign new contracts, but existing customer relationships will be continued. One important goal of this change is to make it easier for Swedish customers to deal with SPP and the Storebrand Group.

Streamlining
In recent years Storebrand has actively sought to increase efficiency in customer service and other service functions. The LEAN method was introduced in all areas to ensure continued improvements in work processes. The increased use of labour in Lithuania is reducing costs, and at the same time processes are being streamlined and made more efficient. Investments in systems support that facilitates self-service and the automation of work processes will be important in the future with regard to further streamlining.

In 2009, the advice systems for the corporate and retail markets were amalgamated. This streamlining in the new organisation continued throughout 2010.

GROWTH

Life and Pensions Norway
Storebrand Livsforsikring expects its balance sheet to grow by between 4 per cent and 8 per cent per year in the corporate market. An increasing number of companies are choosing to close their defined benefit schemes and the growth is taking place within defined contribution-based schemes. The introduction of the pensions reform in 2011 is increasing awareness around pensions and provides an opportunity to offer good solutions for private additional saving.

Life and Pensions Sweden
The year was generally characterised by change, and SPP implemented major changes during the year. The integration with Storebrand is now complete and the opportunities for synergy and knowledge sharing between the companies are now starting to become apparent in the activities. The full force of the staff's competence and commitment can now be focused on achieving the goal of becoming Sweden's leading and most respected pensions company.

SPP will maintain a strong focus on improving the range of funds and products it offers so the company can continue to live up to its ambition to be a proactive and innovative market leader.

APPLICATION OF THE YEAR'S RESULT

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

The following application of the profit of NOK 1,077 million is proposed:

Group contribution:	NOK 850 million
Other equity:	NOK 227 million

The company's undistributable equity amounts to NOK 3,075 million.

Lysaker, 15 February 2011
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Idar Kreutzer
Chairman of the Board

Andreas Enger
Tove Storrødvann
Else-Lill Grønli

Gorm Leiknes
Inger Johanne Bergstøl
Egil Thompson

Lars Aa. Løddesøl
Chief Executive Officer

Profit and loss account

1 January – 31 December

Storebrand Livsforsikring Group				Storebrand Livsforsikring AS	
2009	2010	*NOK million*	Note	2010	2009
		TECHNICAL ACCOUNT			
23 722	23 015	Gross premiums written		15 592	16 136
-253	-321	Reinsurance premiums ceded		-74	-63
2 754	5 582	Premium reserves transferred from other companies	14	5 358	2 683
26 223	**28 277**	**Premiums for own account**	**11,12**	**20 876**	**18 757**
	58	Income from investments in subsidiaries, associated companies and joint-controlled companies	26	1 366	16
		of which from investment in real estate companies		1 334	67
7 225	7 453	Interest income and dividends etc. from financial assets	15	4 893	4 421
1 125	1 144	Net operating income from property	16		
-953	2 949	Changes in investment value	15	1 835	1 012
2 910	2 312	Realised gains and losses on investments	16	1 596	1 378
10 308	**13 916**	**Total net income from investments in the collective portfolio**	**11**	**9 690**	**6 828**
		Income from investments in subsidiaries, associated companies and joint-controlled companies	26	98	1
		of which from investment in real estate companies		95	5
1 561	990	Interest income and dividends etc. from financial assets	15	340	508
86	82	Net operating income from property	16		
5 758	2 943	Changes in investment value	15	1 072	1 968
-225	466	Realised gains and losses on investments	16	526	-101
7 181	**4 481**	**Total net income from investments in the investment selection portfolio**	**11**	**2 035**	**2 375**
790	**935**	**Other insurance related income**	**11**	**162**	**98**
-14 917	-16 877	Gross claims paid		-11 145	-9 161
30	47	Claims paid - reinsurance		6	6
-136	-118	Gross change in claims reserve		-79	-144
-3 343	-4 575	Premium reserves etc. transferred to other companies	14	-3 522	-2 628
-18 366	**-21 524**	**Claims for own account**	**11**	**-14 742**	**-11 928**
-5 051	-6 852	To (from) premium reserve, gross		-6 934	-5 334
-1 232	-759	To/from additional statutory reserves		-759	-1 232
-31	-1 940	Change in value adjustment fund		-1 940	-31
-111	-97	Change in premium fund, deposit fund and the pension surplus fund		-97	-111
-56	-45	To/from technical reserves for non-life insurance business		-45	-56
-2 161	-2 427	Change in conditional bonus			
27	22	Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	14	22	27
-8 615	**-12 097**	**Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations**	**11,38**	**-9 753**	**-6 737**
-13 636	-9 618	Change in premium reserve		-5 060	-6 927
-81	-178	Change in other provisions		-178	-81
-13 718	**-9 796**	**Changes in insurance obligations recognised in the Profit and Loss Account - investment selection portfolio**	**11,38**	**-5 238**	**-7 008**
-5	-304	Profit on investment result		-304	-5
-79	-70	The risk profit allocated to the insurance agreements		-70	-79
-2	-133	Other allocation of profit		-133	-2
-87	**-507**	**Funds allocated to insurance contracts, contractual obligations**	**11**	**-507**	**-87**

1 January – 31 December

Storebrand Livsforsikring Group				Storebrand Livsforsikring AS	
2009	2010	*NOK million*	Note	2010	2009
-306	-501	Management expenses		-365	-122
-526	-475	Selling expenses	17	-299	-336
74	59	Change in pre-paid direct selling expenses	17		
-1 748	-1 391	Insurance-related administration expenses (incl. commissions for reinsurance received)		-719	-1 026
87	198	Reinsurance commissions and profit participation			
-2 419	**-2 109**	**Insurance-related operating expenses**	**11**	**-1 384**	**-1 484**
-256	**-272**	**Other insurance related expenses after reinsurance share**	**11**	**-217**	**-178**
1 043	**1 302**	**Technical insurance result**		**922**	**636**
		NON-TECHNICAL ACCOUNT			
-1	4	Income from investments in subsidiaries, associated companies and joint-controlled companies	26	138	37
		of which from investment in real estate companies		69	3
426	333	Interest income and dividends etc. from financial assets	15	605	686
46	60	Net operating income from property	16		
62	-45	Changes in investment value	15	-68	73
278	240	Realised gains and losses on investments	15	218	259
811	**591**	**Net income from investments in company portfolio**		**892**	**1 055**
467	**474**	**Other income**			
-39	-36	Management expenses		-18	-19
-1 330	-1 264	Other costs		-517	-534
-1 369	**-1 301**	**Total management expenses and other costs linked to the company portfolio**		**-536**	**-553**
-91	**-236**	**Profit or loss on non-technical account**		**357**	**502**
952	**1 067**	**Profit before tax**		**1 279**	**1 138**
13	**388**	**Tax costs**	**21**		
965	**1 455**	**Profit before other comprehencive income**		**1 279**	**1 138**
104	-233	Acturial gains and losses on defined benefit pensions – benefits to employees		-202	75
-4	-57	Change in value adjustment reserve own buildings			
-21	29	Re-statement differences SB Holding AB			-14
	57	Adjustments insurance obligations			
79	**-204**	**Other comprehensive income and costs**		**-202**	**61**
1 044	**1 251**	**Comprehensive income**		**1 077**	**1 199**

31 December

Storebrand Livsforsikring Group				Storebrand Livsforsikring AS	
2009	2010	*NOK million*	Note	2010	2009
		ASSETS			
		ASSETS IN COMPANY PORTFOLIO			
694	740	Goodwill	22		
5 456	5 499	Other intangible assets	22	82	48
6 150	**6 239**	**Total intangible assets**		**82**	**48**
1 123	1 188	Properties and real estate	25		
336	352	Properties for own use	25,34		
114	123	Equities and units in subsidiaries, associated companies and joint-controlled companies	26	7 722	7 401
		of which investment in real estate companies		1 338	1 335
	39	Loans to and securities issued by subsidiaries, associated companies	23,26	8 141	7 605
9	7	Loans and receivables	8,23,24	7	9
325	299	Bonds at amortised cost	8,23,24,27	299	325
283	341	Equities and other units at fair value	9,23,28	168	167
14 793	13 839	Bonds and other fixed-income securities at fair value	9,23,29	5 565	6 983
431	538	Derivatives at fair value	8,9,23,30	536	429
248	317	Other financial assets	8,23,33	254	195
17 661	**17 042**	**Total investments**		**22 692**	**23 113**
140	**176**	**Reinsurance share of insurance obligations**		**176**	**140**
1 197	1 119	Receivables in connection with direct business transactions		996	1 181
42	78	Receivables in connection with reinsurance transactions			
29	21	Receivables with group company		82	127
1 366	1 615	Other receivables		493	657
2 633	**2 834**	**Total receivables**		**1 571**	**1 965**
129	109	Plants and equipment	34	95	118
2 036	1 605	Cash, bank		488	837
552	589	Other assets designated according to type	36	0	0
2 717	**2 303**	**Total other assets**		**582**	**954**
270	349	Pre-paid direct selling expenses			
82	84	Other pre-paid costs and income earned and not received		35	31
352	**433**	**Total pre-paid costs and income earned and not received**		**35**	**31**
29 653	**29 027**	**Total assets in company portfolio**		**25 138**	**26 252**
		ASSETS IN CUSTOMER PORTFOLIOS			
21 655	24 239	Properties and real estate	25		
1 298	1 229	Properties for own use	25,34		
3	60	Equities and units in subsidiaries, associated companies and joint-controlled companies	26	26 860	25 763
		of which investment in real estate companies		26 433	25 368
156	227	Loans to and securities issued by subsidiaries, associated companies	23,26		
44 393	47 895	Bonds at amortised cost	8,23,24	47 895	44 393
3 541	3 109	Loans and receivables	8,23,24,27	3 109	3 541
41 253	52 921	Equities and other units at fair value	9,23,28	26 003	19 431
120 361	121 282	Bonds and other fixed-income securities at fair value	9,23,29	59 839	60 731
2 260	3 338	Financial derivatives at fair value	8,9,23,30	1 531	845
4 681	4 898	Other financial assets	8,23,33	2 538	2 231
239 602	**259 199**	**Total investments in collective portfolio**		**167 776**	**156 936**

31 December

Storebrand Livsforsikring Group				Storebrand Livsforsikring AS	
2009	2010	*NOK million*	Note	2010	2009
1 383	1 632	Properties and real estate	25		
84	88	Properties for own use	25,34		
		Equities and units in subsidiaries, associated companies and joint-controlled companies	26	1 853	1 657
		of which investment in real estate companies		1 838	1 643
117	110	Loans and receivables	8,23,24,27	110	117
31 551	39 571	Equities and other units at fair value	9,23,28	11 171	8 572
14 440	16 449	Bonds and other fixed-income securities at fair value	9,23,29	11 332	9 077
89	341	Financial derivatives at fair value	8,9,23,30	338	86
1 059	1 020	Other financial assets	8,23,33	995	1 037
48 722	**59 210**	**Total investments in investment selection portfolio**		**25 800**	**20 546**
288 324	**318 409**	**Total assets in customer portfolio**		**193 575**	**177 482**
317 977	**347 436**	**Total assets**		**218 713**	**203 734**
		EQUITY AND LIABILITIES			
3 430	3 430	Share capital		3 430	3 430
9 271	9 271	Share premium reserve		9 271	9 271
12 701	**12 701**	**Total paid in equity**		**12 701**	**12 701**
225	287	Risk equalisation fund		287	225
2 046	2 377	Other earned equity		3 075	2 910
209	207	Minority's share of equity			
2 480	**2 871**	**Total earned equity**		**3 362**	**3 134**
5 432	5 326	Perpetual subordinated loan capital		5 326	5 432
1 486	1 500	Perpetual capital		1 500	1 486
6 918	**6 825**	**Total subordinate loan capital etc.**	**7**	**6 825**	**6 918**
220 423	233 176	Premium reserves		153 607	146 442
4 407	5 173	Additional statutory reserves		5 173	4 407
31	1 971	Market value adjustment reserve		1 971	31
683	810	Claims allocation		718	634
3 583	3 700	Premium fund, deposit fund and the pension surplus fund		3 700	3 583
8 689	11 503	Conditional bonus			
478	559	Other technical reserve		559	478
238 294	**256 892**	**Total insurance obligations in life insurance - contractual obligations**	**37,38**	**165 727**	**155 574**
48 193	58 129	Premium reserve		24 762	19 698
5	1	Claims allocation		1	5
239	266	Additional statutory reserves		266	239
524	620	Premium fund, deposit fund and the pension surplus fund		620	524
48 962	**59 016**	**Total insurance obligations in life insurance – investment selection portfolio**	**37,38**	**25 648**	**20 466**
749	982	Pension liabilities etc.	18	738	531
636	226	Period tax liabilities	21		3
81	82	Other provisions for liabilities		57	60
1 466	**1 290**	**Total provisions for liabilities**		**794**	**594**

31 December

Storebrand Livsforsikring Group				Storebrand Livsforsikring AS	
2009	2010	*NOK million*	Note	2010	2009
1 690	1 302	Liabilities in connection with direct insurance		857	1 188
104	9	Liabilities in connection with reinsurance		9	57
1 344	880	Financial derivatives	9,23,30	679	1 040
610	874	Liabilities to group companies		875	620
2 888	4 319	Other liabilities	39	944	1 152
6 636	**7 385**	**Total liabilities**		**3 364**	**4 056**
115		Received, unearned leasing income			
406	456	Other accrued expenses and received, unearned income		291	289
520	**456**	**Total accrued expenses and received, unearned income**		**291**	**289**
317 977	**347 436**	**Total equity and liabilities**		**218 713**	**203 734**
		ITEMS NOT ON BALANCE SHEET			
4 483	5 635	Contingent liabilities		3 193	3 053

Lysaker, 15 February 2011
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Idar Kreutzer
Chairman of the Board

Andreas Enger | Tove Storrødvann | Else-Lill Grønli

Gorm Leiknes | Inger Johanne Bergstøl | Egil Thompson

Lars Aa. Løddesøl
Chief Executive Officer

Storebrand Livsforsikring AS *NOK million*	Share capital[1]	Share premium reserves	Total paid in equity	Risk equalisation fund[2]	Other earned equity[2]	Total equity
Equity at 31.12.2009	**3 430**	**9 271**	**12 701**	**225**	**2 910**	**15 835**
Profit				62	1 217	1 279
COMPREHENSIVE INCOME						
Pension experience adjustments					-202	-202
Total revenue and costs for the period				**62**	**1 015**	**1 077**
EQUITY TRANSACTIONS WITH OWNER						
Group contributions					-850	-850
Equity at 31.12.2010	**3 430**	**9 271**	**12 701**	**287**	**3 075**	**16 063**

1) 34.304.200 shares of NOK 100 par value.
2) Restricted equity of NOK 304 million.

Storebrand Livsforsikring Group	Majority's share of equity						
NOK million	Share capital	Share premium reserves	Total paid in equity	Risk equalisation fund	Other earned equity	Minority interests	Total equity
Equity at 31.12.2009	**3 430**	**9 271**	**12 701**	**225**	**2 046**	**209**	**15 181**
Profit				62	1 383	9	1 455
COMPREHENSIVE INCOME							
Re-statement differences					33	-4	29
Pension experience adjustments					-233		-233
Total revenue and costs for the period				**62**	**1 184**	**5**	**1 251**
EQUITY TRANSACTIONS WITH OWNER							
Share issue						5	5
Group contributions					-850		-850
Other					-3	-11	-14
Equity at 31.12.2010	**3 430**	**9 271**	**12 701**	**287**	**2 377**	**207**	**15 572**

CASH FLOW ANALYSIS

1 January – 31 December

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
2009	2010	*NOK million*	2010	2009
		CASH FLOW FROM OPERATIONAL ACTIVITIES		
13 171	20 352	Net received – direct insurance	13 761	15 696
-14 886	-17 739	Net claims/benefits paid – direct insurance	-11 851	-8 970
-589	1 007	Net receipts/payments – policy transfers	1 835	55
-2 419	-2 109	Net receipts/payments – other operational activities	-1 384	-1 484
-3 914	165	Net receipts/payments operations	-2 235	-3 946
-8 637	**1 675**	**Net cash flow from operational activities before financial assets**	**126**	**1 352**
169	441	Net receipts/payments – lendings to customers	441	143
1 298	514	Net receipts/payments – financial assets	559	-2 956
347	-1 563	Net receipts/payments – real estate activities		
7 576	-179	Net change bank deposits insurance customers	-266	4 065
9 391	**-787**	**Net cash flow from operational activities from financial assets**	**735**	**1 252**
754	**889**	**Net cash flow from operational activities**	**861**	**2 604**
		CASH FLOW FROM INVESTMENT ACTIVITIES		
-225	-106	Net payments – purchase/capitalisation of subsidiaries	-1	-1 811
-91	-11	Net receipts/payments – sale/purchase of fixed assets	-17	-85
-316	**-117**	**Net cash flow from investment activities**	**-18**	**-1 896**
		CASH FLOW FROM FINANCING ACTIVITIES		
981		Reciept – subordinated loan capital		981
-3 408		Payments – repayments of subordinated loan capital		-1 991
-605	-523	Payments – interest on subordinated loan capital	-523	-605
	-610	Payments – group contribution dividends	-610	
-3 032	**-1 133**	**Net cash flow from financing activities**	**-1 133**	**-1 616**
-2 595	**-361**	**Net cash flow for the period**	**-290**	**-907**
-11 986	426	of which net cash flow for the period before financial assets	-1 025	-2 159
-2 595	-361	Net movement in cash and cash equivalent assets	-290	-907
4 879	2 284	Cash and cash equivalent assets at start of the period	1 032	1 939
2 284	**1 922**	**Cash and cash equivalent assets at the end of the periode**	**741**	**1 032**

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01 Accounting policies

GENERAL

The Annual Accounts have been prepared in accordance with the 'Regulation on the annual accounts etc. of insurance companies', which was revised with effect from 1 January 2008 to correspond with the international financial reporting standards (IFRS).

In preparing the annual accounts, the management has to use assumptions and estimates that will affect reported figures related to assets, liabilities, revenue and costs, as well as the information on contingent liabilities included in the notes to the accounts. The final values realised may differ from these estimates. See note 3 for further information about this.

No changes to the accounting policies were made in 2010.

CONSOLIDATION

The consolidated financial statements combine Storebrand Livsforsikring AS and companies where Storebrand Livsforsikring AS has the power to exercise a controlling influence. A controlling influence is normally achieved where the Group owns, directly or indirectly, more than 50 per cent of the equities in a company and the Group has the power to exercise control over the company. Minority interests are included in the Group's equity. Subsidiaries included in the group portfolio are recognised according to the equity method, while subsidiaries included in the company portfolio are recognised according to the cost method.

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

Presentation currency and currency conversion for foreign companies

The Group's presentation currency is the Norwegian krone (NOK). Foreign companies included in the Group that use a different functional currency are translated to NOK by converting the profit and loss account at the average exchange rate for the accounting year and converting the statement of financial position at the exchange rate at close of the accounting year. Any revalutaion differences are booked directly against equity.

Elimination of internal transactions

Internal receivables and payables, internal profits and losses, interest and dividends, etc. between Group companies are eliminated in the consolidated financial statements. Transactions between customer portfolios and the company portfolio in life and pensions and between the customer portfolios in life and pensions and other units in the Group are not eliminated in the consolidated financial statements.

Integration of business

The acquisition method is used when business is acquired. The acquisition cost is measured at its fair value after taking into account any equity instruments as well as direct expenses with respect to the acquisition. Any share issue expenses are not included in the acquisition cost, but are charged to equity.

Identified material and intangible assets and liabilities that have been taken over are stated at their fair value at the time of acquisition. If the acquisition cost exceeds the value of the identified assets and liabilities, the difference is recognised in the financial statements as goodwill. If the acquisition cost is less than the identified assets and liabilities, the difference is recognised in the profit and loss account at the time of the transaction. In the event of acquisitions of less than a 100 per cent of a company, 100 per cent of the extra value or shortfall in market value is recognised in the statement of financial position, with the exception of goodwill of which only Storebrand's share is recognised.

GOODWILL

Excess value arising from the acquisition of business activities that cannot be allocated to specific asset or liability items at the date of acquisition is classified as goodwill in the statement of financial position. Goodwill is stated at its acquisition cost at the time of acquisition. Goodwill acquired by acquiring subsidiaries is classified as intangible assets. Goodwill acquired through interests in associated companies is included in the investment in the associated company and is tested for impairment as part of the value of the write-down recognised in the statement of financial position.

Goodwill is not amortised, but is tested annually for impairment. If the relevant discounted cash flow is lower than the book value, goodwill is written down to fair value. Write-downs of goodwill are never reversed, even if there is information in future periods that the impairment no longer exists or is of a lesser amount. Gains or losses on the sales of companies in the Group include the goodwill related to the company in question.

Goodwill is allocated to the relevant cash flow generating units that are expected to benefit from the acquisition so that it can subsequently be tested for impairment. Cash flow generating units are identified in relation to operational segments.

INTANGIBLE ASSETS

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

Straight-line depreciation is applied over the following periods:

Contractual customer relationships	5-7 years
Value of business in force – VIF	20 years
IT systems	3-8 years

Intangible assets with unspecified usable lifetimes are not written down, but are tested for impairment annually and at other times if there are indications of a fall in their value with a consequent need for a write-down.

INVESTMENT PROPERTIES

Investment properties are stated at fair value. Fair value is the amount an asset could be sold for in a transaction at arm's length between well informed, voluntary parties.

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

See note 25 for more information about investment properties.

FINANCIAL INSTRUMENTS

General policies and definitions

Recognition and derecognition

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

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

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

Definition of amortised cost

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

Definition of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, voluntary parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or in another regulated market place in which regular trading takes place is determined as the bid price on the last trading day up to and including the statement of financial position date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

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

The fair value of loans, which is recognised at amortised cost, is estimated on the basis of the current market rate of interest on similar lending. Write-downs of loans are taken into account both in the amortised cost and when estimating fair value. When estimating the fair value of a loan, consideration is also given to the development of the associated credit risk in general.

Impairment of financial assets

In the case of financial assets that are not recognised at fair value, consideration is given on each statement of financial position date to whether there is objective evidence that the value of a financial asset or a group of financial assets is impaired.

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

Losses that are expected to occur as a result of future events are not included in the financial statements; regardless of how likely it is that the loss will occur.

Classification and measurement of financial assets and liabilities

Financial assets are classified into one of the following categories:
- held-for-sale
- at fair value through profit or loss in accordance with the fair value option (FVO)
- hold-to-maturity investments
- loans and receivables
- available-for-sale

Held-for-sale

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

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- it is a derivative except for a derivative that is a designated as an effective hedging instrument.

With the exception of derivatives, only a limited proportion of Storebrand's financial assets fall into this category.

Held-for-sale financial assets are measured at fair value on the statement of financial position date. Changes in fair value are recognised in the profit and loss account.

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

A significant proportion of Storebrand's financial instruments are classified as at fair value through profit and loss because:
- such classification reduces a mismatch that would otherwise have occurred in measurement or recognition as a result of different rules for measurement of assets and liabilities, or because
- the financial assets form part of a portfolio that is managed and reported on a fair value basis.

The accounting treatment is equivalent to that for held-for-sale assets.

Hold-to-maturity investments

Hold-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the intention and ability to hold-to-maturity, with the exclusion of:
- assets that are designated at inception as assets at fair value in the profit and loss account, and
- assets that are defined as loans and receivables.

Hold-to-maturity investments are recognised at amortised cost using the effective interest method. In 2008, all the financial instruments included in the hold-to-maturity category were reclassified and the residual holding was as per 31 December 2010 all included in the available-for-sale category. The hold-to-maturity category can again be used in Storebrand's consolidated financial statements from 1 January 2011.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of such assets that the company intends to sell immediately or in the short term that are classified as held-for-sale and such assets that the company designates at inception as assets at fair value in the profit and loss account.

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

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

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

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

Derivatives
Derivatives are defined as follows:
A derivative is a financial instrument or other contract within the scope of IAS 39 and which has all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it will be settled at a future date

Accounting treatment of derivatives that are not hedging
Derivatives that do not meet the criteria for hedge accounting are treated as available-for-sale financial instruments. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value in the profit and loss account.

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

Accounting treatment of derivatives for hedging
Fair value hedging
Storebrand uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Fair value hedging is also used in the financial statements for Storebrand Livsforsikring's equities in Storebrand Holding AB. Derivatives are recognised at fair value over the profit and loss account (FVO). Changes in the value of the hedged item that relate to the hedged risk are applied to the carrying amount of the item and are recognised in the profit and loss account.

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

The total loss or gain in equity is recognised in the profit and loss account when the foreign business is sold or run-off.

Storebrand Livsforsikring utilises the rules concerning the hedging of net investments with respect to the investments in the subsidiary SPP.

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

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

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

The accounting policies for the most important technical insurance reserves are explained below.

GENERAL – LIFE INSURANCE
Profit allocated to insurance policyholders
The guaranteed yield on the premium reserve and on the premium fund, as well as the other return for customers is recognised in the profit and loss account as part of the item 'guaranteed yield and allocation to insurance policyholders'.

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

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

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

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

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

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

Premium income

Net premium income comprises premium amounts that fall due (including savings elements) during the year, transfers of premium reserve and premiums on reinsurance ceded. Upfront pricing of guaranteed interest and the risk profit element are included in premium income. Accrual of premiums earned is made through allocations to the premium reserve in insurance reserves.

Claims paid

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

Transfers of premium reserves, etc (transfers)

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

Selling expenses

Selling expenses in the Norwegian life insurance business are recognised as costs, while in the Swedish subsidiaries selling expenses are recognised in the statement of financial position and amortised.

LIFE INSURANCE – NORWAY

Additional statutory reserves

The company is allowed to make additional statutory allocations to the insurance fund in order to ensure the solvency of its life insurance business. The maximum additional statutory reserve is set as the difference between the premium reserve calculated on the basis of a guaranteed return on policies outstanding, and the premium reserve calculated on the basis of the actual guaranteed return in the policies. Finanstilsynet has specified a limit for the additional statutory reserves that apply to each policy. This is defined as the premium reserve for the policy multiplied by twice the guaranteed rate for the policy.

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

Premium fund, deposit reserve and pensioners' surplus fund

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

The pensioners' surplus fund contains surplus premium reserve amounts allocated in respect of pensions in payment that are part of group pension policies. The fund is applied each year as a single premium payment to secure additional benefits for pensioners.

Insurance obligations special investments portfolio

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

Market value adjustment reserve

Net unrealised gains/losses for the current year on financial assets at fair value in the group portfolio in Storebrand Livsforsikring AS are allocated to/ reversed from the market value adjustment reserve in the statement of financial position assuming the portfolio has a net unrealised extra value. That part of the net unrealised gains/ losses for the current year on financial current assets denominated in foreign currencies that can be attributed to movements in exchange rates are not transferred to the market value adjustment reserve. Similarly, the change in the value of the hedging instrument is not transferred to the market value adjustment reserve, but is charged directly to profit and loss. The foreign exchange risk associated with investments denominated in foreign currencies is to a very large extent hedged through foreign exchange contracts on a portfolio basis. In accordance with the accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

Risk equalisation fund

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

LIFE INSURANCE – SWEDEN

Life insurance reserves

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

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

Reserves for unsettled insurance cases

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

Conditional bonus

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

P&C INSURANCE

Insurance premiums are recognised as income in pace with the period of insurance. Costs related to claims are recognised when the claims occur.

The company maintains the following reserves:

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

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

Security reserves shall together with premium provisions and claims reserve cover the company's calculated technical insurance reserves liability at any given time.

Administration reserves are not treated as liabilities and are thus recognised in the company's equity.

PENSION LIABILITIES FOR OWN EMPLOYEES
Storebrand's pension scheme for its own employees as per 31 December 2010 is a defined benefit pension scheme. The defined benefit scheme in Norway was closed to new employees from and including 1 January 2011, and as per 31 December 2010 employees could freely choose a defined contribution scheme.

Pension costs and pension liabilities for defined benefit pension schemes are calculated using a linear accrual of entitlement to pension and expected final salary, based on assumptions for discount rate, future salary increases, pensions and benefits from the national insurance fund, the future return on pension assets and actuarial assumptions on mortality, disability and early leavers. The discount rate is equivalent to the risk-free interest rate taking into account the average remaining period for accrual of pension entitlement. The net pension cost for the period is made up of the sum of pension entitlement accrued in the period, interest cost on the calculated pension liability and the expected return on pension assets.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions are recognised against total comprehensive income in the statement of recognised income, expenses and value changes in the period they arose. The effects of changes to the pension scheme are recognised in the profit and loss account as they are incurred, unless the change is conditional on future accrual of pension entitlement. In such a case, the effect is amortised linearly over the time until the entitlement is fully earned. Employer's social security contributions are included in the pension liability and in experience adjustments shown in total comprehensive income.

Storebrand has both insured and uninsured pension arrangements. The insured scheme is signed in own company.

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

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

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

The depreciation period and the method of depreciation are reviewed annually to ensure that the method and period used correspond with the financial lifetime of the asset in question. This also applies to the disposal value. Properties are split into components if different parts have different periods of expected commercial life. The depreciation period and method of depreciation are evaluated separately for each component.

Assets are assessed for impairment if there are indications of a fall in its value. Any write-downs are recognised as the difference between the value recognised in the statement of financial position and the recoverable amount. The recoverable amount is the highest of fair value less deductions for selling expenses and the value in use. Whether or not any previous write-downs of non-financial assets can be reversed must be assessed on every reporting date.

TAX
The tax cost in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Tax is recognised in the profit and loss account, except when it relates to items that are recognised directly against equity. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recognised in the statement of financial position to the extent it is considered likely that the companies in the Group will have sufficient taxable profit in the future to make use of the tax asset.

02 Profit sharing and result allocated to owners – life insurance

The generation of the result in a life insurance company is not easy to discern from the profit and loss account. This note provides a description of the content of the various elements of the generated result and an overview of the results allocated to owners and customers.

The result available for profit sharing between owners and customers can be divided up into the following elements:

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

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

- *Financial result*
  The financial result consists of the net financial income from financial assets for the group portfolio less the guaranteed return.

Owners' result generation
Descriptions of the result allocated to owners in the Norwegian and Swedish business are provided below.

LIFE AND PENSIONS NORWAY

Result Life and Pensions Norway

NOK million	Defined benefit fee based	Defined contribution and unit-linked fee based	Risk products	Individual and paid-up policies profit sharing	Company portfolio/ other	Total 2010	2009
Administration result	-28	54	-39	33		19	-169
Risk result	76	54	81	1		212	229
Financial result[1]		17	93	64	-55	119	201
Premium for guaranteed interest and risk profit	543	15				557	478
Other	-40		12		-2	-30	20
Profit before tax	**550**	**139**	**148**	**98**	**-57**	**877**	**759**
Assets under management (billions)	85	20	3	83	8	200	185

1) Investment result and profit sharing

Administration result
The administration result line includes all products apart from traditional individual products with profit sharing. Administration and management costs must be charged upfront each year, and represent the final cost for the customer. The insurance company must then meet any deficit in the administration and management result, and similarly any profit is retained by the company. Where a policy's assets are managed in the investment choice portfolio, the premium charged for asset management must be shown as a separate element of the overall charge.

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

Financial result
The net return on share capital is paid to the company. Share capital consists of equity and subordinated loans.

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

The return from risk products is paid to the company and included in the financial result.

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

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

Price of return guarantee and profit risk
The return guarantees in group pension insurance with a return guarantee must be priced upfront. The level of the return guarantee, size of the buffer capital (additional statutory reserves and unrealised gains), and the investment risk of the portfolio in which the pensions assets are invested determines the price the customer pays for his or her return guarantee. Return guarantees are priced on the basis of the risk the equity is exposed to. Group pension customers can choose an investment profile with a low proportion of equities, which normally results in a lower risk of losses and lower expected return. A larger proportion of equities will normally result in a higher expected return, but also a higher price for the return guarantee. Higher returns will over time reduce the customer's pension costs. The additional statutory reserves can only be used to cover deficient returns between zero and the guaranteed return for own contract. The insurance activities act stipulates the maximum size of additional statutory reserves. The insurance company bears all the downside risk, and must carry reserves against the policy if the buffer reserves are insufficient or unavailable.

Group pension customers can choose to invest their assets in a particular investment portfolio. The customers have freedom of choice in that they can choose between standardised risk profiles, or choose almost any investment option within the constraints set by the law and regulations at any given time. Customers can define their investment policies almost as if the management was taking place through a pension fund.

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

Other result
Consists of the result for subsidiaries and changes in the security and administration reserves for P&C insurance.

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

LIFE AND PENSIONS SWEDEN

Result Life and Pensions Sweden

NOK million	Guaranteed products	Unit-linked	BenCo	Company portfolio	Total 2010	2009
Administration result	34	36	8	6	84	-101
Risk result	291	-1	21		311	253
Financial result	11		21		31	260
Other				38	38	74
Profit before amortisation and write-down	**335**	**35**	**49**	**44**	**464**	**486**
Amortisation intangible assets					-348	-340
Profit before tax	**335**	**35**	**49**	**44**	**116**	**146**
Assets under management (billions)	75	32	15	10	132	127

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

Risk result
The risk result is paid to the owners in full for all products.

Financial result
In the case of insurance products with guaranteed interest, the financial result is primarily affected by three components:
- profit sharing
- indexing fee
- changes in deferred capital contribution to cover guaranteed capital

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

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

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

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

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

Other result
The other result consists of the return on assets not managed at policyholders' expense, equity and depreciation on intangible assets and interest expenses on subordinated loans.

03 Important accounting estimates and judgements

Estimates and judgements are continually evaluated on the basis of historical experience and anticipated future events. In the future, actual experience may deviate from these accounting estimates, but the estimates are based on best judgement at the time the financial statements are produced.

Changes to estimates linked to insurance reserves, financial instruments, and investment properties associated with life customers in the life business in Storebrand will not necessarily affect the owners' result, though changes to estimates and judgements can affect the owners' result. One key factor will be whether the life customers' assets, including the year's return, exceed the guaranteed liabilities.

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

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

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

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

In general the following factors will often be key in the generation of the result for customers and/or the owners:
- Development of interest rate and equity markets, as well as commercial property
- Composition of assets and risk management, and changes to the assets' composition over the year
- Buffer capital level for various products
- Buffer capital related to the individual insurance contract
- Development of life expectancy, mortality and illness
- Development of costs

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

INVESTMENT PROPERTIES
Investment properties are stated at fair value. The commercial real estate market in Norway is not very liquid or transparent. Some uncertainty will be linked to the valuations and these require the exercising of judgement.

Key elements included in valuations and which require the exercising of judgement are:
- Market rent and vacancy trends
- The quality and duration of rent incomes
- Owners' costs
- Technical standards and any need for upgrading
- Discounting interest rates for both certain and uncertain cash flow, as well as residual value

External valuations are obtained throughout the year for a representative selection of the company's properties to support its own valuations. See note 25 for further information about valuations and sensitivities linked to real estate investments.

FINANCIAL INSTRUMENTS
There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true for the types of securities priced on the basis of non-observable assumptions. Any changes to the assumptions could affect the recognised values. The majority of such financial instruments are included in the customer portfolio.

Please also refer to note 9 in which the valuation of financial instruments is described in more detail.

Financial instruments stated at amortised cost are assessed on the statement of financial position date to see whether or not there are objective indications that the financial asset or a group of financial assets have fallen in value. Changes in the debtors' ability to pay, collateral/loan-to-asset value ratio and other business-related risk factors can affect the recognised write-downs.

TECHNICAL INSURANCE RESERVES
Technical insurance reserves in life insurance are based on assumptions concerning life expectancy, mortality, disability, interest rate levels, and future costs, etc. Changes in such assumptions will affect the size of the liabilities, which in turn can affect the owners' result. In the Norwegian life insurance business the majority of the calculated payments are discounted by the appropriate guaranteed interest rate.

In the Swedish business (SPP) the insurance liabilities are largely discounted using a yield curve in which parts of the yield curve are not liquid. Any changes in the discounting rate will affect the size of the liabilities.

See note 5 for further information about insurance risk.

INTANGIBLE ASSETS
Goodwill and intangible assets with undefined usable lifetimes are tested for impairment annually. Goodwill is allocated to the Group's cash flow generating units identified by the relevant country in which one is carrying out activities. The test's valuation involves estimating the cash flows that arise in the relevant cash flow generating units and applying a relevant discount rate. Fixed assets and other intangible assets are assessed annually to ensure the method and period being used correspond with economic realities.

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

PENSIONS OWN EMPLOYEES

The discounted current value of pension liabilities depends on the economic and demographic assumptions used in the calculation. The assumptions used must be realistic, mutually consistent and kept up to date in the sense that they should be based on uniform expectations of future economic conditions. The pension liabilities as per 31 December 2010 were calculated by actuaries. Any changes associated with the expected growth in pay and the discount rate, etc, could have a significant effect on the recognised pension obligations relating to our own employees. These pension liabilities are stated pursuant to IAS 19.

04 Risk management and internal control

Storebrand's income, both short-term and long-term, depends on external factors with which some uncertainty is associated. 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 subsidiaries in the Group have their own departments that continuously monitor and manage the risk in various product groups, and at the same time the Group has a separate department with responsibility for risk management across the Group. Managing operational risk forms an integral part of management responsibility in the organisation and the executive management team annually assesses risk which results in a risk summary and improvement measures. The risk assessment is presented to and considered by the Board.

COMPLIANCE

The compliance function is tasked with advising the board and CEO on relevant laws, rules and standards, keeping them informed about developments within these areas, and assessing the potential consequences changes to legislation may have for business. The compliance function also checks that the company has guidelines and procedures for uncovering any risk that the company is not fulfilling its obligations pursuant to the current regulations.

The compliance officer in the individual company produces written reports on the company's compliance with the regulations for the board of directors and executive management in the company. This is done on a regular basis and at least once a year. The reports shall, among other things, state whether or not preventive measures have been implemented to remedy any shortcomings. Compliance reporting is seen as being on a par with the Group companies' internal control reporting, operation risk reporting and event reporting.

Compliance officers must also brief the board of directors and executive management when the board and executive management want relevant information or this is deemed necessary by the compliance officer.

OPERATIONAL RISK

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

The Group's CFO is responsible for the Group's control functions for risk management and internal control. Given the importance of financial market risk in relation to the Group's activities, a central risk management function has been established. This has been tasked with supporting the Board and Group's executive management team in drawing up a risk strategy and operationalising the setting of limits and risk monitoring across the Group's activities.
A corporate control function has also been established which is tasked with administering the value-based management system, coordinating planning and budget processes, the management's risk assessments and internal control reporting, as well as Board and management reporting.

INTERNAL AUDIT

Storebrand has concluded an agreement with KPMG concerning the internal audit function. The responsible partner in KPMG reports directly to the Board of Storebrand ASA, which stipulates the instructions for the internal audit and approves the audit's annual plan. A primary contact person has been nominated for the internal audit in the Group Control department. Contact people have also been nominated in all subsidiaries who report to the CEO or head of the company's executive management staff.

The internal audit function's audit plan includes an independent assessment of Group Control and the compliance function's procedures and control systems.

Below follows a description of the special situation concerning risk management and life insurance in relation to the relationship between customers and owners. As far as the risk associated with the business in the Group is concerned this is, apart from life insurance, risk that essentially impacts owners. Market risk, liquidity risk and credit risk are described in more detail in notes 6-8.

LIFE AND PENSIONS NORWAY

A significant proportion of savings products in the Norwegian life insurance business incorporate a guaranteed minimum annual return. Financial risk principally relates 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 is designed 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, and use of derivative instruments, and criteria regarding the liquidity in the asset portfolio. The objectives of this dynamic risk management are to maintain good risk bearing capacity and to continuously adapt 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 majority of the portfolio will normally fluctuate between 2 per cent and 8 per cent. Smaller portions of the portfolio are invested in profiles with somewhat lower and somewhat higher market risk. Dynamic risk management and hedging transactions reduce the likelihood of a low investment return. If investment return is not sufficient to meet the guaranteed interest rate, the shortfall will be met by using risk capital built up from previous surpluses. Risk capital primarily consists of additional statutory reserves and unrealised gains. Owners are responsible for meeting any shortfall that cannot be covered from risk capital. The average interest guarantee is expected to sink in the years ahead and from 2012 all new earnings will be linked to an annual guarantee of 2.5 per cent. The share capital is invested such that it is exposed to a low level of risk. It is the insured person who bears the financial risk related to contracts in the unit linked and defined contribution pension product categories.

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

LIFE AND PENSIONS SWEDEN

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 taken in order to achieve returns in excess of the guarantee, primarily via equities, credit bonds and alternative investments. The proportions of equities in the portfolios are dynamically adjusted based on their risk bearing capacity in order to dampen the effect of falls and at the same time participate in rises. Due to the somewhat more complex financial risk picture in SPP than in the Norwegian life insurance business, the risk to equity represented by the customer portfolio is also managed through derivative transactions in SPP's company portfolio.

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

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

In traditional insurance with an interest guarantee, SPP bears the risk of a return equal to the guaranteed interest being achieved on the policyholders' assets and that the magnitude of the contracts' assets are 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 owners to collect 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 deficit. This is called the deferred capital contribution (DCC) and changes in its size are recognised in the profit and loss account immediately. The contracts' buffer capital must be intact in order for profit sharing to represent a net income for owners. When the contracts' assets exceed the present value of the obligations, a buffer called the conditional bonus is established. Changes in this customer buffer are not recognised in the profit and loss account immediately. It is the policyholder who bears the financial risk in unit linked insurance contracts.

Various risk goals are used to monitor and manage the risk in the company, including its own Value at Risk goal and the Swedish Financial Supervisory Authority's traffic light model. In order to ensure that insurance companies have adequate capital to meet their insurance obligations, Finansinspektionen (Swedish Financial Supervisory Authority) requires that the sector stress test all of its insurance business using the so-called traffic light calculations. The elements tested are the premium income side and the insurance liabilities. In 2007, it was announced that companies would also be required to stress changes with respect to insurance liabilities in risk policies. This also applies to so-called cancellation risk, which is the risk that a policyholder will terminate the policy and thus stop paying premiums. The level of stress testing generally follows the guidelines issued by CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors) and their work on Solvency II.

05 Insurance risk

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

LIFE INSURANCE

Products

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

Group contracts

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

[1] *Group life is only offered by Storebrand Livsforsikring Norway.*

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

Risk areas:
Life insurance is the dominant area within insurance for Storebrand and covers the following three risk areas:
1. *Death* – payment to the policyholder's surviving relatives.
2. *Long life* – payments when a specified age is attained and until a specified age or for the rest of the person's life.
3. *Disability* – payment in the event of illness or occupational disability.

	Mortality risk	Long life risk	Disability risk
Current situation	Decreasing mortality. Fewer young survivors.	More people reaching retirement age. Longer life expectancy as a pensioner*	Significantly higher risk of disability in Norway compared with for example OECD.
Future challenges	Mortality risk includes the probability of any survivors. This results in an overestimation of the risk for those who actually do not have survivors. Better pricing will be conditional on more personal information.	The number of payment years will increase for guaranteed lifelong benefits. Great uncertainty in relation to future mortality trends. Tighter general conditions in relation to profit sharing, upfront pricing and building up reserves.	Higher proportion working in occupations susceptible to disability (health sector). "Willingness steered" disability – difficult to quantify. Economic cycle factors such as increased unemployment and reduced profitability for companies can result in increased disability. Legislative amendments that could act as an incentive for increased disability. Medical practice.
Future opportunities	Tailoring of products to the market. Products are more bespoke based on demographic factors such as civil status, age and needs.	Greater flexibility for guaranteed products. Life expectancy adjustments. Division of risk between employer and employee. Increasing need to cover long life as pensioner.	Lower disability through opportunity to combine pay and retirement pension. Better control of real disability. Simpler to price disability risk.

** Life expectancy in Norway and Sweden increased by 4 years for women and 6 years for men between 1980 and 2010.*

With reference to the table above, it is the risk linked to "*Long life*" that is the most challenging.

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

RISK PREMIUMS AND TARIFFS

Life and Pensions Norway

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

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

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

In the case of group pension insurance the premiums for traditional retirement and survivor cover follow the new industry tariff K2005 with security margins that take into account the reduction in mortality among policyholders observed in recent years. Premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

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

Life and Pensions Sweden

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

Individual contracts ideally have individual risk premiums based on age and gender.

SPP's tariffs contain no assumptions about inflation or transfer as is true for Storebrand Livsforsikring.

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

The future is unpredictable as far as disability insurance is concerned. Changes in new incidences of disability are taking place much faster than changes in mortality/life expectancy. One of the reasons for this is the problems involved with determining the causes of and the degree of disability on the ground. The quickly increasing level of disability in the first few years of 2000 resulted in premium increases within the sector. Many insurance companies were doubtful about offering voluntary disability cover in the future. However, since 2005 the number of disability incidences has fallen in a more balanced trend that resulted in SPP reducing the risk premiums for disability cover. Nonetheless, disability has been significantly lower than assumed in the tariff, which resulted in a strongly positive risk result for 2009.

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

Risk management

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

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

3. *Reinsurance*
   The company also manages its insurance risk through a variety of reinsurance programs. Through catastrophe reinsurance (excess of loss) the company covers losses (single claims and reserves provision) where a single event causes more than 3 deaths or disability. This cover is also subject to an upper limit. Surplus reinsurance on life policies covers death and disability risk that exceeds the maximum risk amount for own account the company utilises. The company's maximum risk amount for own account is relatively high, and the risk reassured is therefore relatively modest. In 2010, the company will replace the current surplus agreement with internal insurance cover of the risk such that only those risks that might exceed the company's actual maximum risk amounts for own account will be reinsured.

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

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

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

The insurance risk constitutes a significant proportion of the total capital requirement that results from the stress test. In total the stress test affects the risk result in the amount of SEK 170 million. With an expected risk result of around SEK 346 million, this means that the majority of the risk result will disappear if the basis for the stress test should become a reality. The stress tests are based on a 1:200 scenario, or a confidence level of 99.5 per cent.

RISK RESULT

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

Life and Pensions Norway

Specification of risk result

NOK million	2010	2009
Survival	-132	-269
Death	229	283
Disability	369	323
Reinsurance	-24	-14
Pooling	-155	-107
Other	-39	-37
Total risk result	**249**	**180**

The risk result in the table above shows the total risk result before sharing between customers and owners.

Life and Pensions Sweden

Specification of risk result

NOK million	2010	2009
Survival	-47	-123
Death	56	137
Disability	289	284
Reinsurance	39	-48
Pooling	-6	-2
Other	-20	6
Total risk result	**311**	**253**

SUFFICIENCY TEST

Storebrand is required by IFRS 4 to carry out a sufficiency test to ensure the company has sufficient margins in the various constituent elements that together make up the insurance liability. IFRS permits two alternative methods for the sufficiency test. Where a company has an established form of analysis that demonstrate the margins in the various constituent elements, Section 16 of the standard allows this analysis to continue to be used to demonstrate that the test is satisfied. If such routines have not been established, the company is required to discount future cash flows in accordance with IAS 37.

In 2010, Storebrand continued its prior practice and conducted the test pursuant to Section 16. The required analysis is carried out on the basis of Norwegian principles for premium reserves and applies conservative calculation elements. The established form of analysis is based on the assumptions used for the calculation of embedded value in which the company uses the best estimates for the future base elements based on current experience. The sufficiency test is carried out by the company analysing the current margins between the assumptions used for setting reserves and the assumptions in the embedded value analysis.

Based on the mortality surveys conducted using lower mortality assumptions for the future, a need to build up reserves for individual pension insurance has generally been identified in this line. As per 31 December 2010 there was a need to build up reserves in Storebrand Livsforsikring Norway by about NOK 520 million, which is expected to be allocated linearly. The plan is to build up the reserve by 31 December 2012 and this is primarily expected to be covered by the financial result. Storebrand satisfies the sufficiency test for 2010 and consequently has no effect on the result in the financial statements for 2010.

In the case of Storebrand Holding AB and Storebrand Livsforsikring Group the test is conducted pursuant to "IFRS 4 Basic for conclusions (BC 94 – 104)" and "IFRS 4 Basic for conclusions (BC no. 151)", which represent the preliminary work on the standard. The test is satisfied if the obligations booked in the financial statements are greater or equal to the net obligations stated at market value. Here net obligations will mean the technical insurance obligations of Storebrand Holding AB and Storebrand Livsforsikring Group stated at market value less the present value of the owners' share of the profit for these insurance contracts. The preliminary work mentions that one can use embedded value-like techniques.

As per 31 December 2010, the calculated market value of the insurance contracts for SPP and Euroben is lower than the book value. This means that the buffers in the net obligation and the test are satisfied. Therefore the test has no effects on the result in the annual financial statements for 2010.

TRANSFER RIGHT

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

GUARANTEED RATE (DISCOUNTING RATE)

Life and Pensions Norway

Finanstilsynet sets the highest basic interest rate permitted for new policies and for new members/new accrual of benefits in group pension insurance. The highest basic interest rate for new policies was set at 3 per cent in 1993 and subsequently reduced in 2005 to 2.75 per cent for policies entered into after 1 January 2006. The highest basic interest rate for new members/new accrual of benefits in group pension insurance was reduced from 4 per cent to 3 per cent with effect from renewals in 2004. The guaranteed rate has been set at 2.5 per cent for new contracts from 1 January 2011.

The guaranteed rate is used both as the guaranteed interest and for discounting future payments.

The following table shows the proportions of insurance fund reserves at 31 December 2010 relating to policies with various basic annual interest rates:

Interest rate guarantee	2010	2009
6%	0.3%	0.3%
5%	0.5%	0.6%
4%	54.2%	56.4%
3.4%	4.1%	4.4%
3%	35.5%	32.8%
2.75%	1.7%	1.8%
0%	3.7%	3.7%

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

The total average guaranteed interest rate for all lines of insurance comprised 3.46 per cent in 2010. The guaranteed interest rate must be delivered on an annual basis. If the company's investment return in a year is lower than the guaranteed interest rate, current legislation permits the equivalent of up to one year's guaranteed return for the individual policy to be covered by transfers from the policy's additional statutory reserves.

Average interest rate guarantee	2010	2009
Individual endowment insurance	3.3%	3.3%
Individual pension insurance	3.7%	3.7%
Group pension insurance	3.5%	3.5%
Group life insurance	0.3%	0.4%
Total	**3.5%**	**3.5%**

New business written in 2010 is subject to a 2.75 per cent basic interest rate. In the case of policies transferred to the company, the basic interest rate is determined by the rate applied to the policy by the insurance company from which the business is transferred, subject to a maximum of 4 per cent.

Premiums and reserves for pension entitlements earned in 2010 in group pension insurance are calculated on the basis of a 3 per cent guaranteed rate for contracts established before 1 January 2006. New insurance contracts established after this date will be calculated at a guaranteed rate of 2.75 per cent.

Life and Pensions Sweden
The table below shows the proportions of insurance liabilities as per 31 December 2010 with the following different final value guarantees:

Interest rate guarantee	2010	2009
3.0% (DB)	43%	43%
1.25 - 2.5% (P250)	14%	12%
2.75 - 4.0% (P300)	22%	22%
4.5 - 5.2% (P520)	20%	23%

06 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, i.e. the interest rate, 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 and internal models.

LIFE AND PENSIONS NORWAY
The largest contributions to short-term, result-related market risk for the Norwegian life insurance business are falls in the value of equities and real estate, increased risk for credit bonds and rapid increases in interest rates. In the longer term, low market interest rates over time are a significant market risk for the company. The current formulation of the regulations means that technical insurance reserves in Storebrand Livsforsikring are not affected by changes in market interest rates.

LIFE AND PENSIONS SWEDEN
SPP is largely exposed to the same market risk factors as Storebrand Livsforsikring, but differences in product design, general 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 Livsforsikring, but at the same time the company is exposed to little risk from the asset class real estate. SPP is also exposed to market risk from increased risk on credit 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. Lasting low interest rates also represent a substantial risk for SPP as well, both for the financial result and the solvency margin percentage.

SENSITIVITY ANALYSES

The assets and liabilities side (borrowing and insurance liabilities in Sweden) have been stress tested in order to show how much this can affect the owners' result in relation to the expectations for 2011. An estimated normalised return is included in estimated effects throughout the year based on uncertain assumptions about future returns and other uncertain factors and uncertain assumptions. The stress tests were applied to the investment portfolio on 31 December 2010 and the outcome shows the estimated effect on profits for the year as a whole. The stresses that have been applied are equities +/- 20 per cent, interest +/-150 basis points and real estate +/- 12 per cent. With respect to currency risks, the investment portfolios are essentially fully currency hedged, and changes in exchanges rates will have little effect on the companies' expected results for 2011.

For changes in market risk that arise during the course of 1 year, the effect on the result and equity will be as presented below, based on the statement of financial position as per 31 December 2010.

Storebrand Livsforsikring AS

Change in market value

NOK million	2010	2009
Equities -20%	-4 996	-3 606
Equities +20%	4 996	3 606
Interest rate -1.5%	1 266	1 916
Interest rate +1.5%	-1 266	-1 916
Real estate -12%	-3 507	-3 333
Real estate +12%	3 507	3 333

Effects on result/equity

NOK million	2010	2009
Equities -20%	-267	-219
Equities +20%	430	149
Interest rate -1.5%	147	5
Interest rate +1.5%	-116	-92
Real estate -12%	-400	-476
Real estate +12%	588	318

Storebrand Livsforsikring Group

Change in market value

NOK million	2010	2009
Equities -20%	-9 296	-7 390
Equities +20%	9 296	7 390
Interest rate -1.5%	8 118	8 305
Interest rate +1.5%	-6 895	-7 013
Real estate -12%	-3 667	-3 440
Real estate +12%	3 667	3 440

Effects on result/equity

NOK million	2010	2009
Equities -20%	-851	-906
Equities +20%	524	319
Interest rate -1.5%		-102
Interest rate +1.5%	-128	-107
Real estate -12%	-430	-497
Real estate +12%	610	331

This note applies to: Storebrand Livsforsikring AS, SPP Livförsäkring and BenCo, other subsidiaries are not included.

LIFE AND PENSIONS

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

Life and Pensions Norway

The stress tests have been done for all investment profiles and the effects of each stress test reduce or increase the expected return for each profile. For the negative stress tests (equities down, interest up and property down) the return in some individual profiles fall under the guarantee. The buffer situation for each contract will then determine how much equity the company will possibly have to use if the return stays at this level for 2011. Beyond the need for utilising equity to cover returns below the guarantee, it is changes in the profit sharing for paid-up policies and individual contracts, as well as returns and interest expenses in the company portfolio that deviate from the expected result for 2011 to the greatest extent. Compared with equivalent sensitivity a year ago, the effect of the stress tests has decreased. The most important contributions to the reduction are the fact that the difference between the expected return and the interest guarantee has increased and that additional statutory reserves have been further strengthened at the same time as the company has at the beginning of 2011 a substantial market value adjustment reserve, which serves as a very effective buffer against such stresses on assets.

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

Life and Pensions Sweden
The note that shows the effect on the result/equity shows the effect of the financial result excluding profit sharing. All changes in market value do not affect the financial result. The part of a change in market value that affects the result is the part that cannot be offset against conditional bonuses.

07 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its payment obligations when they fall due, or that the company will not be able to sell securities at acceptable prices. Storebrand Livsforsikring'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 types of asset and mean the companies have money market investments, bonds, equities and other liquid investments that can be sold when needed.

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 liquidity reserves is monitored continuously at an overall level in relation to internal limits.

During the financial crisis in 2008, the lack of liquidity was a problem for a number of financial companies, although liquidity has now returned to a normalised level.

LIQUIDITY RISK STOREBRAND LIVSFORSIKRING AS

Undiscounted cash flows for financial liabilities

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	over 5 years	Total value	Booked value
Subordinated loan capital	-441	-102	-3 427	-3 189	-1 846	-9 005	-6 825
Other short term liabilities	-2 977					-2 977	-2 977
Uncalled residual liabilities concerning Limited Partnership	-3 193					-3 193	
Undrawn amounts of committed lending facilities	-1 794					-1 794	
Total financial liabilities 2010	**-8 405**	**-102**	**-3 427**	**-3 189**	**-1 846**	**-16 969**	**-9 802**
Derivatives related to loan 2010	**218**	**-125**	**169**	**239**		**501**	**323**
Total financial liabilities 2009	**-6 653**	**-403**	**-973**	**-5 014**	**-3 141**	**-16 183**	**-10 224**

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

LIQUIDITY RISK STOREBRAND LIFE GROUP

Undiscounted cash flows for financial liabilities

NOK million	0-6 months	6-12 months	1-3 years	3-5 years	over 5 years	Total value	Booked value
Subordinated loan capital	-441	-102	-3 427	-3 189	-1 846	-9 005	-6 825
Other short term liabilities[1]	-5 853			-1 108		-6 961	-6 961
Uncalled residual liabilities concerning Limited Partnership	-5 396	-120	-120			-5 635	
Undrawn amounts of committed lending facilities	-1 794					-1 794	
Total financial liabilities 2010	**-13 483**	**-222**	**-3 547**	**-4 297**	**-1 846**	**-23 395**	**-13 786**
Derivatives related to loan 2010	**218**	**-125**	**169**	**239**		**501**	**323**
Total financial liabilities 2009	**-10 590**	**-403**	**-973**	**-5 014**	**-3 141**	**-20 120**	**-12 731**

1) Of which the minority interests in the real estate fund amount to NOK 1,108 million. After 3 years participants can present a demand for redemption every year.

Redemption is conditional on a total demand of NOK 100 million. The redemption sum is set at 98.75 per cent of VEK. Please also see note 39.
Agreed residual maturity provides limited information about the company's liquidity risk, since the majority of investment assets can be realized more quickly in the secondary market than the agreed residual maturity.
On perpetual subordinated loan cash flow is calculated until the first call.

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date	Booked value
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS 08/18 FRN	1 500	NOK	Variable	2018	1 500
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS 49-13	300	EUR	Fixed	2013	2 553
Storebrand Livsforsikring AS	1 700	NOK	Variable	2014	1 703
Storebrand Livsforsikring AS var 12/49	1 000	NOK	Fixed	2015	1 069
Total subordinated loan capital and hybrid tier 1 capital 2010					**6 825**
Total subordinated loan capital and hybrid tier 1 capital 2009					**6 918**

08 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 to avoid concentrating credit exposure on any particular debtors or sectors. Changes in the credit standing of debtors are monitored and followed up. Storebrand Livsforsikring and SPP use published credit ratings wherever possible, supplemented by the company's own credit evaluation where there are no published ratings. The group has framework agreements with all counterparties to reduce their risk with respect to outstanding derivative transactions. These regulate how collateral against changes in market values, calculated on a daily basis, should be pledged.

STOREBRAND LIVSFORSIKRING AS

Credit risk by counterparty

Bonds and other fixed-income securities at fair value

Category of issuer or guarantor *NOK million*	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	23 974	4 366	2 563			296	31 198
Credit bonds	1 261	3 003	18 228	11 553	194	1 313	35 550
Mortage and asset backed bonds	5 071	551	620	27	6	186	6 460
Supranational and agency	81	57	853	107			1 098
Total interest-bearing securities rated by credit rating	**30 386**	**7 977**	**22 264**	**11 687**	**200**	**1 795**	**74 307**
Bond fund not managed by Storebrand							874
Non interest bearing securities in bond fund managed by Storebrand							1 556
Total 2010	**30 386**	**7 977**	**22 264**	**11 687**	**200**	**1 795**	**76 737**
Total 2009	**34 044**	**8 105**	**15 864**	**10 919**	**10 919**	**1 250**	**87 710**

Bonds at amoritsed cost

Category of issuer or guarantor *NOK million*	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	17 675	1 623	2 904			22 202
Credit bonds		2 486	6 420	599	1 251	10 755
Mortage and asset backed bonds	6 989	2 237	991	29	513	10 759
Supranational and agency	2 313		2 897			5 210
Total 2010	**26 976**	**6 347**	**13 211**	**628**	**1 764**	**48 926**
Total 2009	**22 446**	**6 587**	**13 855**	**751**	**1 218**	**44 858**

Counterparties *NOK million*	AA Fair value	A Fair value	Other Fair value	NIG Fair value	Total Fair value
Derivatives	1 622	1 133			2 755
Of which derivatives in bond fund managed by Storebrand	358	-7			350
Total excluding derivatives in bond fund	**1 265**	**1 140**			**2 405**
Bank deposit	3 567	535	163	10	4 275

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

Lending

Commitments distributed by customer groups *NOK million*	Loans to and receivables from customers	Unused credit line	Total commitments
Development of building projects	519		519
Sale and operation of real estate	2 325	1 794	4 118
Other service providers	375		375
Wage-earners	7		7
Total loans to and receivables from customers 2010	**3 226**	**1 794**	**5 019**
Total loans to and receivables from customers 2009	**3 667**	**355**	**4 022**

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

STOREBRAND LIVSFORSIKRING GROUP

Credit risk by counterparty

Bonds and other fixed-income securities at fair value **Category of issuer or guarantor** *NOK million*	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Other Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	62 899	6 401	3 390			296	72 986
Credit bonds	1 984	4 970	23 169	12 620	194	1 682	44 620
Mortage and asset backed bonds	20 277	1 764	1 231	27	6	186	23 492
Supranational and agency	1 683	57	1 192	107			3 038
Total interest-bearing securities rated by credit rating	**86 843**	**13 193**	**28 982**	**12 755**	**200**	**2 164**	**144 136**
Bond fund not managed by Storebrand							5 833
Non interest bearing securities in bond fund managed by Storebrand							1 602
Total 2010	**86 843**	**13 193**	**28 982**	**12 755**	**200**	**2 164**	**151 571**
Total 2009	**82 927**	**18 401**	**23 475**	**12 492**		**1 555**	**149 594**

Bonds at amoritsed cost **Category of issuer or guarantor** *NOK million*	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	NIG Fair value	Total Fair value
Government and government guaranteed bonds	17 675	1 623	2 904			22 202
Credit bonds		2 486	6 420	599	1 251	10 755
Mortage and asset backed bonds	6 989	2 237	991	29	513	10 759
Supranational and agency	2 313		2 897			5 210
Total 2010	**26 976**	**6 347**	**13 211**	**628**	**1 764**	**48 926**
Total 2009	**11 544**	**6 029**	**3 209**	**190**	**1 077**	**22 049**

Counterparties *NOK million*	AAA Fair value	AA Fair value	A Fair value	Other Fair value	NIG Fair value	Total Fair value
Derivatives		3 046	1 488	44		4 578
Of which derivatives in bond fund managed by Storebrand		380	-20			361
Total excluding derivatives in bond fund		**2 666**	**1 508**	**44**		**4 217**
Bank deposit	92	5 524	1 884	329	10	7 839

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

Lending

Commitments distributed by customer groups *NOK million*	Loans to and receivables from customers	Unused credit line	Total commitments
Development of building projects	519		519
Sale and operation of real estate	2 325	1 794	4 118
Other service providers	375		375
Wage-earners	7		7
Total loans to and receivables from customers 2010	**3 226**	**1 794**	**5 019**
Total loans to and receivables from customers 2009	**3 667**	**355**	**4 022**

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

09 Valuation of financial instruments

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

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

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

The Group categorises financial instruments valued at fair value on three different levels, which are described in more detail below. The levels express the differing degree of liquidity and different measuring methods.

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

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

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

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

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

Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds. Asset backed securities (ABS), residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS) are classified as level 3 due to their generally limited liquidity and transparency in the market. The types of mutual funds classified as level 3 are discussed in more detail below with a reference to the type of mutual fund and the valuation method. Storebrand is of the opinion that the valuation method used represents a best estimate of the mutual fund's market value.

Unlisted equities/forestry
Extensive external valuations were carried out of the largest forestry investments as per 31 December 2010, and these provided the basis for the valuation of the company's investment. The external valuations were based on models that included non-observable assumptions. Besides the external valuations that had been conducted as per 31 December 2010, the equity investments were valued on the basis of value adjusted equity reported by external sources.

Private Equity
The majority of Storebrand's private equity investments are investments in private equity funds. It also has a number of direct investments.

The investments in private equity funds are valued on the basis of the values reported by the funds. The private equity funds Storebrand has invested in value their own investments in accordance with pricing guidelines stipulated by, among others, EVCA (European Private Equity Venture Capital Association) in the "International Private Equity and Venture Capital Valuation Guidelines" (Edition September 2009) or pursuant to FASB 157. Most of the private equity funds report on a quarterly basis, while a few report less often. In those cases where Storebrand has not received an updated valuation with respect to an investment from a fund by the time the annual financial statements are closed, the last valuation received is used and adjusted for cash flows and any significant market effects during the period from the last valuation up to the reporting date. These market effects are estimated on the basis of the type of valuations made of the companies in the underlying funds; the financial performance of relevant indexes, adjusted for estimated correlation between the relevant company and the relevant index.

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

In the case of investments in which Storebrand participates as a co-investor together with a leading investor that conducts a valuation, and no recent transactions exist, this value will be used by Storebrand after being quality assured. In the case of investments for which Storebrand has not received an up-to-date valuation as per 31 December from a leading investor by the time the annual financial statements are closed, the previous valuation is used and adjusted for any market effects during the period from the last valuation up to the reporting date. In those cases where no valuation is available from a leading investor in the syndicate, a separate valuation will be made, as described above.

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

Indirect real estate investments
Indirect real estate investments are primarily investments in funds with underlying real estate investments. No units in funds that confirm the market price of the units have been traded recently. Real estate funds are valued on the basis of information received from the individual fund manager.

Most managers report on a quarterly basis and the commonest method used by the individual fund managers is an external quarterly valuation of the fund's assets. This involves the manager calculating a net asset value (NAV). The NAV reports from the funds will often be a quarter late in relation to Storebrand's financial statements. Storebrand makes internal estimates of the changes in value, based on developments in the market and conferring with the respective managers, in order to take account of changes in value during the last quarter.

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

Storebrand's private equity investments are usually made through unlisted companies meaning no observable market prices are available. Large proportions of the portfolio are priced using comparable listed companies, while a smaller proportion of the portfolio is listed. The valuation of the private equity portfolio will thus be sensitive to fluctuations in the global equity markets. In the period 1997-2010, Storebrand's private equity portfolio has had a beta against the MSCI World (Net currency hedging to NOK) of around 0.4. The annualised alpha in the same period has been around 8.9 per cent.

Valuations of asset backed securities will generally be sensitive to estimated loan repayment terms, probability of losses and discounting rate requirements. Key assumptions for these factors will also be based on the mutual fund's characteristics and quality. The specified composition of the ABS/RMBS/CMBS portfolio below is valued at fair value. The company's valuation of asset backed securities is based on external sources. Based on experience with procured trade able prices from brokers, the company is of the opinion that reasonable alternative assumptions entail a valuation that could be 2-3 per cent higher or lower than that indicated by fair value.

Composition of ABS/CMBS/RMBS portfolio primarily based on exposure to underlying collateral

Country	Asset Backed	Commercial Mortgage Backed	Residental Mortgage Backed	Total
Australia			2%	2%
Italy			5%	5%
Mixed		12%		12%
Netherlands			12%	12%
Portugal			8%	8%
Spain	1%		12%	13%
United Kingdom		1%	18%	19%
Germany		5%		5%
USA	23%		1%	24%
Total	**24%**	**18%**	**58%**	**100%**

Composition of ABS/CMBS/RMBS portfolio based on rating from Moody's, alternatively Fitch

Rating	Asset Backed	Commercial Mortgage Backed	Residental Mortgage Backed	Total
AAA	19%	10%	26%	56%
AA	1%	7%	24%	31%
A	3%	2%	8%	13%
Total	**24%**	**18%**	**58%**	**100%**

Valuations of indirect real estate investments are particularly sensitive to changes in the required rate of return and assumed future cash flows. Indirect real estate investments are mortgaged structures. On average, 60 per cent of the portfolio is mortgaged. A change of 0.25 per cent in the required rate of return, where everything else remains the same, would result in a change in value in the real estate portfolio of approx. NOK 300 million.

STOREBRAND LIVSFORSIKRING AS

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2010
Assets				
Equities and units				
- Equities	9 192	586	1 839	11 618
- Fund units		18 412	1 117	19 529
- Private Equity fund investments		1 972	4 180	6 151
- Indirect real estate fund		6	38	44
Total equities and units	**9 192**	**20 976**	**7 174**	**37 343**
Bonds and other fixed income securities				
- Government and government guaranteed bonds	11 748	4 442		16 190
- Credit bonds		31 261	696	31 956
- Mortage and asset backed bonds		4 985	1 114	6 099
- Supranational and agency		857		857
- Bond funds		21 634		21 634
Total bonds and other fixed income securities	**11 748**	**63 179**	**1 810**	**76 737**
Derivatives:				
- Interest rate derivatives		309		309
- Currency derivatives		1 417		1 417
- Credit derivatives		1		1
Total derivatives		**1 726**		**1 726**
- derivatives with a positive market value		2 405		2 405
- derivatives with a negative market value		-679		-679

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2009
Assets				
Equities and units	5 544	16 513	6 114	28 170
Bonds and other fixed-income securities	26 916	47 835	2 041	76 791
Derivatives		321		321

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	22	31

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 investments	Indirect real estate fund	Credit bonds	Mortage and asset backed bonds
Balance 01.01.10	1 702	1 052	3 360		668	1 373
Net profit/loss at financial instruments	131	-21	494		739	36
Additions/purchases	58	93	474	38	5	
Sales/overdue/settlement	-53	-5	-149		-716	-295
From quoted prices and observable assumptions	2					
Balance 31.12.10	**1 839**	**1 117**	**4 180**	**38**	**696**	**1 114**

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2010
Assets				
Equities and units				
- Equities	28 445	984	3 167	32 596
- Fund units		49 304	1 832	51 137
- Private Equity fund investments		2 319	4 363	6 682
- Indirect real estate fund		6	2 411	2 417
Total equities and units	**28 445**	**52 613**	**11 773**	**92 832**
Bonds and other fixed income securities				
- Government and government guaranteed bonds	31 782	26 013		57 795
- Credit bonds		39 984	1 042	41 026
- Mortage and asset backed bonds		22 017	1 114	23 131
- Supranational and agency		2 797		2 797
- Bond funds		26 821		26 821
Total bonds and other fixed income securities	**31 782**	**117 633**	**2 156**	**151 571**
Derivatives				
- Interest rate derivatives		1 615		1 615
- Currency derivatives		1 722		1 722
- Credit derivatives		1		1
Total derivatives		**3 337**		**3 337**
- derivatives with a positive market value		4 217		4 217
- derivatives with a negative market value		-880		-880

NOK million	Quoted prices	Observable assumptions	Non-observable assumptions	Total 2009
Assets				
Equities and units	20 701	41 702	10 342	72 745
Bonds and other fixed-income securities	51 532	95 689	2 452	149 673
Derivatives	11	1 441		1 452

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	46	156

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 investments	Indirect real estate fund	Credit bonds	Mortage and asset backed bonds
Balance 01.01.10	2 923	1 612	3 360	2 246	973	1 373
Net profit/loss at financial instruments	416	348	487	-64	726	36
Additions/purchases	404	160	674	231	99	
Sales/overdue/settlement	-629	-326	-158	-15	-778	-295
From quoted prices and observable assumptions	5					
Re-statement differences	60	38		13	21	
Other	-13					
Balance 31.12.10	**3 167**	**1 832**	**4 363**	**2 411**	**1 042**	**1 114**

10 Segment information – analysis of profit and loss by business area

	Life and Pensions Norway		Life and Pensions Sweden		Asset management		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	31 684	30 348	14 907	16 637	194	142	46 785	47 127
Profit before tax	865	422	116	487	86	43	1 067	952
Assets	206 211	190 806	141 025	127 019	199	152	347 436	317 977
Liabilities	196 052	180 546	135 644	122 130	167	120	331 863	302 796

Revenue

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

Life and Pensions Norway

Storebrand Livsforsikring offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Storebrand Livsforsikring's branch in Sweden provides occupational pensions products based on Norwegian law in the Swedish market. Includes companies in Storebrand Livsforsikring Konsern excluding Storebrand Eiendom AS, and Storebrand Holding AB.

Life and Pensions Sweden

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

Asset management

Storebrand's asset management activities includes the companies Storebrand Eiendom AS and SPP Fonder AB.

11 Profit and Loss Statement by class of business

	NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endowment insurance	Annuity/ pension insurance	Non-life insurance	Total Storebrand Livsforsikring AS	SPP Group	Total Storebrand Livsforsikring Group
1.	Premium income	13 570	3 305	587	2 983	221	210	20 876	7 401	28 277
2.	Net income from financial assets – collective portfolio	7 033	1 195	53	408	980	22	9 690	4 169	13 916
3.	Net income from financial assets with investment choice	1 289	125		266	354		2 035	2 439	4 481
4.	Other insurance related income	78		2	45	37		162	772	935
5.	Claims	-7 106	-1 961	-514	-2 357	-2 725	-79	-14 742	-6 782	-21 524
	– Of which agreements terminated/ withdrawals from endowment policies	-17	-488		-1 796	-1 013		-3 314	-27	-3 341
6.	Changes in insurance obligations recognised in the Profit and Loss Account – contractual obligations	-9 390	-1 967	-42	220	1 473	-47	-9 753	-2 287	-12 097
7.	Changes in insurance obligations recognised in the Profit and Loss Account – investment selection portfolio	-3 850	-199		-1 081	-108		-5 238	-4 558	-9 796
8.	Funds allocated to insurance contracts, contractual obligations	-211	-163		-103	-30		-507		-507
9.	Insurance related operating costs	-724	-126	-69	-218	-186	-61	-1 384	-678	-2 109
10.	Other insurance related costs	-158	-54	-12	11	-3	-1	-217	-55	-272
11.	**Technical result 2010**	**531**	**155**	**5**	**173**	**14**	**45**	**922**	**421**	**1 302**
	Technical result 2009	**479**	**88**	**11**	**60**	**-39**	**37**	**636**	**403**	**1 043**

Analysis by profit-sharing model

Endowment insurance

	NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	Total 2010	Total 2009
1.	Premium income	733	306	1 943	2 983	3 503
2.	Net income from financial assets - collective portfolio	368	40		408	283
3.	Net income from financial assets with investment choice			266	266	276
4.	Other insurance related income	5	6	34	45	24
5.	Claims	-1 166	-99	-1 093	-2 357	-1 545
6.	Changes in insurance obligations recognised in the Profit and Loss Account – contractual obligations	319	-99		220	-217
7.	Changes in insurance obligations recognised in the Profit and Loss Account – investment selection portfolio			-1 081	-1 081	-2 013
8.	Funds allocated to insurance contracts, contractual obligations	-103			-103	-2
9.	Insurance related operating costs	-98	-72	-48	-218	-240
10.	Other insurance related costs	6	4		11	-9
11.	**Technical result**	**65**	**86**	**22**	**173**	**60**

Annuity/pension insurance

	NOK million	Profit allocation	Investment choice	Total 2010	Total 2009
1.	Premium income	-13	234	221	478
2.	Net income from financial assets – collective portfolio	980		980	733
3.	Net income from financial assets with investment choice		354	354	553
4.	Other insurance related income	5	32	37	30
5.	Claims	-2 267	-457	-2 725	-2 167
6.	Changes in insurance obligations recognised in the Profit and Loss Account – contractual obligations	1 473		1 473	866
7.	Changes in insurance obligations recognised in the Profit and Loss Account – investment selection portfolio		-108	-108	-339
8.	Funds allocated to insurance contracts, contractual obligations	-30		-30	
9.	Insurance related operating costs	-143	-42	-186	-194
10.	Other insurance related costs	-3		-3	-1
11.	**Technical result**	**0**	**13**	**14**	**-39**

Group pension private insurance

	NOK million	Defined benefit without investment choice	Defined benefit with investment choice	Paid-up policies	Defined contribution with investment choice	Not eligible for profit allocation	Total 2010	Total 2009
1.	Premium income	9 015	301	662	3 082	510	13 570	10 351
2.	Net income from financial assets - collective portfolio	3 593		3 401		39	7 033	4 906
3.	Net income from financial assets with investment choice		252		1 038		1 289	1 466
4.	Other insurance related income	11			67		78	43
5.	Claims	-6 788	-215	640	-488	-255	-7 106	-5 856
6.	Changes in insurance obligations recognised in the Profit and Loss Account – contractual obligations	-4 813		-4 501		-77	-9 390	-4 962
7.	Changes in insurance obligations recognised in the Profit and Loss Account – investment selection portfolio		-301		-3 549		-3 850	-4 471
8.	Funds allocated to insurance contracts, contractual obligations	-207		-4			-211	-82
9.	Insurance related operating costs	-339	-11	-160	-151	-63	-724	-780
10.	Other insurance related costs	-104		-6	-3	-46	-158	-137
11.	**Technical result**	**368**	**26**	**32**	**-4**	**109**	**531**	**479**

Group pension public insurance

	NOK million	Defined benefit without investment choice	Defined benefit with investment choice	Total 2010	Total 2009
1.	Premium income	3 038	266	3 305	3 669
2.	Net income from financial assets - collective portfolio	1 195		1 195	840
3.	Net income from financial assets with investment choice		125	125	80
4.	Other insurance related income	-1 792	-169	-1 961	-1 834
5.	Claims				
6.	Changes in insurance obligations recognised in the Profit and Loss Account – contractual obligations	-1 967		-1 967	-2 335
7.	Changes in insurance obligations recognised in the Profit and Loss Account – investment selection portfolio		-199	-199	-186
8.	Funds allocated to insurance contracts, contractual obligations	-163		-163	-2
9.	Insurance related operating costs	-115	-11	-126	-141
10.	Other insurance related costs	-41	-13	-54	-2
11.	**Technical result**	**155**	**-1**	**155**	**88**

12 Profitanalysis by Class of Insurance

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Total Storebrand Livsforsikring AS 2010	Total Storebrand Livsforsikring AS 2009	Life and Pensions Sweden 2010	Total Storebrand Livsforsikring Group 2010	Total Storebrand Livsforsikring Group 2009
Financial income*	6 679	1 021	48	686	1 335	19	9 789	9 175	-3 448	6 341	12 998
Guaranteed yield	-5 077	-704	-2	-484	-970		-7 237	-7 600	3 465	-3 772	-11 175
- of which transferred to premium fund	68	29					97	111	2 367	2 464	-2 226
Investment result before drawing on buffer capital	1 602	317	47	202	364	19	2 552	1 575	17	2 568	1 823
To/from additional statutory reserves and buffer capital	-738	-99		-35	-28		-900	-1 267		-900	-1 267
Investment result after drawing on additional statutory reserves and buffer reserves	**864**	**219**	**47**	**167**	**336**	**19**	**1 652**	**308**	**17**	**1 669**	**556**
Risk Premium	620	43	562	471	-123	215	1 788	1 728	482	2 270	2 202
Risk addition	-404	51	-575	-375	105	-162	-1 360	-1 427	-164	-1 524	-1 583
Net reinsurance etc.*	-146		-29			-4	-179	-120	-7	-187	-186
Risk result	**69**	**94**	**-42**	**96**	**-18**	**50**	**249**	**180**	**311**	**559**	**433**
Administration premium	752	120	69	231	151	37	1 361	1 252	977	2 338	2 016
Operating expenses	-724	-126	-69	-218	-186	-61	-1 384	-1 484	-884	-2 268	-2 346
Administration result	**28**	**-5**	**1**	**13**	**-35**	**-24**	**-23**	**-232**	**94**	**70**	**-330**
Other results	**-545**	**-79**			**-239**		**-863**			**-904**	**5**
Premium for guaranteed interest	**264**	**88**					**352**	**275**		**352**	**275**
Risk profit	**159**	**46**					**205**	**213**		**205**	**213**
Gross result for sector	**840**	**362**	**5**	**276**	**44**	**45**	**1 572**	**744**	**421**	**1 952**	**1 152**
Investment result and risk result to policyholders	-309	-207		-103	-30		-649	-108		-649	-108
Profit of the year	**531**	**155**	**5**	**173**	**14**	**45**	**922**	**636**	**421**	**1 302**	**1 043**

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

Endowment insurance	Profit allocation		Not eligible for profit allocation		Investment choice		Total 2010		Total 2009	
NOK million	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner
Administration result	8			-15		20	8	4	-3	-33
Investment result	175			27			175	27	32	1
Risk result	20			74		2	20	76	45	95
Profit allocation	-65	65					-65	65	4	-4
To/from additional statutory reserves and buffer capital	-35						-35		-75	
Technical result	**103**	**65**		**86**		**22**	**103**	**173**	**2**	**60**

Annuity/pension insurance	Profit allocation		Investment choice		Total 2010		Total 2009	
NOK million	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner
Administration result	-47			12	-47	12	-30	-11
Investment result	364				364		17	
Risk result	-19			1	-19	1	-38	
Profit allocation							29	-29
To/from additional statutory reserves and buffer capital	-28				-28		23	
Other	-239				-239			
Technical result	**30**			**13**	**30**	**13**		**-39**

Group pension private insurance	Defined benefit without invest-ment choice		Defined benefit with investment choice		Paid-up policies		Defined contri-bution with investment choice		Not eligible for profit allocation		Total 2010		Total 2009	
NOK million	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner
Administration result		-26		-1		33		-8		30		28		-105
Investment result	810		132		642			4		13	1 585	17	1 232	-3
Risk result	6	6	4	4						51	10	60	-59	119
Premium for guaranteed interest and risk profit		385		23						15		423		373
Profit allocation	-2	2			-1	1					-3	3	-1	1
To/from additional statutory reserves and buffer capital	-267		-16		-455						-738		-1 067	93
Other	-339		-22		-184						-545			
Technical result	**208**	**367**	**98**	**26**	**3**	**33**		**-4**		**109**	**309**	**531**	**106**	**479**

Group pension public insurance	Defined benefit without investment choice		Defined benefit with investment choice		Total 2010		Total 2009	
NOK million	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner	Policy-holders	Owner
Administration result		-5				-5		-24
Investment result	256		61		317		238	
Risk result	63	36	4	-10	67	27		
Premium for guaranteed interest and risk profit		124		10		134		115
To/from additional statutory reserves and buffer capital	-85		-14		-99		-238	-3
Other	-72		-7		-79			
Technical result	**163**	**156**	**44**	**1**	**207**	**156**	**0**	**88**

13 Sales of insurance (new business)

NOK million	Group pension private insurance	Group pension public insurance	Group life insurance	Endow-ment insurance	Annuity/ pension insurance	Non-life insurance	Total Storebrand Livsforsikring AS	Life and Pensions Sweden	Total Storebrand Livsforsikring Group
2010	149	6	58	1 829	10	41	2 093	2 092	4 185
2009	245		43	2 009	75	31	2 403	2 273	4 676

Sales consist of new and additional sales, with deductions for policies where the first premium has not been paid. Premium reserves transferred to the company (note 14) are not included in these figures.

14 Transfers of insurance reserves

NOK million	Group pension private insurance	Group pension public insurance	Endow-ment insurance	Annuity/ pension insurance	Total Storebrand Livsforsikring AS 2010	Total Storebrand Livsforsikring AS 2009	Life and Pensions Sweden 2010	Life and Pensions Sweden 2009	Total Storebrand Livsforsikring Group 2010	Total Storebrand Livsforsikring Group 2009
Funds received										
Premium reserve	4 165	1 050	53	90	5 358	2 683	224	70	5 582	2 754
Additional statutory reserves	18	2	1		22	27			22	27
Transfers of premium reserve etc.	**4 183**	**1 052**	**54**	**90**	**5 380**	**2 710**	**224**	**70**	**5 604**	**2 780**
Premium funds	128				128	53			128	53
Number of policies/customers	5 720	23	174	429	6 346	4 740	2 190	519	8 536	5 259
Funds transferred out										
Premium reserve	-2 500	-787	-20	-127	-3 434	-2 589	-1 033	-714	-4 467	-3 303
Additional statutory reserves	-40	-38		-6	-84	-39			-84	-39
Conditional bonus							-19	-1	-19	-1
Value adjustment fund	-4			-1	-5				-5	
Transfers of premium reserve etc.	**-2 544**	**-825**	**-20**	**-133**	**-3 523**	**-2 628**	**-1 053**	**-715**	**-4 575**	**-3 343**
Premium funds	-145				-145	-72			-145	-72
Number of policies/customers	10 845	31	125	1 678	12 679	8 525	30 856	27 762	43 535	36 287

15 Financial assets income

Specification net financial income	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Interest lending	478	466	116	137
Interest bank	84	132	103	87
Interest bonds and other fixed-income securities at fair value	2 755	3 651	4 456	5 895
Interest bonds amortised cost	2 249	1 538	2 249	1 538
Interest derivatives	-94	-104	292	357
Interest income other	-94	-220	-94	-220
Equitiy dividends	459	153	1 655	1 418
Total interest income and share dividends etc.financial assets	**5 838**	**5 615**	**8 776**	**9 213**
Revaluation of real estate			154	-221
Revaluation of equities	3 117	3 707	6 905	11 235
Revaluation bonds and other fixed-income securities at fair value	-262	-473	-1 030	-2 748
Revaluation derivatives	-16	-181	-183	-3 397
Total revaluation on investments	**2 839**	**3 053**	**5 847**	**4 868**
Profit on real estate			15	22
Profit on equities	781	-1 208	1 595	-3 786
Profit on bonds and other fixed-income securities at fair value	653	1 197	1 178	5 592
Profits on derivatives	-7 850	-6 491	-7 715	-6 306
Profit on bonds at amortised cost	66	67	66	67
Other profit		1		1
Currency gains, equities	274	-1 492	-1 077	-1 929
Currency gains, bonds and other fixed-income securities at fair value	-130	-2 920	-1 244	-2 937
Currency gains, derivatives	8 804	13 171	10 332	12 697
Currency gains, bonds at amortised cost	-231	-522	-231	-522
Currency gains, other	-29	-268	97	54
Total gains and losses on financial assets	**2 339**	**1 535**	**3 017**	**2 953**
Interest costs subordinated loans	517	534	517	556
Total interest costs	**517**	**534**	**517**	**556**

16 Net income from properties

Storebrand Livsforsikring Group

NOK million	2010	2009
Rent income from properties[1]	1 623	1 556
Operating costs (including maintenance and repairs) relating to properties that have provided rent income[2]	-337	-299
Net operating income from properites	**1 286**	**1 258**
Realised gains/losses	15	22
Change in fair value of properties	154	-254
Total income from properties	**1 455**	**1 025**
1) Properties for own use	*67*	*94*
2) Properties for own use	*-12*	*-18*

Changes in value real estate investments

NOK million	2010	2009
Wholly owned real estate investments	154	-254
Property equities and units in Norway and Sweden[1]	96	-76
Property units abroad[1]	87	-974
Total value changes investment properties	**336**	**-1 304**
Properties for own use	-104	55
Total value changes real estate investment	**233**	**-1 250**
Realised gains/losses sold properties	**16**	**22**

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

17 Sales cost

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Salaries and personnel costs own sales resources	-151	-177	-256	-284
Other sales costs own resources	-119	-117	-132	-145
Commissions to external distributors	-29	-42	-87	-97
Total sales costs	**-300**	**-336**	**-475**	**-526**
Change in pre-paid direct selling expenses			59	74

18 Pensions

STOREBRAND LIVSFORSIKRING AS

Employees are insured through a defined benefit pension equivalent to 70 per cent of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme with Storebrand Livsforsikring AS. Pension payments from this scheme come into effect from the pension age, which is 67 for employees and 65 for underwriters. Pension payments to employees between 65 and 67 and pensions linked to salaries of more than 12 times the national insurance basic amount (G) are paid directly by the company. A guarantee has been pledged for earned pensions for salaries of more than 12 G upon retirement before 65 years old. As of 31 December 2010, 12 G amounts to NOK 907,692 The company's pension scheme satisfies the requirements of this act.

The company is obliged to have an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions.

Reconciliation of pension assets and liabilities in the balance sheet

NOK million	2010	2009
Present value of insured pension benefit liabilities	1 118	891
Pension assets as fair value	-713	-627
Net pension liability/surplus for the insured schemes	405	264
Present value of the uninsured pension liabilities	333	267
Net pension liabilities in the balance sheet	**738**	**531**

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

Booked in the statement of financial position

NOK million	2010	2009
Pension liabilities	738	531

NOK million	2010	2009
This year's change in experience adjustments included in equity	202	-75
Accumulated experience adjustments included in equity	-342	-141

Changes in the net defined benefit pension liability in the period

NOK million	2010	2009
Net pension liability at 01.01.	1 157	1 148
Net pension cost recognised in the period	80	87
Interest on pension liabilities	49	47
Experience adjustments	192	-88
Pension paid	-28	-37
Net pension liability at 31.12.	**1 451**	**1 157**

Changes in the fair value of pension assets in the period

NOK million	2010	2009
Fair value of pension assets at 01.01	627	555
Expected return	34	37
Experience adjustments	-10	-13
Premium paid	76	62
Pensions paid	-14	-13
Net pension assets at 31.12	**713**	**627**

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

	2010	2009
Properties and real estate	16 %	15 %
Bonds at amoritsed cost	26 %	26 %
Secured and other lending	2 %	2 %
Shares and units	21 %	16 %
Bonds at fair value	30 %	38 %
Other fixed-income securities	2 %	1 %
Other short-term financial assets	3 %	2 %
Total	**100 %**	**100 %**
The book (realised) investment return on assets	4,7 %	5,0 %

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

NOK million	2010	2009
Current service cost	91	96
Interest on pension liabilities	49	47
Expected return on pension assets	-34	-37
Net pension cost booked to profit and loss account in the period	**106**	**107**

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

Main assumptions used when calculating net pension liability at 31.12.

Financial	2010	2009
Discount rate	4.0 %	4.4 %
Expected return on pension fund assets in the period	4.9 %	6.0 %
Expected earnings growth	3.9 %	4.0 %
Expected annual increase in social security pensions	3.8 %	4.0 %
Expected annual increase in pensions in payment	2.0 %	2.0 %
Disability table	KU	KU
Mortality table	K2005	K2005

Financial assumptions
Calculation assumptions are determined by the guidance of the Norwegian Accounting Foundation adjusted for company-specific factors, including an expected return from the selected investment profile

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

Net pension liability at 31.12.

NOK million	2010	2009	2008	2007	2006
Discounted current value of defined benefit pension liabilities	1 451	1 157	1 148	937	1 027
Fair value of pension assets	-713	-627	-555	-540	-551
Deficit/surplus	**738**	**531**	**593**	**397**	**475**
Expected premium payments (pension assets) in 2011	87				

STOREBRAND LIVSFORSIKRING GROUP

Storebrand Livsforsikring
Employees are insured through a defined benefit pension equivalent to 70 per cent of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme with Storebrand Livsforsikring AS. Pension payments from this scheme come into effect from the pension age, which is 67 for employees and 65 for underwriters. Pension payments to employees between 65 and 67 and pensions linked to salaries of more than 12 times the national insurance basic amount (G) are paid directly by the company. A guarantee has been pledged for earned pensions for salaries of more than 12 G upon retirement before 65 years old. As of 31 December 2010, 12 G amounts to NOK 907,692 The company's pension scheme satisfies the requirements of this act. The company is obliged to have an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions.

SPP
The pension plan for employees in SPP follows the plan for bank employees. The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the Union of Finance Sector Employees and between BAO and SACO (the Swedish Confederation of Professional Associations). The amount is 10 per cent of the annual salary up to 7.5 income base amounts. The retirement pension is 65 per cent of the annual salary for the portion of salary between 7.5-20 income base amounts, and 32.5 per cent of annual salary between 20-30 income base amounts. No retirement pension is paid for the portion of salary in excess of 30 income base amounts.

Reconciliation of pension assets and liabilities in the balance sheet

NOK million	2010	2009
Present value of insured pension benefit liabilities	1 797	1 500
Pension assets as fair value	-1 178	-1 053
Net pension liability/surplus for the insured schemes	619	447
Present value of the uninsured pension liabilities	363	302
Net pension liabilities in the balance sheet	**982**	**749**

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

Booked in the balance sheet

NOK million	2010	2009
Pension liabilities	982	749

NOK million	2010	2009
This year's change in experience adjustments included in equity	233	104
Accumulated experience adjustments included in equity	-339	-106

Changes in the net defined benefit pension liability in the period

NOK million	2010	2009
Net pension liability at 01.01.	1 803	1 902
Net pension cost recognised in the period	114	129
Interest on pension liabilities	75	73
Experience adjustments	177	-217
Pension paid	-41	-46
Changes to the pension scheme		6
Net pension liability addition/disposals and currency differences	32	-44
Net pension liability at 31.12.	**2 160**	**1 803**

Changes in the fair value of pension assets in the period

NOK million	2010	2009
Fair value of pension assets at 01.01	1 053	971
Expected return	57	58
Experience adjustments	-46	-38
Premium paid	117	102
Changes to the pension scheme	-9	6
Pension paid	-16	-21
Pension assets addition/disposals and currency differences	21	-25
Net pension assets at 31.12	**1 178**	**1 053**

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

	Storebrand Livsforsikring AS		SPP	
	2010	2009	2010	2009
Properties and real estate	16 %	15 %		
Bonds at amoritsed cost	26 %	26 %		
Secured and other lending	2 %	2 %		
Equities and units	21 %	16 %	28 %	26 %
Bonds at fair value	30 %	38 %	65 %	67 %
Other fixed-income securities	2 %	1 %		
Other short-term financial assets	3 %	2 %	7 %	7 %
Total	**100 %**	**100 %**	**100 %**	**100 %**
The book (realised) investment return on assets	4.7 %	5.0 %	6.0 %	4.1 %

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

NOK million	2010	2009
Current service cost	162	193
Interest on pension liabilities	75	73
Expected return on pension assets	-56	-58
Net pension cost booked to profit and loss account in the period	**180**	**208**

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

Main assumptions used when calculating net pension liability at 31.12.

	Storebrand Livsforsikring AS		SPP	
Financial	2010	2009	2010	2009
Discount rate	4.0 %	4.4 %	3.6 %	3.3 %
Expected return on pension fund assets in the period	4.9 %	6.0 %	6.0 %	5.0 %
Expected earnings growth	3.9 %	4.0 %	3.5 %	3.5 %
Expected annual increase in social security pensions	3.8 %	4.0 %	3.0 %	3.0 %
Expected annual increase in pensions in payment	2.0 %	2.0 %	2.0 %	2.0 %
Disability table	KU	KU		
Mortality table	K2005	K2006	DUS06	DUS06

Financial assumptions
Calculation Assumptions are determined by the guidance of the Norwegian Accounting Foundation adjusted for company-specific factors, including an expected return from the selected investment profile

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

Net pension liability at 31.12.

NOK million	2010	2009	2008	2007	2006
Discounted current value of defined benefit pension liabilities	2 160	1 803	1 902	1 371	1 095
Fair value of pension assets	-1 178	-1 053	-971	-635	-589
Deficit/surplus	**982**	**749**	**931**	**736**	**506**
Fact-based adjustments to liabilities	-42	-114			
Fact-based adjustments to assets	-46	-38			
Expected premium payments (pension assets) in 2011	129				

Sensitivity pension calculation		
Change in discount rate	1 %	-1 %
Percentage change in pension		
Norway		
Pension liability	-19 %	25 %
Net pension cost for the periode	-22 %	31 %
Sweden		
Pension liability	-17 %	22 %
Net pension cost for the periode	-7 %	9 %

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

19 Remuneration of senior employees and elected officers of company

Lars Aa. Løddesøl is Chief Executive Officer of Storebrand Livsforsikring AS. He is entitled to 18 months' salary following the expiry of the normal notice period. All forms of work-related income from other sources, including consultancy assignments, will be deducted from any such payments. Løddesøl is entitled to a performance-related bonus based on the group's ordinary bonus scheme, which has three aspects. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. The Managing Director is a member of the Storebrand pension scheme on normal terms.

The company has no obligations towards the Chairman of the Board of Directors in respect of changes to or termination of his appointment. The company pays the cost of directors' liability insurance for the members of its board of directors.

Storebrand has established a bonus scheme for employees. The bonus scheme is linked to the company's value creation, but also depends on individual performance.

NOK thousand	Ordinary salary	Bonus paid	Other benefits **	Post termination salary (months)	Pension accrued for the year	Discounted present value of pension	Loan	Interest rate at 31.12.2010	Repayment period
Senior employees									
Idar Kreutzer	4 102	1 377	266	24	986	18 008	13 061	3.00%/3.34%/3.74%	2037/2025/2018
Odd Arild Grefstad ***	2 680	556	214	18	684	10 609	2 661	3.00%/3.34%	2024/2019
Lars Aa. Løddesøl	2 701	684	161	18	962	8 948	8 288	3.00%/3.20%	2029/2020
Roar Thoresen	2 755	676	149	18	968	8 537	1 564	3.00%	2032
Gunnar Rogstad	2 078	638	137	6	803	3 767	1 231	3.00%	2035
Egil Thompson	2 029	137	203	18	658	7 342	2 646	3.00%/3.44%	2038/2019
Elin M. Myrmel-Johansen	1 454	99	148	18	398	3 956	1 970	3.00%/3.35%	2023/2018
Trond Killi ******	1 192		95		217	1 901	3 147	3.34%	2025
Sarah McPhee *******	3 357	980	115		2 639	1 969			
Total 2010	**22 349**	**5 147**	**1 489**		**8 315**	**65 037**	**34 568**		
Total 2009	24 159	2 904	1 701		7 044	52 589	29 175		

NOK thousand	Number of equities held *	Bonus - bank ****	Return on shares bank *****	1/3 bonusbank pays 2011 ****
Senior employees				
Idar Kreutzer	96 232	5 129	127	1 709
Odd Arild Grefstad	30 018	2 176	51	825
Lars Aa. Løddesøl	32 149	1 635	63	878
Roar Thoresen	32 888	947	63	882
Gunnar Rogstad	102 040	778	55	737
Egil Thompson	19 632	817	13	339
Elin M. Myrmel-Johansen	8 491	534	10	211
Trond Killi ******				
Einar Karlsen	10 272			
Sarah McPhee	39 532	1 472	104	1 183
Total 2010	**371 254**	**13 488**	**487**	**6 763**
Total 2009	347 798	8 703	1 793	5 334

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

** *Comprises company car, telephone, insurance, concessionary interest rate, other contractual benefits*

*** *The cost of employment benefits of Odd Arild Grefstad is allocated proportionately between Storebrand Livsforsikring AS and Storebrand ASA. The share of these costs allocated to Storebrand Livsforsikring AS is NOK 1.5 million.*

**** *Outstanding in bonus bank at 31.12.2010 less Storebrand's initial contribution. Senior executives are contractually entitled to performance related bonuses related to the group's value-based management system. The group's value creation finances the overall amount of the bonus, but individual performance determines what proportion of the bonus is allocated. The bonus allocated to an individual is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. Senior employees, with the exception of the CEO, received an initial contribution when the bonus bank was established. If the employee leaves the company, the positive amount of the initial deposit will be retained by Storebrand. The balance of the bonus account is exposed 50% to Storebrand›s share price and 50% to the best interest rate paid by Storebrand Bank. Over time the balances in the "share bank" and "interest bank" will grow separately.*

***** *The return on the "share bank" shows the annual gain in value of the individual›s bonus account caused by the performance of the Storebrand share price in 2010 adjusted for dividend.*

****** *Quit 1. October 2010.*

******* *The retirement age for SPP's CEO is 62 years old. The CEO in SPP is covered by a defined contribution plan in addition to a defined benefit scheme.*

NOK thousand	Remuneration	Number of equities held *	Loan	Interest rate at 31.12.2010	Repayment period
Board of Directors					
Idar Kreutzer		96 232	13 061	3.00%/3.34%/3.74%	2037/2025/2018
Egil Thompson		19 632	2 646	3.00%/3.44%	2038/2019
Andreas Enger	165	5 000			
Tove Storrødvann	104				
Inger Johanne Bergstøl	165				
Else-Lill Grønli	165	2 033	2 500	3.00%/3.44%	2039/2019
Gorm Leiknes	165	2 883			
Total 2010	**763**	**125 780**	**18 207**		
Total 2009	508	120 833	17 477		
Control Commitee					
Elisabeth Wille	270	747			
Harald Moen	200	595			
Ida Hjort Kraby	200				
Ole Klette	200				
Tone Reierselmoen	90	1 734	547	3.75%	2021
Finn Myhre	245		8 426	3.34%	2014/2025/2030
Erling Naper	90				
Total 2010	**1 295**	**3 076**	**8 972**		
Total 2009	980	1 342			

20 Remuneration paid to auditors

Remuneration paid to Deloitte AS and related companies

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group			
				hence		
NOK million	2010	2009	2010	Norway	Sweden	2009
Statutory audit	2	4	7	3	3	10
Other reporting duties				1		1
Taxation advice			1	1		1
Other non-audit services			1		1	1
Total	**2**	**4**	**9**	**5**	**4**	**13**

The amounts above is excluding vat.

21 Tax charge

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Tax payable for the period			-42	
Change in deferred tax			430	13
Total tax charge			**388**	**13**

Reconciliation of expected and actual tax charge

NOK million	2010	2009	2010	2009
Ordinary pre-tax profit	1 288	1 138	1 067	952
Expected tax on income at nominal rate	-358	-319	-299	-267
Tax effect of:				
- realised/unrealised equities	853	346	856	638
- associated companies			-6	14
- permanent differences	269	-98	382	-152
- write-down of deferred tax assets	-1 161	88	-1 237	-278
Write-down real estate				80
Change from earlier years	397	-18	692	-23
Tax charge			**388**	**13**

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

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Tax increasing temporary differences				
Securities	3 841	1 806	3 884	1 849
Real estate			4 674	4 416
Operating assets			255	253
Pre-paid pensions		13		
Experience adjustments pension	342		342	
Other			610	612
Total tax increasing temporary differences	**4 183**	**1 820**	**9 765**	**7 129**
Tax reducing temporary differences				
Securities	-1 769	-2 332	-1 769	-2 332
Operating assets	-13		-13	
Provisions	-1 684		-1 684	
Accrued pension liabilities	-738	-531	-823	-593
Gains/losses account	-26		-26	
Other		-32	-119	-162
Total tax reducing temporary differences	**-4 229**	**-2 895**	**-4 434**	**-3 087**
Losses carried forward	-7 602	-5 015	-7 717	-5 266
Allowances carried forward	-503	-689	-503	-689
Total losses and allowances carried forward	**-8 105**	**-5 705**	**-8 220**	**-5 956**
Basis for net deferred tax/tax assets	**-8 152**	**-6 780**	**-2 889**	**-1 914**
Write-down of basis for deferred tax assets	8 152	6 780	3 492	2 562
Net basis for deferred tax/tax assets			**603**	**648**
Net deferred tax asset/liability			**169**	**181**
Booked in the statement of financial position				
Deferred tax			169	182

Write down of deferred tax assets

Deferred tax assets have been written down as a result of uncertainty as to whether future taxable income will be sufficient for all losses carried forward to be used for business in Norway. The primary reason behind this is the exemption method from taxation for share dividends and gains/losses on shares in the EEA area, and it is expected that the group will continued to derive income from such investments in future years. Allowances carried forward date from the years 2001–2003, and must be used within 10 years.

Deferred tax asset not included in the statement of financial position

NOK million	2010	2009	2010	2009
Deferred tax asset not included in the statement of financial position	2 283	1 898	978	1 898
Total deferred tax asset not included in the statement of financial position	**2 283**	**1 898**	**978**	**1 898**

22 Intangible assets and goodwill

STOREBRAND LIVSFORSIKRING AS

NOK million	IT-systems	Total 2010	Total 2009
Acquisition cost 01.01	55	55	34
Additions in the period:			
- Developed in-house	31	31	21
Other changes	39	39	
Acquisition cost 31.12	**125**	**125**	**55**
Acc. depreciation & write-downs 01.01.	-6	-6	
Write-downs in the period			-5
Amortisation in the period	-13	-13	-1
Other changes	-24	-24	
Acc. depreciation & write-downs 31.12.	**-43**	**-43**	**-6**
Book value 31.12.	**82**	**82**	**48**
Depriciation time	5 year		

NOK million	Lifetime	Depriciation rate	Depriciation method	Book value at 31.12
IT-systems	5 year	20 %	Linear	82

STOREBRAND LIVSFORSIKRING GROUP

	Intangible assets							
NOK million	Brand name	IT-systems	Customer lists	VIF	Rights SPP Fonder	Goodwill	Total 2010	Total 2009
Acquisition cost 01.01	162	61	471	8 010	8	694	9 405	10 254
Additions in the period:								
- Developed in-house		31					31	27
- Acquired via mergers, acquisitions, etc								4
Currency differences	11		32	550	1	46	640	-880
Other changes		39					39	
Aquisition cost 31.12	**173**	**132**	**503**	**8 559**	**9**	**740**	**10 116**	**9 405**
Acc. depreciation & write-downs 01.01.	-32	-9	-94	-3 118	-2		-3 255	-3 185
Write-downs in the period								-5
Amortisation in the period	-17	-15	-49	-282	-2		-364	-345
Re-statement differences	-3	0	-8	-222			-234	280
Other changes		-24					-24	
Acc. depreciation & write-downs 31.12.	**-52**	**-48**	**-151**	**-3 623**	**-3**		**-3 877**	**-3 255**
Book value 31.12.	**121**	**84**	**352**	**4 937**	**5**	**740**	**6 239**	**6 150**

NOK million	Lifetime	Depriciation rate	Depriciation method	Book value 31.12.10	Book value 31.12.09
Brand name SPP	10 years	10 %	Linear	121	129
Customer lists SPP	10 years	10 %	Linear	352	377
Value of business inforce SPP	20 years	5 %	Linear	4 937	4 891
Rights to withdraw fees from SPP Fonder	10 years	10 %	Linear	5	6
IT-systems	5 years	20 %	Linear	84	52

Goodwill distributed by business acquisition

NOK million	Acquisition cost 01.01	Value in the statement of financial position 01.01.	Currency effects	Statement of financial position 31.12.
SPP	749	686	46	732
Storebrand Baltic	4	4		4
Evoco UAB	4	4		4
Total	**758**	**694**	**46**	**740**

Goodwill is not depreciation, but tested annually for impairement.

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

The prognoses for the various elements of the result are based on the development in recent years, effects of measures during the prognosis period, as well as assumptions about the normalised development of the financial markets based on the current financial strategy and applicable market interest rates. The administration result is expected to develop positively due to the cost-efficiency measures, and the growth in sales of products and services that are cost-effective to administer and have lower capital requirements. In addition to the coming three-year period, cash flows are projected for the period 2014 to 2020 based on growth in the various result elements of between 0 per cent and 5 per cent per annum. A stable growth rate of 2.5 per cent has also been assumed in the calculation of the terminal value. Growth is generally expected in the occupational pensions market due to growth factors such as demography with the expected increase in the number of pensioners, higher employment rate,and regulatory conditions, including the transition from defined benefits to defined contribution pensions. The utility value is calculated by using a rate of return after tax of 8 per cent. The required rate of return is computed on the basis of risk-free interest and added to a premium that reflects the risk in the enterprise.

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

23 Classification of financial assets and liabilities

STOREBRAND LIVSFORSIKRING AS

NOK million	Loans and receivables	Fair value, trading	Fair value, FVO	Available for sale	Liabilities amortised cost	Total
Financial assets						
Bank deposits	4 275					4 275
Equities and units			37 343			37 343
Bonds and other fixed-income securities	48 194		68 406	8 331		124 931
Lending to customers	3 226					3 226
Customer receivables and other short-term receivables	1 606					1 606
Derivatives		2 405				2 405
Total financial assets 2010	**57 300**	**2 405**	**105 749**	**8 331**		**173 785**
Total financial assets 2009	**62 285**	**1 361**	**94 980**	**9 982**		**168 607**
Financial liabilities						
Subordinated loan capital					6 825	6 825
Derivatives		679				679
Other current liabilities					2 977	2 977
Total financial liabilities 2010		**679**			**9 802**	**10 481**
Total financial liabilities 2009		**1 040**			**10 224**	**11 264**

STOREBRAND LIVSFORSIKRING KONSERN

NOK million	Loans and receivables	Fair value, trading	Fair value, FVO	Available for sale	Liabilities amortised cost	Total
Financial assets						
Bank deposits	7 839					7 839
Equities and units			92 832			92 832
Bonds and other fixed-income securities	48 194		143 240	8 331		199 765
Lending to financial institutions	1					1
Lending to customers	3 226					3 226
Customer receivables and other short-term receivables	3 245					3 245
Derivatives		4 217				4 217
Total financial assets 2010	**62 506**	**4 217**	**236 072**	**8 331**		**311 125**
Total financial assets 2009	**64 432**	**2 780**	**212 699**	**9 982**		**289 893**
Financial liabilities						
Subordinated loan capital					6 825	6 825
Derivatives		880				880
Other current liabilities					6 961	6 961
Total financial liabilities 2010		**880**			**13 786**	**14 666**
Total financial liabilities 2009		**1 344**			**14 016**	**15 360**

24 Fair value of financial assets and liabilities

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Book value	Fair value	Book value	Fair value
Assets				
Loans and receivables:				
Lending to customers, amortised cost	3 219	3 195	3 667	3 667
Bonds at amortised cost	48 194	48 926	44 718	44 858
Financial liabilities				
Subordinated loan capital, amortised cost	6 825	6 938	6 918	6 922

The fair value of lending to customers subject to variable interest rates is stated as book value. However, the fair value of lending to corporate customers with margin loans is slightly lower than book value since some loans have lower margins than they would have had had they been taken out at year-end 2010. The shortfall is calculated using a discounted difference between the agreed margin and the day's market price over the remaining term to maturity.

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

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

25 Properties

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

NOK million	2010	2009
Carrying amount as per 01.01	24 160	23 000
Supply due to purchases	2 503	677
Supply due to additions	476	305
To owner used properties		-87
From owner used properties		1 128
Disposals	-152	-635
Net write-ups/write-downs	50	-199
Re-statement differences	22	-28
Carrying amount as per 31.12	**27 059**	**24 160**

1) Consists of investment properties in Storebrand Livsforsikring Group.

Property type

NOK million	2010	2009	Duration of lease (years)	m²	Leased amount in %[1]
Office buildings (including parking and storage)					
Oslo-Vika/Filipstad Brygge	4 930	4 685	5.8	110 610	92
Rest of Greater Oslo	6 180	6 161	5.7	205 750	93
Rest of Norway	3 856	1 131	7.0	509 790	93
Shopping centres (including parking and storage)	10 656	11 180	3.3	468 735	92
Multi-storey car parks	696	692	5.8	44 085	100
Office buildings in Sweden	387		0.5	16 000	3
Cultural/conference centres and commercial in Sweden	354	311	19.0	18 500	86
Totalt investment properties	**27 059**	**24 160**		**1 373 470**	
Properties for own	1 668	1 718	9.3	50 000	91
Total properties	**28 727**	**25 878**		**1 423 470**	

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

Geographical location

NOK million	2010	2009
Oslo- Vika/Fillipstad Brygge	5 625	5 377
Rest of Greater Oslo	7 560	8 903
Rest of Norway	14 512	11 019
Sweden	742	311
Other	289	268
Total properties	**28 727**	**25 878**

A further NOK 450 million was agreed for property purchases in 2010, but the assumption of the risk and final conclusion of contracts will occur in 2011. NOK 372 million in Storebrand and SEK 1 302 million in SPP has been committed but not drawn on in international real estate funds.

Calculation of fair value for properties

Investment properties are valued at fair value. Fair value is the amount an asset could be sold for in a transaction at arm's length between well informed, voluntary parties.

The individual required rate of return for the individual investment is used to discount future net cash flows.

The required rate of return is set on the basis of expected future risk free interest and an individually set risk premium. The following, among other things, is taken into account when setting the required rate of return:

- Transactions in the market
- Perceptions in the market
- Lease status (vacancy, tenant's solvency)
- Location
- Standard
- Rent level in relation to market rent
- Value per m²
- All other information about property values, the market and the individual property

The property's market values is assessed on the basis of a long-term income perspective. Office buildings and shopping centres account for a significant proportion of the properties. 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 rent and normal operating costs for the property. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future development in market rents. In the case of shopping centres, the property's value is calculated based on a market yield. In cases where it is known significant changes will occur to the expected cash flow in later years, this is taken account of in the valuation.

External valuations:
A representative selection of properties is subject to an external valuation. In periods of low activity in the property market when it is difficult to find sales of properties that can be compared with the types of properties Storebrand owns, valuations are obtained from external valuers to verify the values calculated using the internal valuation model. As per 31 December 2010, valuations were obtained for the equivalent of 37 per cent of Storebrand's property portfolio and which represent all the segments described below.

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

Segment	Required rate of return %		Volume	
	2010	2009	2010	2009
Office buildings (including parking and storage)				
- Oslo-Vika/Filipstad Brygge	7.50-8.50	7.75-9.25	5 625	5 377
- Rest of Greater Oslo	8.25-10.00	7.75-10.00	7 559	7 611
- Rest of Norway	8.75-9.75	8.75-10.00	3 856	1 131
Shopping centre portfolio	8.00-9.25	8.25-9.25	10 656	11 180
Cultural/conference centres and commercial Sweden	7.00-9.00	7.50-9.50	742	311
Other			289	268

Sensitivities
Valuations are particularly sensitive to changes in the required rate of return and assumed future cash flows. A change of 0.25 per cent in the required rate of return, where everything else remains the same, would result in a change in value in the real estate portfolio of approx. NOK 931 million, which corresponds to 3.36 per cent. Around 25 per cent of the property's cash flow is linked to signed leases. This means that changes in the uncertain parts of the cash flow of 1 per cent result in a 0.75 per cent change in value.

26 Parent company's holding of equities in subsidiaries and associated companies

NOK million	Interest in %	Voting interest in %	Book value 31.12 2010	Book value 31.12 2009
Company				
Aktuar Systemer AS, Professor Kohts vei 9, 1327 Lysaker	100.0%	100.0%	5	5
Storebrand Pensjonstjenester AS, Professor Kohts vei 9, 1327 Lysaker	100.0%	100.0%	5	5
AS Værdalsbruket, 7660 Vuku	74.9%	74.9%	45	45
Storebrand Eiendom AS, Professor Kohts vei 9, 1327 Lysaker	100.0%	100.0%	7	7
Storebrand Holding AB, Stockholm	100.0%	100.0%	6 027	5 718
Storebrand Finansiell Rådgivning AS, Professor Kohts vei 9, 1327 Lysaker	100.0%	100.0%	184	175
Storebrand Eiendom Holding AS, Professor Kohts vei 9, 1327 Lysaker	100.0%	100.0%	29 609	28 346
Storebrand Realinvesteringer AS, Professor Kohts vei 9, 1327 Lysaker	100.0%	100.0%	1	
Foran Real Estate, Latvia	90.1%	90.1%	479	442
Subsidiaries			**36 360**	**34 741**
Storebrand Baltic UAB, Litauen	50.0%	50.0%	5	5
Evoco UAB, Litauen	50.0%	50.0%	4	4
Jointly-controlled companies			**9**	**9**
Norsk Pensjon AS	25.0%	25.0%	4	4
Associated companies Storebrand Livsforsikring AS			**4**	**4**
Benco Insurance Holding BV			62	67
Total investment in subsidiaries, associated companies and jointly-controlled companies			**36 435**	**34 821**

Associated companies Storebrand Livsforsikring Group

NOK million	Interest in %	Acquisition cost	Book value 1.1	Addition/ disposal	Share of profit	Share of other income and expences	Re-statement differences	Book value 31.12.
Norsk Pensjon AS	25.0 %	5	4					4
Inntre Holding AS	34.3 %	2	43		1			44
Formuesforvaltning AS	14.2 %	90	67	6	3			76
Handelsboderna i Sverige Fastighets AB	50.0 %	4	3	2	-1	3		8
NREP Logistics ab (publ)	47.5 %	6		6		43	1	50
Visit Karlstad	15.0 %	1		1				1
Associated companies Storebrand Livsforsikring Group		**108**	**117**	**15**	**3**	**46**	**1**	**183**

Loans to associated companies

NOK million	2010	2009
Formuesforvaltning AS	39	
Handelsboderna i Sverige Fastighets AB	96	156
NREP Logistics ab (publ)	131	
Total	**266**	**156**

Income from associated companies

NOK million	2010	2009
Share of profit	3	-1
Interest income	13	
Unrealised change in value	46	
Total	**62**	**-1**

27 Bonds at amortised cost

	2010				2009	
NOK million	Nominal value	Aqcuisition cost	Book value	Fair value	Book value	Fair value
Government and government guaranteed bonds	20 916	21 696	21 871	22 202	20 839	21 095
Credit bonds	10 583	10 508	10 689	10 755	11 181	11 109
Mortage and asset backed bonds	12 178	10 700	10 673	10 759	7 879	7 658
Supranational and agency	5 166	4 791	4 961	5 210	4 819	4 996
Total bonds at amortised cost	**48 843**	**47 695**	**48 194**	**48 926**	**44 718**	**44 858**
Modified duration (interest rate sensitivity)				4.5		3.9
Average effective yield			5.4	4.6	4.9	5.2

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

28 Equities and other units

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	Acquisition cost	Market value	Acquisition cost	Market value
NORWEGIAN FINANCE INDUSTRY				
ABG Sundal Collier	46	74	46	74
DnB NOR	218	248	218	248
Gjensidige Forsikring ASA	21	20	21	20
Sparebank 1 SR-Bank G	3	3	3	3
Sparebanken Midt-Norge G	7	7	7	7
Sparebanken Vest G	2	3	2	3
Convexa Capital IV - -B-shares	3	4	3	4
Convexa Capital IV - -C-shares	3	4	3	4
Convexa Capital IV - D-shares	3		3	
Help Forsikring AS	27	24	27	24
NMI AS under stiftelse	8	8	8	8
NMI Frontier Fund KS (under establishment)	11	11	11	11
NMI Global Fund KS (under establishment)	20	20	20	20
Norstat Holding AS			22	4
Norstat Holding AS B			32	40
Total	**371**	**426**	**426**	**470**
OTHER NORWEGIAN EQUITIES				
Aker Solutions	54	61	56	63
Algeta	27	45	27	45
Atea ASA	18	22	18	22
Austevoll Seafood	22	26	22	26
Cermaq	17	22	17	22
Clavis Pharma	21	20	21	20
Elixia Holding II A-shares			32	69
Fred. Olsen Energy	32	38	32	38
Glava	35	115	35	115
Green Resources			75	133
Hansa Property Group ASA			185	82
Marine Harvest	40	47	40	47
Nordic Capital Partner II	44	37	44	37
Norsk Hydro	142	178	147	182
Norsk Tillitsmann	1	21	1	21
Orkla	194	214	198	218
Petroleum Geo-Services	22	28	22	28
Phonect AS			19	24
Raufoss Næringspark ANS			152	175
Renewable Energy Corporation	41	39	43	39
Schibsted	37	43	37	43
Spectrum ASA	4	3	23	21
Statoil ASA	460	484	460	484
Statoil Fuel & Retail ASA	27	30	27	30
Storebrand Privat Investor ASA			117	117
Storebrand Privat Investor ASA	59	63	59	63
Telenor	287	310	292	317
TGS-NOPEC Geophysical Company	60	77	60	77

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Yara International	224	293	229	299
Ziebel AS - Pref. shares B			23	23
Other Norwegian equities, not specified	242	249	321	316
Total	**2 109**	**2 466**	**2 833**	**3 196**
Total Norwegian equities	**2 481**	**2 891**	**3 259**	**3 666**
Of which listed Norwegian equities	2 204	2 536	2 250	2 584
AUSTRALIA				
AGL Energy	3	3	6	7
Alumina	2	2	4	6
Amcor	3	3	6	7
Amp Ltd.	4	3	9	8
Asciano	2	2	4	4
ASX Ltd.			4	5
Aust & Nz Bank Group	17	18	39	46
BHP Billiton AUD	38	45	95	119
Brambles Ltd	3	3	7	8
Coca-Cola Amatil	4	4	8	8
Commonwealth Bank of Australia	23	24	55	62
Computershare	2	2	4	4
Crown Limited	2	3	5	5
CSL (AU0000CSLDA0)	5	6	14	17
Fortescue Metals Group	2	3	6	8
Fosters Group	5	5	11	12
General Property Trust	2	2	4	4
Insurance Australia Group	3	3	6	7
Leighton Holdings	3	2	5	5
Macquarie GP LTD	4	4	11	10
National Australian Bank	16	16	40	40
Newcrest Mining	8	9	19	23
Orica Ltd	4	4	7	9
Origin Energy	4	5	10	12
Oz Minerals	2	3	4	5
QBE Insurance Group	6	5	15	14
Rio Tinto AUD	9	11	22	29
Santos	4	4	9	9
Stockland	4	4	8	7
Suncorp Group Holding	4	4	8	9
Tabcorp Holdings (Victoria)	3	3	6	6
Telstra Corp	4	4	11	10
Toll	2	2	5	4
Transurban Group	3	3	6	6
Westfield Group	7	7	17	19
Westpac Banking Corp	21	20	52	53
Woodside Petroleum	7	7	19	19
Woolworth Australia	12	12	31	33
Other Australia	9	9	48	53
Total	**253**	**271**	**636**	**715**

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
BELGIUM				
Ageas (BE)	3	2	10	5
Anheuser-Busch Inbev	13	13	34	39
Belgacom	3	3	6	6
Delhaize	3	2	7	6
Groupe Bruxelles Lambert	4	3	5	4
Groupe Bruxelles Lambert-Str VVPR	0	0	4	4
Kredietbank	3	2	9	5
Solvay	3	3	6	7
Umicore	2	3	4	7
Other Belgium			9	6
Total	**33**	**32**	**95**	**89**
BERMUDA				
BW Offshore	42	51	42	51
Invesco Ltd USA	3	3	8	9
SeaDrill Ltd	166	213	170	219
Other Bermuda	8	8	17	17
Total	**219**	**275**	**236**	**296**
CANADA				
Agnico	5	6	15	18
Agrium	6	8	16	23
Bank of Montreal	10	9	25	26
Bank of Nova Scotia	15	17	40	47
Bce	3	3	8	10
Bombardier B	3	3	7	7
Brookfield Asset Management	6	8	15	20
Cameco Corp			6	8
Cameco Corp	4	5	4	5
Canadian Imperial Bank of Commerce	9	10	23	26
CanadiaN Nat. Resources CAD	12	15	32	41
Canadian National Railway	11	11	26	30
Canadian Pacific	6	6	11	12
Cenovus Energy Inc	6	8	15	21
Crescent Point Energy	4	4	8	9
Eldorado Gold Corp	4	5	12	15
Enbridge	7	9	18	23
Encana Corp	7	6	20	17
Enerplus Resources Fund	3	4	7	8
Fairfax Financial Holdings Inc	2	3	5	6
First Quantum Minerals	3	4	6	9
Goldcorp Inc	11	12	31	34
Great West Lifeco	3	3	7	7
Husky Energy	3	3	8	7
Iamgold Corp	3	3	8	9
Imperial Oil	3	4	11	11
Investors Group Inc	2	2	5	5
Ivanhoe Mines	3	3	6	9
Kinross Gold	7	7	22	22
Loblaw	2	2	6	7
Lundin Mining Corp - SE			18	19
Magna A	4	5	11	14

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Manulife Financial	8	8	28	23
Metro Inc	3	3	6	6
National bank of Canada	3	4	7	8
Nexen Inc	4	4	10	9
Northland Resources S.A.	19	23	19	23
Pan American Silver Corp	2	2	4	6
Penn West Energy Trust	3	4	7	9
Power Corp. of Canada	4	4	9	9
Power Financial Corp	3	3	7	7
Research in Motion	10	9	29	23
Rogers Communications B	6	6	15	15
Royal Bank of Canada	22	20	60	59
Saputo	4	4	6	9
Shaw Communications B	3	3	7	8
Shoppers Drug Mart Corp	4	3	10	9
Sun Life Financial Inc	5	5	15	14
Suncor Energy	14	17	44	47
Talisman Energy	6	7	15	19
Teck Resources Ltd B	7	10	16	27
Telus Corporation - Non Vote	3	3	4	5
Thomson Reuters Corp	4	4	14	15
Tim Hortons Inc CAD	3	4	6	7
Toronto - Dominion Bank CAD	18	19	46	52
Weston	4	4	8	10
Yamana Gold Inc.	4	4	10	11
Other Canada	10	11	70	81
Total	**342**	**376**	**923**	**1 039**
CAYMAN ISLANDS				
Subsea 7	59	76	59	76
SBL Direct Investments 2006-2008 Ltd - Class B-1	232	355		
SBL Vintage 1999 Ltd - Class B-1	154	171		
SBL Vintage 2001 Ltd - Class B-1	43	26		
Other Cayman Islands			2	2
Total	**487**	**628**	**61**	**77**
DENMARK				
A.P Moeller - Maersk A/S	5	6	14	15
Carlsberg B	3	3	7	9
Den Danske Bank	3	3	10	10
NordEnergie Renewables AS	60	75	60	75
Novo-Nordisk B	11	14	26	41
Superfos Industries	31	36	31	36
Vestas Wind System	4	3	14	6
Other Denmark	4	5	12	15
Total	**121**	**146**	**174**	**208**
FINLAND				
Fortum	4	4	10	11
Kone Oyj	3	4	7	10
Metso OYJ	2	3	4	8
Neste Oil			4	3
Nokia A	13	11	49	32

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Nokia Oyj			16	13
Nokian Renkaat	2	2	4	6
Sampo Leonia Plc	3	3	9	10
Stora Enso	2	3	4	6
Upm-Kymmene	3	4	6	9
Wartsila Oyj-B			2	4
Other Finland	30		39	8
Total	**62**	**34**	**156**	**119**
FAROE ISLANDS				
Bakkafrost P/F	11	15	11	15
Total	**11**	**15**	**11**	**15**
FRANCE				
Accor	3	3	6	7
Air Liquide	9	10	27	31
Alcatel-Lucent	3	3	8	7
Axa	11	9	37	27
BNP Paribas	19	17	59	51
Bouygues	4	4	12	11
Cap Gemini			5	4
Carrefour			19	15
Carrefour	9	8	9	8
Christian Dior	4	6	13	18
Cie De St Gobain	6	7	18	19
CIE Generale de Geophysique (CGG-Veritas)	2	2	5	7
Credit Agricole	6	4	16	11
Danone	12	13	33	35
Dassault Systeme	2	3	5	6
Electricite de France (EDF)	5	4	17	12
Essilor International	4	4	11	12
France Telecom	14	13	45	37
Gaz de France	14	14	48	40
Hermes International	3	4	8	12
L Oreal	8	9	26	27
Lafarge	5	5	15	12
Lagardere	3	3	6	6
Michelin B	5	5	15	15
Pernod-Ricard	6	6	16	18
Peugeot	3	4	9	10
PPR	3	4	8	10
Publicis Groupe	3	3	6	8
Renault	5	7	15	18
Sanofi-Aventis	22	20	69	60
Schneider Electric	10	12	24	32
Societe Generale	12	10	39	29
Sodexho	3	3	7	8
Suez Environnement	3	3	8	8
Technip SA	4	5	10	13
Unibail-Rodamco SE	7	7	18	17
Vallourec	4	5	11	12
Vinci	9	9	25	25

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Vivendi	10	10	33	31
Other France	8	8	58	60
Total	**262**	**263**	**818**	**787**
GUERNSEY				
Resolution	3	3	11	10
Total	**3**	**3**	**11**	**10**
GREECE				
Alpha Bank	2	1	5	2
Coca-Cola E.E.E. SA	1	2	3	4
EFG Eurobank Ergasias			3	1
Greek Org. of Football	2	2	5	4
Hellenic Petroleum			2	1
Hellenic Telecom			2	1
National Bank of Greece	5	3	17	7
Other Greece			4	2
Total	**10**	**8**	**42**	**22**
HONG KONG				
AIA GROUP LTD	6	6	6	6
Bank of East Asia	2	3	6	6
BOC Hong Kong Holdings	3	4	7	10
Cheung Kong Holdings	6	7	15	18
China Light & Power Holding	4	4	11	12
Esprit Holdings	3	2	8	5
Hang Lung Group	2	3	4	5
Hang Lung Properties	4	4	10	11
Hang Seng Bank	4	4	9	10
Henderson Land	3	3	7	7
Hong Kong & China Gas	3	3	7	8
Hong Kong Exchanges & Clearing	6	8	17	20
Hongkong Electric	2	2	6	6
Hutchison Whampoa	5	7	13	17
Li & Fung	4	4	7	10
Link Real Estate Investment	2	3	5	7
Mass Transit Railway Corporation	3	3	5	5
Moulin Global Eyecare	16	5	16	5
New World Development			3	3
Sands China Ltd	2	2	4	5
Sun Hung Kai Properties	7	8	18	19
Swire Pacific	4	5	8	11
Wharf	3	4	6	9
Other Hong Kong			14	16
Total	**94**	**94**	**213**	**232**
IRELAND				
LGT Crown European Buyout Opportunities II			156	139
Accenture PLC	9	10	22	26
CRH	5	5	17	14
Other Ireland	5	4	17	13
Total	**19**	**18**	**212**	**192**

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
ISRAEL				
Bank Hapoalim	2	3	2	3
Bank Leumi LE-Israel	2	3	2	3
Israel Chemicals Ltd	3	4	3	4
Teva Pharmaceutical Ind Ltd	15	14	15	14
Total	**22**	**23**	**22**	**23**
ITALY				
Assicurazioni General	7	6	25	19
Atlantia SPA	3	3	6	6
Enel	11	10	33	28
ENI	19	19	66	59
Fiat SPA	5	7	13	19
Intesa SanPaolo	8	6	27	17
Mediaset	2	2	4	4
Parmalat Spa	3	3	4	4
Saipem	4	5	11	16
Tenaris	4	5	10	13
UniCredit SPA	11	8	41	25
Unione di Banche Italiane SCPA (UBI Banca)	3	2	8	4
Other Italy			23	18
Total	**80**	**75**	**271**	**232**
JAPAN				
Aeon Co. Ltd	3	3	7	8
Aisin Seiki	5	6	11	13
Ajinomoto	3	3	7	8
Asahi Breweries	4	4	9	9
Asahi Glass	4	4	8	9
Asahi Kasei Corporation	3	4	7	8
Astellas PharmaR	5	5	15	15
Bank Kyoto	2	2	4	4
Bank of Yokohama	3	3	7	7
Canon	15	18	37	46
Central Japan Railway	4	4	10	11
Chiba Bank	2	2	5	5
Chubu Electric Power	5	5	14	14
Chugai Pharmaceutical	2	2	5	5
Chugoku Electric Power	3	3	6	6
Dai Nippon Printing	4	4	9	9
Daihatsu Motor	3	4	8	11
Dai-Ichi Life Insurance	5	4	6	5
Daiichi Sankyo	4	4	12	12
Daikin Industries	3	3	7	7
Daito Trust Const	2	2	4	5
Daiwa House Industry	3	3	5	6
Daiwa Securities	2	3	7	6
Denso	7	8	21	23
Dentsu	2	2	4	5
East Japan Railway	8	8	21	20
Eisai	3	3	8	8
Fanuc	5	8	15	24
Fast Retailing	3	3	6	7

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	Acquisition cost	Market value	Acquisition cost	Market value
Fuji Heavy Industries	2	3	6	11
Fujifilm	5	6	14	15
Fujitsu Ltd	3	4	9	10
GS Yuasa Corp	2	2	5	4
Hankyu Hld	3	3	6	5
Hino Motors	2	2	4	6
Hitachi	5	7	14	18
Hoya Corporation	4	4	9	9
Isuzu Motors Ltd			3	6
Itochu Corp	4	5	10	13
Japan Real Estate Inv			3	4
Jfe Holdings	6	6	15	14
Joyo Bank	3	3	3	3
JS Group	2	3	4	5
JX Holding	4	5	11	14
Kaneka	2	3	4	4
Kansai Elec Power	5	5	14	15
Kao	5	5	13	14
Kawasaki Heavy Ind	2	3	5	6
KDDI Corp	5	5	11	12
Keikyu	2	2	4	4
Keyence	4	5	8	11
Kintetsu Corporation	3	3	8	7
Kirin Holdings Company Limited	6	6	15	14
Kobe Steel			3	4
Komatsu	6	9	15	23
Konica Minolta	2	2	5	4
Kubota	4	4	9	10
Kyocera	5	5	12	14
Kyushu Electric Power	3	3	7	7
Marubeni	3	4	7	9
Mazda Motor Corp	3	3	7	8
Mitsubishi	11	12	26	30
Mitsubishi Chemical Holdings	2	3	6	8
Mitsubishi Electric	4	5	11	15
Mitsubishi Estate	5	6	16	17
Mitsubishi Heavy Industries	5	5	11	11
Mitsubishi Motors	5	5	12	12
Mitsubishi UFJ Holdings Group	19	20	58	54
Mitsui	9	9	22	23
Mitsui Fudosan	5	6	12	14
Mitsui OSK Lines	3	3	7	7
Mizuho Financial Group	11	12	33	30
MS AD Insurance Group Hld	5	4	14	13
Murata Manufacturing	4	5	10	14
Nec Corp	3	3	7	7
NGK Insulators	3	2	6	5
NGK Spark Plug	2	3	5	7
Nidec	4	4	8	10
Nikon	3	3	6	6
Nintendo	10	9	25	24
Nippon Building Fund	2	2	5	6
Nippon Electric Glass	2	2	4	4

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	Acquisition cost	Market value	Acquisition cost	Market value
Nippon Steel	7	7	19	17
Nippon Yusen	2	2	5	5
Nissan Motor	8	10	21	25
Nisshin Seifun Group	3	2	4	4
Nitto Denko	3	3	6	7
NKSJ Holding Inc	2	2	7	7
NOK Corp			2	3
Nomura Holdings	7	7	22	18
Nomura TOPIX Etf			27	24
NSK	2	3	6	7
NTT	6	6	18	18
NTT DoCoMo	6	6	17	19
Odakyu Electric Railway	2	2	4	4
Oji Paper	2	2	4	5
Olympus Optical	3	3	6	6
Omron	2	3	5	7
Ono Pharma	2	2	4	4
Oriental Land	1	1	4	4
Orix	3	4	7	9
Osaka Gas	2	2	5	5
Panasonic corp	10	9	26	24
Rakuten	3	3	5	6
Resona Holdings			7	4
Ricoh	4	4	10	10
Rohm	3	3	7	7
Secom	4	4	9	9
Seven and I holdings	7	8	18	20
Sharp	9	8	16	14
Shin-Etsu Chemical	8	8	20	20
Shionogi			3	3
Shiseido			4	4
Shizuoka Bank	3	3	8	7
SMC	3	4	8	12
Softbank Corp	6	7	13	18
Sony	10	10	25	27
Stanley Electric	3	4	7	7
Sumitomo	4	5	11	14
Sumitomo Chemical	3	4	8	8
Sumitomo Electric	6	6	14	15
Sumitomo Metal Industries	4	3	10	8
Sumitomo Metal Mining	2	3	6	7
Sumitomo Mitsui Financial Group	13	14	38	37
Sumitomo Realty & Dev	2	3	6	7
Sumitomo Rubber Industries	2	2	6	7
Sumitomo Trust & Banking	3	4	7	8
Suzuki Motor	5	6	14	14
T&D HOLDINGS	2	3	8	7
Takeda Pharmaceutical	10	11	29	31
TDK Corp	2	2	5	6
Teijin	2	2	3	4
Terumo	3	3	7	8
Tohoku Electric Power	3	3	7	7
Tokio Marine Holdings	6	7	19	19

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Tokyo Electric Power	11	10	31	29
Tokyo Electron	3	3	8	8
Tokyo Gas	3	3	8	8
TonenGeneral Sekiyu	2	3	6	7
Toppan Printing	2	2	5	5
Toray Industries	4	4	10	10
Toshiba	7	7	17	17
Toyoda Gosei	3	3	6	6
Toyota Industries	5	5	12	12
USS Co Ltd	2	2	4	5
West Japan Railway	2	2	5	5
Yahoo! Japan	2	2	5	5
Yamada Denki	3	3	6	6
Yamaha Motor	3	4	8	9
Yamato Holdings	4	4	8	8
Other Japan	22	23	138	144
Total	**626**	**673**	**1 710**	**1 818**
JERSEY				
Scottish Salmon Co ltd	2	2	2	2
Wolseley	3	5	6	9
Total	**6**	**7**	**9**	**12**
CYPRUS				
Bank of Cyprus Public Co. ltd	2	1	4	3
Camposol Holding Plc	3	2	3	2
Total	**5**	**4**	**7**	**5**
LIBERIA				
Royal Caribbean Cruises NOK	74	101	76	104
Total	**74**	**101**	**76**	**104**
LUXEMBOURG				
Subsea 7 S A	101	129	101	129
Other Luxembourg	3	3	7	7
Total	**104**	**132**	**108**	**136**
MAURITIUS				
Golden Agri- Resources Ltd			2	3
Total			**2**	**3**
NETHERLANDS				
Aegon	3	2	9	7
Akzo Nobel	4	4	12	12
ArcelorMittal	11	10	34	29
ASML Holding NV	5	5	12	15
Heineken	5	5	13	13
Heiniken Holding	3	3	7	7
Ing-Group	11	11	36	31
Koninklijke Ahold	5	5	13	13
Koninklijke DSM NV	3	3	6	8
Koninklijke KPN	8	7	23	20
Philips Electronics (Koninklijke)	10	9	25	26

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Reed Elsevier	3	4	8	8
Stmicroelectronics	2	2	5	6
TNT NV	4	4	10	9
Unilever NL	14	14	42	43
Wolters Kluwer	2	3	6	6
Other Netherlands	6	7	20	22
Total	**98**	**99**	**282**	**277**
NETHERLANDS ANTILLES				
Schlumberger	26	33	70	94
Total	**26**	**33**	**70**	**94**
NEW ZEALAND				
Taumata Plantations Ltd.	638	636	638	636
Other New Zealand			7	7
Total	**638**	**636**	**644**	**643**
PORTUGAL				
Banco Comercial Portugues	1	1	3	2
Banco Espirito Santo			2	1
Energias De Portugal	3	3	7	6
Galp Energia SGPS SA-B shrs			4	4
Portugal Telecom	4	3	7	6
Other Portugal			2	2
Total	**9**	**7**	**24**	**20**
SINGAPORE				
Capitaland	4	3	9	9
City Developments	3	3	6	7
Development Bank Singapore	7	7	15	17
Fraser & Neave			2	3
Genting Singapore Plc	4	4	7	9
Keppel Corp	5	6	9	13
Noble Group			2	3
Overseas-Chinese Bank	5	6	12	15
Singapore Airlines	3	3	5	6
Singapore Exchange	2	3	5	5
Singapore Press Holdings	3	3	5	6
Singapore Telecom	8	8	17	17
United Overseas Bank	6	6	13	14
Wilmar Intl Ltd	5	4	8	8
Other Singapore			7	10
Total	**54**	**57**	**122**	**141**
SPAIN				
Abertis Infraestructuras	2	2	6	6
Acs Actividades Cons Y Serv	3	3	7	6
Banco Popular ESP	3	2	7	4
Banco Santander	30	24	99	72
BBVA (Bilbao Vizcaya Argentaria)	14	12	53	36
Enagas	3	3	7	6
Iberdrola	9	10	30	26
Indra Sistemas A	2	2	4	3

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Industria De Deseno Textil	4	5	11	13
Repsol Ypf	7	8	24	25
Telefonica	28	26	90	77
Other Spain	4	4	32	22
Total	**109**	**100**	**369**	**297**
GREAT BRITAIN				
Admiral Group Plc	3	3	6	7
AMEC	3	4	7	9
Anglo American Plc	16	21	47	58
Antofagasta Plc	2	4	6	10
Associated British Foods	4	4	10	12
Astrazeneca GBP	19	18	58	56
Astrazeneca SEK			189	190
Aviva PLC	5	5	15	15
Barclays Bank	17	13	53	39
BG Group	17	19	53	56
BHP Billiton GBP	20	24	56	71
BP Plc	44	38	146	113
British Sky Broadcasting Group	4	5	11	13
BT Group	5	7	17	19
Carnival GBP	4	5	8	9
Centrica	7	8	21	24
Cobham	4	3	11	9
Compass Group	5	6	13	16
Diageo	15	16	43	45
Experian	4	5	10	12
GlaxoSmithkline	29	29	89	85
HSBC Holdings GB	49	47	155	143
International Power	3	4	8	11
iShares FTSE BRIC 50			14	14
Kingfisher	3	3	7	9
Land Securities	4	4	9	8
Lloyds Banking Group PLC	11	11	37	34
Man Group	3	3	9	8
Morrision WM Supermarkets	5	5	14	12
National Grid Plc	8	9	30	28
Old Mutual	4	4	8	9
Pearson	4	4	11	13
Prudential	7	7	19	20
Reckitt Benckiser	13	13	36	38
Reed Elsevier Plc	4	4	10	10
Rio Tinto GBP	23	28	66	82
Rolls Royce	8	9	17	24
Royal Bank of Scotland	4	4	20	9
Royal Dutch Shell A London	29	32	85	93
Royal Dutch Shell A ord	2	2	11	11
Royal Dutch Shell B shares	20	23	64	71
SabMiller PLC	12	14	27	35
Sainsbury	3	4	9	10
Scottish & Southern Energy	5	5	16	15
Severn Trent Water	3	4	7	10
Shire PLC	3	4	8	10

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Smith & Nephew	3	3	9	9
Smiths Group	3	3	8	9
Standard Chartered	17	17	47	50
Standard Life Plc	3	3	7	7
Tesco	19	19	56	54
Tullow Oil Plc	5	6	14	15
Unilever GB	14	14	39	40
Vodafone Group	36	39	109	114
WPP PLC	5	6	12	15
Xstrata	12	15	32	42
Other Great Britain	41	42	156	162
Total	**618**	**651**	**2 058**	**2 113**
SWITZERLAND				
ABB CH			202	198
ABB SE	48	54	134	165
ACE Ltd	32	34	90	102
Compagnie Financie	31	29	93	85
Credit Suisse Group RG	16	17	51	48
Geberit AG Reg	13	14	42	42
Holcim	14	13	46	37
Kuehne & Nagel Intl. AG-Reg	10	11	30	33
Nestle	6	10	16	28
Novartis	7	8	21	23
Roche Holding Genuss	6	7	16	18
Schindler BE	7	7	21	18
SGS	6	6	15	17
Swatch Group	5	5	14	15
Swiss Reinsurance	3	5	7	11
Swisscom	4	6	7	11
Syngenta	4	5	9	10
Transocean Ltd	3	4	7	9
UBS	3	4	7	9
Zurich Financial Services AG	3	4	6	9
Other Switzerland	16	18	65	73
Total	**239**	**258**	**897**	**959**
SWEDEN				
Alfa Laval	3	4	77	131
Assa Abloy B	2	3	93	155
Atlas Copco A	6	10	151	292
Atlas Copco B			76	133
Autoliv			38	59
Bergvik Skog AB			250	797
Boliden Limited B			48	85
Castellum			27	38
Electrolux B	3	3	83	127
Elekta B			28	57
Ericsson B	10	11	531	568
Getinge Industrier B			61	69
Hennes & Mauritz B	10	10	512	598
Holmen B			28	32
Husqvarna B			45	55

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Industrivaerden A			42	56
Industrivaerden C			22	32
Investor AB-A			43	47
Investor AB-B	3	4	151	170
JM			19	31
Kinnevik Investment B			51	68
Lundin Petroleum			26	48
Modern Times Group B			34	51
NC6 Nycomed			19	42
Nordea Bank AB	8	9	383	430
Oriflame Cosmetics			39	38
Ratos B			48	71
Sandvik	4	6	200	334
Scania B	2	3	75	119
Securitas B			53	62
Skandinaviska Enskilda Banken A	3	4	178	228
Skanska B	3	3	99	129
Skf Svenska Kullager Fabrikker B	3	5	101	186
SSAB AB			52	50
Svenska Celloulosa B	3	4	135	156
Svenska Handelsbanken A	5	5	234	293
Swedbank AB A-shares			131	203
Tele2 B			82	111
Teliasonera - Se	5	6	265	301
Volvo A			80	134
Volvo B	3	6	254	398
Other Sweden	9	8	567	572
Total	**87**	**103**	**5 429**	**7 560**
GERMANY				
Adidas AG	5	5	13	14
Allianz SE (Societas Europeae)	16	15	49	47
BASF SE	16	21	47	63
Bayer AG Namens-Actien O.N	16	17	49	51
Bayerische Mot Werke	6	10	16	27
DB X-Trackers MSCI Europe TRN			86	75
Deutsche Bank	15	14	50	41
Deutsche Boerse	6	5	17	14
Deutsche Post	6	6	16	14
Deutsche Telecom	12	12	39	35
EON	19	16	66	48
Fresenius AG	2	3	5	7
Fresenius Medical Care AG and KGAA	4	4	9	10
Henkel AG + Co. KGAA	5	6	9	12
Infineon	2	3	6	9
K+S AG	3	4	10	11
Linde	7	8	18	24
Metro	3	3	8	8
Muenchener Rueckversicherungs RG	9	9	26	25
Rwe	12	9	35	25
Sap AG	13	13	37	38
Siemens	24	29	68	86
ThyssenKrupp	4	5	14	14

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Volkswagen P	6	9	16	27
Other Germany	11	12	59	56
Total	**219**	**236**	**771**	**782**
USA				
3M CO	17	17	46	49
Abbott Laboratories	24	21	69	62
Adobe Systems	6	5	15	13
Aetna	5	5	12	11
Aflac Inc.	7	8	20	22
Agilent Technologies	4	5	9	12
Air Products & Chemicals	6	7	18	20
Alcoa	4	4	14	14
Allergan Inc	7	7	16	18
Allstate Corp	5	4	14	13
Alpha Natural Resources	2	2	5	7
Altera Corp	3	3	6	8
Amazon Com	14	18	32	49
Ameren Corp	3	3	7	7
American Elec Power	6	6	16	16
American Express	13	13	34	37
American Tower Corp A	6	6	14	18
Ameriprise Financial	4	5	9	12
Amerisourcebergen	3	4	6	8
Amgen	16	15	46	43
Amphenol Corp Cl A	3	3	7	8
Anadarko Petroleum	9	10	23	29
Analog Devices	3	3	7	9
Annaly Capital Mngmt	3	3	10	10
Aon Corp	3	4	10	11
Apache Corp	11	12	27	32
Apple Inc	65	81	150	229
Applied Materials	5	6	15	15
Archer-Daniels-Midland	6	6	16	15
AT&T Inc	44	47	134	136
Autodesk	2	3	6	8
Automatic Data Processing	8	8	23	25
Avalonbay Communities	3	3	6	8
Avon Products	5	4	13	11
Baker Hughes	6	8	17	21
Ball Corp	2	3	8	10
Bank of America Corp	44	37	142	103
Bank of New York Mellon	10	10	30	29
Bard (C.R.)	3	4	9	9
Baxter International	11	10	30	27
BB&T Corp	7	6	16	15
Becton Dickinson & Co	7	7	19	20
Bed Bath & Beyond Inc	4	5	9	11
Berkshire Hathaway B	19	19	53	53
Best Buy	5	4	12	10
Biogen Idec Inc	5	6	13	15
Blackrock	4	4	10	10
BMC Software	3	4	7	9

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Borgwarner	2	3	4	8
Boston Properties	4	4	8	10
Boston Scientific	4	4	11	9
Bristol-Myers Squibb	14	14	36	39
Broadcom	5	5	11	14
Bunge	3	3	7	7
C.H. Robinson Worldwide INC	5	6	11	14
CA Inc	4	4	9	10
Cameron International	4	5	8	10
Campbell Soup	3	3	8	8
Capital One Financial	5	5	14	15
Cardinal Health	4	5	11	12
Carnival USD	5	6	12	16
Caterpillar	12	17	31	47
CBS Corp class B	3	4	6	9
Celanese Corp	3	3	6	7
Celgene Corp	9	8	21	22
Cerner Corp	2	3	6	7
CF Industries Holdings Inc	2	3	6	8
Chesapeake Energy Corp	4	4	12	12
Chevron Corp	45	51	125	145
Chubb Corp	6	6	16	18
Cigna Corp	3	3	7	7
Cincinnati Finc. Corp	3	4	8	9
Cisco Systems	41	32	110	91
Citigroup	29	32	94	90
Citrix	3	4	6	10
Cliffs Natural Resources Inc	3	3	5	9
Clorox Corp	3	3	9	9
CME Group Inc.	5	6	16	15
Coach	5	6	10	16
Coca-Cola	33	38	97	112
Coca-Cola Enterprises	3	3	7	7
Cognizant Tech Solutions	5	6	12	18
Colgate Palmolive	12	12	34	33
Comcast Corp A	8	9	26	32
Comcast Corp-Special	7	8	13	16
Conagra	4	3	10	9
Conocophilips	24	28	66	74
Consol Energy	3	3	7	9
Consolidated Edison	4	4	12	12
Cooper Industries	3	4	6	8
Corning	9	9	24	25
Covidien PLC	7	7	19	20
Crown Castle Intl Corp	4	4	9	11
Crown Holdings Inc	2	3	6	8
CSX	5	6	13	17
Cummins	3	6	7	14
CVS/Caremark	14	13	39	38
Danaher Corp	7	8	18	23
Deere & Co	9	12	22	30
Dell Inc.	8	8	23	21
Devon Energy	8	10	24	27

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
DirecTV	9	9	21	26
Discover Financial	2	3	6	7
Dominion Resources	8	8	22	23
Dover	4	5	8	10
Dow Chemical	10	11	27	31
Dte Energy Corp	3	3	7	7
Duke Energy Corp	7	7	21	22
Dun & Bradstreet Corp	3	3	8	8
DuPont (E.I) De Nemours	11	14	29	38
Eastman Chemical Company	2	3	5	7
Eaton Corp	4	6	13	19
Ebay	9	9	22	24
Ecolab	5	5	12	13
Edison International	4	4	10	11
Edwards Lifescienc	3	4	6	8
El Paso Corporation	3	4	8	10
EMC	12	14	29	38
Emerson Electric	11	13	28	36
Entergy	5	4	15	12
EOG Resources	6	6	17	17
Equity Residental Properties	4	5	8	12
Estee Lauder Cos A	3	3	5	8
Exelon	9	9	31	25
Express Scripts Common	8	8	18	22
Exxon Mobil	94	103	289	292
F5 Networks Inc	2	3	6	8
Family Dollar Stores	4	5	11	16
Fastenal Co	3	3	6	8
Fedex Corp	8	8	19	22
Fifth Third Bancorp	3	3	8	9
Firstenergy	5	4	15	12
Fiserv	3	4	7	8
Fluor Corp	3	5	9	11
FMC Technologies	4	5	7	11
Ford Motor Co	11	14	24	38
Forest Labotatories	3	3	7	7
Fortune Brands Inc	3	3	5	7
Franklin	6	6	14	15
Freeport-Mcmoran Copper-B	10	14	29	39
Gap	4	4	11	11
General Electric	53	55	156	154
General Mills	7	7	19	21
Genuine Parts	3	3	7	9
Genzyme Corp	5	5	13	16
Gilead Sciences Inc	11	10	33	26
Goldman Sachs	22	23	64	64
Goodrich Corp	11	13	30	40
Goodyear Tire & Rubber			8	8
Google Class A	37	39	94	104
Halliburton	9	11	22	31
Hancock Timberland VIII Inc	288	215	288	215
Hartford Financial Services	3	3	10	8
HCP	4	4	8	10

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Heinz (H.J)	5	5	15	17
Hershey Foods Common	3	3	8	9
Hess Corp	6	7	15	19
Hewlett-Packard Co	34	28	91	79
Home Depot	16	17	41	48
Hospira	3	3	6	7
Host Hotels & Resorts	3	3	6	9
Hudson City Bancorp	4	4	8	8
Humana Inc	3	3	6	7
Illinois Tool Works	7	7	17	20
Ingersoll-Rand PLC	4	5	9	12
Intel	35	33	95	95
International Business Machine (IBM))	49	53	132	153
International Paper	3	4	8	9
Intuit	3	4	8	12
Intuitive Surgical	4	3	10	9
ITT Corporation	8	8	24	23
J.C. Penney	3	3	10	11
J.P Morgan Chase and Co	47	46	133	131
Johnsen & Johnsen	50	47	145	138
Johnson Controls	7	8	18	22
Joy Global	3	5	7	11
Juniper Networks	5	6	13	17
Kellogg Co	5	5	14	14
Keycorp	3	3	6	7
Kimberly-Clark	8	8	24	24
KINDER MORGAN MANAGEMENT LLC	5	6	14	17
Kohls Corp	8	8	23	23
Kraft Foods	16	16	45	46
Kroger	7	7	22	21
Laboratory Corporation of America	3	3	7	8
Las Vegas Sands Corp	2	5	5	13
Liberty Media-Interactive Series A.	3	4	6	8
Life Technologies Corp	3	3	7	7
Lilly Eli	12	11	34	32
Limited	3	4	6	9
Linear Technology	3	3	6	8
Loews Corp	4	4	12	13
Lowe's Cos Inc	10	10	26	29
Lubrizol Corp	3	3	6	8
Macys Inc.	5	6	12	16
Marathon Oil Corp.	7	8	22	23
Marriott Intl	3	4	8	11
Marsh & Mclennan Cos	4	5	12	14
Marvell Technology Group	4	3	7	8
Mastercard Inc - Class A	6	6	17	17
Maxim Integrated Products	3	4	7	8
McDonalds	22	24	60	70
McGraw Hill	3	3	8	8
Mckesson	6	6	14	16
Mead Johnson Nutrition Co.-A	4	5	8	10
Medco Health Solutions	8	8	22	23
Medtronic	14	12	38	34

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Merck & Co	33	32	90	90
Metlife	10	11	29	30
Microsoft	63	61	178	175
Monsanto	10	11	35	30
Morgan Stanley	10	9	30	26
Motorola	5	6	15	17
Murphy Oil	4	5	12	14
National Oilwell Varco Inc.	6	9	15	22
Netapp INC			5	10
Newfield Exploration	3	3	6	8
Newmont Mining	7	9	21	26
News Corporation A	9	9	23	24
Nextera Energy Inc	7	7	22	20
Nike B	8	9	20	26
Noble Energy	4	5	10	13
Nordstrom	3	3	6	7
Norfolk Southern Corp	5	6	14	16
Nothern Trust	4	4	14	13
NYSE Euronext	2	3	7	7
Occidental Petroleum	19	22	51	64
Omnicom Group	4	5	12	14
ONEOK INC	3	4	7	9
Oracle Corporation	30	35	77	100
O'Reilly Automotive Stores	3	3	6	7
Paccar	5	7	13	18
Parker Hannifin	3	5	10	14
Paychex	4	4	12	12
Peabody Energy	4	5	10	15
Pepsico Inc	31	30	89	87
Pfizer	39	39	114	112
PG&E Corp.	5	5	14	15
Pioneer Natural Resources	2	3	5	9
Pitney Bowes	3	3	8	9
PNC Financial Services	9	9	23	24
PP&L Resources	5	4	13	11
PPG Industries	4	5	11	15
Praxair	9	10	25	29
Precision Castparts	10	11	27	34
Price (T. Rowe) Group	4	5	12	15
Priceline.Com	4	5	8	13
Principal Financial Grp	3	3	7	8
Procter & Gamble	51	51	144	147
Progress Energy	5	5	13	13
Progressive Corp	4	4	10	11
Prudential Financial Inc	7	7	20	21
Public Service Enterprise Gp	6	6	17	15
Public Storage Common	5	5	11	13
Qualcomm	20	23	60	65
Quest Diagnostics	3	3	8	8
Qwest Communications	3	4	6	8
Red Hat Inc	3	3	6	8
Regions Financial	3	3	7	7
Republic Services	3	3	7	8

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Rockwell Automation	3	3	6	9
Rockwell Collins	14	13	38	39
Roper Industries	3	3	5	7
Ross Stores	3	3	7	9
S&P 500 Spider			127	110
Safeway	5	5	15	15
Salesforce.Com Inc	4	5	7	12
Sandisk Corp	3	4	6	10
Sara Lee	3	4	8	10
Schwab (Charles)	6	6	15	14
Sears Holdings Corp	4	3	9	8
Sempra Energy	4	4	10	9
Sherwin-Williams Co	2	3	7	10
Simon Property Group	8	9	20	25
Southern	9	9	26	28
Southwestern Energy Co	4	4	12	10
Spektra Energy Corp	8	9	19	22
Sprint Nextel Group	4	4	10	10
ST Jude Medical Inc	5	5	12	13
Staples	6	6	15	14
Starbucks Corp	6	8	15	20
Starwood Hotels and Resorts	3	4	7	9
State Street	7	7	20	18
Stryker Corp	5	5	14	14
Suntrust Banks	4	5	11	12
Symantec	4	4	12	11
Sysco Corp	6	6	16	17
Target Corporation	15	16	40	47
Texas Instruments	9	11	25	32
The Travelers Companies Inc	9	9	23	25
Thermo Fisher Scientific Inc	6	7	16	18
Time Warner	11	11	29	30
Time Warner Cable Common Stock	6	7	13	18
TJX Companies	7	7	16	19
Tyco Electronics	5	6	12	15
Tyco International	6	6	16	18
Union Pacific Corp	11	12	26	35
United Health Group	11	12	30	32
United Parcel Services	15	16	40	46
US Bancorp	14	15	39	42
US Steel Corp	3	3	7	7
Valero Energy	4	5	12	13
Varian Medical Systems	3	3	6	8
Verizon Communications	24	28	70	81
VF Corp	3	3	7	8
Viacom INC ClassB	6	6	14	18
Visa Inc - Class A shares	11	9	29	26
Vornado Realty Trust	4	4	9	10
Wallgreen	10	11	28	31
Walt Disney	18	20	46	54
Waste Mangement	5	5	13	15
Waters Corp	3	3	6	7
Wellpoint Inc	8	7	21	20

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Wells Fargo	41	42	117	119
Western Union	3	3	10	10
Weyerhauser	3	4	8	9
Whole foods Market	3	4	6	10
Williams Companies	4	5	12	14
Wynn Resorts	3	3	6	7
Xcel Energy	3	4	9	10
Xerox	4	5	13	14
Yahoo	6	6	17	16
Yum Brands	8	9	18	22
Zimmer Holdings	3	3	10	9
Other USA	218	202	717	734
Total	**3 302**	**3 398**	**8 709**	**9 324**
AUSTRIA				
Erste Bank Oester. Spk.	2	3	6	7
Immofinanz Immobilien			2	2
Omv	3	4	9	8
Raiffeisen Intl Bank			2	1
Telekom Austria			3	3
Other Austria			3	2
Total	**6**	**6**	**25**	**23**
Other equities not specified			472	616
Total foreign equities	8 238	8 765	25 666	28 983
Of which listed international equities	6 659	7 163	23 848	26 766
Total equities	**10 719**	**11 656**	**28 925**	**32 649**
FUND UNITS				
Aberdeen European Shopping Property Fund			300	183
AIPP Active			112	98
AIPP Asia			168	131
AllianceBernstein Japan Strategic Value USD	24	27	24	27
Apax Europe V - E, L.P.			22	23
Apax France V	6	19	6	19
Apax France VI	40	36	40	36
AXA APIV			39	25
Bain Capital Fund VII P581&P985	30	12	30	12
BelAir (Lux) Sustain. Altern. SRI FUND Class BB	77	88	152	172
Belair (Lux) USD side pocket 2	21	19	41	38
Black Rock India Fund	21	21	21	21
Black Rock World Energy	6	7	21	24
Blackrock Europe Ex-UK Index Sub-Fund			18	16
Blackrock Global Allocation			74	75
Blackrock New Energy			39	31
Blackrock North America Index Sub-Fund			22	21
Blackrock UK Index Sub-Fund			12	10
Blackrock US Small & Mid Cap Opportunities Fund			212	216
Blackrock World Gold			87	90
Blackrock World Mining Fund			162	181
Bridgepoint - The Second European PE Fund E	30	12	30	12

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Carlyle Europe Real Estate Par			110	95
CB Richard Ellis			324	428
Cerep 2			165	121
Cerep III			152	129
Clayton,Dubilier & Rice fund VI ltd Part			21	23
CS Infra SICAR			642	694
Delphi Europa	172	194	172	194
Delphi Norden	153	202	153	202
Delphi Norge	184	231	184	231
Delphi Verden	780	966	780	966
Deutsche Bank x-tracker MSCI EUR (ETF)			157	155
East Capital Eastern Europe	23	25	63	68
East Capital Russian Fund	39	42	143	153
EISER Infrastructure Capital Equity Partners 1-B	350	325	350	325
EPISO			98	79
EQT IV ISS Co-Investment LP	40	57	619	689
European Office Income Venture			73	45
European Property Investor LP			137	81
Fidelity China Focus Fund			193	196
Fidelity Emerging Eur, Mid East & Africa			123	130
Frogmore Real Estate Partners			218	82
FSN Capital Limited Partnership II	35	62	35	62
Grainger Unitholder 1 Limited			203	122
Handelsbanken America			33	39
Handelsbanken Europe Selective			69	97
Handelsbanken Far East			39	44
Handelsbanken International			112	114
Handelsbanken Nordic			8	11
Handelsbanken Swedish STA			15	17
Handelsbanken UK Equity			9	12
HealthCap III, KB	68	18	68	18
Heitman European Property Part			146	118
Henderson Global Investors			155	31
Herkules Private Equity (GP-I) Limited	9	26	9	26
Holberg Norden	20	22	20	22
Holberg Norge	35	39	35	39
Industri Kapital 2000 Fund			73	62
Invesco GT PRC (Kina)	69	83	69	83
J.W. Childs III, L.P.	26	24	26	24
JP Morgan Emerging Markets			11	13
JPMorgan Global Focus Fund			415	404
JPMorgan Infrastructure Investments Fund (IIF)	543	474	543	474
JPMorgan Japan Select Equity			14	15
KKR European Fund, Limited Partnership			46	49
Lannebo Mixfond			15	15
Lannebo Småbolag	1	2	497	544
LaSalle Euro Growth II SCA			194	103
LYNX Dynamic			14	14
Macquarie European Infrastructure Fund II - Eqfund	352	314	352	314
Menlo Ventures IX	69	31	69	31
MGP Asia Fun III			405	275
Mobilis Aktiv			12	12
Msdw Sicav Latin America	36	46	36	46

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Odin Offshore	12	13	36	40
Outlet Mall Fund			147	131
Pradera European Retail Fund			169	132
S&P Depository Receipt (ETF)			38	42
Schroder BRIC	17	19	17	19
SHB Amerikafond			172	176
SHB Europa Selektiv			152	155
SHB Indienfond			306	340
SHB IT-fond			16	17
SHB Latinamerikafond			553	637
SHB Läkemedelsfond			30	30
SHB Norden Aggressiv			35	41
SHB Nordiska småbolagsfond			213	258
SHB Rysslandsfond			205	237
SHB Tillväxtmarknadsfond			251	333
SHB Östeuropafond			186	220
Skagen Global Fund	554	698	917	1 088
Skagen Kon-Tiki	761	950	1 102	1 330
SPP Aktiefond Sverige			735	931
SPP Aktieindexfond Europa			797	745
SPP Aktieindexfond Global Sustainability			158	147
SPP Aktieindexfond Japan			100	86
SPP Aktieindexfond Sverige			1 490	1 679
SPP Aktieindexfond USA			578	568
SPP Bygga			242	252
SPP Emerging Markets SRI	771	763	1 584	1 578
SPP Generation 50-tal			6 740	6 831
SPP Generation 60-tal			7 304	7 320
SPP Generation 70-tal			2 654	2 824
SPP Generation 80-tal			156	165
SPP Leva			43	44
Storebrand Aksje Innland	566	737	566	737
Storebrand Alpha SICAV-Europe Class I	304	386	451	535
Storebrand Alpha SICAV-Europe Class M			26	25
Storebrand Alpha SICAV-Global Energy Class I	270	287	322	346
Storebrand Asia Pacific Indeks I	685	815	685	815
Storebrand Delphi Europa			45	48
Storebrand Delphi Norden			92	107
Storebrand Delphi Verden			104	109
Storebrand Emerging Private Equity Markets 2007 B3	300	275	300	275
Storebrand Emerging Private Equity Markets B3	130	140	130	140
Storebrand Europa I	1 492	1 482	1 492	1 482
Storebrand Global	240	212	240	212
Storebrand Global Indeks I	2 498	2 876	2 498	2 876
Storebrand Global Quant Equity	476	484	476	484
Storebrand Horizon C3			231	251
Storebrand International Private Equity III KB		10		10
Storebrand International Private Equity IV - B2	327	495	327	495
Storebrand International Private Equity IX - B3	20	28	64	87
Storebrand International Private Equity V Ltd - B3	610	619	610	619
Storebrand International Private Equity VI Ltd -B3	800	827	800	827
Storebrand International Private Equity VII Ltd-B3	675	697	675	697
Storebrand International Private Equity VIII LtdB3	240	270	414	464

NOK million	Storebrand Livsforsikring AS Acquisition cost	Storebrand Livsforsikring AS Market value	Storebrand Livsforsikring Group Acquisition cost	Storebrand Livsforsikring Group Market value
Storebrand International Private Equity X - B-3	95	92	130	125
Storebrand Multi Strategy Limited - class C-3			454	474
Storebrand Multi Strategy Limited - XXL	223	292	223	292
Storebrand Nord Amerika I	2 400	2 750	2 400	2 750
Storebrand Nordic Private Equity III Ltd.	19	19	30	30
Storebrand Norge	90	131	90	131
Storebrand Norge I	528	613	528	613
Storebrand Norge Institusjon	1 491	1 573	1 491	1 573
Storebrand Norwegian Private Equity 2006 Ltd. - B3	240	196	240	196
Storebrand Norwegian Private Equity 2007 Ltd. - B3	100	104	100	104
Storebrand Pensjonspar	47	71	47	71
Storebrand Selecta Limited - Class C-0	23	24	23	24
Storebrand Selecta Limited - Class C-3	169	252	492	606
Storebrand Special Opportunities II Ltd. - B3	1 000	987	1 000	987
Storebrand Special Opportunities II Ltd. - B4	101	120	101	120
Storebrand Special Opportunities Ltd. - C3	710	865	710	865
Storebrand Vekst	56	66	56	66
Storebrand Verdi	414	575	456	627
Storebrand WGA Health Care	95	102	95	102
T Rowe Price-US LG CP VAL-A	11	13	11	13
T.Rowe Price Asian ex-Japan Equity	48	62	48	62
T.Rowe Price Global Em mkt. Eq. - class 1	81	85	120	128
TransEuropean III			109	61
Valhalla Co-Invest L.P. (Visma)	35	35	35	35
Verdane V B K/S	18	14	18	14
Wand Partners	64	45	64	45
Total fund units	**23 062**	**25 592**	**57 002**	**59 944**
Other fund units not specified	168	95	519	239
Total fund units	**23 231**	**25 687**	**57 520**	**60 183**
Total equities and fund units	**33 950**	**37 343**	**86 445**	**92 832**

29 Bonds and other fixed income securities at fair value

STOREBRAND LIVSFORSIKRING AS

	2010		2009
NOK million	Aqcuisition cost	Fair value	Fair value
Government and government guaranteed bonds	16 289	16 190	32 161
Credit bonds	32 137	31 956	30 577
Mortage and asset backed bonds	5 939	6 099	7 317
Supranational and agency	922	857	1 113
Bond fonds	22 020	21 634	5 702
Total bonds and other fixed income securities	**77 307**	**76 737**	**76 870**

STOREBRAND LIVSFORSIKRING GROUP

	2010		2009
NOK million	Aqcuisition cost	Fair value	Fair value
Government and government guaranteed bonds	57 672	57 795	73 366
Credit bonds	41 183	41 026	38 710
Mortage and asset backed bonds	23 479	23 131	23 178
Supranational and agency	2 901	2 797	3 230
Bond fonds	27 233	26 821	11 189
Total bonds and other fixed income securities	**152 469**	**151 571**	**149 673**

	Storebrand Livsforsikring AS	SPP Livförsäkring AB	Euroben Life and Pension
Modified duration (interest sensitivity)	1.78	2.37	4.90
Average effective yield	3.94	2.83	3.00

The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

30 Financial derivatives

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

Nominal volume

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

STOREBRAND LIVSFORSIKRING AS

NOK million	Gross nominal volume[1]	Average nominal volume[2]	Net nominal volume[1]	Fair value[1]	
				Assets	Liabilities
Equity derivatives	3 175	1 499	-24		
Interest rate derivatives	27 817	193 733	-1 094	487	-180
Currency derivatives	91 218	67 833	-60 902	1 897	-479
Credit derivatives	880	1 063	-764	21	-20
Total derivatives 2010	**123 090**	**264 127**	**-62 784**	**2 405**	**-679**
Total derivatives 2009	179 120	434 220	-59 800	1 361	-1 040

1) Values as per 31.12.
2) Average for the year.

STOREBRAND LIVSFORSIKRING GROUP

NOK million	Gross nominal volume[1]	Average nominal volume[2]	Net nominal volume[1]	Fair value[1]	
				Assets	Liabilities
Equity derivatives	6 240	4 193	1 296		
Interest rate derivatives	60 339	217 541	23 402	1 815	-334
Currency derivatives	111 786	85 303	-44 570	2 381	-527
Credit derivatives	880	1 063	-764	21	-20
Total derivatives 2010	**179 245**	**308 100**	**-20 636**	**4 217**	**-880**
Total derivatives 2009	159 908	96 942	-38 308	1 509	-1 211

1) Values as per 31.12.
2) Average for the year.

31 Currency exposure

Financial assets and liabilities in foreign currencies

	Storebrand Livsforsikring AS				Storebrand Livsforsikring Group				
	Balance sheet items excl. currency derivatives	Currency derivatives	Net position		Balance sheet items excl. currency derivatives	Currency derivatives	Net position		
NOK million	Net on Balance sheet	Net sales	in currency	in NOK	Net on Balance sheet	Net sales	in currency	in NOK	Of which SPP Group in NOK
AUD	47	-82	-35	-206	123	-141	-19	-112	94
CAD	87	-138	-51	-296	197	-223	-27	-155	141
CHF	40	-70	-30	-189	149	-70	79	490	679
DKK	68	-56	12	12	1 744	-56	1 688	1 766	1 754
EUR	2 063	-2 346	-283	-2 209	2 792	-2 995	-203	-1 585	599
GBP	105	-205	-101	-916	302	-340	-38	-347	569
HKD	126	-218	-93	-69	322	-218	103	77	147
ILS	14		14	23	14		14	23	
JPY	19 495	-30 466	-10 972	-786	35 426	-42 740	-7 314	-524	262
NZD	140	-144	-4	-18	142	-144	-3	-11	7
SEK	1 187	530	1 716	1 484	119 599	16 067	135 666	117 296	115 812
SGD	13	-22	-10	-44	345	-22	322	356	400
USD	2 698	-3 683	-984	-5 721	4 251	-4 909	-658	-3 821	1 900
NOK[1]	11 096		11 096	11 096	11 711	-62	11 649	11 649	552
LVL					1		1	5	
Total short-term foreign currency				**2 160**				**125 106**	**122 917**
EUR	8	-8			8	-8			
LTL	3		3	7	3		3	7	
SEK	16 382	-14 730	1 652	1 441	16 382	-14 730	1 652	1 441	
Total foreign currency long-term				**1 448**				**1 448**	
Insurance liabilities SPP Group in SEK								**-124 532**	**-124 532**
Total foreign currency long-term				**1 448**				**-123 084**	**-124 532**
Total net position foreign currency 2010				*3 608*				*2 022*	*-1 615*
Total net position foreign currency 2009				*-355*				*5 390*	*5 744*

1) Equity and bond funds denominated in NOK with foreign currency exposure, including in EUR and USD, amount to NOK 11.1 billion.

CURRENCY

Life and Pensions Norway

The group actively hedges the major part of its foreign currency risk. Currency risk arises from investments in international securities, and to a lesser extent from subordinated loans denominated in foreign currencies. Currency risk is hedged through forward foreign exchange contracts at the portfolio level, and currency positions are regularly monitored within specified total limits Short positions are closed no later than the business day following the date on which they arise. In addition, there are separate limits for creating active currency positions. These positions are included in the note relating to short-term debt instruments and bonds. The currency positions outstanding at 31 December 2010 are typical of the group's small limits for currency positions.

Life and Pensions Sweden

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

32 Reclassification

RECLASSIFICATION 2010
There has been no reclassifications in 2010.

RECLASSIFICATION 2009
Instruments included in the portfolio of loans and receivables are non-derivative financial assets that are not listed on an active market or subject to regular trading. The reclassification was carried out to attain a more appropriate return profile for the investments compared with the expected development in the pertinent insurance liabilities in Storebrand Livsforsikring.

NOK million	2009 From available for sale/ to amortised cost
Reclassification timepoint	**8.5.2009**
Book value	9 095
Fair value	9 095
31.12.	
Book value	8 610
Fair value	8 632
Effect on result if not reclassified	-484

The principal and coupon interest are expected to be repaid for the reclassified paper.
The average actual interest rate for reclassified paper was 4.09 per cent as per 31 December 2009.

33 Other financial assets

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Bank deposits in company portfolio	254	195	317	248
Bank deposits collective customer portfolio	2 538	2 231	4 898	4 681
Bank deposits investment selction customer portfolio	995	1 037	1 020	1 059
Other financial assets	**3 787**	**3 463**	**6 235**	**5 987**

34 Properties for own use and tangible fixed assets

STOREBRAND LIVSFORSIKRING AS

NOK million	Equipment	Vehicles	Fixtures & fittings	Total 2010	Total 2009
Book value at 01.01	**60**	**23**	**34**	**118**	**46**
Additions	17	3	6	25	90
Disposals		-6		-6	-2
Depreciation	-16	-5	-6	-27	-17
Other changes	-16			-16	
Book value at 31.12	**45**	**16**	**34**	**95**	**118**
Acquisition cost opening balance	116	34	39	189	102
Acquisition cost closing balance	94	27	44	165	189
Accumulated depreciation and write-downs opening balance	-56	-11	-5	-71	-56
Accumulated depreciation and write-downs closing balance	-49	-11	-10	-70	-48

For each class of fixed assets	
Equipment	4 years
Vehicles	6 years
Fixtures and fittings	4 years
Real estate	50 years

STOREBRAND LIVSFORSIKRING GROUP

Operational assets

NOK million	Equipment	Vehicles	Fixtures & fittings	Total 2010	Total 2009
Book value at 01.01	**61**	**25**	**42**	**129**	**57**
Additions	22	3	8	32	94
Disposals		-6		-6	-2
Revaluation booked in balance sheet					-1
Depreciation	-18	-5	-8	-31	-19
Re-statement differences			1	1	
Other changes	-16			-16	
Book value at 31.12	**50**	**16**	**43**	**109**	**129**
Acquisition cost opening balance	122	37	69	228	141
Acquisition cost closing balance	104	29	79	212	228
Accumulated depreciation and write-downs opening balance	-61	-11	-27	-99	-81
Accumulated depreciation and write-downs closing balance	-55	-12	-36	-103	-99

For each class of fixed assets	
Equipment	4 years
Vehicles	6 years
Fixtures and fittings	4 years
Real estate	50 years

Properties for own use

NOK million	2010	2009
Book value at 01.01	1 718	1 968
Additions	65	944
Disposals		-1 128
Revaluation booked in balance sheet	5	-6
Write-downs in the period	-105	-24
Re-statement differences	-14	
Other changes		-37
Book value at 31.12	**1 668**	**1 718**
Acquisition cost opening balance	1 718	1 679
Acquisition cost closing balance	1 773	1 718
Accumulated depreciation and write-downs opening balance		290
Accumulated depreciation and write-downs closing balance	-105	
Revaluation fund opening balance[1]		48
Changes in the period		-48
Revaluation fund closing balance[2]		

1) Properties for own use, also see note 25.
2) The revaluation fund is included as part of earned equity capital.

35 Tangible fixed assets – operational leasing

STOREBRAND LIVSFORSIKRING AS

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

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1 - 5 years	Minimum lease payment > 5 years
Leases 1 - 5 years	4	6	
Leases for over 5 years	50	202	193
Total	**55**	**208**	**193**

Amount through profit and loss account

NOK million	2010	2009
Lease payments through profit and loss account	73	105

Lease contracts include office premises and property, plant and equipment. External lease contracts for office premises last for 2-10 years and with an option for corresponding renewal.

STOREBRAND LIVSFORSIKRING GROUP

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

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1 - 5 years	Minimum lease payment > 5 years
Leases less than 1 year	1		
Leases 1 - 5 years	36	40	
Leases for over 5 years	56	224	213
Total	**93**	**264**	**213**

Amount through profit and loss account

NOK million	2010	2009
Lease payments through profit and loss account	118	142

Lease contracts include office premises and property, plant and equipment. External lease contracts for office premises last for 2-10 years and with an option for corresponding renewal.

36 Other assets – biological assets

NOK million	2010	2009
Book value at 01.01	**552**	**523**
Additions due to purchases/new planting (forest)	36	46
Disposals	-1	
Re-statement difference	-28	-70
Change in fair value less sales expenses	29	53
Book value at 31.12	**589**	**552**

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

Other assets owned by the company are stated at fair value, which is defined on the basis of an alternative fair value calculation or the present value of expected net cash flow (IFRS NO. 41 "Agriculture" no. 20 and 21). Write-ups of other assets are recognised in the profit and loss account. Ownership rights relating to other assets are recognised at the time the purchase agreement is signed. Annual income and expenses are calculated from forestry and land.

37 Insurance liabilities in life insurance by class of busienss

NOK million	Group pension private insurance	Group pension public insu-rance	Group life insu-rance	Endow-ment insurance	Annuity/ pension insurance	Non-life insu-rance	Total Storebrand Livsforsikring AS 2010	Total Storebrand Livsforsikring AS 2009	Total Life and Pensions Sweden 2010	Total Life and Pensions Sweden 2009	Total Storebrand Livsforsikring Group 2010	Total Storebrand Livsforsikring Group 2009
Premium reserve	127 307	21 657	531	10 511	18 362		178 369	166 139	112 937	102 477	291 306	268 616
- of which RBNS	474	40	78	24	8		623	697			623	697
- of which IBNR	273	4	236	27	15		554	303			554	303
- of which premium income received in advance	648		68	12	9		737	764			737	764
Additional statutory reserves	3 905	730		227	577		5 439	4 646			5 439	4 646
Market value adjust-ment reserve	1 544	329	10	25	60	3	1 971	31			1 971	31
Premium fund	3 175	844					4 018	3 765			4 018	3 765
Deposit fund	277						277	321			277	321
Pensioners' surplus fund	24						24	21			24	21
Claims reserve	99	33	316	260	10		718	639	92	49	810	688
- of which RBNS	98	33	242	130	4		507	469			507	469
- of which IBNR	1		75	131	5		212	170	92	49	304	219
Conditional bonus									11 503	8 689	11 503	8 689
Other technical reserves						559	559	478			559	478
Total insurance liabilities	**136 331**	**23 592**	**858**	**11 024**	**19 009**	**562**	**191 375**	**176 041**	**124 532**	**111 215**	**315 907**	**287 256**

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

Trend in claims and benefits disbursed

NOK billion	Storebrand Livsforsikring AS	Life and Pensions Sweden
0-1 year	11	6
1-5 year	20	13
More than 5 year	157	102

Non-life insurance

NOK million	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring AS 2009
Reinsurance share of technical insurance reserves	176	140
Total assets	**176**	**140**
Premium reserve	15	12
Claims reserve	394	327
- of which RBNS	48	32
- of which IBNR	346	295
Security reserve	150	139
Total	**559**	**478**
Market value adjustment reserve	3	2
Total insurance liabilities	**562**	**479**

Endowment insurance

NOK million	Profit allocation	Not eligible for profit allocation	Investment choice	Total 2010	Total 2009
Premium reserve	5 814	647	4 050	10 511	9 543
Additional statutory reserves	227			227	216
Market value adjustment reserve	23	2		25	24
Claims reserve	176	84		260	240
Total insurance liabilities	**6 241**	**733**	**4 050**	**11 024**	**10 023**

Annuity/ pension insurance

NOK billion	Profit allocation	Investment choice	Total 2010	Total 2009
Premium reserve	15 216	3 146	18 362	19 654
Additional statutory reserves	577		577	614
Market value adjustment reserve	60		60	63
Claims reserve	9	1	10	10
Total insurance liabilities	**15 862**	**3 147**	**19 009**	**20 341**

Group pension private insurance

NOK billion	Defined benefit without investment choice	Defined benefit with investment choice	Paid-up policies	Defined contribution with investment choice	Not eligible for profit allocation	Total 2010	Total 2009
Premium reserve	52 499	3 401	58 559	12 269	579	127 307	116 534
Additional statutory reserves	2 369	209	1 327			3 905	3 199
Market value adjustment reserve	978		557		9	1 544	-105
Premium fund	2 905	218	51			3 175	3 081
Deposit fund				277		277	321
Pensioners' surplus reserve	24					24	21
Claims reserve	61		14		24	99	83
Total insurance liabilities	**58 837**	**3 828**	**60 507**	**12 546**	**612**	**136 331**	**123 134**

Group pension public insurance

NOK billion	Defined benefit without investment choice	Defined benefit with investment choice	Total 2010	Total 2009
Premium reserve	19 761	1 895	21 657	19 914
Additional statutory reserves	673	57	730	617
Market value adjustment reserve	329		329	43
Premium fund	720	124	844	684
Claims reserve	33		33	33
Total insurance liabilities	**21 516**	**2 077**	**23 592**	**21 291**

Market value adjustment reserve

NOK million	2010	2009	Change 2010
Equities	1 404	-823	2 227
Interest-bearing	567	854	-287
Total	**1 971**	**31**	**1 940**

38 Change in insurance liabilities in life insurance

INSURANCE OBLIGATIONS IN LIFE INSURANCE – CONTRACTUAL OBLIGATIONS

NOK million	Premium reserves	Additional statutory reserves	Market value adjustment reserve	Claims allocation	Premium fund, deposit fund and the pension surplus fund	Other technical reserve non-life insurance	Total Storebrand Livsforsikring AS 2010	Life and Pensions Sweden 2010	Total Storebrand Livsforsikring Group 2010	Total Storebrand Livsforsikring AS 2009	Total Storebrand Livsforsikring Group 2009
Balance at 1.1.	**146 442**	**4 407**	**31**	**634**	**3 583**	**478**	**155 574**	**82 719**	**238 294**	**152 824**	**243 915**
Changes in insurance obligations recognised in the Profit and Loss Account											
2.1 Net realised reserves	6 934	759	1 940	84	97	45	9 859	2 050	11 908	6 847	8 717
2.2 Profit on the return	3				301		304		304	5	5
2.3 The risk profit allocated to the insurance agreements	2				68		70		70	79	79
2.4 Other allocation of profit	133						133		133	2	2
2.5 Changes in insurance obligations from comprehensive income		1					1	-847	-846	31	-870
2.6 Currency differences								5 758	5 758		-9 648
Total changes in insurance obligations recognised in the Profit and Loss Account	*7 072*	*760*	*1 940*	*84*	*467*	*45*	*10 367*	*6 961*	*17 328*	*6 965*	*-1 713*
Non-realised changes in insurance liabilities											
3.1 Transfers between funds	69	-18			-46		5	1 727	1 732	-2 107	-2 107
3.2 Transfers to/from the company	24	24			-303	36	-219	-242	-462	-2 108	-1 801
Total non-realised changes in insurance liabilities	*93*	*6*			*-350*	*36*	*-214*	*1 484*	*1 270*	*-4 215*	*-3 908*
Balance at 31.12.	**153 607**	**5 173**	**1 971**	**718**	**3 700**	**559**	**165 727**	**91 164**	**256 892**	**155 574**	**238 294**

INSURANCE OBLIGATIONS IN LIFE INSURANCE – INVESTMENT PORTFOLIO SEPARATELY

NOK million	Premium reserves	Market value adjust-ment reserve	Premium fund, deposit fund and the pension surplus fund	Other technical reserve non-life insurance	Total Store-brand Livs-forsikring AS 2010	Of which with multi-annual gua-rantee return	Life and Pen-sions Sweden 2010	Total Store-brand Livs-forsikring Group 2010	Total Store-brand Livs-forsikring AS 2009	Total Store-brand Livs-forsikring Group 2009
Balance at 1.1.	**19 698**	**239**	**5**	**524**	**20 466**	**4 615**	**28 496**	**48 962**	**11 297**	**33 804**
Changes in insurance obligations recognised in the Profit and Loss Account										
2.1 Net realised reserves	5 060	30	-5	7	5 091	292	4 796	9 887	6 989	13 698
2.2 Profit on the return				135	135	100		135	29	29
2.3 The risk profit allocated to the insurance agreements				7	7	6		7	-7	-7
2.4 Other allocation of profit										-381
2.5 Currency differences							1 692	1 692		-600
Total changes in insurance obligations recognised in the Profit and Loss Account	*5 060*	*30*	*-5*	*149*	*5 233*	*398*	*6 488*	*11 721*	*7 011*	*12 740*
Non-realised changes in insurance liabilities										
3.1 Transfers between funds				-5	-5		-1 727	-1 732	2 107	2 107
3.2 Transfers to/from the company	4	-3		-48	-47	16	111	64	51	311
Total non-realised changes in insurance liabilities	*4*	*-3*		*-53*	*-52*	*16*	*-1 616*	*-1 667*	*2 158*	*2 418*
Balance at 31.12.	**24 762**	**266**	**1**	**620**	**25 648**	**5 029**	**33 368**	**59 016**	**20 466**	**48 962**

39 Other liabilities

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Accounts payable	40	44	71	81
Minority real estate fund*			1 108	
Premium depot from reinsurance			38	42
Received collateral	296	523	1 782	1 547
Debt broker	288	197	288	197
Other liabilities	321	388	1 034	1 022
Total	**945**	**1 152**	**4 319**	**2 888**

** After 3 years participants can present a demand for redemption every year. Redemption is conditional on a total demand of NOK 100 million. The redemption sum is set at 98.75 per cent of VEK.*

40 Hedge accounting

STOREBRAND LIVSFORSIKRING AS

Fair value hedging of interest risk

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

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

Hedging instrument/Items hedged – fair value hedging

	2010				2009			
	Contract/	Book value[1]			Contract/	Book value[1]		
NOK million	nominal value	Assets	Liabilities	Recognised in profit/loss	nominal value	Assets	Liabilities	Recognised in profit/loss
Interest rate swaps	3 339	323		32	3 486	288		28
Subordinated loan capital	-3 339		3 653	-28	-3 486		3 786	-39
Currency derivatives	-4 686	100			-4 662		47	
Equities in Storebrand Holding AB		6 027				5 659		

1) Book value at 31.12.

STOREBRAND LIVSFORSIKRING GROUP

Fair value hedging of interest risk

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

Hedging instrument/Items hedged – fair value hedging

	2010				2009			
	Contract/	Book value[1]			Contract/	Book value[1]		
NOK million	nominal value	Assets	Liabilities	Recognised in profit/loss	nominal value	Assets	Liabilities	Recognised in profit/loss
Interest rate swaps	3 339	323		32	3 486	288		28
Subordinated loan capital	-3 339		3 653	-28	-3 486		3 786	-39

1) Book value at 31.12.

Currency hedging of net investment in SPP

In 2010, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in SPP. 3 month rolling currency derivatives were used, in which the spot element in these is used as the hedging instrument. The effektive share of hedging instruments are recognised in comprehencive income.The net amount recognised in comprehencive income in 2010, i.e. the effektive share of hedging instruments and the currency effect on the hedged object was NOK 29 million. There will be a partial hedge of net investment in SPP and it is therefore expected that the hedging effectiveness going forward will be about 100 per cent.

Hedging instrument/Items hedged – cash flow hedging

	2010				2009			
	Contract/	Book value[1]			Contract/	Book value[1]		
NOK million	nominal value	Assets	Liabilities	Recognised in profit/loss	nominal value	Assets	Liabilities	Recognised in profit/loss
Currency derivatives	-12 573	222			-12 318	117		33
Underlying items		13 239				12 523		

1) Book value at 31.12.

41 Collateral

Collateral pledged and received

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Collateral pledged in connection with Futures trading	-137	-222	-1 840	-1 287
Collateral received in connection with Futures trading			978	1 095
Received collateral for Security Lending Programme J.P. Morgan	391	586	391	586
Total collateral	**253**	**365**	**-471**	**394**

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

42 Contigent liabilities

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Undrawn amounts of committed lending facilities	1 794	355	1 794	355
Uncalled residual liabilities concerning Limitied Partnership	3 193	3 053	5 635	4 483
Total contigent liabilities	**4 987**	**3 408**	**7 429**	**4 838**

43 Securities lending

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	2010	2009	2010	2009
Total securities lending	372	558	372	558
Received collateral for Security Lending Programme J.P. Morgan	391	586	391	586
Received collateral reinvested in bonds	296	523	296	523
Received collateral reinvested in bonds – nominal value	296	523	296	523

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

44 Transactions with connected parties

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

Connected parties are associated companies, see note 26 for specification of associated companies.

Internal transactions between group companies are eliminated in the consolidated financial statements, with the exception of transactions between the customer portfolio in Storebrand Livsforsikring AS and other units in the group. See further description in Note 1 Accounting Principles

It is allocated NOK 850 million in group contribution to Storebrand ASA.

45 Capital adecuacy

NOK million	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring AS 2009	Storebrand Livsforsikring Group 2010	Storebrand Livsforsikring Group 2009
Share capital	3 430	3 430	3 430	3 430
Other equity	12 632	12 405	12 142	11 750
Equity	**16 063**	**15 835**	**15 572**	**15 181**
Hybrid tier 1 capital	1 500	1 486	1 500	1 486
Conditional bonus			3 359	2 755
Goodwill and other intangible assets	-82	-48	-6 317	-6 150
Risk equalisation fund	-287	-225	-287	-225
Capital adequacy reserve			-399	-254
Deduction for investments in other financial institutions			-44	
Other	-79	-41	106	-150
Core (tier 1) capital	**17 115**	**17 008**	**13 492**	**12 643**
Perpetual subordinated loan capital	5 039	5 047	5 039	5 047
Capital adequacy reserve			-399	-254
Deductions for investments in other financial institutions	-55		-44	
Tier 2 capital	**4 984**	**5 047**	**4 597**	**4 793**
Net primary capital	**22 100**	**22 055**	**18 088**	**17 435**
Calculation base by class of risk weighting	**216 308**	**207 786**	**343 228**	**315 440**
Risk weight 0%	49 048	52 585	87 823	92 727
Risk weight 10%	13 776	9 204	30 534	23 099
Risk weight 20%	47 751	47 688	62 869	59 792
Risk weight 50%	6 567	6 134	9 120	8 838
Risk weight 100%	77 165	74 645	96 752	84 597
Risk weight 150%	5 353	4 484	6 119	4 844
Assets held in respect of life insurance contracts with investment choice	16 648	13 046	50 012	41 543
Weighted assets in the balance sheet	**101 392**	**91 114**	**127 723**	**110 596**
Weighted interest rate and FX contracts	4 780	5 937	7 738	7 271
Cross holding deduction for shares in other financial institutions	-110		-885	-509
Unrealised gains on financial current assets	-1 412	-22	-1 412	-22
Risk weighted calculation base	**104 650**	**97 029**	**133 164**	**117 336**
Capital adequacy ratio	**21.12 %**	**22.73 %**	**13.58 %**	**14.86 %**
Core (tier 1) capital ratio	**16.35 %**	**17.53 %**	**10.13 %**	**10.77 %**

46 Solvency margin

NOK million	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring AS 2009	Storebrand Livsforsikring Group 2010	Storebrand Livsforsikring Group 2009
Solvency margin demand	7 094	6 737	10 766	10 102
Solvency margin capital	23 522	22 855	17 644	17 159
Solvency margin	**331.6 %**	**339.3 %**	**163.9 %**	**169.9 %**

Specification of solvency margin capital

NOK million	Storebrand Livsforsikring AS 2010	Storebrand Livsforsikring AS 2009	Storebrand Livsforsikring Group 2010	Storebrand Livsforsikring Group 2009
Net primary capital	22 100	22 055	18 088	17 435
50% of additional statutory reserves	2 719	2 323	2 719	2 323
50% of fund for risk-smoothing	143	112	143	112
Counting security reserve	52	43	52	43
Conditional bonus			-3 359	-2 755
Reduction in Tier 2 capital eligible for inclusion in solvency capital	-1 492	-1 679		
Solvency capital	**23 522**	**22 855**	**17 644**	**17 159**

47 Return on capital

STOREBRAND LIVSFORSIKRING AS

	2010		2009		2008	
	Booked return	Market return	Booked return	Market return	Booked return	Market return
Contractual obligations total	4.9 %	6.1 %	4.6 %	4.6 %	2.0 %	-0.2 %
As portfolio						
Group defined benefit extra cautious			4.2 %	4.9 %	7.1 %	4.7 %
Group defined benefit low	4.5 %	5.5 %	4.2 %	4.6 %	4.0 %	1.7 %
Group defined benefit standard	4.6 %	6.5 %	5.0 %	4.8 %	2.0 %	-0.2 %
Group defined benefit high	4.9 %	7.4 %	5.3 %	5.4 %		
Swedish branch	3.8 %	4.9 %				
Paid-up policies			4.6 %	4.5 %	0.9 %	-1.3 %
Paid-up policies cautious	5.0 %	5.8 %				
Paid-up policies balanced	4.8 %	6.0 %				
Paid-up policies offensive	4.5 %	6.4 %				
Individual	6.0 %	6.0 %	4.0 %	4.3 %	2.6 %	-0.1 %

Return on capital historical numbers

	2007	2006
Booked return	8.9 %	7.1 %
Market return	7.3 %	8.3 %
Average yield	8.8 %	6.8 %

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

48 Number of employees

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	2010	2009	2010	2009
Number of employees at 31.12.	878	865	1 656	1 696
Average number of employees	872	893	1 675	1 745
Fulltime equivalent positions at 31.12.	857	842	1 615	1 611
Average number of fulltime equivalents	850	864	1 612	1 657

The Chief Actuary's report

THE CHIEF ACTUARY'S REPORT

To the Board of Directors in Storebrand Livsforsikring AS

ALLOCATIONS TO THE INSURANCE FUND

With reference to the annual report for 2010 I confirm that the entered "Premium reserve", "Additional statutory reserves" and "Insurance obligations in life insurance" in the Statement of financial position have all been calculated in accordance with the Act on Insurance Activity and satisfy the requirements of the Financial Services Authority of Norway. This is also valid for the "Risk equalisation fund". From these calculations the corresponding allocations have been made in the Profit and Loss Account. The proposed allocations are in accordance with the Act on Insurance Activity.

Lysaker, 9 February 2011

Translation – not to be signed

Einar Karlsen
Chief Actuary

Declaration by the Members of the Board and the CEO

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

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Livsforsikring AS and the Storebrand Livsforsikring Group for the 2010 financial year and as per 31 December 2010.

The annual financial statements were prepared in accordance with the Norwegian Annual Accounts Regulations for Insurance Companies. The annual report for the group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as per 31 December 2010 and the additional requirements of the Securities Trading Act.

In the best judgement of the Board and CEO the annual financial statements and consolidated financial statements for 2010 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the assets, liabilities, financial standing and results as a whole of the parent company and the group as per 31 December 2010. In the best judgement of the Board and CEO the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements and consolidated financial statements. In the best judgement of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 15 February 2011
The Board of Directors of Storebrand Livsforsikring AS

Translation – not to be signed

Idar Kreutzer
Chairman of the Board

Andreas Enger	Tove Storrødvann
Else-Lill Grønli	Gorm Leiknes
Inger Johanne Bergstøl	Egil Thompson

Lars Aa. Løddesøl
Chief Executive Officer

Audit report

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Livsforsikring AS

INDEPENDENT AUDITOR’S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Storebrand Livsforsikring AS, which comprise the financial statements for the parent company, showing a comprehensive income of MNOK 1.077, and the financial statements for the group, showing a comprehensive income of MNOK 1.251. The financial statements comprise the balance sheets as at December 31, 2010, the statements of comprehensive income, statements of changes in equity and cash flows statements for the year then ended and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Chief Executive Officers’s Responsibility for the Financial Statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Storebrand Livsforsikring AS and of the group as at December 31, 2010, and of its financial performance and its cash

Deloitte.

flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the allocation of the profit

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit complies with the law and regulations and that the information is consistent with the financial statements.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, February 15, 2011
Deloitte AS

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

Translation has been made for information purposes only

Control commitee's statement

Storebrand Livsforsikring AS
CONTROL COMMITEE'S STATEMENT – 2010

At its meeting on 1 March 2011, the ControlCommitee of Storebrand Livsforsikring AS has reviewed the Board of Director's proposed Annual Report and Accounts for 2011 of Storebrand Livsforsikring AS.

With references to the auditor's report of 15 February 2011 the Control Committee recommends that the Annual Reports and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Livsforsikring AS for 2010.

Lysaker, 1 March 2011

Translation – not to be signed

Elisabeth Wille
Chairman of the Control Committee

Board of Representatives' statement

Storebrand Livsforsikring AS
BOARD OF REPRESENTATIVES' STATEMENT – 2010

The Board of Directors' proposal for the Annual Repost and Accounts, together with the Auditor's report and the Control Committee's statement have, in the manner required by law, been presented to the Board of Representatives.

The Board of Representatives recommends that the Annual General Meeting approve the Board of Directors proposal for the Annual Report and Accounts of Storebrand Livsforsikring AS and Storebrand Livsforsikring Group.

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

Lysaker, 2 March 2011

Translation – not to be signed

Terje Venold
Chairman of the Board of Representatives

Terms and expressions

GENERAL

Subordinated loan capital

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

Duration

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

Equity

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

CAPITAL ADEQUACY

Primary capital

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

Capital requirements

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

Capital adequacy ratio

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

Core (tier 1) capital

Core (tier 1) capital is part of primary capital and consists of the primary capital less intangible assets, net prepaid pensions, 50 per cent of any capital adequacy reserve, and cross-ownership deductions in other financial institutions. Issued hybrid tier 1 capital can account for 15 per cent of the core (tier 1) capital, while any overshoot can be included in the supplementary capital. A proportion of the conditional bonus is included in core (tier 1) capital pursuant to the conditions set by Finanstilsynet.

Tier 2 capital

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

Solvency II

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

INSURANCE

Reinsurance

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

IBNR reserves (incurred but not reported)

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

RBNS reserves (reported but not settled)

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

LIFE INSURANCE

Return on capital

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

Group contracts

Defined benefit pensions
(defined benefit - DB)

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

Group defined contribution pensions
(defined contribution – DC)

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

Group one-year risk cover

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

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

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

Group life insurance

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

Unit-linked

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

Individual contracts

Individual allocated annuity or pension insurance

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

Individual endowment insurance

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

Individual unit linked insurance

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

Contractual liabilities

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

Result

Administration result

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

Financial result

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

Risk result

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

Profit sharing and result allocated to owner
See note 2.

Other terms

Insurance reserves – life insurance

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

Solvency capital

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

Solvency margin requirements

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

Solvency margin capital

Primary capital as in capital adequacy plus 50 per cent of additional statutory reserves and risk equalisation fund, plus 55 per cent of the contingency fund's lower limit.

FINANCIAL DERIVATIVES

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

Share options

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

Stock futures (stock index futures)

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

Basis swaps

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

Forward Rate Agreements (FRA)

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

Credit derivatives

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

Interest rate futures

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

Interest rate swaps/asset swaps

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

Interest rate options

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

Forward foreign exchange contracts/ foreign exchange swaps

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

Foreign exchange options

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

Storebrand Livsforsikring AS
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Concept, design and produktion: signatur.no Kd52 • 110243
Photo: Nina Indset Andersen/Scanpix