

# Interim Report Storebrand Livsforsikring

1<sup>st</sup> quarter 2011

 storebrand



# Interim report for Storebrand Livsforsikring Group

## - Q1 2011

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's Q1 result please refer to the Storebrand Group's interim report for the Q1 of 2011.

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

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

### OUTLOOK

The life insurance industry in Norway is facing comprehensive regulatory changes because the rules for occupational pension schemes are about to be adapted to the pensions reform and the European Solvency II regulations are going to be introduced in Norway.

The first phase of the adaptation of the occupational pension schemes to the pensions reform involved the introduction from 1 January 2011 of flexible withdrawal in line with the same principles applied in the National Insurance Scheme. In the next phase, there will be changes to the product rules themselves. The Banking Law Commission is currently examining legislative amendments on behalf of the Ministry of Finance. Proposals will probably be presented during 2011.

On 10 March 2011, Finanstilsynet submitted proposed changes to the business rules for life insurance to the Ministry of

Finance. The proposals were submitted because of the need to adapt Norwegian business rules to Solvency II. They include the introduction of a new flexible buffer fund, which can also cover negative returns, and allowing the voluntary conversion of paid-up policies to policies with investment choice. Storebrand views this process positively and is maintaining an active dialogue with the authorities with the aim of establishing general conditions that preserve the effective long-term management of customers' assets.

The new group management model was introduced on 1 March 2011. The new model is intended to ensure the strength and pace of the implementation of the strategic choices made in 2010. As part of the retail customer efforts, all customer activities will be gathered in the life insurance companies. Furthermore, the expert groups linked to balance sheet management, web design and unit linked insurance will be gathered across Norway and Sweden. The changes are intended to ensure more efficient resource utilization and result in comprehensive customer service which will strengthen Storebrand's position in the market.

### RISKS

Storebrand is exposed to several types of risk through its business areas. Continuous monitoring and active risk management are therefore prioritised core areas in the Group. The performance of both the equity and interest rate markets is important with respect to being able to deliver a return that exceeds the interest guarantee in the products over time. Developments in the level of interest rates and the property and equity markets are considered the most important risk factors that could affect the Group's result. Storebrand adapts to changing market conditions through dynamic risk management, which aims to tailor financial risk to the company's risk bearing capacity.

### RESULT

Presentation of Storebrand Life Insurance and SPP is shown excluding internal transactions.

Result Storebrand Livsforsikring Group IFRS

NOK million	01.01 - 31.03		
	2011	2010	Year 2010
Storebrand Life Insurance	139	153	730
Insurance	29	15	148
SPP	281	113	463
Asset Management	20	19	90
<b>Profit before amortisation cost</b>	<b>471</b>	<b>300</b>	<b>1,430</b>
Amortisation	-92	-85	-351
<b>Pre-tax profit/loss</b>	<b>378</b>	<b>215</b>	<b>1,079</b>
Tax		-1	388
<b>Profit/loss</b>	<b>379</b>	<b>214</b>	<b>1,467</b>

# STOREBRAND LIFE INSURANCE

- **Cost reductions and income growth produced better administration result**
- **Good return resulted in NOK 0.9 billion in excess of the guaranteed interest for customers**
- **Weak risk result for defined contribution pensions in the quarter**

The business area Storebrand Life Insurance<sup>1)</sup> 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

Financial performance Storebrand Life Insurance

NOK million	1Q		Full year
	2011	2010	2010
Administration result	8	-7	58
Risk result	-1	40	131
Financial result <sup>2)</sup>	4	-8	26
Price of interest guarantee and profit risk	134	138	557
Other	-5	-10	-43
<b>Pre-tax profit/loss</b>	<b>139</b>	<b>153</b>	<b>730</b>

### Administration result

The administration result is continuing to develop well. The productivity measures implemented through better work processes, staff reductions, the transfer of tasks, and lower purchasing costs are the main drivers behind the improvement in the result, together with income growth.

### Risk result

The quarter's risk result is negatively impacted by an increase in the number of approved disability claims within defined contribution pensions. The development is especially influenced by the product being in a growth phase. During the quarter, the company has handled a significantly higher number of claims than normal, which resulted in reduced lead time. This implies that applicants reported off the sick list (reactivation) to a lesser extent are included. It has been implemented measures to adjust the price, pay out principles and reserving principles for defined contribution pensions to secure a more stable development going forward. The risk results for group pensions and paid-up policies were good, and NOK 62 million was allocated to the risk equalisation fund. Storebrand follows the development in Norway and Sweden closely, and we have observed over the last two years that the development in disability and sickness result is different and partly off-set each other.

### Financial result

The financial markets developed positively during the quarter with good returns on Norwegian and global equities. Interest rates rose in both Norway and internationally in the quarter. Hikes in interest rates lower returns in the short-term, but produce higher expected returns going forward.

### Financial return

Portfolio	1Q 2011		1Q 2010		Full year 2010	
	Market return	Booked return	Market return	Booked return	Market return	Booked return
Total Group (DB)	1.5 %	1.4 %	1.9 %	0.9 %	6.4 %	4.9 %
Paid-up policies	1.4 %	1.3 %	1.7 %	1.1 %	6.0 %	4.9 %
Individual	1.5 %	1.4 %	1.9 %	1.1 %	6.0 %	6.0 %

Profit sharing gave a net positive contribution of NOK 32 million to the owner in 1Q. There is a need to strengthen reserves for individual pension insurance and paid-up policies because of assumed lower mortality in the future. NOK 77 million was allocated in 1Q, in line with the plan. At the end of 1Q, the amount by which the reserves still need to be strengthened was calculated at around NOK 450 million: around NOK 380 million for individual pension insurance and around NOK 70 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 5.9 per cent this could result in profit sharing for the owner.

The booked return for all portfolios was sufficient to cover the guaranteed interest rate, and provide undistributed profits for customers of NOK 0.9 billion. The average annual interest rate guarantee in the various customer portfolios is between 3.3 per cent and 3.7 per cent.

The company portfolio's result was minus NOK 29 million (minus NOK 15 million) for the quarter. The company portfolio achieved a gross return of 1.4 per cent for the quarter. Storebrand Life Insurance's funding costs will amount to around a net NOK 140 million per quarter for the next 12 months. Total interest-bearing liabilities amounted to NOK 6.6 billion at the end of 1Q.

<sup>1)</sup> Storebrand Life Insurance includes the legal entity Storebrand Livsforsikring AS with the exception of results from one-year personal risk and employee insurance policies, which are included in Insurance. Results from the subsidiaries SPP and Storebrand Eiendom are not included either. These are included in Asset management.

<sup>2)</sup> Investment result and profit sharing.

## Market return defined contribution pensions

NOK million	1Q		Full year
	2011	2010	2010
Careful pension	0.7%	2.1%	6.7%
Balanced pension	1.0%	3.2%	10.3%
Aggressive pension	1.2%	3.9%	13.4%

## Price of interest rate guarantee and profit risk

NOK 134 million was recognised as income from upfront pricing of the interest rate guarantee and profit from risk for group defined benefit in 1Q. This is a reduction of NOK 4 million compared to the same period the last year. The reduction was due to price changes that have been implemented because of the increased buffer capital.

## Other result

The other result amounted to minus NOK 5 million (minus NOK 10 million) for 1Q, and primarily consists of the result from subsidiaries.

## Balance sheet

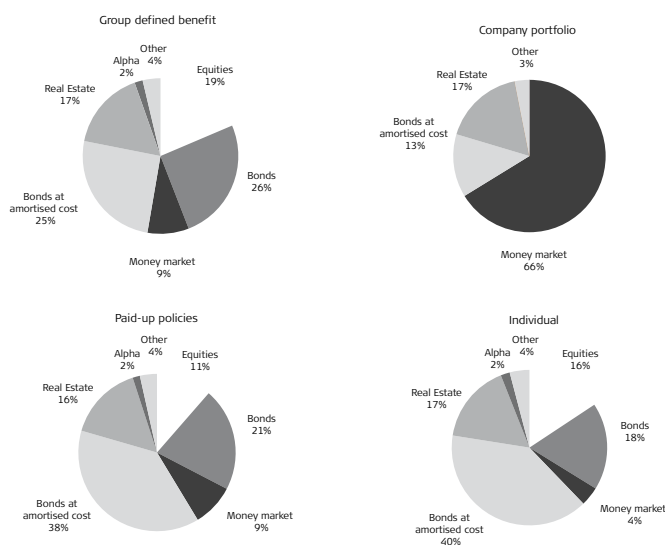
The proportion of equities in portfolios with a guarantee increased in the quarter. Changes in equity allocations corresponded to changes in short-term bond and money market allocations.

## Equity proportion in customer portfolios with a guaranteed return

	31.03.2011	31.12.2010
Aggressive profile	24%	25%
Standard profile	20%	18%
Careful profile	14%	9%
Paid-up policy profiles	11%	11%
Individual profiles	16%	12%

An increase was allocated in loans and receivables for the company portfolio in the quarter.

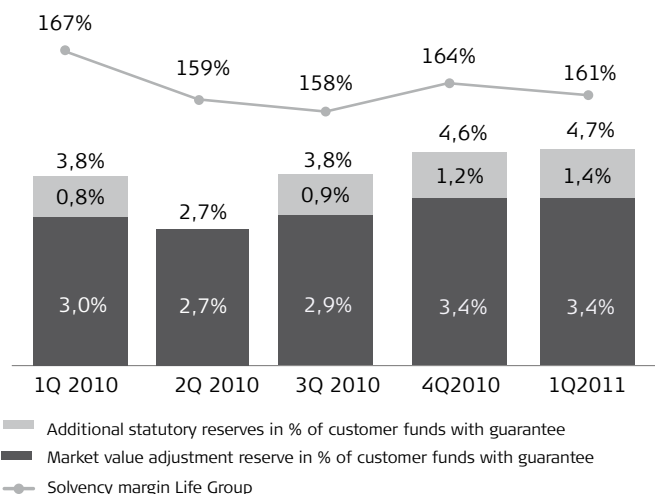
## Asset profile



Assets under management increased by NOK 2 billion in the quarter and amounted to NOK 202 billion at the end of 1Q. The increase was due to the positive return in the quarter.

Finanstilsynet has reviewed the valuations of investment property in the regular reporting to some listed companies, among them Storebrand. The review was based on commercial office property in 2008. Investment property in Storebrand is carried at fair value and in note 16 to the quarterly accounts it is given a detailed description of methods and assumptions used for calculating the fair value.

## Solvency



Solidity capital<sup>1)</sup> increased by NOK 0.7 billion in the quarter due to a positive financial performance and increased customer buffers. It amounted to NOK 43.4 billion at the end of 1Q. Additional statutory reserves amounted to NOK 5.4 billion at the end of 1Q, and were unchanged during the quarter. The market value adjustment reserve increased by NOK 0.3 billion during the quarter and amounted to NOK 2.2 billion at the end of 1Q. Excess value on loans and receivables in the quarter decreased by NOK 640 million due to hikes in interest rates, and amounted to NOK 92 billion at the end of 1Q.

Storebrand Life Insurance Group's capital adequacy was 13.3 per cent at the end of 1Q, a marginal reduction during the quarter due to balance sheet growth and higher proportions of equities. Storebrand Life Insurance Group achieved a solvency margin of 161 per cent, down 3 percentage points in the quarter.

<sup>1)</sup> The term solidity capital encompasses equity, subordinated loan capital, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

## Market

### Premium income<sup>1)</sup>

NOK million	1Q		Full year
	2011	2010	2010
Group Defined Benefit	4,021	3,967	8,154
Paid-up policies	71	46	98
Group with investment choice	976	1,121	3,409
Individual endowment insurance and pensions	185	229	761
Individual with investment choice	271	508	1,993
<b>Total</b>	<b>5,525</b>	<b>5,870</b>	<b>14,415</b>

Premium income from group defined benefit pensions will gradually decline due to the transition to defined contribution pensions. The increase in the year-to-date was due to factors such as wages growth. Contribution-based schemes for companies experienced underlying growth in premium income. The decrease in premium income was due to the transition from annual to monthly invoicing. 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. The decrease in the result line 'Individual with investment choice' was due to good sales of guarantee accounts last year.

### Sales

The net booked inflow to Storebrand amounted to minus NOK 2,390 million (NOK 1,653 million) in 1Q. The transfer balance within the public sector was weak because three municipalities chose to transfer their pension schemes with effect from 2011.

Reported net sales in 1Q were good for both group occupational pensions and one-year risk products. The market was characterised by the transition from defined benefit pensions to defined contribution pensions. Storebrand has maintained a strong position in the market.

Sales to the employees of our corporate customers are an important part of our overall distribution strategy. Sales continue to develop well in this area.

A new strategy for sales of savings, insurance, and bank products in the retail market is being drawn up. As part of this work, sales have been gathered in a new sales organisation and an improved customer follow-up programme is being established. The measures are expected to contribute to sales growth and profitability in the retail market.

### New subscriptions

New premiums (APE) worth NOK 306 million (NOK 725 million) were signed in 1Q. The reduction in relation to 2010 was primarily due to lower APE for group defined benefit pensions and defined contribution pensions.

New premiums (APE) in the period:

- Guaranteed products: NOK 224 million (NOK 487 million) for the quarter.
- Unit linked insurance: NOK 82 million (NOK 238 million) for the quarter.

<sup>1)</sup> Exclusive transfer of premium reserves.

- **Result excluding financial result increased from NOK 98 million to NOK 160 million**
- **Administration result increased by NOK 37 million**
- **Named best unit-linked insurance company for third year in a row**

The business area SPP<sup>1)</sup> offers pension and insurance solutions, and advice to companies in the competitive segment of the occupational pensions market and private pension products in the Swedish market.

## Result

### Financial performance SPP

NOK million	1Q		Full year
	2011	2010	2010
Administration result	44	7	84
Risk result	76	80	311
Financial result	121	15	31
Other	40	11	38
<b>Result before amortisation</b>	<b>281</b>	<b>113</b>	<b>464</b>
Amortisation intangible assets	-91	-84	-348
<b>Pre-tax profit/loss</b>	<b>190</b>	<b>29</b>	<b>116</b>

### Administration result

The administration result amounted to NOK 44 million (NOK 7 million) for 1Q. The result improved by NOK 37 million due to 14 per cent higher income and a stable cost base. The increase in income was due to both growth in customer assets and pricing adjustments.

### Risk result

The risk result amounted to NOK 76 million (NOK 80 million) for the quarter. The sickness result, which is the dominant component of the risk result, was still good, but slightly lower than in previous quarters. The other components of the risk result, primarily mortality and longevity, also delivered positive figures for the quarter.

### Financial result

The financial result amounted to NOK 121 million (NOK 15 million) for the quarter. The quarter was characterised by slightly improving equity markets and rising short-term market interest rates. The difference between swap and government rates increased in the quarter. Around half of the interest rate sensitivity on the asset side is towards government rates, while the rest is linked to swap-related rates. The liabilities side is evaluated using only swap rates. This resulted in the assets side increasing in value relative to the liabilities side and NOK 97 million of deferred capital contribution could be recovered.

The customer's return for the quarter was affected by slightly improving equity markets.

### Financial return

Portfolio	1Q		Full year
	2011	2010	2010
Defined Benefit (DB)	0.8%	3.3%	5.9%
Defined Contribution (DC)			
P250*	0.4%	3.5%	7.0%
P300*	0.7%	2.9%	5.3%
P 520*	0.5%	2.6%	3.4%
RP (Retirement Pension)	0.1%	0.0%	0.1%

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

Profit sharing amounts to NOK 29 million for the quarter. NOK 27 million of this was indexing fees for the defined benefit portfolio. As per 31 March, around 80 per cent of the defined benefit portfolio is indexed by the consumer price index. The rest of the profit sharing stemmed from pension insurance policies with a 1.25 per cent guarantee level.

### Other result

The other result components amounted to NOK 40 million (NOK 11 million). The result consists of the return in the company portfolio, which is entirely invested in short-term interest-bearing securities. Market rates have risen significantly in the last year, producing a higher return in the company portfolio.

### Balance sheet

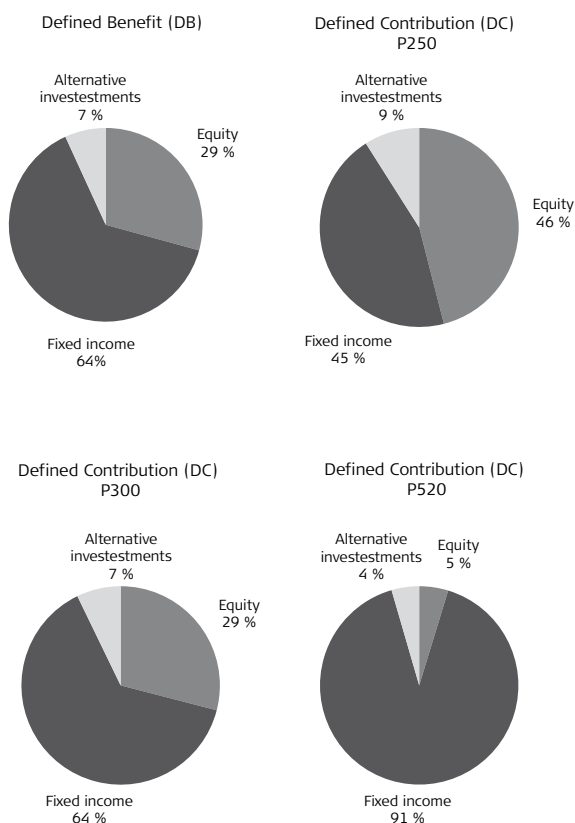
Equity exposure is adjusted in line with market trends via so-called dynamic risk management. Given the relatively flat trend in the equity markets, there was little change in the equity exposure in the customer portfolios.

### Equity proportion in customer portfolios with a guaranteed return

	31.03.2011	31.12.2010
DB	29%	28%
DC P250	46%	46%
DC P300	29%	28%
DC P520	5%	5%

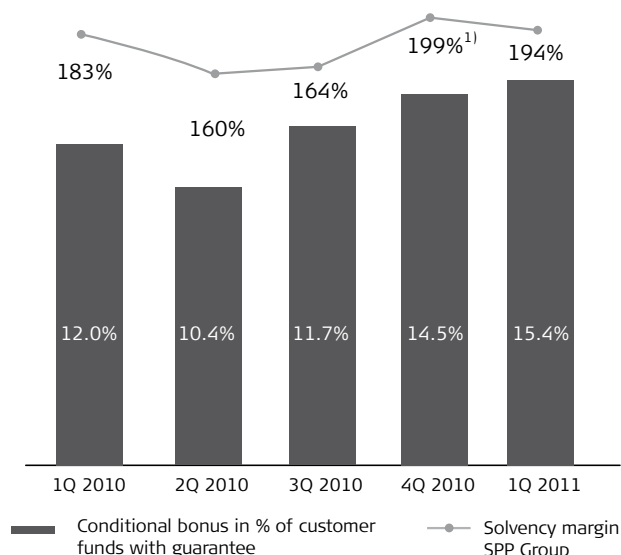
<sup>1)</sup> SPP includes all legal entities in Storebrand Holding Group excluding SPP Fonder which is included in Asset Management.

## Asset profile customer portfolios with a guarantee



The buffer capital (conditional bonus) increased by 6 per cent in the quarter. The increase was due to rising interest rates which reduced the value of liabilities. At the end of the quarter, the buffer capital amounted to NOK 12.2 billion. SPP Group's solvency margin was 194 per cent at the end of 1Q, which is slightly lower than in the previous quarter because SPP payed group contributions in the first quarter.

### Solvency



Total assets amounted to NOK 123 billion at the end of the quarter: up NOK 1 billion since year-end 2010 and up NOK 9 billion compared with the same period last year. The increase was due to continued good premium growth within unit linked

insurance and good returns in the customer portfolios. The SEK has also strengthened markedly against the NOK in the last year, which has had a positive effect on the capital under management measured in NOK.

## Market

### Premium income <sup>2)</sup>

NOK million	1Q		Full year
	2011	2010	2010
Guaranteed products	687	896	3,030
Unit Link	821	734	3,388
BenCo	170	273	759
<b>Total</b>	<b>1,677</b>	<b>1,903</b>	<b>7,177</b>

Premium income amounted to NOK 1.7 billion, down 12 per cent compared with the same period last year. This was due to a decrease in guaranteed business. Premium income from unit linked insurance continues to increase and was 12 per cent higher than in the same period last year. Unit linked insurance accounted for 54 per cent (45 per cent) of SPP's premium income (excluding BenCo).

### New subscriptions

New sales measured in APE amounted to NOK 331 million (NOK 353 million) for the quarter. Unit linked insurance accounted for 68 per cent (69 per cent) of total new contracts. Given the high proportion of unit linked insurance, SPP was pleased to be named Sweden's best unit linked insurance provider by the independent pensions advisor Söderberg & Partners for the third year in a row.

### New premiums (APE) in the quarter:

- Guaranteed products: NOK 95 million (NOK 82 million) for the quarter
- Unit linked insurance: NOK 223 million (NOK 229 million) for the quarter
- BenCo: NOK 13 million (NOK 42 million) for the quarter

<sup>1)</sup> Before group contributions.

<sup>2)</sup> Excluding inflow of premium reserves.

# INSURANCE

- **Positive but challenging risk result**
- **Stable growth in premium volume**

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

NOK million	1Q		Full year
	2011	2010	2010
Premiums earned, net	271	266	1,099
Claims incurred, net	-218	-217	-845
Operating costs	-43	-55	-199
<b>Insurance result</b>	<b>9</b>	<b>-6</b>	<b>55</b>
Net financial result	20	21	93
<b>Result before amortisation</b>	<b>29</b>	<b>15</b>	<b>148</b>
Amortisation intangible assets	0	0	0
<b>Profit before tax</b>	<b>29</b>	<b>15</b>	<b>148</b>

In %	1Q		Full year
	2011	2010	2010
Claims ratio*	80%	82%	77%
Cost ratio*	16%	21%	18%
Combined ratio*	96%	102%	95%

## New subscriptions

Risk products: NOK 31 million (101 million) in Q1.

## RECONCILIATION TABLES TOWARDS PROFIT AND LOSS ACCOUNT

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

NOK million	31.03.11	31.03.10	31.12.10
Profit and Loss	379	214	1,079
Charge from the additional statutory reserves		-3	
Change in administration reserve p&c insurance	3	1	-1
Change in security reserves p&c insurance	-4	3	-11
<b>Profit and loss Storebrand Livsforsikring Group before tax</b>	<b>378</b>	<b>215</b>	<b>1,067</b>

Lysaker, 10. May 2011

The Board of Directors of Storebrand Livsforsikring AS



# Storebrand Livsforsikring AS

## PROFIT AND LOSS

NOK million	01.01 - 31.03		
	2011	2010	Year 2010
<b>TECHNICAL ACCOUNT:</b>			
Gross premiums written	6,160	6,476	15,592
Reinsurance premiums ceded	-39	-38	-74
Premium reserves transferred from other companies	1,592	3,143	5,358
<b>Premiums for own account</b>	<b>7,713</b>	<b>9,581</b>	<b>20,876</b>
Income from investments in subsidiaries, associated companies and joint-controlled companies	566	312	1,366
of which from investment in real estate companies	564	325	1,336
Interest income and dividends etc. from financial assets	1,130	1,185	4,893
Changes in investment value	113	1,204	1,835
Realised gains and losses on investments	634	165	1,596
<b>Total net income from investments in the collective portfolio</b>	<b>2,443</b>	<b>2,867</b>	<b>9,690</b>
Income from investments in subsidiaries, associated companies and joint-controlled companies	42	22	98
of which from investment in real estate companies	42	22	97
Interest income and dividends etc. from financial assets	44	30	340
Changes in investment value	-72	471	1,072
Realised gains and losses on investments	226	91	526
<b>Total net income from investments in the investment selection portfolio</b>	<b>240</b>	<b>614</b>	<b>2,035</b>
<b>Other insurance related income</b>	<b>39</b>	<b>29</b>	<b>162</b>
Gross claims paid	-2,607	-2,495	-11,145
Claims paid - reinsurance	5	3	6
Gross change in claims reserve	34	-23	-79
Premium reserves etc. transferred to other companies	-3,988	-1,500	-3,522
<b>Claims for own account</b>	<b>-6,556</b>	<b>-4,014</b>	<b>-14,742</b>
To (from) premium reserve, gross	-325	-5,202	-6,934
To/from additional statutory reserves in connection with claims/repurchase	84	7	-759
Change in value adjustment fund	-257	-1,271	-1,940
Change in premium fund, deposit fund and the pension surplus fund	-30	-25	-97
To/from technical reserves for non-life insurance business	-60	-56	-45
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	5	9	22
<b>Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations</b>	<b>-582</b>	<b>-6,537</b>	<b>-9,753</b>
Change in premium reserve	-1,823	-1,632	-5,060
Change in other provisions		-75	-178
<b>Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately</b>	<b>-1,823</b>	<b>-1,707</b>	<b>-5,238</b>
Profit on investment result			-304
The risk profit allocated to the insurance agreements			-70
Other allocation of profit			-133
Unallocated profit	-886	-235	
<b>Funds allocated to insurance contracts</b>	<b>-886</b>	<b>-235</b>	<b>-507</b>

NOK million	01.01 - 31.03		
	2011	2010	Year 2010
Management expenses	-31	-38	-137
Selling expenses	-86	-132	-527
Insurance-related administration expenses (incl. commissions for reinsurance received)	-225	-191	-719
<b>Insurance-related operating expenses</b>	<b>-342</b>	<b>-360</b>	<b>-1,384</b>
<b>Other insurance related expenses after reinsurance share</b>	<b>-50</b>	<b>-53</b>	<b>-217</b>
<b>Technical insurance result</b>	<b>198</b>	<b>186</b>	<b>922</b>
<b>NON-TECHNICAL ACCOUNT</b>			
Income from investments in subsidiaries, associated companies and joint-controlled companies	29	16	138
of which from investment in real estate companies	29	17	69
Interest income and dividends etc. from financial assets	154	159	605
Changes in investment value	8	-31	-68
Realised gains and losses on investments	15	52	218
<b>Net income from investments in company portfolio</b>	<b>206</b>	<b>197</b>	<b>892</b>
Management expenses	-3	-6	-18
Other costs	-139	-121	-517
<b>Total management expenses and other costs linked to the company portfolio</b>	<b>-142</b>	<b>-127</b>	<b>-536</b>
<b>Profit or loss on non-technical account</b>	<b>65</b>	<b>70</b>	<b>357</b>
<b>Profit before tax</b>	<b>262</b>	<b>256</b>	<b>1,279</b>
<b>Tax costs</b>			
<b>Profit before other comprehensive income</b>	<b>262</b>	<b>256</b>	<b>1,279</b>
Actuarial gains and losses on defined benefit pensions - benefits to employees			-202
<b>Other comprehensive income and costs</b>			<b>-202</b>
<b>COMPREHENSIVE INCOME</b>	<b>262</b>	<b>256</b>	<b>1,077</b>

# Storebrand Livsforsikring Group

## PROFIT AND LOSS

NOK million	01.01 - 31.03		
	2011	2010	Year 2010
<b>TECHNICAL ACCOUNT:</b>			
Gross premiums written	7,892	8,443	23,015
Reinsurance premiums ceded	-94	-102	-321
Premium reserves transferred from other companies	1,682	3,186	5,582
<b>Premiums for own account</b>	<b>9,481</b>	<b>11,526</b>	<b>28,277</b>
Income from investments in subsidiaries, associated companies and joint-controlled companies	16	2	58
Interest income and dividends etc. from financial assets	1,798	1,718	7,453
Net operating income from property	255	275	1,144
Changes in investment value	322	2,185	2,949
Realised gains and losses on investments	670	1,027	2,312
<b>Total net income from investments in the collective portfolio</b>	<b>3,062</b>	<b>5,207</b>	<b>13,916</b>
Interest income and dividends etc. from financial assets	69	51	990
Net operating income from property	19	19	82
Changes in investment value	-687	1,433	2,943
Realised gains and losses on investments	-141	93	466
<b>Total net income from investments in the investment selection portfolio</b>	<b>-740</b>	<b>1,596</b>	<b>4,481</b>
<b>Other insurance related income</b>	<b>268</b>	<b>198</b>	<b>935</b>
Gross claims paid	-4,162	-3,934	-16,877
Claims paid - reinsurance	13	20	47
Gross change in claims reserve	37	-23	-118
Premium reserves etc. transferred to other companies	-4,254	-1,658	-4,575
<b>Claims for own account</b>	<b>-8,367</b>	<b>-5,594</b>	<b>-21,524</b>
To (from) premium reserve, gross	773	-6,552	-6,852
To/from additional statutory reserves in connection with claims/repurchase	84	7	-759
Change in value adjustment fund	-257	-1,271	-1,940
Change in premium fund, deposit fund and the pension surplus fund	-30	-25	-97
To/from technical reserves for non-life insurance business	-60	-56	-45
Change in conditional bonus	-733	-778	-2,427
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	5	9	22
<b>Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations</b>	<b>-217</b>	<b>-8,665</b>	<b>-12,097</b>
Change in premium reserve	-1,594	-3,071	-9,618
Change in other provisions		-75	-178
<b>Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately</b>	<b>-1,594</b>	<b>-3,146</b>	<b>-9,796</b>
Profit on investment result			-304
The risk profit allocated to the insurance agreements			-70
Other allocation of profit			-133
Unallocated profit	-886	-235	
<b>Funds allocated to insurance contracts</b>	<b>-886</b>	<b>-235</b>	<b>-507</b>

NOK million	01.01 - 31.03		
	2011	2010	Year 2010
Management expenses	-76	-83	-274
Selling expenses	-132	-177	-702
Change in pre-paid direct selling expenses	16	17	59
Insurance-related administration expenses (incl. commissions for reinsurance received)	-394	-347	-1,391
Reinsurance commissions and profit participation	61	58	198
<b>Insurance-related operating expenses</b>	<b>-525</b>	<b>-532</b>	<b>-2,109</b>
<b>Other insurance related expenses after reinsurance share</b>	<b>-59</b>	<b>-65</b>	<b>-272</b>
<b>Technical insurance result</b>	<b>423</b>	<b>292</b>	<b>1,302</b>
<b>NON-TECHNICAL ACCOUNT</b>			
Income from investments in subsidiaries, associated companies and joint-controlled companies	2	1	4
Interest income and dividends etc. from financial assets	108	79	333
Net operating income from property	13	14	60
Changes in investment value	28	-43	-45
Realised gains and losses on investments	20	80	240
<b>Net income from investments in company portfolio</b>	<b>170</b>	<b>131</b>	<b>591</b>
<b>Other income</b>	<b>138</b>	<b>114</b>	<b>474</b>
Management expenses	-7	-10	-36
Other costs	-347	-311	-1,264
<b>Total management expenses and other costs linked to the company portfolio</b>	<b>-354</b>	<b>-321</b>	<b>-1,301</b>
<b>Profit or loss on non-technical account</b>	<b>-46</b>	<b>-76</b>	<b>-236</b>
<b>Profit before tax</b>	<b>378</b>	<b>215</b>	<b>1,067</b>
<b>Tax costs</b>			<b>388</b>
<b>Profit before other comprehensive income</b>	<b>378</b>	<b>215</b>	<b>1,455</b>
Actuarial gains and losses on defined benefit pensions - benefits to employees	-10	7	-233
Change in value adjustment reserve own buildings	12	11	-57
Re-statement differences	21	42	29
Adjustment of insurance liabilities	-12	-11	57
<b>Other comprehensive income and costs</b>	<b>10</b>	<b>49</b>	<b>-204</b>
<b>COMPREHENSIVE INCOME</b>	<b>388</b>	<b>264</b>	<b>1,251</b>
<b>PROFIT IS DUE TO:</b>			
Minority share of profit	2	1	9
Majority share of profit	376	214	1,445
<b>COMPREHENSIVE INCOME IS DUE TO:</b>			
Minority share of profit	4	-1	0
Majority share of profit	383	265	1,251

# Storebrand Livsforsikring

## STATEMENT OF FINANCIAL POSITION

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.10	31.03.11	NOK million	31.03.11	31.12.10
<b>ASSETS</b>				
<b>ASSETS IN COMPANY PORTFOLIO</b>				
740	750	Goodwill		
5,499	5,481	Other intangible assets	79	82
<b>6,239</b>	<b>6,231</b>	<b>Total intangible assets</b>	<b>79</b>	<b>82</b>
1,188	1,208	Properties and real estate		
352	357	Properties for own use		
123	127	Equities and units in subsidiaries, associated companies and joint-controlled companies	7,810	7,722
		of which investment in real estate companies	1,367	1,338
39	38	Loans to and securities issued by subsidiaries, associated companies	7,991	8,141
7	6	Loans	6	7
	32	Bonds held to maturity	32	
299	1,027	Bonds at amortised cost	1,027	299
341	327	Equities and other units at fair value	165	168
13,839	13,397	Bonds and other fixed-income securities at fair value	5,043	5,565
538	481	Derivatives at fair value	481	536
317	223	Other financial assets	139	254
<b>17 042</b>	<b>17 224</b>	<b>Total investments</b>	<b>22 693</b>	<b>22 692</b>
<b>176</b>	<b>205</b>	<b>Reinsurance share of insurance obligations</b>	<b>205</b>	<b>176</b>
1,119	2,090	Receivables in connection with direct business transactions	1,958	996
78	37	Receivables in connection with reinsurance transactions		
21	53	Receivables with group company	84	82
1,615	4,071	Other receivables	1,206	493
<b>2,834</b>	<b>6,251</b>	<b>Total receivables</b>	<b>3,248</b>	<b>1,571</b>
109	88	Plants and equipment	75	95
1,605	2,462	Cash, bank	646	488
589	639	Other assets designated according to type		
<b>2,303</b>	<b>3,190</b>	<b>Total other assets</b>	<b>721</b>	<b>582</b>
349	370	Pre-paid direct selling expenses		
84	142	Other pre-paid costs and income earned and not received	45	35
<b>433</b>	<b>512</b>	<b>Total pre-paid costs and income earned and not received</b>	<b>45</b>	<b>35</b>
<b>29,027</b>	<b>33,613</b>	<b>Total assets in company portfolio</b>	<b>26,990</b>	<b>25,138</b>
24,239	24,509	Properties and real estate		
1,229	1,231	Properties for own use		
60	64	Equities and units in subsidiaries, associated companies and joint-controlled companies	27,320	26,860
		of which investment in real estate companies	26,870	26,433
227	303	Loans to and securities issued by subsidiaries, associated companies		
	5,033	Bonds held to maturity	5,033	
47,895	50,115	Bonds at amortised cost	50,115	47,895
3,109	3,012	Loans	3,012	3,109
52,921	54,246	Equities and other units at fair value	27,142	26,003
121,282	114,082	Bonds and other fixed-income securities at fair value	52,391	59,839
3,338	2,451	Financial derivatives at fair value	1,025	1,531
4,898	4,105	Other financial assets	1,284	2,538
<b>259,199</b>	<b>259,151</b>	<b>Total investments in collective portfolio</b>	<b>167,322</b>	<b>167,776</b>

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Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.10	31.03.11	NOK million	31.03.11	31.12.10
1,632	1,773	Properties and real estate		
88	92	Properties for own use		
		Equities and units in subsidiaries, associated companies and joint-controlled companies	2,022	1,853
		of which investment in real estate companies	2,006	1,838
	133	Bonds held to maturity	133	
	282	Bonds at amortised cost	282	
110	108	Loans	108	110
39,571	40,282	Equities and other units at fair value	12,083	11,171
16,449	17,677	Bonds and other fixed-income securities at fair value	12,091	11,332
341	102	Financial derivatives at fair value	101	338
1,020	929	Other financial assets	876	995
<b>59,210</b>	<b>61,378</b>	<b>Total investments in investment selection portfolio</b>	<b>27,695</b>	<b>25,800</b>
<b>318,409</b>	<b>320,529</b>	<b>Total assets in customer portfolio</b>	<b>195,018</b>	<b>193,575</b>
<b>347,436</b>	<b>354,142</b>	<b>TOTAL ASSETS</b>	<b>222,008</b>	<b>218,713</b>
		<b>EQUITY AND LIABILITIES</b>		
3,430	3,430	Share capital	3,430	3,430
9,271	9,271	Share premium reserve	9,271	9,271
<b>12,701</b>	<b>12,701</b>	<b>Total paid in equity</b>	<b>12,701</b>	<b>12,701</b>
287	363	Risk equalisation fund	363	287
2,377	2,360	Other earned equity	3,060	3,075
	316	Earned profit	201	
207	224	Minority's share of equity		
<b>2,871</b>	<b>3,264</b>	<b>Total earned equity</b>	<b>3,624</b>	<b>3,362</b>
5,326	5,368	Perpetual subordinated loan capital	5,368	5,326
1,500	1,500	Perpetual capital	1,500	1,500
<b>6,825</b>	<b>6,868</b>	<b>Total subordinate loan capital etc.</b>	<b>6,868</b>	<b>6,825</b>
233,176	233,314	Premium reserves	153,942	153,607
5,173	5,063	Additional statutory reserves	5,063	5,173
1,971	2,228	Market value adjustment reserve	2,228	1,971
810	775	Claims allocation	684	718
3,700	3,134	Premium fund, deposit fund and the pension surplus fund	3,134	3,700
11,503	12,247	Conditional bonus		
	837	Unallocated profit to insurance contracts	837	
559	647	Other technical reserve	647	559
<b>256,892</b>	<b>258,244</b>	<b>Total insurance obligations in life insurance - contractual obligations</b>	<b>166,534</b>	<b>165,727</b>
58,129	60,206	Premium reserve	26,586	24,762
1	1	Claims allocation	1	1
266	296	Additional statutory reserves	296	266
620	707	Premium fund, deposit fund and the pension surplus fund	707	620
	49	Unallocated profit to insurance contracts	49	
<b>59,016</b>	<b>61,257</b>	<b>Total insurance obligations in life insurance - investment portfolio separately</b>	<b>27,637</b>	<b>25,648</b>

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Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.10	31.03.11	NOK million	31.03.11	31.12.10
982	1 002	Pension liabilities etc.	738	738
226	228	Period tax liabilities		
82	92	Other provisions for liabilities	71	57
<b>1,290</b>	<b>1,321</b>	<b>Total provisions for liabilities</b>	<b>808</b>	<b>794</b>
1,302	1,239	Liabilities in connection with direct insurance	136	857
9	27	Liabilities in connection with reinsurance	27	9
880	569	Financial derivatives	256	679
874	863	Liabilities to group companies	871	875
4,319	7,258	Other liabilities	2 192	944
<b>7 385</b>	<b>9 957</b>	<b>Total liabilities</b>	<b>3 481</b>	<b>3 364</b>
456	530	Other accrued expenses and received, unearned income	354	291
<b>456</b>	<b>530</b>	<b>Total accrued expenses and received, unearned income</b>	<b>354</b>	<b>291</b>
<b>347,436</b>	<b>354,142</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>222,008</b>	<b>218,713</b>
<b>ITEMS NOT ON BALANCE SHEET</b>				
5,635	4,860	Contingent liabilities	2,935	3,193

# Storebrand Livsforsikring

## RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Majority's share of equity						Total equity
	Share capital <sup>1</sup>	Share pre- mium reserves	Total paid in equity	Risk equalisation fund	Other earned equity		
<b>Equity at 31.12.2010</b>	<b>3,430</b>	<b>9,271</b>	<b>12,701</b>	<b>287</b>	<b>3,075</b>	<b>16,063</b>	
Profit				62	201	262	
<b>Comprehensive income:</b>							
Re-statement differences							
Pension experience adjustments							
<b>Total revenue and costs for the period</b>				<b>62</b>	<b>201</b>	<b>262</b>	
<b>Equity transactions with owner:</b>							
Other				15	-15		
<b>Equity at 31.03.2011</b>	<b>3,430</b>	<b>9,271</b>	<b>12,701</b>	<b>363</b>	<b>3,261</b>	<b>16,325</b>	

<sup>1</sup>34.304.200 shares of NOK 100 par value

## RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

NOK million	Majority's share of equity						Minority interests	Total equity
	Share capital	Share premi- um reserves	Total paid in equity	Risk equalisation fund	Other earned equity			
<b>Equity at 31.12.2010</b>	<b>3,430</b>	<b>9,271</b>	<b>12,701</b>	<b>287</b>	<b>2,377</b>	<b>207</b>	<b>15,572</b>	
Profit				62	314	2	378	
<b>Comprehensive income:</b>								
Re-statement differences					18	2	21	
Pension experience adjustments					-10		-10	
<b>Total revenue and costs for the period</b>				<b>62</b>	<b>322</b>	<b>4</b>	<b>388</b>	
<b>Equity transactions with owner:</b>								
Other				15	-23	13	5	
<b>Equity at 31.03.2011</b>	<b>3,430</b>	<b>9,271</b>	<b>12,701</b>	<b>363</b>	<b>2,676</b>	<b>224</b>	<b>15,965</b>	



# Storebrand Livsforsikring

## CASH FLOW ANALYSIS STOREBRAND LIVSFORSIKRING

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.03.2010	31.03.2011	NOK million	31.03.2011	31.03.2010
		<b>Cash flow from operational activities</b>		
5,897	5,916	Net received - direct insurance	4,353	2,485
-1,336	-4,245	Net claims/benefits paid - direct insurance	-3,349	-288
1,528	-2,572	Net receipts/payments - policy transfers	-2,396	1,644
-532	-525	Net receipts/payments - other operational activities	-342	-360
1,179	202	Net receipts/payments operations	-10	224
<b>6,737</b>	<b>-1,224</b>	<b>Net cash flow from operational activities before financial assets</b>	<b>-1,744</b>	<b>3,705</b>
132	99	Net receipts/payments - lendings to customers	99	132
-5,098	1,277	Net receipts/payments - financial assets	361	-2,871
72	-164	Net receipts/payments - real estate activities		
-1,109	885	Net change bank deposits insurance customers	1,373	-591
<b>-6,003</b>	<b>2,097</b>	<b>Net cash flow from operational activities from financial assets</b>	<b>1,832</b>	<b>-3,330</b>
<b>735</b>	<b>873</b>	<b>Net cash flow from operational activities</b>	<b>89</b>	<b>375</b>
		<b>Cash flow from investmet activities</b>		
34	-52	Net payments - purchase/capitalisation of subsidiaries		-1
-22	-3	Net receipts/payments - sale/purchase of fixed assets	10	-22
<b>12</b>	<b>-55</b>	<b>Net cash flow from investment activities</b>	<b>10</b>	<b>-23</b>
		<b>Cash flow from financing activities</b>		
-47	-55	Payments - interest on subordinated loan capital	-55	-47
-610		Payments - group contribution dividends		-610
<b>-657</b>	<b>-55</b>	<b>Net cash flow from financing activities</b>	<b>-55</b>	<b>-657</b>
<b>89</b>	<b>764</b>	<b>Net cash flow for the period</b>	<b>44</b>	<b>-305</b>
6,092	-1,333	of which net cash flow for the period before financial assets	-1,789	3,025
89	764	Net movement in cash and cash equivalent assets	44	-305
2,284	1,922	Cash and cash equivalent assets at start of the period	742	1,032
<b>2,373</b>	<b>2,686</b>	<b>Cash and cash equivalent assets at the end of the periode</b>	<b>785</b>	<b>727</b>

# Notes to the interim accounts

## **NOTE 1: ACCOUNTING POLICIES**

The Group's interim financial statements include Storebrand Livsforsikring AS together with subsidiaries and associated companies. The interim financial statements 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). The financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information required in full annual financial statements.

The Group has not made any changes to the accounting policies applied in 2011. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2010 annual report.

## **NOTE 2: ESTIMATES**

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, costs and information in the notes to the financial statements, as well as the information provided on contingent liabilities. A certain degree of uncertainty is associated with estimates and assumptions and actual figures may deviate from the estimates used.

Storebrand continuously builds up reserves in connection with increased life expectancy in life insurance, including increased requirements associated with individual pension insurance in which the building up of reserves in a time-limited period can be charged to the running return. Any deficient future return in connection with this may reduce the profit allocated to the owner.

Please also refer to the discussions in notes 3 of the 2010 annual report.

## **NOTE 3: TAX**

The Storebrand Group has a significant tax-related deficit linked to the Norwegian life insurance activities. This is due to the fact that there are major differences between accounting-related and tax-related income and losses associated with investments in equities within the EEA area. Deferred tax assets associated with the deficits that can be carried forward are not recognised in the balance sheet since there is some uncertainty about whether or not taxable income will reach a level that enables the deficits that can be carried forward to be used.

## **NOTE 4: INFORMATION ABOUT CLOSE ASSOCIATES**

Storebrand conducts transactions with close associates as part of its normal business activities. These transactions take place on commercial terms. The same terms that apply to Storebrand's other customers and encompass lending, bank deposits, insurance and asset management. The terms for transactions with senior employees and close associates are stipulated in notes 19 and 44 in the 2010 annual report.

With the exception of these transactions, Storebrand had not carried out any material transactions with close associates at the close of 1Q.

## **NOTE 5: FINANCIAL RISK**

Financial risk is subscribed in the 2010 annual report in notes 6 (Market risk), 7 (Liquidity risk) and 8 (Credit risk).

Interest rates rose in Norway and Sweden during 1Q. This is positive with respect to risk. A large proportion of the insurance obligations in both Norway and Sweden are subject to a nominal interest guarantee. Higher rates increase the probability of being able to meet the interest guarantee.

# Notes to the interim accounts

## NOTE 6: SEGMENT INFORMATION - ANALYSIS OF PROFIT AND LOSS BY BUSINESS AREA

NOK million	Life Insurance		SPP		Asset management		Insurance		Storebrand Livsforsikring Group	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Revenue	9,936	11,379	1,714	5,467	52	45	624	599	12,326	17,489
Profit before tax	139	154	190	29	20	18	29	15	378	215
Assets	207,150	199,971	144,375	134,198	179	148	2,438	2,020	354,142	336,336
Liabilities	196,824	189,576	138,791	129,195	124	100	2,438	2,020	338,177	320,891

### Revenue

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

### Life Insurance

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

### SPP

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

### Asset management

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

### Insurance

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

## NOTE 7: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The valuation classification of financial instruments at fair value is based on the general policies the company applies and which are described in the 2010 annual report.

The table below specifies level 3.

NOK million	Non-observable assumptions	
	Storebrand Livsforsikring AS	Storebrand Livsforsikring Group
<b>Assets:</b>		
<b>Equities and units</b>		
- Equities	1,741	3,199
- Fund units	1,158	1,820
- Private Equity fund investments	4,400	4,870
- Hedge fund	37	37
- Indirect real estate fund		2,072
<b>Total equities and units</b>	<b>7,336</b>	<b>11,998</b>
<b>Bonds and other fixed income securities</b>		
- Government and government guaranteed bonds	756	1,115
- Credit bonds	979	979
<b>Total bonds and other fixed income securities</b>	<b>1,734</b>	<b>2,093</b>

# Notes to the interim accounts

## Specification of papers pursuant to valuation techniques (non-observable assumptions) Storebrand Livsforsikring AS

NOK million	Equities	Fund units	Private Equity fund investments	Hedge fund	Indirect real estate fund	Credit bonds	Mortgage and asset backed bonds
Balance 01.01.11	1,839	1,117	4,180		38	696	1,114
Net profit/loss at financial instruments	-70	-5	185	-2	-7	-25	52
Additions/purchases	27	45	39	39		86	
Sales/Overdue/settlement	-55		-4		-31	-1	-187
<b>Balance 31.03.11</b>	<b>1,741</b>	<b>1,158</b>	<b>4,400</b>	<b>37</b>	<b>0</b>	<b>756</b>	<b>979</b>

## Specification of papers pursuant to valuation techniques (non-observable assumptions) Storebrand Livsforsikring Group

NOK million	Equities	Fund units	Private Equity fund investments	Hedge fund	Indirect real estate fund	Credit bonds	Mortgage and asset backed bonds
Balance 01.01.11	3,167	1,832	4,661		2,113	1,042	1,114
Net profit/loss at financial instruments	-79	-77	179	-2	120	-19	52
Additions/purchases	141	55	61	39	11	88	
Sales/Overdue/settlement	-59		-35		-173	-1	-187
Re-statement differences	17	10	4			5	
Other	13						
<b>Balance 31.03.11</b>	<b>3,199</b>	<b>1,820</b>	<b>4,870</b>	<b>37</b>	<b>2,072</b>	<b>1,115</b>	<b>979</b>

## NOTE 8: NET INCOME FROM PROPERTIES

NOK million	Q1		Year
	2011	2010	2010
Rent income from properties <sup>1)</sup>	411	382	1623
Operating costs (including maintenance and repairs) relating to properties that have provided rent income <sup>2)</sup>	-93	-74	-337
Minority interest recorded as debt	-31		
<b>Net operating income from properties</b>	<b>287</b>	<b>308</b>	<b>1286</b>
Realised gains/losses	-2	-2	15
Change in fair value of properties	204	7	154
<b>Total income from properties</b>	<b>489</b>	<b>313</b>	<b>1455</b>
<sup>1)</sup> Properties for own use	18	17	67
<sup>2)</sup> Properties for own use	-1	-3	-12

## Changes in value real estate investments

NOK million	Q1		Year
	2011	2010	2010
Wholly owned real estate investments	204	7	154
Property equities and units in Norway and Sweden <sup>1)</sup>	11	23	96
Property units abroad <sup>1)</sup>	114	19	87
<b>Total value changes investment properties</b>	<b>329</b>	<b>49</b>	<b>336</b>
Properties for own use			-104
<b>Total value changes real estate investment</b>	<b>329</b>	<b>49</b>	<b>233</b>
<b>Realised gains/losses sold properties</b>	<b>-2</b>	<b>-2</b>	<b>16</b>

<sup>1)</sup> Are in the statement of financial position classified as equities and units

# Notes to the interim accounts

## NOTE 9: PROPERTIES

### Book value of investment properties in the statement of financial position

NOK million	31.03.11	31.12.10
Carrying amount as per 1 Jan	27,059	24,160
Supply due to purchases	338	2,503
Supply due to additions	254	476
Disposals	-375	-152
Net write-ups/write-downs	204	50
Exchange rate changes	11	22
<b>Carrying amount</b>	<b>27,491</b>	<b>27,059</b>

### Property type

NOK million	31.03.11	31.12.10	Duration of lease (years)	m2	Leased amount in % <sup>1)</sup>
<i>Office buildings (including parking and storage):</i>					
- Oslo- Vika/Fillipstad Brygge	5,150	4,930	6	110,610	92
- Rest of Greater Oslo	6,324	6,180	6	191,700	94
- Rest of Norway	3,876	3,856	7	509,790	93
<sup>1)</sup> Shopping centres (including parking and storage)	10,689	10,656	3	467,095	92
Multi-storey car parks	696	696	6	44,085	100
Office buildings in Sweden	396	387	1	16,000	3
Cultural/conference centres in Sweden	361	355	19	18,500	86
<b>Total investment properties</b>	<b>27,491</b>	<b>27,059</b>		<b>1,357,780</b>	
Properties for own use other	1,679	1,668	9	50,000	91
<b>Total properties</b>	<b>29,170</b>	<b>28,727</b>		<b>1,407,780</b>	

<sup>1)</sup> Total properties

### Geographical location:

NOK million	31.03.11	31.12.10
Oslo- Vika/Fillipstad Brygge	5,845	5,625
Rest of Greater Oslo	7,709	7,560
Rest of Norway	14,565	14,512
Sweden	757	742
Other	294	289
<b>Total properties</b>	<b>29,170</b>	<b>28,727</b>

A further NOK 387 million was agreed for property purchases in Q1 2011, but the assumption of the risk and final conclusion of contracts will occur later in 2011 and NOK 265 million in Storebrand and SEK 519 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.

# Notes to the interim accounts

## Cash flow

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

## Required rate of return

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

### Composition of the required rate of return:

Risk free interest rate

Risk markup, adjusted for:

- Type of property
- Location
- Standard
- Contract duration
- Quality of tenant
- All other information about property values, the market and the individual property

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

## External valuations:

As per 31 March 2011, valuations had been obtained for approximately 12 per cent of Storebrand's property portfolio in Norway. As per 31 December 2010, valuations had been obtained for approximately 37 per cent of the property portfolio in Norway.

Segment	Required rate of return %		Volum	
	31.03.11	31.12.10	31.03.11	31.12.10
Office buildings (including parking and storage):				
- Oslo- Vika/Fillipstad Brygge	7,50 - 8,50	7,50 - 8,50	5,845	5,625
- Rest of Greater Oslo	8,25 - 10,00	8,25 - 10,00	7,709	7,560
- Rest of Norway	8,75 - 9,75	8,75 - 9,75	3,876	3,856
Shopping centres (including parking and storage)	8,00 - 9,25	8,00 - 9,25	10,689	10,656
Multi-storey car parks	7,00 - 9,00	7,00 - 9,00	757	742
Other properties			294	289

## Sensitivities

Valuations are particularly sensitive to changes in the required rate of return and assumed future cash flows. A change of 0.25 per cent in the required rate of return, where everything else remains the same, would result in a change in value in the real estate portfolio of NOK 945 million, which is equivalent to 3.36 per cent. Around 25 per cent of a property's cash flow is linked to signed leases. This means that changes in the uncertain components of the cash flow of 1 per cent result in a change in value of 0.75 per cent.

# Notes to the interim accounts

## NOTE 10: FINANCIAL LIABILITIES AND SPECIFICATION OF BORROWING

### Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/variable)	Call date	Booked value
<b>Issuer</b>					
<b>Hybrid tier 1 capital</b>					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,500
<b>Perpetual subordinated loan capital</b>					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,581
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,703
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,084
<b>Total subordinated loan capital and hybrid tier 1 capital</b>					<b>6,868</b>
<b>31.03.2011</b>					
<b>Total subordinated loan capital and hybrid tier 1 capital</b>					<b>6,825</b>
<b>31.12.2010</b>					

## NOTE 11: CONTINGENT LIABILITIES

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	31.03.11	31.12.10	31.03.11	31.12.10
Undrawn amounts of committed lending facilities	1,855	1,794	1,855	1,794
Uncalled residual liabilities concerning Limited Partnership	2,935	3,193	4,860	5,635
<b>Total contingent liabilities</b>	<b>4,790</b>	<b>4,987</b>	<b>6,715</b>	<b>7,429</b>

# Notes to the interim accounts

## NOTE 12: CAPITAL ADEQUACY

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	31.03.11	31.12.10	31.03.11	31.12.10
Share capital	3,430	3,430	3,430	3,430
Other equity	12,894	12,632	12,534	12,142
<b>Equity</b>	<b>16,325</b>	<b>16,063</b>	<b>15,965</b>	<b>15,572</b>
Hybrid tier 1 capital	1,500	1,500	1,500	1,500
Conditional bonus			3,378	3,359
Goodwill and other intangible assets	-79	-82	-6,309	-6,317
Risk equalisation fund	-363	-287	-363	-287
Capital adequacy reserve			-432	-399
Deduction for investments in other financial institutions	-51	-55	-40	-44
Other	-225	-24	-262	106
<b>Core (tier 1) capital</b>	<b>17,107</b>	<b>17,115</b>	<b>13,437</b>	<b>13,492</b>
Hybrid tier 1 capital				
Perpetual subordinated loan capital	5,055	5,039	5,055	5,039
Capital adequacy reserve			-432	-399
Deductions for investments in other financial institutions	-51	-55	-40	-44
Tier 2 capital	5,004	4,984	4,583	4,597
<b>Net primary capital</b>	<b>22,111</b>	<b>22,100</b>	<b>18,021</b>	<b>18,088</b>
<b>Risk weighted calculation base</b>	<b>105,297</b>	<b>104,650</b>	<b>135,489</b>	<b>117,336</b>
<b>Capital adequacy ratio</b>	<b>21.0 %</b>	<b>21.1 %</b>	<b>13.3 %</b>	<b>14.9 %</b>
<b>Core (tier 1) capital ratio</b>	<b>16.2 %</b>	<b>16.4 %</b>	<b>9.9 %</b>	<b>10.8 %</b>

## NOTE 13: SOLVENCY MARGIN

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	31.3.11	31.12.10	31.3.11	31.12.10
Solvency margin requirements	7,193	7,094	10,891	10,766
Solvency margin capital	23,567	23,522	17,557	17,644
<b>Solvency margin</b>	<b>327.6 %</b>	<b>331.6 %</b>	<b>161.2 %</b>	<b>163.9 %</b>

### Specification of solvency margin capital

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	31.03.11	31.12.10	31.03.11	31.12.10
Net primary capital	22,111	22,100	18,021	18,088
50% of additional statutory reserves	2,679	2,719	2,679	2,719
50% of risk equalisation fund	182	143	182	143
Counting security reserve	54	52	54	52
Conditional bonus			-3,378	-3,359
Reduction in Tier 2 capital eligible for inclusion in solvency capital	-1,459	-1,492		
<b>Solvency capital</b>	<b>23,567</b>	<b>23,522</b>	<b>17,557</b>	<b>17,644</b>



Translation from the original Norwegian version

To the board of Storebrand Livsforsikring AS

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated balance sheet of Storebrand Livsforsikring AS (the Group) as of March 31, 2011, and the related statement of income, the statement of changes in equity, the statement of cash flow for the three month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material aspects, in accordance with the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway.

Oslo, May 10, 2011  
Deloitte AS

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