Interim Report Storebrand Livsforsikring

4th quarter 2010

(unaudited)

storebrand

Interim report for Storebrand Livsforsikring Group - Q4 2010

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's Q4 result please refer to the Storebrand Group's interim report for the Q4 of 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 tables below summarises the information in the consolidated financial statements for Storebrand Livsforsikring AS based on IFRS principles.

OUTLOOK

Storebrand has implemented a number of streamlining measures in recent years aimed at reducing the relative costs level in both the Norwegian and Swedish businesses. The work on streamlining operations and reducing costs will continue, and will benefit both customers and owners.

Finanstilsynet in Norway has, due to the development of long interest rates, decided to lower the rates used for calculations, both for new contracts and for new accrued entitlements in existing contracts. The maximum rate for calculations for all new life insurance contracts established after 1 January 2011 will be 2.5 per cent, a reduction of 0.25 percentage points. The maximum rate for calculations for new accrued pension entitlements in existing group interest and pension insurance contracts will be reduced by 0.5 percentage points to 2.5 per cent from 1 January 2012. The reduction in the interest guarantee will result in higher premium payments for customers, but at the same time will provide a basis for higher expected returns in the long-term due to the providers' increased risk capacity.

The industry is facing extensive regulatory changes due to Solvency II and the pensions reform in Norway. Storebrand is playing an active part in these processes and is focused on product development and system modifications. During the preparations for the Solvency II regulations, which are expected to be introduced from 2013, Finanstilsynet in Norway has stated that the Norwegian business rules for life insurance need to be evaluated. Potential changes could include adaptations that facilitate greater risk equalisation and better long-term asset management. Concrete proposals concerning changes to the business rules are expected to be presented in 1Q 2011. Storebrand views this work positively and is maintaining an active dialogue with the authorities with the aim of establishing general conditions that preserve effective longterm management of customers' assets.

RISKS

Storebrand is exposed to several types of risk through its business areas. Continuous monitoring and active risk management are therefore integral core areas of the group's activities and organisation. 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. Biometric risk, i.e. the risk associated with disability, death and longer life expectancy, is another significant risk for the Group. Storebrand has long experience of adapting to changing market conditions through dynamic risk management, which aims to tailor financial risk to the company's risk bearing capacity.

Result Life and Pension [1)]

	Q4		1.1 - 31.12	
NOK million	2010	2009	2010	2009
Life and Pension Norway	301	193	877	759
Life and Pension Sweden	214	307	464	487
Profit life group before amortisiation cost	515	499	1,341	1,246
Amortisation	-90	-84	-348	-340
Impairment				
Pre-tax profit/loss life group	425	416	993	906
Tax	440	21	411	30
Profit/loss	865	437	1,405	936

[1)] *Encompasses Storebrand Life Group excluding Storebrand Eiendom AS and SPP Fonder AB.*

LIFE AND PENSIONS - NORWAY

- **Good returns produced a satisfactory financial result for the owner and increased customer buffer by NOK 1.4 billion in the quarter**
- **Continued cost reductions and income growth improved the administration result**
- **Positive net transfer balance of NOK 1.9 billion, inflow of NOK 0.3 billion in the quarter**
- **Customers received NOK 7.1 billion for the full year, NOK 1.5 billion in excess of the interest guarantee**

The Life and Pensions Norway business area consists of Storebrand Life Insurance 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 - Life and Pensions Norway

	4Q		Full year	
NOK million	2010	2009	2010	2009
Administration result	18	-19	19	-169
Risk result	6	61	212	229
Financial result [1)]	135	17	119	201
Price of interest guarantee and profit risk	142	125	557	478
Other	0	9	-30	20
Pre-tax profit/loss	301	193	877	759

Main features

The result allocated to the owner in Life and Pensions Norway amounted to NOK 301 million for the quarter and NOK 877 million for the full year. 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 developed positively during the quarter with good returns on Norwegian and global equities. The market value adjustment reserve was increased by NOK 0.5 billion during the quarter and amounted to NOK 2.0 billion at year-end 2010.

The charges made against the owner's result in 3Q were reversed because the booked return achieved in the individual portfolio was sufficient to cover the buildup of reserves for long life.

The transfer balance was positive and amounted to NOK 0.3 billion for the quarter and NOK 1.9 billion for 2010.

The administration result improved further during the quarter due to continuing reductions in costs. The new generation of products without guarantees (defined contribution pensions and unit linked) contributed positive results totaling NOK 28 million for the quarter and NOK 139 million for 2010.

Administration result

The administration result was NOK 18 million (minus NOK 19 million) for 4Q and NOK 19 million (minus NOK 169 million) for 2010. A number of cost effciency 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 6 million (NOK 61 million) for 4Q and NOK 212 million (NOK 229 million) for the full year. 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 mortality in the quarter were weaker than in the same period last year, while the longevity result improved.

NOK 8 million was set aside in the risk equalisation fund for group pensions in 4Q. NOK 76 million was allocated in the year. 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 20 million in 4Q and NOK 15 million for the full year.

The risk result for fund-based products and other risk products amounted to minus NOK 12 million (NOK 53 million) for 4Q and NOK 120 million (NOK 156 million) for 2010.

Financial result

The financial result amounted to NOK 135 million (NOK 17 million) for 4Q and NOK 119 million (NOK 201 million) for the full year. The financial result in the quarter is impacted by losses associated with bankruptcy petition in the Danish bank Amagerbanken A/S. The announcement made by Amagerbanken A/S on 6 February 2011 provided new information about conditions that existed as of 31.12.2010. Hence it is for the accounting year 2010 recognized a loss related to bond investments.. Due to this the result to owner is reduced by NOK 37 million in the quarter, of which NOK 28 million in the company portfolio and NOK 9 million caused by reduced investment return and profit sharing in the customer portfolios.

The market return in the quarter was good due to the positive development of the equity markets, even though the increase in long interest rates made a negative contribution in the period. Unrealised gains increased by NOK 0.5 billion during the quarter and amounted to NOK 2.0 billion at year-end 2010. The value of the real estate portfolio increased by NOK 182 million in excess of the running yield during the year, while the change in the quarter was marginal. The valuation of the real estate portfolio is supported by a broad range of external valuations. Excess value on loans and receivables in the quarter decreased by NOK 1.0 billion due to increases in interest rates and amounted to NOK 732 million at year-end 2010.

[1)] *Investment result and profit sharing.*

Investment return group portfolio

	4Q 2010		4Q 2009		Full year 2010		Full year 2009	
Portfolio	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return
Total Group (DB)	2.2 %	1.7 %	1.9 %	1.9 %	6.4 %	4.9 %	4.8 %	4.8 %
Paid-up policies	1.9 %	1.7 %	1.4 %	1.5 %	6.0 %	4.9 %	4.5 %	4.6 %
Individual	2.1 %	2.6 %	1.5 %	1.2 %	6.0 %	6.0 %	4.3 %	4.0 %

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 28 million for 4Q and NOK 93 million for the full year.

Profit sharing
Profit sharing produced a net positive contribution of NOK 179 million in 4Q due to the reversal of previous charges to the owner's result linked to building up reserves for longevity. The profit sharing amounted to a net NOK 64 million for the full year.

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 186 million was allocated to build up reserves in 4Q and NOK 423 million 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 36 million (minus NOK 4 million) for 4Q and minus NOK 55 million (NOK 92 million) for the full year. The company portfolio saw a gross return of 0.7 per cent for the quarter and 3.1 per cent for 2010. The return in the quarter was affected by a write-down of NOK 28 million linked to the winding-up of the Danish bank Amagerbanken A/S. Storebrand Life Insurance'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
NOK 142 million was recognised as income from upfront pricing of the interest guarantee and profit from risk for group defined benefit in 4Q. This is an increase of NOK 17 million compared to the same period the last year. A total of NOK 557 million was recognised as income in 2010 compared to NOK 478 million in 2009. The increase was due to volume growth and implemented price changes.

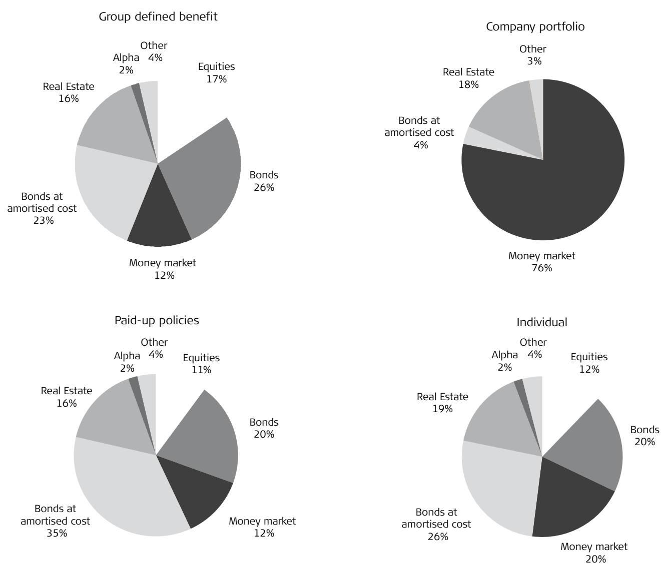
Other result
The other result was NOK 0 million (NOK 9 million) for 4Q. This primarily consists of the result from subsidiaries and changes in administration and security reserves. The other result was minus NOK 30 million (NOK 20 million) for the full year.

Balance sheet
The diagrams below show the risk-adjusted allocations (including derivatives). The proportion of equities in portfolios with a guarantee increased in 4Q. 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 4Q compared to 23 per cent at the close of 3Q.
- The Standard profile had an 18 per cent proportion of equities at the close of 4Q compared to 16 per cent at the close of 3Q.
- The Careful profile had a 9 per cent proportion of equities at the close of 4Q, unchanged from the close of 3Q.
- Paid-up Policy profiles had on average an 11 per cent proportion of equities at the close of 4Q, unchanged from the close of 3Q.
- The Individual profile had a 12 per cent proportion of equities at the close of 4Q compared to 14 per cent at the close of 3Q.

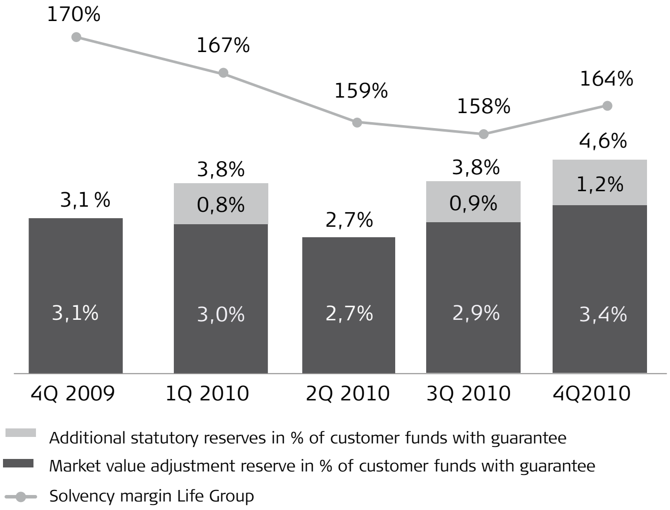
Only minor changes in allocations were made to the company portfolio during the quarter and the full year.

Assets profile



Total assets under management increased by around NOK 4 billion in 4Q and amounted to NOK 200 billion at year-end 2010. This represents an increase of NOK 15 billion for the full year. Customer assets grew due to a net inflow of customer assets and positive returns in the period.

Solvency



Solidity capital [1] increased by NOK 2.3 billion in the quarter due to positive result development and increased customer buffers and amounted to NOK 42.7 billion at year-end 2010. Solidity capital increased by NOK 7.4 billion in 2010. Additional statutory reserves amounted to NOK 5.4 billion at year-end 2010, an increase of NOK 0.9 billion in 4Q due to the allocation of the year's profit. The market value adjustment reserve increased by NOK 0.5 billion in the quarter and amounted to NOK 2.0 billion at the close of 4Q. The excess value of bonds at amortised cost fell by NOK 963 million in the quarter and amounted to NOK 732 million at year-end 2010. The increase for the full year amounted to NOK 592 million.

Storebrand Life Insurance 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. The Storebrand Life Insurance Group achieved a solvency margin of 164 per cent. The increase of 6 percentage points in 4Q was due to the build up of additional statutory reserves.

Market

Premium income [2]

	4Q		Full year	
NOK million	2010	2009	2010	2009
Group Defined Benefit	1,062	1,176	8,154	8,286
Paid-up policies	20	19	98	101
Group with investment choice	776	678	3,409	3,068
Individual endowment insurance and pensions	158	311	761	1,506
Individual with investment choice	552	954	1,993	2,073
Risk products without profit sharing	133	111	1,103	1,040
Total	2,701	3,249	15,518	16,073

Total premium income in the quarter fell by 17 per cent compared with the same period in 2009. This is largely explained by the good sales of 'guarantee accounts[3]' last year. Total premium income for the full year fell by 3 per cent. There was good growth in premiums from defined contribution pensions for corporates, 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 298 million (minus NOK 466 million) in 4Q. The net transfer balance for the full year amounted to a net inflow to Storebrand of NOK 1,857 million (NOK 55 million).

Net sales of guarantee accounts in the retail market amounted to NOK 0.4 billion in the quarter and NOK 1.5 billion in total for 2010, while sales of other retail unit linked contracts in the quarter were low.

New subscriptions

Total new premiums (APE) worth NOK 267 million (NOK 257 million) were signed in 4Q. APE for the full year amounted to NOK 1,476 million (NOK 1,209 million). 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 124 million (NOK 57 million) for 4Q and NOK 778 million (NOK 402 million) for the full year.
- Unit linked insurance: NOK 114 million (NOK 184 million) for 4Q and NOK 500 million (NOK 486 million) for the full year.
- Risk products: NOK 29 million (NOK 16 million) for the quarter, NOK 199 million (NOK 173 million) for the year-to-date.

Return for defined contribution pensions

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

- 2.5 per cent (2.3 per cent) for 4Q and 6.7 per cent (10.6 per cent) for the full year for Careful pensions.
- 5.8 per cent (4.5 per cent) for 4Q and 10.3 per cent (20.6 per cent) for the full year for Balanced pensions.
- 9.0 per cent (6.6 per cent) for 4Q and 13.4 per cent (30.2 per cent) for the full year for Aggressive pensions.

1) 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.
2) Exclusive transfer of premium reserves.
3) A retail product that guarantees a specified amount anually.

LIFE AND PENSIONS SWEDEN (SPP)

- **Continued good risk results and positive financial result for the quarter**
- **Administration result improved by NOK 185 million in 2010**
- **Buffer capital of NOK 11.5 billion, an increase of 32 per cent in 2010**
- **Solvency margin of 199 per cent**

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.

Result

Financial performance - Life and Pensions Sweden [1]

	4Q		Full year	
NOK million	2010	2009	2010	2009
Administration result	11	-37	84	-101
Risk result	51	82	311	253
Financial result	137	245	31	260
Other	15	17	38	74
Result before amortisation	214	307	464	487
Amortisation intangible assets	-90	-83	-348	-340
Pre-tax profit/loss	124	223	116	146

Administration result

The administration result amounted to NOK 11 million (minus NOK 37 million) for 4Q and NOK 84 million (minus NOK 101 million) for 2010. The result is slightly lower than in 3Q since a large proportion of the year's marketing costs are incurred in 4Q. Marketing is intensified in Q4, when customers make their choice for next years pension provider. The improvement in the result for 2010 compared to last year amounts to NOK 185 million. The improvement is principally due to the effects of the efficiency 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 51 million (NOK 82 million) for 4Q and NOK 311 million (NOK 253 million) for 2010. The underlying risk result is developing positively. The period's result was also affected by the rate of recovery from illness being higher than expected. This resulted in the dissolution of sickness reserves and a good risk result in the period.

Financial result

The financial result amounted to NOK 137 million (NOK 245 million) for 4Q and NOK 31 million (NOK 260 million) for 2010. The quarter was characterised by equity markets developing well and increased interest rates. The development of the market resulted in a reduction in the deferred capital contribution of NOK 279 million for the quarter and NOK 100 million for the year. The deferred capital contribution is a reserve against equity for undercapitalised pension contracts and its dissolution has a direct effect on the result allocated to the owner. A hedging portfolio has been established to reduce the effect of equity market fluctuations on the result. This made a negative contribution to the financial result amounting to minus NOK 76 million for the quarter and minus NOK 262 million for the full year.

The development of the equity markets had a positive effect on customer return in the quarter, though this was countered by higher interest rates which reduced the value of bonds in the portfolios. Returns in the different investment portfolios in the quarter varied between minus 3.4 per cent and 1.6 per cent and between 3.4 per cent and 7.0 per cent for the full year.

Financial return

	4Q		Full year	
Portfolio	2010	2009	2010	2009
Defined Benefit (DB)	-1.03	1.54	5.98	4.12
Defined Contribution (DC)				
P250*	1.63	2.38	7.00	9.59
P300*	-0.66	1.66	5.34	4.77
P 520*	-3.42	1.18	3.43	2.86
RP (Retirement Pension)	-0.04	0.54	0.13	1.27

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

The total contribution to the result from profit sharing was minus NOK 87 million for 4Q and NOK 174 million for 2010. Increased interest rates had a negative effect on the quarter's return, and reduced profit sharing in the portfolios with a high proportion of interest-bearing papers. Good returns for the year resulted in profit sharing in portfolios P250 and P300 since the return was higher than the guaranteed interest.

Other result

The other result was NOK 15 million (NOK 17 million) for 4Q and NOK 38 million (NOK 74 million) for the full year. The result consists of the return in the company portfolio, which is entirely invested in fixed income securities.

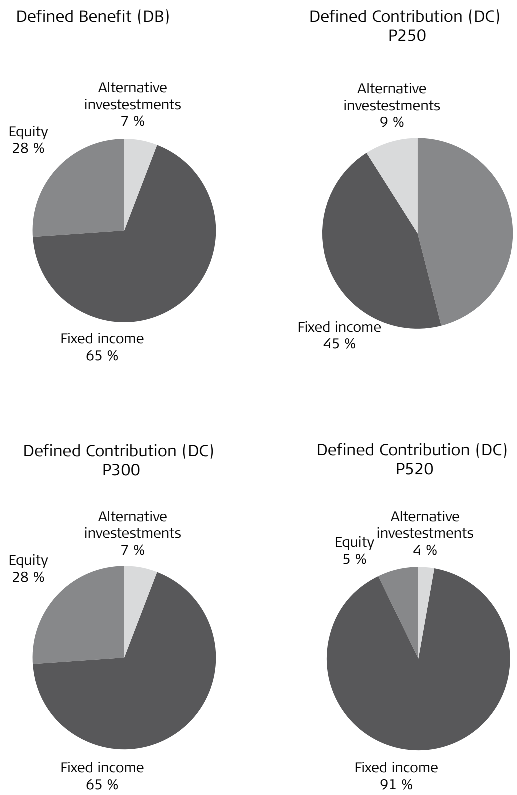
Balance sheet

SPP adjusts its exposure to equities in line with developments in the market via so-called dynamic risk management. The proportions of equities increased in all portfolios in the quarter with the exception of P520, in which it remained unchanged.

- The proportion of equities in the DB portfolio increased by 2 percentage points.
- The proportion of equities in P250 increased by 4 percentage points.
- The proportion of equities in P300 increased by 4 percentage points.
- The proportion of equities in P520 increased was unchanged.

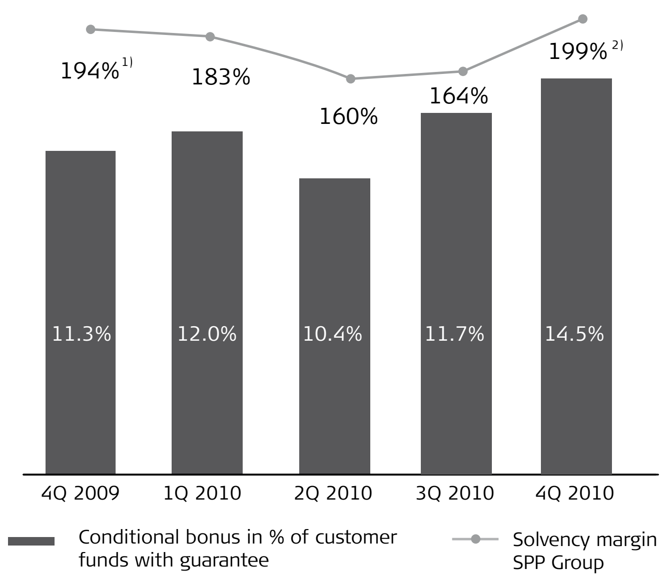
[1] Nordben was included in the result from and including June 2009.

Asset profile customer portfolios with guaranteed return



The buffer capital (conditional bonus) increased by 15 per cent in the quarter and 32 per cent in 2010. The increase was due to a good return in customer portfolios and climbing interest rates which reduced the value of insurance obligations. At the close of the quarter the buffer capital amounted to NOK 11.5 billion (NOK 8.7 billion). The solvency margin in the SPP Group was 199 per cent at the close of 4Q, which is an improvement of 35 percentage points since the previous quarter. The improvement was due to a relatively greater increase in assets than in insurance obligations.

Solvency



[1] *After pro forma group contribution.*
[2] *Before group contribution.*
[3] *Exclusive transfer of premium reserves.*

Total assets amounted to NOK 122 billion at the close of the quarter, which represents an increase of NOK 2 billion for 4Q and NOK 10 billion for the full year. The increase was due to continued good premium growth within unit linked insurance and good returns in the customer portfolios. It is also worth noting that the SEK has strengthened markedly against the NOK since the start of the year, which has had a positive effect on assets under management.

Market

Premium income [3]

	4Q		Full year	
NOK million	2010	2009	2010	2009
Guaranteed products	640	1,134	3,030	3,524
Unit Link	694	322	3,388	3,016
BenCo	186	171	759	857
Total	1,519	1,627	7,177	7,397

Premium income was NOK 7.2 billion, which represents a decrease of 2 per cent compared to the same period last year. This was due to a decrease in guaranteed business. Unit link premium income exceeded premium income from guaranteed business for the first time in 2010. Unit linked insurance accounted for 53 per cent (47 per cent) of SPP's premium income (excluding BenCo).

New subscriptions

New sales within unit linked insurance are developing positively. Sales of unit linked insurance increased compared to last year and accounted for 67 per cent of total new sales. Recruitment and streamlining of own sales organisation helped increase new sales measured by APE by 21 per cent in the quarter. New sales measured in APE in 2010 amounted to NOK 1,021 million (NOK 919 million).

New premiums (APE) in the quarter:

- Guaranteed products: NOK 82 million (NOK 77 million) for the quarter, NOK 291 million (NOK 348 million) for 2010.
- Unit linked insurance: NOK 165 million (NOK 101 million) for the quarter, NOK 683 million (NOK 504 million) for 2010.
- BenCo: NOK 10 million (NOK 34 million) for the quarter, NOK 47 million (NOK 66 million) for 2010.

RECONCILIATION TABLES TOWARDS PROFIT AND LOSS ACCOUNT

The following table shows reconciliation between the profit and loss tables above showing the business area Life and Pension 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	31.12.10	31.12.09
Profit and Loss Life and Pension	993	905
Charge from the additional statutory reserves		
Change in administration reserve p&c insurance	-1	3
Change in security reserves p&c insurance	-11	-18
Profit and loss Storebrand Eiendom (real estate management)	53	45
Profilt and loss SPP Fonder (asset management)	32	17
Profit and loss Storebrand Livsforsikring Group before tax	**1,067**	**952**

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

Storebrand Livsforsikring AS

PROFIT AND LOSS

	Q4		1.1 - 31.12	
NOK million	2010	2009	2010	2009
TECHNICAL ACCOUNT:				
Gross premiums written	2,705	3,274	15,592	16,136
Reinsurance premiums ceded	-4	-24	-74	-63
Premium reserves transferred from other companies	1,054	377	5,358	2,683
Premiums for own account	**3,756**	**3,627**	**20,876**	**18,757**
Income from investments in subsidiaries, associated companies and joint-controlled companies	454	194	1,366	16
of which from investment in real estate companies	419	218	1,334	67
Interest income and dividends etc. from financial assets	1,328	815	4,893	4,421
Changes in investment value	486	393	1,835	1,012
Realised gains and losses on investments	912	733	1,596	1,378
Total net income from investments in the collective portfolio	**3,180**	**2,135**	**9,690**	**6,828**
Income from investments in subsidiaries, associated companies and joint-controlled companies	31	9	98	1
of which from investment in real estate companies	30	12	95	5
Interest income and dividends etc. from financial assets	176	364	340	508
Changes in investment value	471	309	1,072	1,968
Realised gains and losses on investments	380	27	526	-101
Total net income from investments in the investment selection portfolio	**1,058**	**708**	**2,035**	**2,375**
Other insurance related income	**54**	**40**	**162**	**98**
Gross claims paid	-3,239	-2,348	-11,145	-9,161
Claims paid - reinsurance	1	4	6	6
Gross change in claims reserve	-14	-107	-79	-144
Premium reserves etc. transferred to other companies	-762	-847	-3,522	-2,628
Claims for own account	**-4,014**	**-3,299**	**-14,742**	**-11,928**
To (from) premium reserve, gross	-643	67	-6,934	-5,334
Change in statutory reserves	-839	-1,191	-759	-1,232
Change in value adjustment fund	-468	-31	-1,940	-31
Change in premium fund, deposit fund and the pension surplus fund	-21	-13	-97	-111
To/from technical reserves for non-life insurance business	17	10	-45	-56
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	5	4	22	27
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-1,947**	**-1,154**	**-9,753**	**-6,737**
Change in premium reserve	-1,719	-2,018	-5,060	-6,927
Change in other provisions	-56	-49	-178	-81
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-1,775**	**-2,067**	**-5,238**	**-7,008**
Profit on investment result	452	558	-304	-5
The risk profit allocated to the insurance agreements	2	21	-70	-79
Other allocation of profit	-14	97	-133	-2
Funds allocated to insurance contracts, contractual obligations	**440**	**676**	**-507**	**-87**

NOK million	Q4 2010	Q4 2009	1.1 - 31.12 2010	1.1 - 31.12 2009
Management expenses	-82	127	-365	-122
Selling expenses	-80	-90	-299	-336
Insurance-related administration expenses (incl. commissions for reinsurance received)	-175	-430	-719	-1,026
Insurance-related operating expenses	**-337**	**-394**	**-1,384**	**-1,484**
Other insurance related expenses	**-81**	**-58**	**-217**	**-178**
Technical insurance result	**332**	**213**	**922**	**636**
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint-controlled companies	88	70	138	37
of which from investment in real estate companies	21	12	69	3
Interest income and dividends etc. from financial assets	146	180	605	686
Changes in investment value	-30	-15	-68	73
Realised gains and losses on investments	40	46	218	259
Net income from investments in company portfolio	**243**	**281**	**892**	**1,055**
Other income				
Management expenses	-2	-5	-18	-19
Other costs	-123	-124	-517	-534
Total management expenses and other costs linked to the company portfolio	**-125**	**-129**	**-536**	**-553**
Profit or loss on non-technical account	**118**	**152**	**357**	**502**
Profit before tax	**450**	**365**	**1,279**	**1,138**
Tax costs				
Profit before other comprehencive income	**450**	**365**	**1,279**	**1,138**
Acturial gains and losses on defined benefit pensions - benefits to employees	-202	75	-202	75
Re-statement differences		8		-14
Other comprehensive income and costs	**-202**	**83**	**-202**	**61**
COMPREHENSIVE INCOME	**248**	**448**	**1,077**	**1,199**

Storebrand Livsforsikring Group

PROFIT AND LOSS

	Q4		1.1 - 31.12	
NOK million	2010	2009	2010	2009
TECHNICAL ACCOUNT:				
Gross premiums written	4,278	4,871	23,015	23,722
Reinsurance premiums ceded	-57	-66	-321	-253
Premium reserves transferred from other companies	1,121	404	5,582	2,754
Premiums for own account	**5,341**	**5,209**	**28,277**	**26,223**
Income from investments in subsidiaries, associated companies and joint-controlled companies	50	1	58	
Interest income and dividends etc. from financial assets	2,102	1,449	7,453	7,225
Net operating income from property	313	283	1,144	1,125
Changes in investment value	-445	535	2,949	-953
Realised gains and losses on investments	276	1,163	2,312	2,910
Total net income from investments in the collective portfolio	**2,296**	**3,431**	**13,916**	**10,308**
Interest income and dividends etc. from financial assets	194	474	990	1,561
Net operating income from property	23	46	82	86
Changes in investment value	2,177	1,666	2,943	5,758
Realised gains and losses on investments	335	-98	466	-225
Total net income from investments in the investment selection portfolio	**2,729**	**2,087**	**4,481**	**7,181**
Other insurance related income	**264**	**215**	**935**	**790**
Gross claims paid	-4,705	-3,751	-16,877	-14,917
Claims paid - reinsurance	3	-4	47	30
Gross change in claims reserve	-16	-105	-118	-136
Premium reserves etc. transferred to other companies	-1,172	-960	-4,575	-3,343
Claims for own account	**-5,890**	**-4,820**	**-21,524**	**-18,366**
To (from) premium reserve, gross	2,855	50	-6,852	-5,051
Change in statutory reserves	-839	-1,191	-759	-1,232
Change in value adjustment fund	-468	-31	-1,940	-31
Change in premium fund, deposit fund and the pension surplus fund	-21	-13	-97	-111
To/from technical reserves for non-life insurance business	17	10	-45	-56
Change in conditional bonus	-1,821	-789	-2,427	-2,161
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	5	4	22	27
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**-271**	**-1,960**	**-12,097**	**-8,615**
Change in premium reserve	-3,764	-3,573	-9,618	-13,636
Change in other provisions	-56	-49	-178	-81
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-3,819**	**-3,623**	**-9,796**	**-13,718**
Profit on investment result	452	558	-304	-5
The risk profit allocated to the insurance agreements	2	21	-70	-79
Other allocation of profit	-14	97	-133	-2
Funds allocated to insurance contracts, contractual obligations	**440**	**676**	**-507**	**-87**

NOK million	Q4 2010	Q4 2009	1.1 - 31.12 2010	1.1 - 31.12 2009
Management expenses	-78	78	-501	-306
Selling expenses	-122	-141	-475	-526
Change in pre-paid direct selling expenses	16	15	59	74
Insurance-related administration expenses (incl. commissions for reinsurance received)	-374	-643	-1,391	-1,748
Reinsurance commissions and profit participation	55	37	198	87
Insurance-related operating expenses	**-504**	**-654**	**-2,109**	**-2,419**
Other insurance related expenses	**-96**	**-82**	**-272**	**-256**
Technical insurance result	**490**	**480**	**1,302**	**1,043**
NON-TECHNICAL ACCOUNT				
Income from investments in subsidiaries, associated companies and joint-controlled companies	-2	1	4	-1
Interest income and dividends etc. from financial assets	91	45	333	426
Net operating income from property	16	-6	60	46
Changes in investment value	8	93	-45	62
Realised gains and losses on investments	35	84	240	278
Net income from investments in company portfolio	**148**	**217**	**591**	**811**
Other income	**110**	**-342**	**474**	**467**
Management expenses	-7	-12	-36	-39
Other costs	-300	119	-1,264	-1,330
Total management expenses and other costs linked to the company portfolio	**-306**	**107**	**-1,301**	**-1,369**
Profit or loss on non-technical account	**-48**	**-17**	**-236**	**-91**
Profit before tax	**442**	**462**	**1,067**	**952**
Tax costs	**430**	**4**	**388**	**13**
Profit before other comprehencive income	**872**	**466**	**1,455**	**965**
Actuarial gains and losses on defined benefit pensions - benefits to employees	-243	118	-233	104
Change in value adjustment reserve own buildings	-93	-4	-57	-4
Re-statement differences	25	10	29	-21
Adjustment of insurance liabilities	93		57	
Other comprehensive income and costs	**-218**	**124**	**-204**	**79**
COMPREHENSIVE INCOME	**654**	**590**	**1,251**	**1,044**
PROFIT IS DUE TO:				
Minority share of profit	5	-2	9	7
Majority share of profit	867	468	1,445	959
COMPREHENSIVE INCOME IS DUE TO:				
Minority share of profit	1		5	-7
Majority share of profit	653	590	1,246	1,052

Storebrand Livsforsikring

STATEMENT OF FINANCIAL POSITION

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.2009	31.12.2010	NOK million	31.12.2010	31.12.2009
		ASSETS		
		ASSETS IN COMPANY PORTFOLIO		
694	740	Goodwill		
5,456	5,499	Other intangible assets	82	48
6,150	**6,239**	**Total intangible assets**	**82**	**48**
1,123	1,188	Properties and real estate		
336	352	Owner used properties		
114	123	Shares and units in subsidiaries, associated companies and joint-controlled companies	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	8,141	7,605
9	7	Loans and receivables	7	9
325	299	Bonds at amortised cost	299	325
283	341	Shares and other units at fair value	168	167
14,793	13,839	Bonds and other fixed-income securities at fair value	5,565	6,983
431	538	Derivatives at fair value	536	429
248	317	Other financial assets	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	95	118
2,036	1,605	Cash, bank	488	837
552	589	Other assets designated according to type		
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		
1,298	1,229	Owner used properties		
3	60	Shares and units in subsidiaries, associated companies and joint-controlled companies	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		
44,393	47,895	Bonds at amortised cost	47,895	44,393
3,541	3,109	Loans and receivables	3,109	3,541
41,253	52,921	Shares and other units at fair value	26,003	19,431
120,361	121,282	Bonds and other fixed-income securities at fair value	59,839	60,731
2,260	3,338	Financial derivatives at fair value	1,531	845
4,681	4,898	Other financial assets	2,538	2,231
239,602	**259,199**	**Total investments in collective portfolio**	**167,776**	**156,936**

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Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.2009	31.12.2010	NOK million	31.12.2010	31.12.2009
1,383	1,632	Properties and real estate		
84	88	Owner used properties		
		Shares and units in subsidiaries, associated companies and joint-controlled companies	1,853	1,657
		of which investment in real estate companies	1,838	1,643
117	110	Loans and receivables	110	117
31,551	39,571	Shares and other units at fair value	11,171	8,572
14,440	16,449	Bonds and other fixed-income securities at fair value	11,332	9,077
89	341	Financial derivatives at fair value	338	86
1,059	1,020	Other financial assets	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.**	**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**	**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 portfolio separately**	**25,648**	**20,466**

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Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.2009	31.12.2010	NOK million	31.12.2010	31.12.2009
749	982	Pension liabilities etc.	738	531
636	226	Period tax liabilities		3
81	82	Other provisions for liabilities	57	60
1,466	**1,290**	**Total provisions for liabilities**	**794**	**594**
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	679	1,040
610	874	Liabilities to group companies	875	620
2,888	4,319	Other liabilities	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

Storebrand Livsforsikring

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

NOK million	Share capital	Share premium reserves	Total paid in equity	Risk equaliastion fund	Other earned equity	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.

RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

	Majority's share of equity						
NOK million	Share capital	Share premium reserves	Total paid in equity	Risk equalisation fund	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**

Storebrand Livsforsikring

CASH FLOW ANALYSIS STOREBRAND LIVSFORSIKRING

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.2009	31.12.2010	NOK million	31.12.2010	31.12.2009
		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 investmet 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**

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 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 2010. A description of the accounting policies applied in the preparation of the financial statements is provided in the 2009 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 2 and 3 of the 2009 annual report.

NOTE 3: TAX

Tax income of NOK 411 million was recognised as income in 4Q. This was primarily associated with a previously allocated deferred tax liability in the subsidiary SPP, which was related to the change in value of financial instruments.

Storebrand Livsforsikring 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. The tax cost is also affected by the total results in the Swedish business, including the size of risk results and final allocations of taxable results between customers and the owner in the Swedish subsidiary SPP.

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 37 and 38 in the 2009 annual report.

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

Notes to the interim accounts

NOTE 5: 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 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.

An independent assessment of Group Control and the compliance function's procedures and control systems must be included in the internal audit function's audit plan.

Below follows a description of the special situation concerning risk management and life insurance in relation to the relationship between customers and the owner. As far as the risk associated with the business in the Group is concerned this is, apart from life insurance, risk that essentially impacts the owner. 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 percent and 8 percent. 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. The owner is 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 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 the owner 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 the owner. 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 be also 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.

NOTE 6: 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 Life Insurance 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 Life Insurance, 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 Life Insurance, but at the same time the company is exposed to little risk from the asset class real estate. SPP is also exposed to market risk from increased risk on 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 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.

Notes to the interim accounts

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 percent, 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%	0	-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.

Life and Pensions
Since market changes 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.

NOTE 7: 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 Life Insurance's and SPP's insurance liabilities are long-term and are usually known long before they fall due, but a solid liquidity buffer is still important for withstanding unforeseen events.

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

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. Committed credit lines from banks have also been established that the companies can draw on if necessary.

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 (inclusive derivatives)	-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 31.12.10	**-8,405**	**-102**	**-3,427**	**-3,189**	**-1,846**	**-16,969**	**-9,802**
Derivatives related to loan 31.12.10	**218**	**-125**	**169**	**239**		**501**	**323**
Total financial liabilities31.12.09	**-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 realized more quickly in the secondary market than the agreed residual maturity.

On perpetual subordinated loan cash flow is calculated until the first call.

Notes to the interim accounts

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 (inclusive derivatives)	-441	-102	-3,427	-3,189	-1,846	-9,005	-6,825
Other short term liabilities	-6,961					-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 31.12.10	**-14,591**	**-222**	**-3,547**	**-3,189**	**-1,846**	**-23,395**	**-13,786**
Derivatives related to loan 31.12.10	**218**	**-125**	**169**	**239**		**501**	**323**
Total financial liabilities 31.12.09	**-10,590**	**-403**	**-973**	**-5,014**	**-3,141**	**-20,120**	**-12,731**

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 (fixed/variable)	Call date	Balance sheet 31.12.10
Issuer					
Hybrid tier 1 capital					
Storebrand Livsforsikring AS	1,500	NOK	Variable	2018	1,500
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,553
Storebrand Livsforsikring AS	1,700	NOK	Variable	2014	1,703
Storebrand Livsforsikring AS	1,000	NOK	Fixed	2015	1,069
Total subordinated loan capital and hybrid tier 1 capital 31.12.2010					**6,825**
Total subordinated loan capital and hybrid tier 1 capital 31.12.2009					**6,918**

NOTE 8: 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 Life Insurance 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.

Notes to the interim accounts

Storebrand Livsforsikring AS
Credit risk by counterparty

Bonds and other fixed-income securities 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
Sum 2010	**30,386**	**7,977**	**22,264**	**11,687**	**200**	**1,795**	**76,737**
Sum 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
Sum 2010	**26,976**	**6,347**	**13,211**	**628**	**1,764**	**48,926**
Sum 2009	**22,446**	**6,587**	**13,855**	**751**	**1,218**	**44,858**

Counterparties NOK million	AAA Fair value	AA Fair value	A Fair value	BBB 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 1 priority within 60%.

Notes to the interim accounts

Storebrand Livsforsikring Group
Credit risk by counterparty

Bonds and other fixed-income securities 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
Sum 2010	**86,843**	**13,193**	**28,982**	**12,755**	**200**	**2,164**	**151,571**
Sum 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
Sum 2010	**26,976**	**6,347**	**13,211**	**628**	**1,764**	**48,926**
Sum 2009	**11,544**	**6,029**	**3,209**	**190**	**1,077**	**22,049**

Counterparties NOK million	AAA Fair value	AA Fair value	A Fair value	BBB 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 1 priority within 60%.

Notes to the interim accounts

NOTE 9: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Storebrand categorises financial instruments valued at fair value on three different levels. The levels express the differing degree of liquidity and different measuring methods.

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:				
- Equity 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 2010
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.

Notes to the interim accounts

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

NOK million	Equities	Fund units	Private Equity fund invest-ments	Indirect real estate fund	Credit bonds	Mortage and asset backed bonds
Balance 1.1.10	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
Transfers to quoted prices or observable assumptions	2					
Other						
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:				
- Equity 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 2010
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

Notes to the interim accounts

Movements between quoted prices and observable assumptions

NOK million	From quoted prices to observable assumptions	From observable assumptions to quoted prices
Equities and units	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 1.1.10	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
Transfers from quoted prices or 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**

Notes to the interim accounts

NOTE 10: SEGMENT INFORMATION - ANALYSIS OF PROFIT AND LOSS BY BUSINESS AREA

	Life and Pensions Norway		Life and Pensions Sweden		Asset mangement		Storebrand Livsforsikring Group	
	Q4		Q4		Q4		Q4	
NOK million	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	7,917	6,241	2,557	4,695	47	42	10,520	10,977
Profit before tax	304	-101	124	563	14		442	462
Assets	4,546	793	-3,906	-3,312	31	14	670	-2,505
Liabilities	5,118	818	-4,340	-3,372	93	57	872	-2,497

	Life and Pensions Norway		Life and Pensions Sweden		Asset mangement		Storebrand Livsforsikring Group	
NOK million	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
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 reserve from other companies, net financial return and other income.

Life and Pensions Norway
Storebrand Life Insurance offers a wide range of products within occupational pensions, private pension savings and life insurance to companies, public sector entities and private individuals. Storebrand Life Insurance's branch in Sweden provides occupational pensions products based on Norwegian law in the Swedish market. Includes companies in Storebrand Life Group excluding Storebrand Eiendom, 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 include the companies Storebrand Eiendom (property management) and SPP Fonder AB (fund management).

Notes to the interim accounts

NOTE 11 NET INCOME FROM PROPERTIES

	Q4		Year	
NOK million	2010	2009	2010	2009
Rent income from properties [1]	475	450	1,623	1,556
Operating costs (including maintenance and repairs) relating to properties that have provided rent income [2]	-123	-101	-337	-299
Net operating income from properites	**352**	**350**	**1,286**	**1,258**
Realised gains and losses	15		15	22
Change in fair value of properties	139	-120	154	-254
Total income from properties	**507**	**229**	**1,455**	**1,025**
[1] Properties for own use	17	24	67	94
[2] Properties for own use	-3	-4	-12	-18

Changes in value real estate investments

	Q4		Year	
NOK million	2010	2009	2010	2009
Wholly owned property investments - investment properties	139	-120	154	-254
Investment properties in associated companies				
Property equities and units in Norway and Sweden [1]	18	2	96	-76
Property units abroad [1]	46	-37	87	-974
Total value changes investment properties	**203**	**-155**	**336**	**-1,304**
Wholly owned property investments - Properties for own use	-104	58	-104	55
Total value changes property investment	**100**	**-97**	**233**	**-1,250**
Realised gains/losses on properities sold	**16**		**16**	**22**

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

NOTE 12: PROPERTIES

Book value of investment properties in the statement of financial position

NOK million	2010	2009
Carrying amount as per 1 Jan	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
Exchange rate changes	22	-28
Carrying amount as per 31 Dec	**27,059**	**24,160**

Notes to the interim accounts

Property type

NOK million	2010	2009	2010 Duration of lease (years)	2010 m2	2010 Leased amount in % [1]
Office buildings (including parking and storage)					
Oslo-Vika/Filipstad Brygge	4,930	4,685	6	110,610	92
Rest of Greater Oslo	6,180	6,161	6	205,750	93
Rest of Norway	3,856	1,131	7	509,790	93
Shopping centres (including parking and storage)	10,656	11,180	3	468,735	92
Multi-storey car parks	696	692	6	44,085	100
Office buildings in Sweden	387		1	16,000	3
Cultural/conference centres and commercial in Sweden	354	311	19	18,500	86
Total investment properties	**27,059**	**24,160**		**1,373,470**	
Properties for own use	1,668	1,718	9	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

Notes to the interim accounts

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):

	Required rate of return %		Volum	
Segment	31.12.10	31.12.09	31.12.10	31.12.09
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 0.25persent 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 persent. 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.

NOTE 13: CONTIGENT LIABILITIES

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
NOK million	31.12.10	31.12.09	31.12.10	31.12.09
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**

Notes to the interim accounts

NOTE 14: CAPITAL ADEQUACY

	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
Millioner kroner	31.12.10	31.12.09	31.12.10	31.12.09
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**
Hybrid tier 1 capital				
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 35%				
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%**

Notes to the interim accounts

NOTE 15: SOLVENCY MARGIN

NOK million	Storebrand Livsforsikring AS 2010	2009	Storebrand Livsforsikring Group 2010	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	2009	Storebrand Livsforsikring Group 2010	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**