

# Interim Report Storebrand Livsforsikring

1<sup>st</sup> half year 2010



# Interim report for Storebrand Livsforsikring Group

## - 1<sup>st</sup> half year 2010

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's Q2 result please refer to the Storebrand Group's interim report for the Q2 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.

Major changes will take place in the general conditions that Storebrand works under in the coming years, due to both the Pensions Reform in Norway from 2011 and new solvency rules, Solvency II, expected to be introduced towards the end of 2012. Storebrand's preparations for the new general conditions are well underway and it has a strong focus on product development and system adjustments. The company is also maintaining an active dialogue with the authorities with the aim of establishing general conditions that preserve effective long-term management of customers' assets.

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.

### NORWEGIAN PENSIONS REFORM

On 5 May, the Banking Law Commission presented proposed amendments to the legislation regulating occupational pension schemes in the private sector. The aim is for the new regulations to come into force on 1 January 2011, the same time as the pensions reform comes into force. This is the first report from the Banking Law Commission (phase 1) and in this round the amendments are expected to lay the groundwork for the flexible drawing of pensions from occupational pension schemes from the age of 62, at the same time as pension points will continue to be earned if people keep working. The changes that will come into effect on 1 January 2011 will thus first focus on employees and their options. Storebrand is prepared for a higher inflow and greater need for advice from both companies and employees, and has developed a new online advice tool. Comprehensive information is also being provided to companies and employees with occupational pension schemes in Storebrand.

### Result Life and Pension <sup>1)</sup>

Million NOK	2Q		01.01-30.06		Full year
	2010	2009	2010	2009	2009
Life and Pension Norway	92	286	259	158	759
Life and Pension Sweden	-168	216	-54	-304	487
<b>Profit life group before amortisation cost</b>	<b>-76</b>	<b>502</b>	<b>205</b>	<b>-147</b>	<b>1,246</b>
Amortisation	-85	-81	-170	-167	-340
Impairment					
<b>Pre-tax profit/loss life group</b>	<b>-162</b>	<b>421</b>	<b>35</b>	<b>-313</b>	<b>906</b>
Tax	-34	2	-31	3	30
<b>Profit/loss</b>	<b>-195</b>	<b>423</b>	<b>4</b>	<b>-310</b>	<b>936</b>

<sup>1)</sup> Encompasses Storebrand Life Group excluding Storebrand Eiendom AS and SPP Fonder AB.

# LIFE AND PENSIONS - NORWAY

- **A weak return in 2Q resulted in long life provisions being charged to the result allocated to the owner**
- **Positive administration results**
- **Good solvency with solvency margin of 163 per cent**
- **Positive net transfer balance of NOK 0.3 billion in 2Q and NOK 1.9 billion for the first half of 2010**

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

Million NOK	2Q		01.01-30.06		Full
	2010	2009	2010	2009	year
Administration result	13	-64	-7	-112	-169
Risk result	95	3	146	117	229
Financial result <sup>1)</sup>	-146	240	-133	-70	201
Price of interest guarantee and profit risk	138	118	276	236	478
Other	-9	-11	-23	-13	20
<b>Pre-tax profit/loss</b>	<b>92</b>	<b>286</b>	<b>259</b>	<b>158</b>	<b>759</b>

<sup>1)</sup> investment result, profit sharing.

## Main features

The result allocated to the owner in Life and Pensions Norway amounted to NOK 92 million for the quarter and NOK 259 million before tax for the first half of 2010. Storebrand Life Insurance has preliminarily allocated NOK 3.1 billion to insurance customers for the first half of 2010, NOK 336 million of which is profit in excess of the guaranteed return. The market return in the group portfolio was minus 0.2 per cent in 2Q and 1.6 per cent for the first half of 2010. The financial markets were unstable, especially towards the close of the quarter. Given this, being able to deliver a profit to customers and owners in this quarter as well is satisfactory.

Because the return in the individual portfolio is on a par with the interest guarantee, the build up of reserves amounting to NOK 112 million for long life in the first half of 2010 appears as a result directly against the owner. The final allocation of the build up of reserves between the customers and owners will take place at year-end 2010 based on the booked return at that time.

The transfer balance was positive in the amount of NOK 0.3 billion in the quarter and NOK 2 billion for the first half of 2010.

The level of costs in Storebrand has been further reduced. The administration results have been turned into positive results. The new generation of products without guarantees (defined contribution pensions and unit linked) also contributed better positive results totalling NOK 70 million in the quarter. Unstable financial markets and continuing low interest rates may in the long-term present challenges in relation to the guaranteed interest in the group portfolio. Storebrand is therefore supporting the work initiated by Finanstilsynet aimed at lowering the level of the entire insurance industry's future interest guarantees.

## Administration result

The administration result amounted to NOK 13 million (minus NOK 64 million) for 2Q and minus NOK 7 million (minus NOK 112 million) for the first half of 2010. A number of cost reducing measures have been implemented in the last year with staffing reductions, outsourcing, and lower purchasing costs. The underlying growth in income within defined contribution pensions is good and the product area achieved its first quarter with a positive administration result. The volume development within Unit Linked is also having a positive effect on income.

## Risk result

The risk result amounted to NOK 95 million (NOK 3 million) for 2Q and NOK 146 million (NOK 117 million) for the first half of 2010. The disability result in the quarter improved in relation to the same period last year.

Up to 50 per cent of the risk result for group pensions can be set aside in the risk equalisation fund to cover any future negative risk result. NOK 41 million was set aside in the risk equalisation fund for group pensions in 2Q. A total of NOK 46 million was set aside in the first half of the year. The risk equalisation fund for group pensions amounted to NOK 227 million at the end of the first half of 2010. The risk equalisation fund for paid-up policies amounted to NOK 41 million at the close of 2Q, which represents no change during the first half of the year and a reduction of NOK 3 million in 2Q. The risk result for fund-based products and other risk products amounted to NOK 60 million (NOK 18 million) for 2Q and NOK 103 million (NOK 73 million) for the first half of 2010.

There is a need to build up reserves for individual pension insurance and paid-up policies due to new mortality tariffs. Provisions totalling NOK 158 million were made in the first half of 2010 linked to the building of reserves, of which NOK 135 million in Q2. During the quarter NOK 112 million of the reservation was charged to the result allocated to the owner through reduced profit sharing. The remaining need to build up reserves at the end of the quarter was calculated at just under NOK 800 million: around NOK 550 million for individual pension insurance and around NOK 230 million for paid-up policies. The plan is to complete the build up of the reserves by the end of 2012. Storebrand has applied to the regulatory authorities to extend the period until 2014.

## Financial result

The financial result in 2Q amounted to minus NOK 146 million (NOK 240 million) and was affected by the building up of reserves for longevity.

## Return on investment portfolios with interest rate guarantee

Portfolio	2Q 2010		2Q 2009		01.01-30.06 2010		01.01-30.06 2009		Full year 2009	
	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return	Market return	Booked return
Total	-0.2%	0.6%	1.3%	1.3%	1.6%	1.6%	1.5%	1.5%	4.6%	4.6%
Total Group (DB)	-0.3%	0.7%	1.4%	1.4%	1.6%	1.6%	1.6%	1.6%	4.8%	4.8%
Paid-up policies	0,0%	0.5%	1.3%	1.3%	1.7%	1.6%	1.4%	1.4%	4.5%	4.6%
Individual	-0.4%	0.8%	1.0%	1.0%	1.4%	1.8%	1.2%	1.2%	4.3%	4.0%

The market return in portfolios with interest rate guarantee was minus 0.2 per cent for 2Q and 1.6 per cent for the year-to-date. The market return in the quarter was weak due to the negative development of the equity markets. Unrealised gains in the quarter decreased by NOK 1.3 billion. The value of the directly owned property portfolio was almost unchanged during the quarter. The excess value on loans and receivables in the quarter increased by NOK 498 million due to fall in interest rates.

The quarter's booked return was 0.6 per cent for 2Q and 1.6 per cent for the first half of 2010. The average annual interest guarantee lies between 3.5 per cent and 3.8 per cent in the various customer portfolios. NOK 423 million in deductions from additional statutory reserves were calculated in 2Q to cover interest guarantees.

### Profit sharing

A preliminary NOK 143 million charge has been applied to the result to owner in 2Q due to the weak return. The charge is primarily due to the building up of reserves for longevity for individual pension insurance. The charge for the first half of 2010 was a net NOK 138 million. The build up of reserves can be covered by a positive investment result and with an annual return of 5.8 per cent the build up of reserves is not expected to have a negative effect on the result to owner.

### Company portfolio

The company portfolio's result amounted to minus NOK 32 million (minus NOK 2 million) for 2Q and minus NOK 49 million (NOK 35 million) for the first half of 2010. The investment portfolio is mainly invested in low risk asset classes and saw a gross return of 0.5 per cent for 2Q and 1.1 per cent for the first half of 2010. The money market portfolio, which accounts for slightly less than 80 per cent of the investment portfolio, developed weakly both during the quarter and the year-to-date due to exposure to Norwegian savings banks and the weak return for this asset class. Storebrand Life Insurance's loan interest costs will amount to around a net NOK 130 million per quarter for the next 12 months. Total interest-bearing debt amounted to NOK 6.6 billion at the end of the first half of 2010.

### Price of interest guarantee and profit on risk

NOK 138 million was recognised as income from upfront pricing of the interest rate guarantee and profit from risk for group defined benefit in 2Q. This is an increase of NOK 20 million compared to the same period last year. A total of NOK 276 million was recognised as income in the first half of 2010.

### Other result

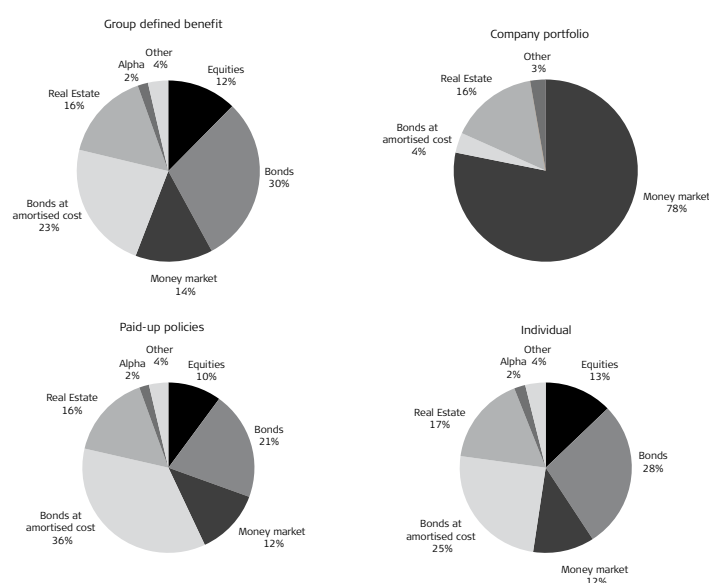
The other result amounted to minus NOK 9 million (minus NOK 11 million) for 2Q and primarily consists of the result from subsidiaries and changes in the administration and security reserves. The other result amounted to minus NOK 23 million (minus NOK 13 million) for the first half of 2010.

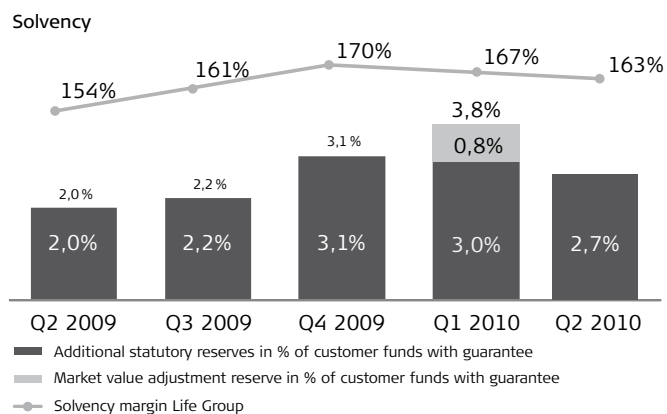
### Statement of financial position

The diagrams below show the risk-adjusted allocations (including derivatives). The proportion of equities in portfolios with a guarantee decreased in 2Q. Changes in equity allocations corresponded to changes in short-term bond and money market allocations.

- Bold profile had a 19 per cent proportion of equities at the close of 2Q compared to 21 per cent at the close of 1Q.
- Standard profile had a 13 per cent proportion of equities at the close of 2Q compared to 14 per cent at the close of 1Q.
- Careful profile had a 9 per cent proportion of equities at the close of 2Q, no change from the close of 1Q.
- Paid-up policy profiles had an average of 10 per cent proportion of equities at the close of 2Q compared to 11 per cent at the close of 1Q.
- Individual profile had a 13 per cent proportion of equities at the close of 2Q compared to 14 per cent at the close of 1Q.

### Assets profile





Solvency capital<sup>1)</sup> of NOK 36.1 billion strengthened by NOK 800 million in the year-to-date. As a consequence of market developments the solvency capital decreased by NOK 2.4 billion in the quarter due to weak returns. Additional statutory reserves amounted to NOK 4.2 billion at end of the first half of 2010, a decrease of NOK 0.4 billion in 2Q due to drawn additional statutory reserves for returns below the interest guarantee. The market value adjustment reserve was reduced by NOK 1.3 billion in the quarter and amounted to zero at the end of the first half of 2010. The excess value of bonds at amortised cost increased by NOK 498 million during the quarter and amounted to NOK 1.4 billion at the end of the first half of 2010. The increase in the first half of 2010 was NOK 1.3 billion.

The Storebrand Life Insurance Group's capital adequacy at the close of the quarter was 13.9 per cent. This represents a marginal reduction in the quarter, which was due to a weak result. The Storebrand Life Insurance Group achieved a solvency margin of 163 per cent. The reduction of 4 percentage points in 2Q was due to good growth in customer assets and the use of additional statutory reserves.

Total assets decreased by around NOK 2 billion in 2Q and amounted to NOK 215 billion at the end of the first half of 2010. The reduction in the quarter was due to, among other things, the negative return. Total assets increased by NOK 9 billion for the first half of 2010. The increase is due to good growth in customer assets caused by, among other things, net transfers of customer assets and positive returns in the period.

## Market

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

Million NOK	2Q		01.01-30.06		Full year 2009
	2010	2009	2010	2009	
Group Defined Benefit	1,305	1,586	5,272	5,709	8,286
Paid-up policies	12	12	58	59	101
Group with investment choice	724	656	1,845	1,676	3,068
Individual endowment insurance and pensions	240	419	469	909	1,506
Individual with investment choice	715	209	1,223	412	2,073
Risk products without profit sharing	239	255	807	681	1,040
<b>Total</b>	<b>3,235</b>	<b>3,137</b>	<b>9,673</b>	<b>9,446</b>	<b>16,073</b>

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

Total premium income increased by 3 per cent during the quarter and 2 per cent for the first half of 2010 compared to the same period last year. The development of premium income was affected by low growth in wages in Norway in the period, but was positively affected by a good development in the portfolios of defined contribution scheme for companies and in the individual market.

The net booked inflow of customer assets to Storebrand was positive and amounted to NOK 305 million (minus NOK 110 million) for 2Q and NOK 1.9 billion (NOK 1.0 billion) for the first half of 2010. A number of companies have chosen to transfer their pension obligations from their own pension funds to insured solutions in Storebrand. Thereafter, many choose to convert plans from defined benefit based to defined contribution based pension schemes.

### New subscriptions

New premiums (APE) worth NOK 1,158 million (NOK 577 million) were signed in the first half of 2010. APE amounted to NOK 332 million (NOK 162 million) in 2Q. The increase since last year is primarily due to the increased APE for group occupational 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 for group pensions in 2Q as well.

New premiums (APE) in the period:

- Guaranteed products: NOK 126 million (NOK 72 million) for the quarter, NOK 613 million (NOK 271 million) for the first half of the year.
- Unit-linked insurance: NOK 100 million (NOK 40 million) for the quarter, NOK 338 million (NOK 177 million) for the first half of the year.
- Risk products: NOK 106 million (NOK 50 million) for the quarter, NOK 207 million (NOK 129 million) for the first half of the year.

### Return for defined contribution pensions

Investment portfolios for defined contribution pensions delivered a good return in 1Q, but in 2Q a broad decline in the equity markets had a negative effect on return. Despite this, the returns for the recommended investment choices for defined contribution pensions were higher than the benchmark for all profiles:

- Careful pension: minus 1.4 per cent (minus 0.4 per cent) in the quarter and 0.7 per cent (3.8 per cent) for the first half of the year.
- Balanced pension: minus 5.2 per cent (minus 2.9 per cent) in the quarter and minus 2.0 per cent (6.6 per cent) for the first half of the year.
- Bold pension: minus 8.9 per cent (minus 5.5 per cent) in the quarter and minus 5.0 per cent (8.9 per cent) for the first half of the year.

<sup>1)</sup> Solvency capital consists of equity, subordinated loan capital, market value adjustment reserve, additional statutory reserves, conditional bonus, surplus/deficit related to bonds at amortised cost and accrued profit.

# LIFE AND PENSIONS SWEDEN

- **Significantly improved administration result**
- **Weak equity markets and falls in interest rates produced a negative financial result**
- **Sales in unit-linked insurance remain strong**

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 <sup>1)</sup>

Million NOK	2Q		01.01-30.06		Full year
	2010	2009	2010	2009	2009
Administration result	27	-39	35	-60	-101
Risk result	74	86	154	111	253
Financial result	-268	166	-253	-357	260
Other	-2	4	9	3	74
<b>Result before amortisation</b>	<b>-168</b>	<b>216</b>	<b>-55</b>	<b>-304</b>	<b>487</b>
Amortisation intangible assets	-86	-82	-170	-167	-340
<b>Pre-tax profit/loss</b>	<b>-254</b>	<b>134</b>	<b>-225</b>	<b>-471</b>	<b>147</b>

<sup>1)</sup> Nordben was included in the result from and including June 2009.

### Administration result

The administration result amounted to NOK 27 million (minus NOK 39 million) for 2Q and NOK 35 million (minus NOK 60 million) for the first half of 2010. The continued positive development of the administration result is primarily due to the restructuring and efficiency measures that have been implemented, as well as an increase in income. The improvement in the result in the year-to-date compared to the same period last year amounts to NOK 95 million.

### Risk result

The risk result amounted to NOK 74 million (NOK 86 million) for 2Q and NOK 154 million (NOK 111 million) for the first half of 2010. The underlying risk result is developing positively. The period's result was also affected by the rate of recovery from sickness 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 minus NOK 268 million (NOK 166 million) for 2Q and minus NOK 253 million (minus NOK 357 million) for first half of 2010.

The return in the quarter was affected by the fall in the global equity markets and reduced interest rates in Sweden, and was between minus 1.9 per cent and 2.3 per cent in the quarter for the various investment portfolios.

## Financial return

Portfolios	2Q		01.01-30.06		Full year
	2010	2009	2010	2009	2009
Defined Benefit (DB)	0.00%	-0.62%	3.34%	-1.37%	4.12%
Defined Contribution (DC)	0.30%	0.50%	3.20%	-1.10%	5.00%
P250 <sup>1)</sup>	-1.87%	2.10%	1.58%	1.08%	9.59%
P300 <sup>1)</sup>	-0.09%	0.60%	2.77%	-1.31%	4.77%
P520 <sup>1)</sup>	2.31%	-0.48%	4.95%	-2.05%	2.86%
RP (Retirement Pension)	0.06%	0.11%	0.06%	0.10%	1.27%

<sup>1)</sup> Maximum interest rate guarantee in the portfolios P250, P300 and P520 is 2.5%, 4% and 5.2% respectively.

The low return in the quarter resulted in limited profit sharing for portfolios with an interest guarantee. Meanwhile, the development of interest rates in the quarter produced a positive return in bond portfolio that resulted in profit sharing in the P520 portfolio. The total contribution to the result from profit sharing was NOK 22 million for 2Q and NOK 136 million for the first half of 2010.

For portfolios without adequate buffer capital and in which the present value of the insurance liabilities are increasing more than the return on the assets, a deferred capital contribution (DCC) is charged to the result to owner. Developments in the equity market over the quarter reduced the value of assets at the same time as insurance obligations increased more than the assets due to a lower interest rate. In total the development of equities and interest rates in the quarter contributed to an increased deferred capital contribution (DCC) of NOK 342 million. The company portfolio contains a hedging portfolio to reduce the effect of equity market fluctuations on the result. This made a positive contribution to the financial result amounting to NOK 38 million in the quarter.

### Other result

Other profits amounted to minus NOK 2 million (NOK 4 million) for 2Q and NOK 9 million (NOK 3 million) for the first half of 2010. The result consists of the return in the company portfolio, which is entirely invested in interest-bearing securities.

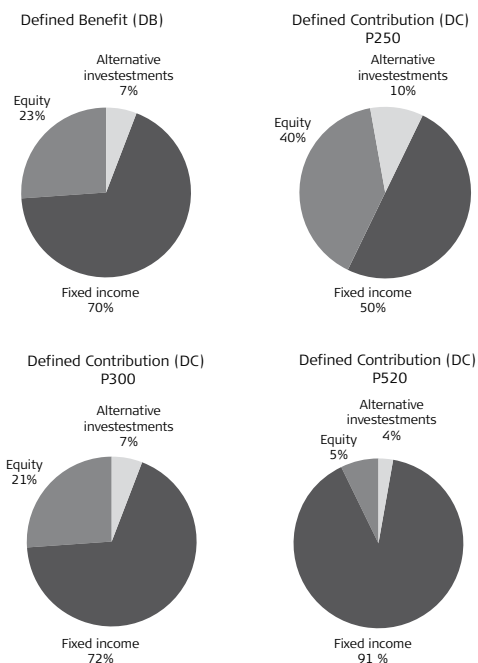
## Statement of financial position

SPP adjusts its exposure to equities in line with developments in the market via so-called dynamic risk management. The proportion of equities was reduced in all portfolios in the quarter:

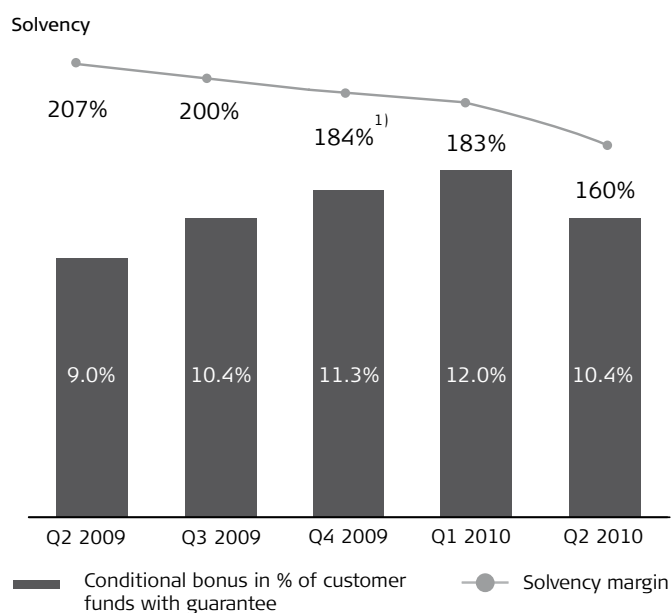
- The proportion of equities in the DB portfolio was reduced by 5 percentage points.

- The proportion of equities in P250 was reduced by 6 percentage points.
- The proportion of equities in P300 was reduced by 4 percentage points.
- The proportion of equities in P520 was reduced by 2 percentage points.

#### Asset profile customer portfolios with guaranteed return



The buffer capital (conditional bonus) decreased by 11 per cent in the quarter and 3 per cent in the first half of the year. At the close of the quarter the buffer capital amounted to NOK 8.5 billion (NOK 7 billion). The SPP Group's solvency margin was 160 per cent at the close of 2Q. The reduction in the quarter was due to the fall in the interest rate used to calculate the obligations in a solvency context, in addition to the weak return on investments in the period.



<sup>1)</sup> After pro forma group contribution.

<sup>3)</sup> Adjustments of premiums in 1Q 2010 in Nordben (Benco) resulted in a reversal of premiums during 2Q amounting to around NOK 17 million in APE. This explains the negative new premiums for Benco in 2Q.

Total assets amounted to NOK 115 billion at the close of the quarter, which represents an increase of NOK 1.5 billion for 2Q and NOK 6.1 billion for the first half of the year. Premiums in unit-linked insurance continued to develop well and are having a positive effect on total assets.

In June, a lawsuit was filed against SPP concerning the interpretation of the terms and conditions of insurance in the defined benefit portfolio. The lawsuit was filed by the Confederation of Swedish Enterprise as a customer with a claim for a total of SEK 2.5 million. The lawsuit concerns an important question of principle concerning the insurance contracts' regulation of pensions and the outcome could therefore be of relevance to similar contracts in the DB portfolio. SPP has obtained external legal opinions which share the company's view that there is little chance the lawsuit will succeed. No provisions have therefore been made in connection with the lawsuit.

## Market

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

Million NOK	2Q		01.01-30.06		Full year 2009
	2010	2009	2010	2009	
Guaranteed products	839	897	1,735	1,867	3,524
Unit Link	1,236	1,099	1,970	1,733	3,016
BenCo	158	118	431	417	857
<b>Total</b>	<b>2,233</b>	<b>2,114</b>	<b>4,136</b>	<b>4,017</b>	<b>7,397</b>

<sup>2)</sup> Exclusive transfer of premium reserves.

Premium income amounted to NOK 2,233 million (NOK 2,114 million) for 2Q, an increase of 6 per cent compared to the same period last year. Premium income within unit-linked, which represents 55 per cent of SPP's total premium income, developed positively with a 13 per cent increase compared to the same period in 2009. Group schemes with provider choice saw an increase of 3 per cent in the same period.

### New subscriptions

New sales measured by APE in the quarter were on a par with last year. New sales within unit-linked insurance are developing positively. Sales of unit-linked insurance increased by 61 per cent in the quarter compared to last year and accounted for 69 per cent of total new sales in the year-to-date. The streamlining of sales and market activities is expected to result in increased new sales going forward. SPP is working on strengthening the sales organisation through new recruitment.

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

- Guaranteed products: NOK 65 million (NOK 106 million) for the quarter, NOK 147 million (NOK 207 million) for the first half of the year.
- Unit-linked insurance: NOK 161 million (NOK 100 million) for the quarter, NOK 390 million (NOK 315 million) for the first half of the year.
- BenCo<sup>3)</sup>: minus NOK 11 million (NOK 3 million) for the quarter, NOK 31 million (NOK 30 million) for the first half of the year.

## 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	30.06.10	30.06.09	31.12.09
Profit and Loss Life and Pension	35	-313	905
Charge from the additional statutory reserves	-422	-383	
Change in administration reserve p&c insurance	3	3	3
Change in security reserves p&c insurance	-9	-7	-18
Profit and loss Storebrand Eiendom (real estate management)	21	21	45
Profit and loss SPP Fonder (asset management)	15	8	17
<b>Profit and loss Storebrand Livsforsikring Group before tax</b>	<b>-357</b>	<b>-671</b>	<b>952</b>

Lysaker, 14 July 2010

The Board of Directors of Storebrand Livsforsikring AS



# Storebrand Livsforsikring AS

## PROFIT AND LOSS

NOK million	Q2		1.1 - 30.06		Year 2009
	2010	2009	2010	2009	
<b>TECHNICAL ACCOUNT:</b>					
Gross premiums written	3,242	3,140	9,717	9,483	16,136
Reinsurance premiums ceded	-7	-4	-44	-36	-63
Premium reserves transferred from other companies	830	231	3,973	1,942	2,683
<b>Premiums for own account</b>	<b>4,064</b>	<b>3,367</b>	<b>13,645</b>	<b>11,388</b>	<b>18,757</b>
Income from investments in subsidiaries, associated companies and joint-controlled companies	285		597	-95	16
of which from investment in real estate companies	275	4	601	-91	67
Interest income and dividends etc. from financial assets	1,247	1,134	2,433	2,496	4,421
Changes in investment value	-2,085	390	-881	-706	1,012
Realised gains and losses on investments	274	414	440	523	1,378
<b>Total net income from investments in the collective portfolio</b>	<b>-279</b>	<b>1,939</b>	<b>2,588</b>	<b>2,218</b>	<b>6,828</b>
Income from investments in subsidiaries, associated companies and joint-controlled companies	20	-1	43	-4	1
of which from investment in real estate companies	20	-1	42	-4	5
Interest income and dividends etc. from financial assets	40	67	70	109	508
Changes in investment value	-676	1,215	-205	935	1,968
Realised gains and losses on investments	-90	-248	0	-303	-101
<b>Total net income from investments in the investment selection portfolio</b>	<b>-706</b>	<b>1,033</b>	<b>-92</b>	<b>738</b>	<b>2,375</b>
<b>Other insurance related income</b>	<b>41</b>	<b>16</b>	<b>70</b>	<b>34</b>	<b>98</b>
Gross claims paid	-2,740	-2,181	-5,235	-4,476	-9,161
Claims paid - reinsurance	-1	1	3	1	6
Gross change in claims reserve	-19	-12	-41	-8	-144
Premium reserves etc. transferred to other companies	-525	-342	-2,024	-959	-2,628
<b>Claims for own account</b>	<b>-3,284</b>	<b>-2,535</b>	<b>-7,298</b>	<b>-5,442</b>	<b>-11,928</b>
To (from) premium reserve, gross	-668	-818	-5,869	-5,825	-5,334
To/from additional statutory reserves in connection with claims/repurchase	15	-71	22	-51	-1,232
Change in value adjustment fund	1,302		31		-31
Change in premium fund, deposit fund and the pension surplus fund	-25	-31	-50	-72	-111
To/from technical reserves for non-life insurance business	-8	-29	-64	-70	-56
Change in conditional bonus					
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	4	2	13	9	27
<b>Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations</b>	<b>621</b>	<b>-947</b>	<b>-5,916</b>	<b>-6,009</b>	<b>-6,737</b>
Change in premium reserve	-326	-1,702	-1,958	-2,320	-6,927
Change in other provisions	65	23	-10	23	-81
<b>Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately</b>	<b>-261</b>	<b>-1,680</b>	<b>-1,968</b>	<b>-2,297</b>	<b>-7,008</b>
Profit on investment result	-47	-19	-240	-20	-5
The risk profit allocated to the insurance agreements	-34	-12	-45	-71	-79
Other allocation of profit	-12	8	-43		-2
<b>Funds allocated to insurance contracts, contractual obligations</b>	<b>-93</b>	<b>-23</b>	<b>-328</b>	<b>-90</b>	<b>-87</b>

NOK million	Q2		1.1 - 30.06		Year 2009
	2010	2009	2010	2009	
Management expenses	-34	-30	-71	-60	-122
Selling expenses	-140	-146	-271	-276	-336
Insurance-related administration expenses (incl. commissions for reinsurance received)	-174	-198	-365	-404	-1,026
<b>Insurance-related operating expenses</b>	<b>-348</b>	<b>-374</b>	<b>-708</b>	<b>-740</b>	<b>-1,484</b>
<b>Other insurance related expenses after reinsurance share</b>	<b>-62</b>	<b>-66</b>	<b>-115</b>	<b>-73</b>	<b>-178</b>
<b>Technical insurance result</b>	<b>-308</b>	<b>731</b>	<b>-122</b>	<b>-273</b>	<b>636</b>
<b>NON-TECHNICAL ACCOUNT</b>					
Income from investments in subsidiaries, associated companies and joint-controlled companies	17	1	34	-28	37
of which from investment in real estate companies	14	1	32	-6	3
Interest income and dividends etc. from financial assets	142	216	301	374	686
Changes in investment value	-31	15	-61	1	73
Realised gains and losses on investments	64	34	116	191	259
<b>Net income from investments in company portfolio</b>	<b>193</b>	<b>266</b>	<b>390</b>	<b>537</b>	<b>1,055</b>
<b>Other income</b>					
Management expenses	-5	-4	-11	-8	-19
Other costs	-130	-166	-250	-296	-534
<b>Total management expenses and other costs linked to the company portfolio</b>	<b>-135</b>	<b>-169</b>	<b>-261</b>	<b>-304</b>	<b>-553</b>
<b>Profit or loss on non-technical account</b>	<b>59</b>	<b>97</b>	<b>128</b>	<b>233</b>	<b>502</b>
<b>Profit before tax</b>	<b>-249</b>	<b>828</b>	<b>7</b>	<b>-40</b>	<b>1,138</b>
<b>Tax costs</b>					
<b>Profit before other comprehensive income</b>	<b>-249</b>	<b>828</b>	<b>7</b>	<b>-40</b>	<b>1,138</b>
Actuarial gains and losses on defined benefit pensions - benefits to employees					75
Re-statement differences		7		-17	-14
<b>Other comprehensive income and costs</b>		<b>7</b>		<b>-17</b>	<b>61</b>
<b>COMPREHENSIVE INCOME</b>	<b>-249</b>	<b>835</b>	<b>7</b>	<b>-57</b>	<b>1,199</b>

# Storebrand Livsforsikring Group

## PROFIT AND LOSS

NOK million	Q2		1.1 - 30.06		Year 2009
	2010	2009	2010	2009	
<b>TECHNICAL ACCOUNT:</b>					
Gross premiums written	5,539	5,290	13,982	13,750	23,722
Reinsurance premiums ceded	-71	-68	-173	-140	-253
Premium reserves transferred from other companies	893	248	4,079	1,969	2,754
<b>Premiums for own account</b>	<b>6,362</b>	<b>5,470</b>	<b>17,888</b>	<b>15,579</b>	<b>26,223</b>
Income from investments in subsidiaries, associated companies and joint-controlled companies	5		7	-1	
Interest income and dividends etc. from financial assets	1,942	1,866	3,659	4,055	7,225
Net operating income from property	295	295	570	571	1,125
Changes in investment value	-3,028	-1,275	-842	-4,164	-953
Realised gains and losses on investments	773	1,026	1,801	764	2,910
<b>Total net income from investments in the collective portfolio</b>	<b>-12</b>	<b>1,911</b>	<b>5,195</b>	<b>1,225</b>	<b>10,308</b>
Income from investments in subsidiaries, associated companies and joint-controlled companies					
Interest income and dividends etc. from financial assets	43	67	94	152	1,561
Net operating income from property	21	12	40	22	86
Changes in investment value	-1,534	4,013	-101	3,081	5,758
Realised gains and losses on investments	221	-240	314	-302	-225
<b>Total net income from investments in the investment selection portfolio</b>	<b>-1,250</b>	<b>3,852</b>	<b>346</b>	<b>2,953</b>	<b>7,181</b>
<b>Other insurance related income</b>	<b>235</b>	<b>226</b>	<b>434</b>	<b>390</b>	<b>790</b>
Gross claims paid	-4,481	-4,010	-8,415	-7,550	-14,917
Claims paid - reinsurance	6	11	26	24	30
Gross change in claims reserve	-17	-9	-40	-3	-136
Premium reserves etc. transferred to other companies	-697	-577	-2,355	-1,392	-3,343
<b>Claims for own account</b>	<b>-5,189</b>	<b>-4,585</b>	<b>-10,783</b>	<b>-8,922</b>	<b>-18,366</b>
To (from) premium reserve, gross	-2,737	1,784	-9,289	-4,607	-5,051
To/from additional statutory reserves in connection with claims/repurchase	15	-71	22	-51	-1,232
Change in value adjustment fund	1,302		31		-31
Change in premium fund, deposit fund and the pension surplus fund	-25	-31	-50	-72	-111
To/from technical reserves for non-life insurance business	-8	-29	-64	-70	-56
Change in conditional bonus	1,513	312	736	312	-2,161
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	4	-1,857	13	9	27
<b>Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations</b>	<b>65</b>	<b>109</b>	<b>-8,600</b>	<b>-4,479</b>	<b>-8,615</b>
Change in premium reserve	-52	-5,337	-3,124	-5,889	-13,636
Change in other provisions	65	23	-10	23	-81
<b>Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately</b>	<b>13</b>	<b>-5,314</b>	<b>-3,133</b>	<b>-5,866</b>	<b>-13,718</b>
Profit on investment result	-47	-19	-240	-20	-5
The risk profit allocated to the insurance agreements	-34	-12	-45	-71	-79
Other allocation of profit	-12	8	-43		-2
<b>Funds allocated to insurance contracts, contractual obligations</b>	<b>-93</b>	<b>-23</b>	<b>-328</b>	<b>-90</b>	<b>-87</b>

NOK million	Q2		1.1 - 30.06		Year 2009
	2010	2009	2010	2009	
Management expenses	-76	-86	-159	-151	-306
Selling expenses	-185	-188	-362	-368	-526
Change in pre-paid direct selling expenses	20	-5	37	16	74
Insurance-related administration expenses (incl. commissions for reinsurance received)	-349	-362	-696	-743	-1,748
Reinsurance commissions and profit participation	51	17	109	32	87
<b>Insurance-related operating expenses</b>	<b>-540</b>	<b>-623</b>	<b>-1,071</b>	<b>-1,214</b>	<b>-2,419</b>
<b>Other insurance related expenses after reinsurance share</b>	<b>-76</b>	<b>-87</b>	<b>-140</b>	<b>-115</b>	<b>-256</b>
<b>Technical insurance result</b>	<b>-485</b>	<b>936</b>	<b>-193</b>	<b>-540</b>	<b>1,043</b>
<b>NON-TECHNICAL ACCOUNT</b>					
Income from investments in subsidiaries, associated companies and joint-controlled companies	3		5	-1	-1
Interest income and dividends etc. from financial assets	74	147	153	316	426
Net operating income from property	16	22	30	37	46
Changes in investment value	-36	-17	-79	-184	62
Realised gains and losses on investments	60	49	140	184	278
<b>Net income from investments in company portfolio</b>	<b>118</b>	<b>201</b>	<b>249</b>	<b>352</b>	<b>811</b>
<b>Other income</b>	<b>106</b>	<b>98</b>	<b>220</b>	<b>194</b>	<b>467</b>
Management expenses	-10	-7	-19	-16	-39
Other costs	-302	-349	-613	-661	-1,330
<b>Total management expenses and other costs linked to the company portfolio</b>	<b>-311</b>	<b>-356</b>	<b>-632</b>	<b>-677</b>	<b>-1,369</b>
<b>Profit or loss on non-technical account</b>	<b>-87</b>	<b>-57</b>	<b>-164</b>	<b>-131</b>	<b>-91</b>
<b>Profit before tax</b>	<b>-572</b>	<b>879</b>	<b>-357</b>	<b>-671</b>	<b>952</b>
<b>Tax costs</b>	<b>-36</b>	<b>2</b>	<b>-37</b>	<b>3</b>	<b>13</b>
<b>Profit before other comprehensive income</b>	<b>-609</b>	<b>882</b>	<b>-394</b>	<b>-668</b>	<b>965</b>
Actuarial gains and losses on defined benefit pensions - benefits to employees	3	-1	11	2	104
Change in value adjustment reserve own buildings	12		23		-4
Re-statement differences	-42	-13	0	-33	-21
Adjustment of insurance liabilities	-12		-23		
<b>Other comprehensive income and costs</b>	<b>-39</b>	<b>-15</b>	<b>10</b>	<b>-32</b>	<b>79</b>
<b>COMPREHENSIVE INCOME</b>	<b>-648</b>	<b>867</b>	<b>-384</b>	<b>-700</b>	<b>1,044</b>
<b>PROFIT IS DUE TO:</b>					
Minority share of profit	2		3	9	7
Majority share of profit	-611	881	-397	-677	959
<b>COMPREHENSIVE INCOME IS DUE TO:</b>					
Minority share of profit	1	4		-1	-7
Majority share of profit	-648	863	-384	-699	1,052

# Storebrand Livsforsikring

## STATEMENT OF FINANCIAL POSITION

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.09	30.06.2010	NOK million	30.06.2010	31.12.09
<b>ASSETS</b>				
<b>ASSETS IN COMPANY PORTFOLIO</b>				
694	716	Goodwill		
5,456	5,462	Other intangible assets	52	48
<b>6,150</b>	<b>6,178</b>	<b>Total intangible assets</b>	<b>52</b>	<b>48</b>
1,123	1,140	Properties and real estate		
336	339	Owner used properties		
114	132	Shares and units in subsidiaries, associated companies and joint-controlled companies	7,568	7,401
		of which investment in real estate companies	1,344	1,335
		Loans to and securities issued by subsidiaries, associated companies	7,660	7,605
9	46	Loans and receivables	46	9
325	317	Bonds at amortised cost	317	325
283	316	Shares and other units at fair value	187	167
14,793	14,211	Bonds and other fixed-income securities at fair value	6,595	6,983
431	210	Derivatives at fair value	209	429
248	712	Other financial assets	317	195
<b>17,661</b>	<b>17,424</b>	<b>Total investments</b>	<b>22,900</b>	<b>23,113</b>
<b>140</b>	<b>185</b>	<b>Reinsurance share of insurance obligations</b>	<b>185</b>	<b>140</b>
1,197	2,199	Receivables in connection with direct business transactions	2,162	1,181
42	69	Receivables in connection with reinsurance transactions		
29	36	Receivables with group company	34	127
1,366	3,036	Other receivables	860	657
<b>2,633</b>	<b>5,339</b>	<b>Total receivables</b>	<b>3,056</b>	<b>1,965</b>
129	127	Plants and equipment	114	118
2,036	1,614	Cash, bank	430	837
552	554	Other assets designated according to type		
<b>2,717</b>	<b>2,295</b>	<b>Total other assets</b>	<b>544</b>	<b>954</b>
270	316	Pre-paid direct selling expenses		
82	93	Other pre-paid costs and income earned and not received	40	31
<b>352</b>	<b>409</b>	<b>Total pre-paid costs and income earned and not received</b>	<b>40</b>	<b>31</b>
<b>29,653</b>	<b>31,831</b>	<b>Total assets in company portfolio</b>	<b>26,777</b>	<b>26,252</b>
<b>ASSETS IN CUSTOMER PORTFOLIOS</b>				
21,655	22,040	Properties and real estate		
1,298	1,291	Owner used properties		
3	10	Shares and units in subsidiaries, associated companies and joint-controlled companies	26,159	25,763
		of which investment in real estate companies	25,592	25,368
156	163	Loans to and securities issued by subsidiaries, associated companies		
44,393	45,688	Bonds at amortised cost	45,688	44,393
3,541	3,250	Loans and receivables	3,250	3,541
41,253	48,436	Shares and other units at fair value	24,592	19,431
120,361	123,975	Bonds and other fixed-income securities at fair value	61,308	60,731
2,260	2,900	Financial derivatives at fair value	580	845
4,681	4,712	Other financial assets	2,462	2,231
<b>239,602</b>	<b>252,464</b>	<b>Total investments in collective portfolio</b>	<b>164,039</b>	<b>156,936</b>

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Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.09	30.06.2010	NOK million	30.06.2010	31.12.09
1,383	1,605	Properties and real estate		
84	90	Owner used properties		
		Shares and units in subsidiaries, associated companies and joint-controlled companies	1,913	1,657
		of which investment in real estate companies	1,774	1,643
		Bonds at amortised cost		
117	114	Loans and receivables	114	117
31,551	32,926	Shares and other units at fair value	8,928	8,572
14,440	15,901	Bonds and other fixed-income securities at fair value	10,595	9,077
89	30	Financial derivatives at fair value	29	86
1,059	1,078	Other financial assets	1,026	1,037
<b>48,722</b>	<b>51,744</b>	<b>Total investments in investment selection portfolio</b>	<b>22,603</b>	<b>20,546</b>
<b>288,324</b>	<b>304,208</b>	<b>Total assets in customer portfolio</b>	<b>186,642</b>	<b>177,482</b>
<b>317,977</b>	<b>336,039</b>	<b>TOTAL ASSETS</b>	<b>213,418</b>	<b>203,734</b>
		<b>EQUITY AND LIABILITIES</b>		
3,430	3,430	Share capital	3,430	3,430
9,271	9,271	Share premium reserve	9,271	9,271
<b>12,701</b>	<b>12,701</b>	<b>Total paid in equity</b>	<b>12,701</b>	<b>12,701</b>
225	271	Risk equalisation fund	271	225
2,046	1,999	Other earned equity	2,863	2,910
209	209	Minority's share of equity		
<b>2,480</b>	<b>2,085</b>	<b>Total earned equity</b>	<b>3,141</b>	<b>3,134</b>
5,432	5,212	Perpetual subordinated loan capital	5,212	5,432
1,486	1,497	Perpetual capital	1,497	1,486
<b>6,918</b>	<b>6,709</b>	<b>Total subordinate loan capital etc.</b>	<b>6,709</b>	<b>6,918</b>
220,423	232,594	Premium reserves	152,419	146,442
4,407	4,367	Additional statutory reserves	4,367	4,407
31		Market value adjustment reserve		31
683	729	Claims allocation	680	634
3,583	4,320	Premium fund, deposit fund and the pension surplus fund	4,320	3,583
8,689	8,456	Conditional bonus		
478	587	Other technical reserve	587	478
<b>238,294</b>	<b>251,052</b>	<b>Total insurance obligations in life insurance - contractual obligations</b>	<b>162,373</b>	<b>155,574</b>
48,193	50,820	Premium reserve	21,657	19,698
	1	Supplementary reserves	1	
5	1	Claims allocation	1	5
239	237	Additional statutory reserves	237	239
524	504	Premium fund, deposit fund and the pension surplus fund	504	524
<b>48,962</b>	<b>51,563</b>	<b>Total insurance obligations in life insurance - investment portfolio separately</b>	<b>22,399</b>	<b>20,466</b>

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Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
31.12.09	30.06.2010	NOK million	30.06.2010	31.12.09
749	732	Pension liabilities etc.	531	531
636	652	Period tax liabilities	4	3
81	64	Other provisions for liabilities	36	60
<b>1,466</b>	<b>1,449</b>	<b>Total provisions for liabilities</b>	<b>571</b>	<b>594</b>
1,690	2,015	Liabilities in connection with direct insurance	1,533	1,188
104	30	Liabilities in connection with reinsurance	30	57
1,344	2,462	Financial derivatives	2,245	1,040
610	5	Liabilities to group companies	10	620
2,888	5,385	Other liabilities	1,422	1,152
<b>6,636</b>	<b>9,896</b>	<b>Total liabilities</b>	<b>5,239</b>	<b>4,056</b>
115	117	Received, unearned leasing income		
406	468	Other accrued expenses and received, unearned income	286	289
<b>520</b>	<b>585</b>	<b>Total accrued expenses and received, unearned income</b>	<b>286</b>	<b>289</b>
<b>317,977</b>	<b>336,039</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>213,418</b>	<b>203,734</b>
		<b>ITEMS NOT ON BALANCE SHEET</b>		
4,483	5,303	Contingent liabilities	3,457	3,053

# Storebrand Livsforsikring

## RECONCILIATION OF STOREBRAND LIVSFORSIKRING AS'S EQUITY

NOK million	Share capital <sup>1)</sup>	Share pre- mium reserves	Total paid in equity	Risk equaliaation fund	Other equity	Total equity
<b>Equity at 31.12.2009</b>	<b>3,430</b>	<b>9,271</b>	<b>12,701</b>	<b>225</b>	<b>2,910</b>	<b>15,835</b>
Profit				47	-40	7
<b>Comprehensive income:</b>						
Re-statement differences						
Pension experience adjustments						
<b>Total revenue and costs for the period</b>				<b>47</b>	<b>-40</b>	<b>7</b>
<b>Equity transactions with owner:</b>						
Group contributions						
Share issue						
<b>Equity at 30.06.2010</b>	<b>3,430</b>	<b>9,271</b>	<b>12,701</b>	<b>271</b>	<b>2,870</b>	<b>15,842</b>

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

## RECONCILIATION OF STOREBRAND LIVSFORSIKRING GROUP'S EQUITY

NOK million	Majority's share of equity				Other equity	Minority interests	Total equity
	Share capital	Share premium reserves	Total paid in equity	Risk equaliaation fund			
<b>Equity at 31.12.2009</b>	<b>3,430</b>	<b>9,271</b>	<b>12,701</b>	<b>225</b>	<b>2,106</b>	<b>209</b>	<b>15,181</b>
Profit				47	-444	3	-394
<b>Comprehensive income:</b>							
Re-statement differences					3	-3	
Change in value adjustment reserve own buildings							
Pension experience adjustments					11		11
<b>Total revenue and costs for the period</b>				<b>47</b>	<b>-430</b>		<b>-384</b>
<b>Equity transactions with owner:</b>							
Share issue							
Issue costs							
Group contributions							
Other					-11		-11
<b>Equity at 30.06.2010</b>	<b>3,430</b>	<b>9,271</b>	<b>12,701</b>	<b>271</b>	<b>1,664</b>	<b>209</b>	<b>14,786</b>



# Storebrand Livsforsikring

## CASH FLOW ANALYSIS STOREBRAND LIVSFORSIKRING

Storebrand Livsforsikring Group			Storebrand Livsforsikring AS	
30.06.09	30.06.10	Millioner kroner	30.06.10	30.06.09
		<b>Cash flow from operational activities</b>		
5,617	16,543	Net received - direct insurance	9,312	8,656
-7,263	-8,363	Net claims/benefits paid - direct insurance	-5,116	-4,126
577	1,724	Net receipts/payments - policy transfers	1,948	983
-1,214	-1,071	Net receipts/payments - other operational activities	-708	-740
-1,591	591	Net receipts/payments operations	-752	-5,134
<b>-3,874</b>	<b>9,424</b>	<b>Net cash flow from operational activities before financial assets</b>	<b>4,685</b>	<b>-360</b>
181	258	Net receipts/payments - lendings to customers	258	155
-1,409	-8,495	Net receipts/payments - financial assets	-3,928	-2,030
603	13	Net receipts/payments - real estate activities		
4,964	-51	Net change bank customers	-220	2,560
<b>4,339</b>	<b>-8,276</b>	<b>Net cash flow from operational activities from financial assets</b>	<b>-3,890</b>	<b>685</b>
<b>465</b>	<b>1,148</b>	<b>Net cash flow from operational activities</b>	<b>795</b>	<b>325</b>
		<b>Cash flow from investmet activities</b>		
		Net receipts - sales of subsidiaries		
		Net payments - purchase/capitalisation of subsidiaries	-1	
-308	-42	Net receipts/payments - sale/purchase of fixed assets	-16	-14
<b>-308</b>	<b>-42</b>	<b>Net cash flow from investment activities</b>	<b>-17</b>	<b>-14</b>
		<b>Cash flow from financing activities</b>		
981		Receipt - subordinated loan capital		981
-3,484		Payments - repayments of subordinated loan capital		-1,991
-556	-453	Payments - interest on subordinated loan capital	-453	-536
	-610	Payments - group contribution dividends	-610	
<b>-3,059</b>	<b>-1,063</b>	<b>Net cash flow from financing activities</b>	<b>-1,063</b>	<b>-1,547</b>
<b>-2,902</b>	<b>43</b>	<b>Net cash flow for the period</b>	<b>-285</b>	<b>-1,236</b>
-7,241	8,319	of which net cash flow for the period before financial assets	3,606	-1,921
<b>-2,902</b>	<b>43</b>	<b>Net movement in cash and cash equivalent assets</b>	<b>-285</b>	<b>-1,236</b>
		Cash and cash equivalent assets at start of the period for sold and new companies		
4,879	2,284	Cash and cash equivalent assets at start of the period	1,032	1,939
<b>1,977</b>	<b>2,326</b>	<b>Cash and cash equivalent assets at the end of the periode</b>	<b>747</b>	<b>703</b>

# Notes to the interim accounts

## NOTE 1: ACCOUNTING POLICIES

The accounts were prepared in accordance with the accounting policies applied in the 2009 annual accounts. A description of the accounting policies 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 accounts, as well as the information provided on contingent liabilities. The final values realised may differ from these estimates. Please refer to the discussions in notes 2 and 3 of the 2009 annual report.

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.

Storebrand's pension obligations to their employees, are not affected by changes in the pension scheme as Storebrand pension scheme has not included AFP.

## NOTE 3: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The valuation classification of financial instruments at fair value is based on the general policies the company applies and which are described in the 2009 annual report. The reclassification of financial instruments from the previous reporting period primarily applies to equities and has been carried out in accordance with the general policies. The background for reclassification will normally be changes in the equities' market liquidity.

The table below specifies level 3.

## STOREBRAND LIVSFORSIKRING AS

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

#### Shares and units

NOK million	Book value 31.12.09	Book value 30.06.10	Change	Of which reclassification with respect to pricing method to / from non-observable assumptions
Shares	1,702	2,255	553	
Fund units excluding hedge funds	1,052	1,078	26	
Private Equity fund investments	3,360	3,819	459	
Indirect real estate fund		35	35	
Hedge funds				
<b>Total</b>	<b>6,114</b>	<b>7,187</b>	<b>1,073</b>	

#### Bonds and other fixed-income securities

NOK million	Book value 31.12.09	Book value 30.06.10	Change	Of which reclassification with respect to pricing method to / from non-observable assumptions
Asset backed securities	1,373	1,269	-103	
Corporate bonds	658	750	93	
Finance, bank and insurance	10	16	5	
Real estate				
Bond funds				
<b>Total</b>	<b>2,041</b>	<b>2,035</b>	<b>-5</b>	

# Notes to the interim accounts

## STOREBRAND LIVSFORSIKRING GROUP

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

#### Shares and units

NOK million	Book value 31.12.09	Book value 30.06.10	Change	Of which reclassification with respect to pricing method to / from non-observable assumptions
Shares	3,124	3,734	610	
Fund units excluding hedge funds	1,612	2,081	469	
Private Equity fund investments	3,555	4,071	516	
Indirect real estate fund	2,050	2,042	-8	
Hedge funds				
<b>Total</b>	<b>10,342</b>	<b>11,929</b>	<b>1,587</b>	

#### Bonds and other fixed-income securities

NOK million	Book value 31.12.09	Book value 30.06.10	Change	Of which reclassification with respect to pricing method to / from non-observable assumptions
Asset backed securities	1,373	1,269	-103	
Corporate bonds	658	1,067	409	
Finance, bank and insurance	10	25	15	
Real estate				
Local authority, county	106		-106	
Bond funds				
<b>Total</b>	<b>2,147</b>	<b>2,362</b>	<b>215</b>	

# Notes to the interim accounts

## NOTE 4: SEGMENT INFORMATION - ANALYSIS OF PROFIT AND LOSS BY BUSINESS AREA

NOK million	Life and Pensions Norway		Life and Pensions Sweden		Asset management		Storebrand Livsforsikring Group	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	4,593	7,936	2,229	4,936	41	33	6,863	12,905
Profit before tax	-338	733	-253	134	19	12	-572	879
Assets	-1,499	-12,234	1,227	4,527	-25	78	-297	-7,628
Liabilities	1,596	-9,493	-1,195	2,917	-39	94	362	-6,482

NOK million	Life and Pensions Norway		Life and Pensions Sweden		Asset management		Storebrand Livsforsikring Group	
	30.06.10	30.06.09	30.06.10	30.06.09	30.06.10	30.06.09	30.06.10	30.06.09
	Revenue	16,531	16,214	7,696	5,597	86	65	24,312
Profit before tax	-170	-230	-224	-471	37	29	-357	-671
Assets	200,492	184,273	135,425	125,896	123	179	336,039	310,349
Liabilities	193,192	174,799	128,001	121,398	61	117	321,254	296,314

### Revenue

Revenue includes the total premium income including savings premiums and transferred premium reserves 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.

### Life and Pensions Sweden

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. Includes companies in SPP Group (Storebrand Holding Group excluding SPP Fonder).

### Asset management

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

# Notes to the interim accounts

## NOTE 5: PROPERTIES

The following amounts are booked in the income statement:

NOK million	Q2		1.1 - 30.06		Year 2009
	2010	2009	2010	2009	
Rent income from properties <sup>1)</sup>	395	382	777	748	1,556
Operating costs (including maintenance and repairs) relating to properties that have provided rent income during the period <sup>2)</sup>	-64	-53	-137	-119	-299
<b>Total</b>	<b>332</b>	<b>329</b>	<b>640</b>	<b>629</b>	<b>1,258</b>
<sup>1)</sup> Hence properties for own use	17	25	34	50	94
<sup>2)</sup> Hence properties for own use	-3	-4	-6	-8	-18

### Write-downs/changes in value real estate investments

NOK million	Q2		1.1 - 30.06		Year 2009
	2010	2009	2010	2009	
Wholly owned property investments - investment properties	4		11		-254
Wholly owned property investments- properties for own use					55
Property equities and units in Norway <sup>1)</sup>	26	-59	49	-100	-76
Property units abroad <sup>1)</sup>	-27	-542	-8	-669	-974
<b>Total write-downs/value changes</b>	<b>3</b>	<b>-601</b>	<b>51</b>	<b>-769</b>	<b>-1,250</b>
<b>Realised gains / losses on properties sold</b>				<b>-2</b>	

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

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

NOK million	30.06.10	Year 2009
Carrying amount as per 1 Jan	24,160	23,000
Supply due to purchases	517	677
Supply due to additions	87	305
To owner used properties		-87
From owner used properties		1,128
Disposals		-635
Net write-ups/write-downs	11	-199
Exchange rate changes	11	-28
<b>Carrying amount</b>	<b>24,785</b>	<b>24,160</b>

### Property type

NOK million	30.06.10	Year 2009	30.06.10		
			Duration of lease (years)	m2	Leased amount in % <sup>1)</sup>
Office buildings (including parking and storage)	12,365	11,977	5	770,625	92
Shopping centres (including parking and storage)	11,396	11,180	5	372,313	93
Multi-storey car parks	692	692	7	44,085	100
Cultural/conference centres and commercial in Sweden	332	311			
<b>Total investment properties</b>	<b>24,785</b>	<b>24,160</b>	<b>10</b>	<b>1,187,023</b>	
Properties for own use other	1,719	1,718		50,000	91
<b>Total properties</b>	<b>26,505</b>	<b>25,878</b>		<b>1,237,023</b>	

<sup>1)</sup> The leased amount is calculated in relation to floor space.

# Notes to the interim accounts

## Geographical location:

NOK million	30.06.10	Year 2009
Oslo- Vika/Fillipstad Brygge	5,754	5,377
Rest of Greater Oslo	9,101	8,903
Rest of Norway	11,318	11,287
Sweden	332	311
<b>Total properties</b>	<b>26,505</b>	<b>25,878</b>

A further NOK 375 million was agreed for property purchases in Q2 2010, but the assumption of the risk and final conclusion of contracts will occur later in 2010 and NOK 437 million in Storebrand and SEK 382 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. Observed market prices are taken into account when setting market rent and the required rate of return.

In periods in which there is a lack of relevant prices in an active market, one looks at the following, among other things:

- applicable prices in an active market for property of another kind, with other conditions or in another location (or subject to other leases or other contracts), adjusted to take account of these differences,
- prices recently achieved for equivalent properties in less active markets, with adjustments that reflect any changes in economic conditions after the time the transactions took place at the aforementioned prices, and
- discounted cash flow prognoses based on reliable estimates of future cash flows, and supported by the terms and conditions in any existing leases and other contracts, as well as (where possible) external knowledge about applicable market rents for equivalent properties in the same location and under the same conditions, and the use of discount rates that reflect applicable market assessments of uncertainty in the cash flows amounts and timetable.

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 m<sup>2</sup>
- All other information about property values, the market and the individual property

The property's market values is assessed on the basis of a long-term income perspective. Office buildings and shopping centres account for a significant proportion of the properties. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rent and normal operating costs for the property. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future development in market rents. In the case of shopping centres, the property's value is calculated based on a market yield. In cases where it is known significant changes will occur to the expected cash flow in later years, this is taken account of in the valuation. A representative selection of properties is subject to an external valuation.

# Notes to the interim accounts

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

Segment	Required rate of return %	
	30.06.10	31.12.09
Office portfolio Oslo City Centre	7,75-9,25	7,75-9,25
Shopping centre portfolio	8,25-9,25	8,25-9,25
Other properties	8,75-10,0	8,75-10,00

## Sensitivities

Valuations are particularly sensitive to changes in the required rate of return and assumed future cash flows. A change of 0.25% 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. MNOK 871 which corresponds to 3.36%.

## NOTE 6: RISK FACTORS

Note 19 of the 2009 annual report explains the group's financial risks in more detail and how Storebrand's assets and liabilities are affected by developments in the financial markets. Storebrand Life Insurance's financial risk is principally associated with its ability to meet the annual return guarantee for a large proportion of the company's balance sheet. Despite significant differences in products and general conditions in Norway and Sweden, SPP's financial risk is also principally associated with its ability to meet guarantees to customers. Falling equity markets and falls in interest rates that lead to lasting low interest rates below the guaranteed interest are important risk factors for both companies. The investment strategy and risk management in both companies comprises three main pillars:

- 1) asset allocation that results in a good return for customers and owners over time
- 2) the implementation of dynamic risk management measures in customer portfolios, and
- 3) tailored hedging of certain selected insurance policies in the company's portfolio (especially for SPP).

Long interest rates have fallen slightly in both Norway and Sweden in the year-to-date and contribute, assuming all else is equal, to increased risk for the life insurance companies. Falling and to some extent turbulent equity markets in the last quarter have also had a negative effect on the companies' financial result, buffer situations and equity risk.

Note 45 of the 2009 annual report explains the group's insurance risks in more detail. Biometric risk, i.e. the risk associated with disability, death and longer life expectancy, is another significant risk for the Group.

## NOTE 7: FINANCIAL LIABILITIES AND SPECIFICATION OF BORROWING

### Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate (fixed/ variable)	Call date	Balance sheet 30.06.10
<b>Issuer</b>					
<b>Hybrid tier 1 capital</b>					
Storebrand Livsforsikring AS	1 500	NOK	Variable	2018	1,497
<b>Perpetual subordinated loan capital</b>					
Storebrand Livsforsikring AS	300	EUR	Fixed	2013	2,525
Storebrand Livsforsikring AS	1 700	NOK	Variable	2014	1,675
Storebrand Livsforsikring AS	1 000	NOK	Fixed	2015	1,012
<b>Total subordinated loan capital and hybrid tier 1 capital 30.06.2010</b>					<b>6,709</b>
<b>Total subordinated loan capital and hybrid tier 1 capital 31.12.2009</b>					<b>6,918</b>

# Notes to the interim accounts

## NOTE 8: CONTINGENT LIABILITIES

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	30.06.10	31.12.09	30.06.10	31.12.09
Undrawn amounts of committed lending facilities	611	355	611	355
Uncalled residual liabilities concerning Limited Partnership	3,457	3,053	5,303	4,483
<b>Total contingent liabilities</b>	<b>4,068</b>	<b>3,408</b>	<b>5,914</b>	<b>4,838</b>

## NOTE 9: CAPITAL ADEQUACY

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	30.06.10	31.12.09	30.06.10	31.12.09
Share capital	3,430	3,430	3,430	3,430
Other equity	12,412	12,405	11,355	11,750
<b>Equity</b>	<b>15,842</b>	<b>15,835</b>	<b>14,786</b>	<b>15,181</b>
Hybrid tier 1 capital	1,500	1,486	1,500	1,486
Conditional bonus			3,033	2,755
Goodwill and other intangible assets	-52	-48	-6,253	-6,150
Risk equalisation fund	-271	-225	-271	-225
Capital adequacy reserve			-200	-254
Use of additional statutory reserves	422		422	
Deduction for investments in other financial institutions	-31		-24	
Other	-32	-41	-52	-150
<b>Core (tier 1) capital</b>	<b>17,379</b>	<b>17,008</b>	<b>12,940</b>	<b>12,643</b>
Hybrid tier 1 capital				
Perpetual subordinated loan capital	5,066	5,047	5,066	5,047
Dated subordinated loan capital				
Capital adequacy reserve			-200	-254
Deductions for investments in other financial institutions	-31		-24	
<b>Tier 2 capital</b>	<b>5,036</b>	<b>5,047</b>	<b>4,842</b>	<b>4,793</b>
<b>Net primary capital</b>	<b>22,415</b>	<b>22,055</b>	<b>17,782</b>	<b>17,435</b>
<b>Risk weighted calculation base</b>	<b>103,518</b>	<b>97,029</b>	<b>127,670</b>	<b>117,336</b>
<b>Capital adequacy ratio</b>	<b>21.65%</b>	<b>22.73%</b>	<b>13.93%</b>	<b>14.86%</b>
<b>Core (tier 1) capital ratio</b>	<b>16.79%</b>	<b>17.53%</b>	<b>10.14%</b>	<b>10.77%</b>

## NOTE 10: SOLVENCY MARGIN

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	30.06.10	31.12.09	30.06.10	31.12.09
Solvency margin requirements	7,045	6,737	10,423	10,102
Solvency margin capital	23,158	22,855	17,029	17,159
<b>Solvency margin</b>	<b>328.7%</b>	<b>339.3%</b>	<b>163.4%</b>	<b>169.9%</b>

### Specification of solvency margin capital

NOK million	Storebrand Livsforsikring AS		Storebrand Livsforsikring Group	
	30.06.10	31.12.09	30.06.10	31.12.09
Net primary capital	22,415	22,055	17,782	17,435
50% of additional statutory reserves	2,090	2,323	2,090	2,323
50% of risk equalisation fund	136	112	136	112
Counting security reserve	54	43	54	43
Conditional bonus			-3,033	-2,755
Reduction in Tier 2 capital eligible for inclusion in solvency capital	-1,544	-1,679		
<b>Solvency capital</b>	<b>23,151</b>	<b>22,855</b>	<b>17,029</b>	<b>17,159</b>



# Storebrand Livsforsikring Group

## - Declaration by the members of the Board and the CEO

On this date, the Board and CEO have discussed and approved the interim report and interim financial statements for Storebrand Livsforsikring Group for the first half of 2010 and as per 30 June 2010 (Interim Report - First Half 2010).

The half-yearly interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as approved by the EU, and the additional Norwegian requirements in the Norwegian Securities Trading Act.

In the best judgment of the Board and CEO the half-yearly financial statements for 2010 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the group's assets, liabilities, financial standing and results as a whole as per 30 June 2010. In the best judgment of the Board and CEO the half-yearly interim report provides a fair and true overview of important events during the accounting period and their effects on the half-yearly financial statements. In the best judgment of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true overview.

Lysaker, 14 July 2010

The Board of Directors of Storebrand Livsforsikring AS

Idar Kreutzer  
Chairman of the Board

Andreas Enger

Tove Storrødvann

Else-Lill Grønli

Gorm Leiknes

Inger Johanne Bergstøl

Egil Thompson

Lars A. Løddesøl  
CEO

Translation from the original Norwegian version

To the board of Storebrand Livsforsikring AS

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the condensed consolidated financial statement of Storebrand Livsforsikring AS (the Group) as of June 30, 2010, showing a comprehensive loss of MNOK 384. The condensed consolidated financial statement comprises the statement of income, the statement of financial position, the statement of cash flow, the statement of changes in equity and selected explanatory notes by June 30, 2010. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information does not give a true and fair view of the financial position of the Group as at June 30, 2010, and of its financial performance and its cash flows and the changes in equity for the six month period then ended in accordance with the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway.

Oslo, July 14, 2010  
Deloitte AS

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