Interim Report Storebrand Livsforsikring

# $4^{th}$ quarter 2009

(unaudited)

# Interim report for Storebrand Livsforsikring Group - Q4 2009

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 2009.

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

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

## RISK

Storebrand is exposed to several types of risk through its business areas. The continuous monitoring and active management of risk is therefore an integral core area in the group's activities and organisation. Developments in level of interest rates and real estate markets are regarded as the most important risk factors that could affect the group's profit in the future. Storebrand employs solvency-based risk management in its life insurance activities. The goal of this is to tailor the financial risk to the company's risk bearing capacity.

Result Life and Pension [1)]

| | Q4 | | 01.01 - 31.12 | |
|---|---|---|---|---|
| NOK million | 2009 | 2008 | 2009 | 2008 |
| Life and Pensions Norway | 193 | 406 | 759 | 348 |
| Life and Pensions Sweden | 307 | 1,419 | 487 | 831 |
| Result before amortisation and write-downs | 500 | 1,825 | 1,246 | 1,179 |
| Amortisation intangible assets | -84 | -88 | -340 | -476 |
| Write-downs intangible assets | | | | -2,500 |
| Pre-tax profit/loss | 416 | 1,737 | 906 | -1,797 |
| Tax | 21 | -311 | 30 | -471 |
| Profit/loss after tax | 437 | 1,426 | 936 | -2,269 |

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

# LIFE AND PENSIONS - NORWAY

- **Returns exceeded the average interest guarantee in all portfolios**
- **Customer buffers strengthened by NOK 1.3 billion during the quarter**
- **Strong increase in sales in Q4**

## Result

Financial Performance - Life and Pensions Norway

| | Q4 | | Full year | |
|---|---|---|---|---|
| NOK million | 2009 | 2008 | 2009 | 2008 |
| Administration result | -19 | -56 | -169 | -177 |
| Risk result | 61 | 12 | 229 | 475 |
| Financial result[1)] | 16 | 356 | 201 | -316 |
| Price of interest guarantee and profit risk | 125 | 96 | 478 | 398 |
| Other | 8 | -2 | 20 | -31 |
| Pre-tax profit/loss | 193 | 406 | 759 | 348 |

[1)] *investment return and profit sharing*

### Administration result

The administration result was minus NOK 19 million (minus NOK 56 million) for Q4 and minus NOK 169 million (NOK 177 million) for the full year. The reduction in costs due to lower staffing levels in several areas will have full effect in 2010.

### Risk result

The risk result amounted to NOK 61 million (NOK 12 million) for Q4 and NOK 229 million (NOK 475 million) for the full year. The development in Q4 was characterised by improved results in risk products due to lower claims payments and dissolution of reserves. The underlying development was somewhat weaker than expected in 2009 in relation to 2008. The reduction in the result for 2009 was due to one-time effects that had a positive effect in 2008.

Up to 50% of the risk result for group pensions can be set aside in the risk equalisation fund to cover any future negative risk result. The risk result for group defined benefit private amounted to NOK 6 million for Q4. The risk equalisation fund for group pensions amounted to NOK 181 million at year-end 2009. The risk equalisation fund for paid-up policies amounted to NOK 42 million at year-end 2009. There was no change in Q4.

### Financial result

The financial result was NOK 16 million (NOK 356 million) for Q4 and NOK 201 million (minus NOK 316 million) for the full year.

Returns for individual products with profit sharing for Q4 and the full year exceeded the average interest guarantee. Returns for paid-up policies also exceeded the average interest guarantee of 3.8% for the same period of time. There was no profit sharing in paid-up policies and individual endowment insurance in 2009, since the company has built up buffer capital in the form of additional statutory reserves amounting to NOK 242 million.

The company portfolio's result, was minus NOK 4 million for Q4 and NOK 52 million for the full year. The company portfolio is mainly invested in low risk asset classes. Close to 80% of the investment portfolio is invested in the money market and this contributed good returns for both the quarter and the full year.

Storebrand Life Insurance's net loan interest costs will amount to approximately NOK 130 million per quarter for the next 12 months. Total interest-bearing debt amounted to NOK 6.6 billion at year-end 2009.

### Price of interest guarantee and profit risk

The profit allocated to the owner pursuant to the new insurance act is less dependent on the booked return recognised in the customer portfolios due to upfront pricing of the interest guarantee and profit from risk. NOK 125 million was recognised as income from upfront pricing of the interest guarantee and profit from risk for group defined benefit in Q4. NOK 478 million (NOK 398 million) was recognised as income in 2009. The implemented price increases will have full effect from and including 2010.

### Other result

Other result was NOK 8 million (minus NOK 2 million) for Q4 and NOK 20 million (minus NOK 31 million) for the full year. This item primarily consists of results from subsidiaries.

## Balance sheet

Market return group portfolio

| | Q4 | | Full year | |
|---|---|---|---|---|
| Portolio | 2009 | 2008 | 2009 | 2008 |
| Total | 1.5% | 1.8% | 4.6% | -0.2% |
| Group standard | 1.6% | 1.4% | 4.8% | -0.2% |
| Paid-up policies | 1.5% | 1.8% | 4.5% | -1.3% |
| Individual | 1.6% | 1.5% | 4.3% | -0.1% |

All customer portfolios with interest guarantees achieved good returns during the quarter. The returns now exceed the average interest guarantee in every portfolio. The return on invested assets in the company portfolio was 1.7% for Q4 and 5.2% for the full year.

Real estate values were written down by NOK 95 million in Q4: NOK 62 million of which related to the directly owned portfolio in Norway and NOK 33 million relating to indirect exposure, primarily in foreign real estate funds. The valuation of the real estate portfolio is supported by a broad range of external valuations. The value of private equity increased by around NOK 200 million in Q4.

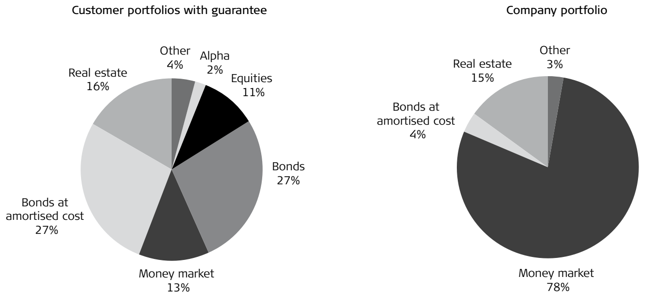
Total outperformance for the full year compared to relevant benchmarks amounted to NOK 977 million. NOK 102 million came from internal equity-linked mandates, NOK 759 million from internal interest and credit mandates, and NOK 116 million from external mandates.

The returns on recommended investment choices for defined contribution pensions in Q4 were 2.3% for careful profile, 4.5% for balanced profile, and 6.6% for bold profile. The returns for the full year were 10.6% for careful profile, 20.6% for balanced profile and 30.2% for bold profile, respectively. All profiles achieved better returns than their benchmark.

The diagrams in the nest column show the risk-adjusted asset allocations (including derivatives). The proportion of equities in portfolios with a guarantee increased further in Q4 and now ranges between 4% and 30%. The average proportion of equities is 11%, compared to 5% at the start of the year. Allocations to loans and receivables remained unchanged during Q4, but for the year as a whole allocations changed from 15% to 27% on average for portfolios with a guarantee. The increase in equities and loans and receivables corresponds to an equivalent reduction in trading bonds and the money market. Relatively small changes were made to the company portfolio's allocations during Q4, but for the year as a whole the exposure to equities was reduced from 2.5% to 0%.

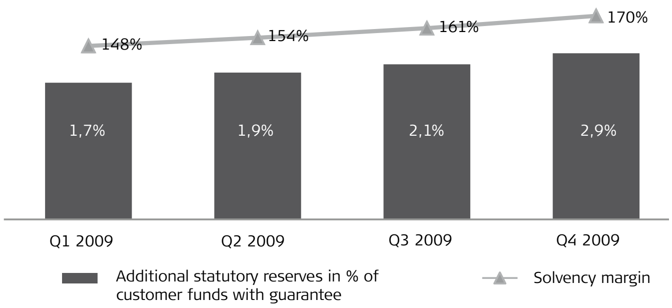
Since the start of 2010, the paid-up policies portfolio has been spilt into three sub-portfolios based on the contracts' customer buffers. This means that the proportion of equities for paid-up policies with high additional statutory reserves is now 20%. This helps to increase the expected return for both customers and the owner.

Assets profile




Total assets under management increased by around NOK 1 billion in Q4 and amounted to NOK 204 billion at year-end 2009.

Solidity




Solidity capital at the close of Q4 amounted to NOK 35 billion and was strengthened over the quarter by the positive result development and increased customer buffers. Additional statutory reserves amounted to NOK 4.6 billion at year-end 2009, an increase of NOK 1.3 billion during the quarter.

Storebrand Life Insurance Group's capital adequacy at year-end 2009 was 14.9%, a reduction in the quarter due to the NOK 610 million group contribution to Storebrand ASA. Storebrand Life Insurance Group's solvency margin was 170%, an improvement of 9 percentage points during Q4 which was due to the positive result development and increased additional statutory reserves.

## Market

Premium income excl. transfer of premium funds

| | Q4 | | Full year | |
|---|---|---|---|---|
| NOK million | 2009 | 2008 | 2009 | 2008 |
| Group Defined Benefit | 1,176 | 2,164 | 8,286 | 9,948 |
| Paid-up policies | 19 | 15 | 101 | 97 |
| Group with investment choice | 657 | 648 | 2,624 | 2,260 |
| Individual endowment insurance and pensions | 311 | 349 | 1,506 | 1,638 |
| Individual with investment choice | 954 | 120 | 2,073 | 1,023 |
| Risk products without profit sharing | 133 | 185 | 1,484 | 1,338 |
| Total | 3,249 | 3,480 | 16,073 | 16,304 |

Total premium income decreased by 7% during the quarter compared to the same period last year. The development of the occupational pensions market was characterised by lower wage growth this year than in the corresponding period last year.

### Sales

Storebrand won a number of major tenders towards the end of Q4, which will be booked in 2010. Based on reported sales, Storebrand achieved a net transfer balance in 2009 of NOK 2.4 billion for group pensions. Q4 saw a net booked outflow of customer assets from Storebrand amounting to NOK 470 million, while the year as a whole saw net booked inflow to Storebrand of NOK 55 million (NOK 2,834 million).

Several large public enterprises moved their occupational pension plans to Storebrand in the public sector occupational pensions market. Storebrand gained no new customers in the municipal market, and lost three. In total, 2009 saw a net inflow to Storebrand of NOK 540 million in the public sector occupational pensions market.

Sales of the guarantee account product in the retail market were very good, with net sales of NOK 0.9 billion in Q4 and around NOK 1.6 billion for the full year.

### New subscriptions

New premiums (APE) worth NOK 257 million (NOK 212 million) were signed in Q2. APE at the close of Q4 amounted to NOK 1,035 million (NOK 1,583 million). The fall since 2008 is primarily due to reduced APE for group occupational pensions. Assets under management in the guarantee account and link products saw a sound  increase in 2009. New group pensions premiums (APE) increased to NOK 127 million (NOK 37 million) in the public sector as per Q4. The fall in APE experienced in the individual sectors continued in Q4. The results of the company winning a number of large tender competitions towards the end of the year will be booked in the 2010 financial year.

# LIFE AND PENSIONS - SWEDEN (SPP)

- **Good result development in the quarter**
- **Positive development in assets under management and increased customer buffers**
- **Changes to terms adopted in defined benefit portfolio, which will benefit owner and customers**

## Result

Financial performance - Life and Pensions Sweden

| | Q4 | | Full year | |
|---|---|---|---|---|
| NOK million | 2009 | 2008 | 2009 | 2008 |
| Administration result | -37 | -104 | -101 | -103 |
| Risk result | 82 | 95 | 253 | 287 |
| Financial result | 245 | 1,184 | 260 | 340 |
| Other | 17 | 229 | 74 | 293 |
| Currency result | | 14 | | 14 |
| Result before amortisation and write-downs | 307 | 1,419 | 487 | 831 |
| Amortisation intangible assets | -84 | -88 | -340 | -476 |
| Write-downs intangible assets | | | | -2,500 |
| Pre-tax profit/loss | 223 | 1,331 | 147 | -2,145 |

### Administration result

The administration result was minus NOK 37 million (minus NOK 104 million) for Q4 and minus NOK 101 million (minus NOK 103 million) for 2009. The positive development in assets under management during the year resulted in increased administration income, which returned in Q4 to the levels seen before the financial crisis. The administration costs were affected by, among other things, one-time effects associated with restructuring.

The second phase of the restructuring process intended to produce an even more efficient and customer-oriented organisation was implemented in Q4. This phase resulted in further staffing reductions, bringing the total number in 2009 to around 80 people, 30 of whom were consultants. Some administration tasks were transferred to Storebrand's company in the Baltic as part of the restructuring. In Q4, SPP also signed an outsourcing agreement regarding the administration of pensions for local authorities and counties with an IT company, Logica. The partnership involves around 30 of SPP's employees transferring to Logica, which will assume this responsibility from 1 March 2010. This will have a positive effect on SPP's result.

### Risk result

The risk result was NOK 82 million (NOK 95 million) for Q4 and NOK 253 million (NOK 287 million) for the full year. The main reason for the development seen in Q4 and the rest of the year was the dissolution of sickness reserves. Such dissolutions are carried out when the number of people being declared fit is higher than expected, and they have been affected by stricter requirements for sickness leave.

### Financial result

The financial result amounted to NOK 245 million (NOK 1,184 million) for Q4 and NOK 260 million (NOK 340 million) for the full year. The quarter's result was affected by the positive return in every portfolio and profit sharing in the DC portfolio, as well as the transition to new mortality assumptions for the calculation of insurance reserves. Reserves were set aside for the calculated effect of the transition to the new assumptions in connection with the acquisition of SPP. The reserves were higher than the actual effect of the transition, which has resulted in a positive net effect of NOK 82 million during the quarter.

At the start of the year the company took steps to strengthen its solvency margin. The solvency margin increased strongly during the first months of the year as interest rates rose and the difference between mortgages rates and the government rate increased. The financial result fell in the same period due to the rising interest rates and a reduced difference between the swap and government rate. The improving solvency margin meant that SPP could reduce the hedging portfolio for the rest of the year and increase the exposure to equities in the investment portfolios. These measures, combined with the good development of the equity and credit markets, resulted in an improved financial result.

### Other

Other profit amounted to NOK 17 million (NOK 229 million) for Q4 and NOK 74 million (NOK 293 million) for the full year. The company portfolio was invested entirely in interest-bearing securities throughout 2009.

## Balance sheet

Financial return

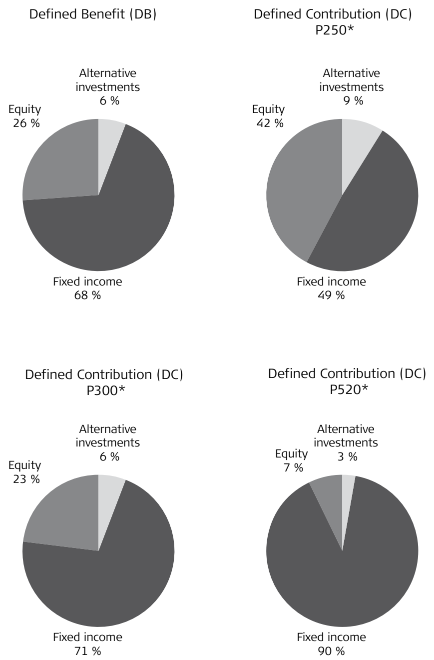
| | Q4 | | Full year | |
|---|---|---|---|---|
| NOK million | 2009 | 2008 | 2009 | 2008 |
| Defined Benefit (DB) % | 1.54 | 5.82 | 4.12 | 0.59 |
| Defined Contribution (DC) % | 1.60 | 9.60 | 5.00 | 2.90 |
| P250* | 2.38 | -0.07 | 9.59 | -5.89 |
| P300* | 1.66 | 7.45 | 4.77 | 1.19 |
| P 520* | 1.18 | 16.40 | 2.86 | 9.59 |
| RP (Retirement Pension) | 0.54 | | 1.27 | |

**) Maximum interest rate guarantee in the portfolios P250, P300 and P520 is 2,5%, 4% og 5,2% respectively.*

The year started with negative returns in the investment portfolios due to rising interest rates and falling equity markets. The equity and credit markets improved during 2009. Together with increased exposure to equities, this resulted in a positive return in every portfolio both for Q4 and for the full year.

Due to developments in the interest rate markets, the guaranteed interest rate for new premiums in DC was reduced from 2.5% to 1.25% on 1 February 2009. A new investment portfolio (AP) consisting of retirement pensions was added in March 2009.

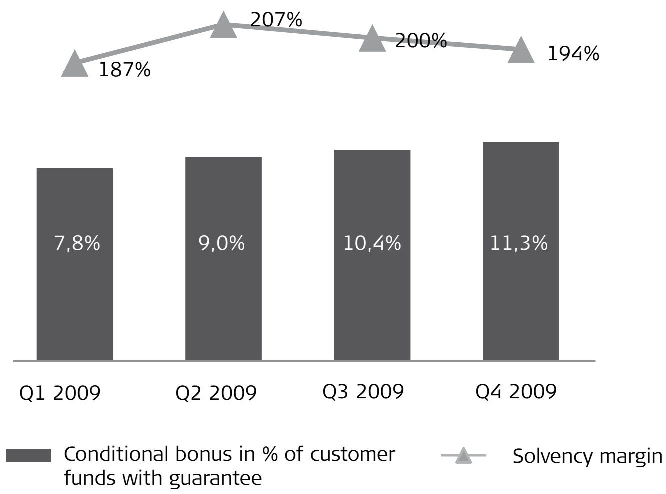
Asset profile customer portfolios with guaranteed return




*\) Maximum interest rate guarantee in the portfolios P250, P300 and P520 is 2,5%, 4% og 5,2% respectively.*

SPP adjusts its exposure to equities in line with developments in the market via so-called dynamic risk management. In Q4 the proportion of equities increased by 6%-points in the DB portfolio and 2%-points in P250, while it decreased by 1%-point in P300 and 3%-points in P520. During 2009 the proportion of equities has increased by 23%-points in DB, 31%-points in P250, 15%-points in P300 and 4%-points in P520.

Solidity




The conditional bonus continued to develop positively in Q4 and amounted to NOK 8.7 billion at year-end 2009. This is an increase of 16% compared with the year before. The increase was 26% in local currency.

The capital under management amounted to NOK 112 billion at year-end 2009, an increase of 9% compared with 2008. NOK 6.4 billion of the increase comes from Nordben. The positive development was due to the strong increase in new subscriptions in unit-linked insurance and positive returns in the portfolios.

The solvency margin increased from 135% to 194% in 2009.

## Market

Premium income

| | Q4 | | Full year | |
|---|---|---|---|---|
| NOK million | 2009 | 2008 | 2009 | 2008 |
| Guaranteed products | 823 | 939 | 3,529 | 3,729 |
| Unit linked | 650 | 683 | 3,081 | 3,010 |
| BenCo | 141 | 117 | 744 | 596 |
| Total | 1,614 | 1,740 | 7,354 | 7,334 |

Premium income amounted to NOK 1,614 million (NOK 1,740 million) for Q4. The decrease in the quarter was due to foreign currency effects. Premium income for the year, adjusted for currency effects, was 4% higher than in 2008. The increase primarily took place within unit-linked insurance.

New sales measured by APE increased over the year by 6% measured in local currency, in a declining total market. The sales increase in SPP was primarily due to sales through broker channels.

## New contract terms for Defined Benefit

New contract terms for the DB portfolio were introduced in Q4 which provide better conditions for long-term management. Profit sharing was replaced by an indexation fee, which means the company receives a fee of 0.4% of the capital if the conditions exist for indexing pensions in payment by the change in the CPI (the consumer price index). The company receives a further 0.4% if earned pension rights (paid-up policies) are adjusted by the CPI.

## 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 | 31.12.09 | 31.12.08 |
|---|---|---|
| **Profit and Loss Life and Pension** | **906** | **-1,797** |
| Change in administration reserve p&c insurance | 3 | 3 |
| Change in security reserves p&c insurance | -18 | -35 |
| Biological assets | | -61 |
| Market value adjustment reserve company portfolio as at 01.01.08 | | -320 |
| Repeal of the security fund | | -133 |
| Profit and loss Storebrand Eiendom (real estate management) | 45 | 63 |
| Profilt and loss SPP Fonder (asset management) | 17 | |
| **Profit and loss Storebrand Livsforsikring Group before tax** | **952** | **-2,280** |

Lysaker, 16 February 2010
The Board of Directors of Storebrand Livsforsikring AS

# Storebrand Livsforsikring AS

## PROFIT AND LOSS ACCOUNT

| | Q4 | | 01.01 - 31.12 | |
|---|---|---|---|---|
| Million NOK | 2009 | 2008 | 2009 | 2008 |
| TECHNICAL ACCOUNT: | | | | |
| Gross premiums written | 3,273.5 | 3,498.1 | 16,136.3 | 16,362.9 |
| Reinsurance premiums ceded | -24.4 | -18.1 | -63.1 | -59.3 |
| Premium reserves transferred from other companies | 377.4 | 493.7 | 2,683.5 | 5,019.1 |
| **Premiums for own account** | **3,626.6** | **3,973.7** | **18,756.7** | **21,322.7** |
| | | | | |
| Income from investments in subsidiaries, associated companies and joint-controlled companies | 193.8 | 408.6 | 16.1 | 1,400.3 |
| Interest income and dividends etc. from financial assets | 814.9 | 1,469.6 | 4,421.5 | 5,818.8 |
| Net operating income from property | | | | |
| Changes in investment value | 393.4 | 2,160.8 | 1,012.4 | -3,569.6 |
| Realised gains and losses on investments | 733.0 | -1,396.8 | 1,377.7 | -4,029.1 |
| **Total net income from investments in the collective portfolio** | **2,135.0** | **2,642.2** | **6,827.7** | **-379.6** |
| | | | | |
| Income from investments in subsidiaries, associated companies and joint-controlled companies | 8.5 | 2.6 | 0.5 | 21.8 |
| Interest income and dividends etc. from financial assets | 363.6 | 158.7 | 508.3 | 246.8 |
| Net operating income from property | | | | |
| Changes in investment value | 309.4 | -430.0 | 1,967.5 | -1,655.1 |
| Realised gains and losses on investments | 26.6 | -585.8 | -101.4 | -854.5 |
| **Total net income from investments in the investment selection portfolio** | **708.0** | **-854.5** | **2,374.9** | **-2,241.1** |
| | | | | |
| **Other insurance related income** | **39.5** | **14.5** | **98.4** | **127.1** |
| | | | | |
| Gross claims paid | -2,348.0 | -4,567.1 | -9,160.9 | -18,539.0 |
| Claims paid - reinsurance | 3.9 | 3.4 | 5.6 | 2.3 |
| Gross change in claims reserve | -107.4 | -25.1 | -144.5 | -38.4 |
| Premium reserves etc. transferred to other companies | -847.3 | -409.6 | -2,628.1 | -2,294.2 |
| **Claims for own account** | **-3,298.8** | **-4,998.4** | **-11,927.9** | **-20,869.3** |
| | | | | |
| To (from) premium reserve, gross | 67.4 | 708.6 | -5,333.9 | -996.9 |
| To/from additional statutory reserves in connection with claims/repurchase | -1,190.7 | 2,199.3 | -1,231.8 | 2,302.8 |
| Change in value adjustment fund | -31.4 | -40.5 | -31.4 | 3,529.3 |
| Change in premium fund, deposit fund and the pension surplus fund | -12.7 | -10.7 | -110.7 | -148.7 |
| To/from technical reserves for non-life insurance business | 10.1 | 3.0 | -55.7 | -56.5 |
| Change in conditional bonus | | | | |
| Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds | 3.7 | 47.4 | 26.6 | 109.2 |
| **Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations** | **-1,153.5** | **2,907.1** | **-6,736.8** | **4,739.2** |
| | | | | |
| Change in premium reserve | -2,017.9 | 550.9 | -6,927.3 | -213.4 |
| Change in other provisions | -49.3 | 109.6 | -81.1 | 109.6 |
| **Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately** | **-2,067.2** | **660.5** | **-7,008.4** | **-103.8** |
| | | | | |
| Profit on investment result | 557.6 | -449.8 | -5.2 | -449.8 |
| The risk profit allocated to the insurance agreements | 18.7 | -8.8 | -81.3 | -119.7 |
| Other allocation of profit | 99.2 | -85.6 | | -85.6 |
| **Funds allocated to insurance contracts, contractual obligations** | **675.5** | **-544.2** | **-86.6** | **-655.1** |

| | Q4 | | 01.01 - 31.12 | |
|---|---|---|---|---|
| Million NOK | 2009 | 2008 | 2009 | 2008 |
| Management expenses | -32.8 | -30.9 | -122.1 | -121.3 |
| Selling expenses | 69.2 | -108.1 | -336.3 | -413.3 |
| Change in pre-paid direct selling expenses | | | | |
| Insurance-related administration expenses (incl. commissions for reinsurance received) | -429.9 | -240.4 | -1,025.5 | -959.5 |
| Reinsurance commissions and profit participation | | 8.6 | | 13.8 |
| **Insurance-related operating expenses** | **-393.6** | **-370.8** | **-1,483.9** | **-1,480.3** |
| | | | | |
| **Other insurance related expenses after reinsurance share** | **-58.5** | **-76.1** | **-178.4** | **-241.1** |
| **Technical insurance result** | **213.2** | **3,354.0** | **635.7** | **218.7** |
| | | | | |
| **NON-TECHNICAL ACCOUNT** | | | | |
| | | | | |
| Income from investments in subsidiaries, associated companies and joint-controlled companies | 70.4 | 105.2 | 37.4 | 191.7 |
| of which from investment in real estate companies | 12.3 | 21.5 | 2.8 | 97.3 |
| Interest income and dividends etc. from financial assets | 179.5 | 416.9 | 685.7 | 1,154.2 |
| Changes in investment value | -14.8 | 1,779.4 | 72.8 | -2,643.6 |
| Realised gains and losses on investments | 45.5 | -202.1 | 258.7 | -33.7 |
| **Net income from investments in company portfolio** | **280.6** | **2,099.4** | **1,054.6** | **-1,331.4** |
| | | | | |
| **Other income** | | | | |
| | | | | |
| Management expenses | -4.7 | -4.0 | -18.6 | -15.9 |
| Other costs | -124.0 | -153.6 | -534.1 | -741.2 |
| **Total management expenses and other costs linked to the company portfolio** | **-128.7** | **-157.6** | **-552.7** | **-757.1** |
| **Profit or loss on non-technical account** | **151.9** | **1,941.8** | **501.9** | **-2,088.6** |
| | | | | |
| **Profit before tax** | **365.0** | **5,295.8** | **1,137.6** | **-1,869.9** |
| | | | | |
| **Tax costs** | | | | |
| | | | | |
| **Profit before other comprehencive income** | **365.0** | **5,295.8** | **1,137.6** | **-1,869.9** |
| | | | | |
| Acturial gains and losses on defined benefit pensions - benefits to employees | 74.9 | -206.8 | 74.9 | -206.8 |
| Re-statement differences | | 7.9 | -13.6 | 22.3 |
| **Other comprehensive income and costs** | **74.9** | **-198.9** | **61.3** | **-184.5** |
| | | | | |
| **COMPREHENSIVE INCOME** | **439.9** | **5,096.9** | **1,198.9** | **-2,054.4** |

# Storebrand Livsforsikring Group

## PROFIT AND LOSS ACCOUNT

| | Q4 | | 01.01 - 31.12 | |
|---|---|---|---|---|
| Million NOK | 2009 | 2008 | 2009 | 2008 |
| TECHNICAL ACCOUNT: | | | | |
| Gross premiums written | 4,871.3 | 3,982.9 | 23,722.3 | 24,153.3 |
| Reinsurance premiums ceded | -66.1 | -89.1 | -252.5 | -251.2 |
| Premium reserves transferred from other companies | 403.9 | 508.7 | 2,753.7 | 5,027.7 |
| **Premiums for own account** | **5,209.1** | **4,402.4** | **26,223.4** | **28,929.7** |
| | | | | |
| Income from investments in subsidiaries, associated companies and joint-controlled companies | 0.8 | | | |
| Interest income and dividends etc. from financial assets | 1,448.7 | 2,449.6 | 7,225.4 | 8,962.9 |
| Net operating income from property | 283.3 | 412.9 | 1,125.4 | 1,253.6 |
| Changes in investment value | 535.5 | 8,993.3 | -952.9 | 933.2 |
| Realised gains and losses on investments | 1,163.2 | -1,775.7 | 2,910.1 | -7,803.4 |
| **Total net income from investments in the collective portfolio** | **3,431.5** | **10,080.1** | **10,308.0** | **3,346.3** |
| | | | | |
| Income from investments in subsidiaries, associated companies and joint-controlled companies | | | | |
| Interest income and dividends etc. from financial assets | 473.6 | 180.7 | 1,561.4 | 951.8 |
| Net operating income from property | 46.1 | 3.3 | 85.8 | 18.4 |
| Changes in investment value | 1,665.9 | -1,812.3 | 5,758.4 | -10,667.4 |
| Realised gains and losses on investments | -98.2 | -535.2 | -224.9 | -802.0 |
| **Total net income from investments in the investment selection portfolio** | **2,087.4** | **-2,163.5** | **7,180.7** | **-10,499.2** |
| | | | | |
| **Other insurance related income** | **215.0** | **97.4** | **790.3** | **762.7** |
| | | | | |
| Gross claims paid | -3,751.4 | -5,962.5 | -14,917.4 | -23,835.5 |
| Claims paid - reinsurance | -3.6 | 13.3 | 30.4 | 56.5 |
| Gross change in claims reserve | -105.4 | -144.7 | -136.2 | -33.2 |
| Premium reserves etc. transferred to other companies | -960.0 | -536.1 | -3,342.6 | -2,414.3 |
| **Claims for own account** | **-4,820.3** | **-6,630.0** | **-18,365.9** | **-26,226.5** |
| | | | | |
| To (from) premium reserve, gross | 50.1 | -4,448.5 | -5,051.3 | -11,167.5 |
| To/from additional statutory reserves in connection with claims/repurchase | -1,190.7 | 2,199.3 | -1,231.8 | 2,302.8 |
| Change in value adjustment fund | -31.4 | -40.5 | -31.4 | 3,529.3 |
| Change in premium fund, deposit fund and the pension surplus fund | -12.7 | -10.7 | -110.7 | -148.7 |
| To/from technical reserves for non-life insurance business | 10.1 | 25.6 | -55.7 | -33.9 |
| Change in conditional bonus | -789.1 | 7,801.9 | -2,160.9 | 7,801.9 |
| Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds | 3.7 | -7,143.3 | 26.6 | 124.4 |
| **Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations** | **-1,960.0** | **-1,616.3** | **-8,615.1** | **2,408.2** |
| | | | | |
| Change in premium reserve | -3,573.4 | 2,602.4 | -13,636.5 | 5,465.4 |
| Change in other provisions | -49.3 | 109.6 | -81.1 | 109.6 |
| **Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately** | **-3,622.7** | **2,712.0** | **-13,717.6** | **5,575.0** |
| | | | | |
| Profit on investment result | 557.6 | -449.8 | -5.2 | -449.8 |
| The risk profit allocated to the insurance agreements | 18.7 | -21.4 | -81.3 | -132.3 |
| Other allocation of profit | 99.2 | -85.6 | | -85.6 |
| **Funds allocated to insurance contracts, contractual obligations** | **675.5** | **-556.8** | **-86.6** | **-667.7** |

| Million NOK | Q4 2009 | Q4 2008 | 01.01 - 31.12 2009 | 01.01 - 31.12 2008 |
|---|---|---|---|---|
| Management expenses | -81.4 | -77.8 | -306.1 | -345.8 |
| Selling expenses | 18.4 | -197.9 | -525.9 | -617.4 |
| Change in pre-paid direct selling expenses | 14.7 | 5.0 | 73.9 | 59.0 |
| Insurance-related administration expenses (incl. commissions for reinsurance received) | -643.4 | -415.3 | -1,748.0 | -1,612.0 |
| Reinsurance commissions and profit participation | 37.4 | 25.7 | 87.4 | 69.6 |
| **Insurance-related operating expenses** | **-654.3** | **-660.4** | **-2,418.6** | **-2,446.7** |
| | | | | |
| **Other insurance related expenses after reinsurance share** | **-81.5** | **-34.9** | **-255.5** | **-333.1** |
| **Technical insurance result** | **479.7** | **5,630.1** | **1,043.2** | **848.8** |
| | | | | |
| NON-TECHNICAL ACCOUNT | | | | |
| Income from investments in subsidiaries, associated companies and joint-controlled companies | 0.7 | -78.1 | -0.9 | -72.1 |
| of which from investment in real estate companies | | | | |
| Interest income and dividends etc. from financial assets | 44.9 | 387.2 | 425.7 | 961.5 |
| Net operating income from property | -5.7 | 23.9 | 46.4 | 87.8 |
| Changes in investment value | 93.1 | -536.6 | 62.2 | -379.7 |
| Realised gains and losses on investments | 84.0 | -460.5 | 277.5 | 163.7 |
| **Net income from investments in company portfolio** | **217.0** | **-664.2** | **810.9** | **761.1** |
| | | | | |
| Other income | -341.7 | 136.7 | 466.8 | 278.0 |
| | | | | |
| Management expenses | -11.6 | -9.7 | -38.8 | -38.9 |
| Other costs | 118.7 | -330.4 | -1,330.0 | -4,129.4 |
| **Total management expenses and other costs linked to the company portfolio** | **107.1** | **-340.1** | **-1,368.8** | **-4,168.3** |
| **Profit or loss on non-technical account** | **-17.6** | **-867.6** | **-91.1** | **-3,129.2** |
| | | | | |
| **Profit before tax** | **462.1** | **4,762.5** | **952.1** | **-2,280.4** |
| | | | | |
| **Tax costs** | **3.8** | **-328.2** | **13.1** | **-488.9** |
| | | | | |
| **Profit before other comprehencive income** | **465.9** | **4,434.3** | **965.2** | **-2,769.3** |
| | | | | |
| Acturial gains and losses on defined benefit pensions - benefits to employees | 118.0 | -174.5 | 103.7 | -206.8 |
| Change in value adjustment reserve own buildings | -3.8 | | -3.8 | |
| Net re-statement differences SB Holding AB | -15.6 | -30.4 | -18.6 | -15.6 |
| Re-statement differences | 25.4 | 129.0 | -2.1 | 126.5 |
| **Other comprehensive income and costs** | **124.0** | **-75.9** | **79.1** | **-95.9** |
| | | | | |
| **COMPREHENSIVE INCOME** | **589.8** | **4,358.4** | **1,044.3** | **-2,865.2** |
| | | | | |
| **PROFIT IS DUE TO:** | | | | |
| Minority share of profit | -2.3 | 3.7 | 6.5 | 11.6 |
| Majority share of profit | 467.6 | 4,430.7 | 958.2 | -2,780.8 |
| | | | | |
| **COMPREHENSIVE INCOME IS DUE TO:** | | | | |
| Minority share of profit | 0.0 | 5.3 | -7.1 | 15.8 |
| Majority share of profit | 589.9 | 4,320.8 | 1,051.4 | -2,881.0 |

# Storebrand Livsforsikring

## STATEMENT OF FINANCIAL POSITION

| Storebrand Livsforsikring Group | | | Storebrand Livsforsikring AS | |
|---|---|---|---|---|
| 31.12.08 | 31.12.2009 | Million NOK | 31.12.2009 | 31.12.08 |
| | | **ASSETS** | | |
| | | **ASSETS IN COMPANY PORTFOLIO** | | |
| 753.0 | 694.1 | Goodwill | | |
| 6,316.8 | 5,456.2 | Other intangible assets | 48.1 | 34.0 |
| **7,069.8** | **6,150.3** | **Total intangible assets** | **48.1** | **34.0** |
| 1,607.1 | 1,123.1 | Properties and real estate | | |
| 375.0 | 336.3 | Owner used properties | | |
| 47.7 | 114.0 | Shares and units in subsidiaries, associated companies and joint-controlled companies | 7,401.0 | 7,056.7 |
| | | of which investment in real estate companies | 1,334.8 | 1,696.4 |
| | | Loans to and securities issued by subsidiaries, associated companies | 7,604.6 | 7,883.9 |
| 20.9 | 8.6 | Loans and receivables | 8.6 | 19.9 |
| 383.5 | 324.8 | Bonds at amortised cost | 324.8 | 383.5 |
| 996.1 | 282.9 | Shares and other equity participations at fair value | 167.4 | 975.2 |
| 19,105.2 | 14,792.6 | Bonds and other fixed-income securities at fair value | 6,982.6 | 8,893.4 |
| 760.3 | 431.0 | Derivatives at fair value | 429.0 | 760.3 |
| 1,319.4 | 247.9 | Other financial assets | 195.2 | 1,319.4 |
| **24,615.2** | **17,661.0** | **Total investments** | **23,113.2** | **27,292.3** |
| **103.1** | **139.8** | **Reinsurance share of insurance obligations** | **139.8** | **103.1** |
| 2,658.3 | 1,196.7 | Receivables in connection with direct business transactions | 1,180.8 | 2,649.5 |
| 62.2 | 41.8 | Receivables in connection with reinsurance transactions | | |
| 44.0 | 29.0 | Receivables with group company | 126.8 | 98.6 |
| 1,177.0 | 1,365.9 | Other receivables | 657.2 | 1,072.6 |
| **3,941.5** | **2,633.4** | **Total receivables** | **1,964.9** | **3,820.7** |
| 58.0 | 128.7 | Plants and equipment | 117.7 | 46.3 |
| 3,559.4 | 2,035.7 | Cash, bank | 836.6 | 619.7 |
| 523.0 | 552.4 | Other assets designated according to type | 0.0 | |
| **4,140.4** | **2,716.9** | **Total other assets** | **954.3** | **666.0** |
| | | Accured but not received lease rentals | | |
| 215.5 | 269.6 | Pre-paid direct selling expenses | | |
| 60.0 | 82.3 | Other pre-paid costs and income earned and not received | 31.3 | 11.9 |
| **275.5** | **351.9** | **Total pre-paid costs and income earned and not received** | **31.3** | **11.9** |
| **41,662.9** | **29,653.3** | **Total assets in company portfolio** | **26,251.7** | **31,928.0** |
| | | **ASSETS IN CUSTOMER PORTFOLIOS** | | |
| 20,961.4 | 21,654.5 | Properties and real estate | | |
| 1,644.0 | 1,297.6 | Owner used properties | | |
| 0.0 | 3.4 | Shares and units in subsidiaries, associated companies and joint-controlled companies | 25,762.7 | 22,332.4 |
| | | of which investment in real estate companies | 25,367.5 | 22,226.4 |
| | 155.8 | Loans to and securities issued by subsidiaries, associated companies | | |
| 21,378.4 | 44,393.4 | Bonds at amortised cost | 44,393.4 | 21,378.4 |
| 3,758.3 | 3,541.5 | Loans and receivables | 3,541.5 | 3,733.5 |
| 31,702.1 | 41,253.3 | Shares and other equity participations at fair value | 19,431.4 | 20,030.3 |
| 144,226.0 | 120,361.2 | Bonds and other fixed-income securities at fair value | 60,731.3 | 76,205.9 |
| 10,849.2 | 2,260.4 | Financial derivatives at fair value | 845.3 | 5,575.2 |
| 11,798.2 | 4,680.6 | Other financial assets | 2,230.5 | 6,242.8 |
| **246,317.5** | **239,601.7** | **Total investments in collective portfolio** | **156,936.2** | **155,498.5** |

*continue next page*

| Storebrand Livsforsikring Groupt | | | Storebrand Livsforsikring AS | |
|---|---|---|---|---|
| 31.12.08 | 31.12.2009 | Million NOK | 31.12.2009 | 31.12.08 |
| 431.4 | 1,382.7 | Properties and real estate | | |
| 68.5 | 84.1 | Owner used properties | | |
| 0.2 | 0.0 | Shares and units in subsidiaries, associated companies and joint-controlled companies | 1,656.8 | 432.9 |
| | | of which investment in real estate companies | 1,643.4 | 431.4 |
| 602.8 | | Bonds at amortised cost | | 602.8 |
| 56.7 | 116.6 | Loans and receivables | 116.6 | 56.7 |
| 21,464.9 | 31,551.0 | Shares and other equity participations at fair value | 8,571.7 | 4,542.4 |
| 9,614.5 | 14,440.2 | Bonds and other fixed-income securities at fair value | 9,077.3 | 4,457.4 |
| 429.6 | 88.8 | Financial derivatives at fair value | 86.4 | 429.6 |
| 1,516.5 | 1,058.5 | Other financial assets | 1,036.9 | 1,089.2 |
| **34,185.1** | **48,721.9** | **Total investments in investment selection portfolio** | **20,545.7** | **11,611.0** |
| **278,790.2** | **288,323.6** | **Total assets in customer portfolio** | **177,481.9** | **167,109.5** |
| | | | | |
| **320,453.1** | **317,976.9** | **TOTAL ASSETS** | **203,733.5** | **199,037.5** |
| | | | | |
| | | **EQUITY AND LIABILITIES** | | |
| 3,430.4 | 3,430.4 | Share capital | 3,430.4 | 3,430.4 |
| 9,270.5 | 9,270.6 | Share premium reserve | 9,270.6 | 9,270.6 |
| **12,700.9** | **12,701.0** | **Total paid in equity** | **12,701.0** | **12,701.0** |
| | | | | |
| 153.1 | 224.6 | Fund for risk-smoothing | 224.6 | 153.1 |
| 1,677.6 | 2,046.1 | Other earned equity | 2,909.8 | 2,392.4 |
| 202.5 | 208.9 | Minority's share of equity | | |
| **2,033.3** | **2,479.6** | **Total earned equity** | **3,134.4** | **2,545.5** |
| | | | | |
| 6,997.1 | 5,432.0 | Perpetual subordinated loan capital | 5,432.0 | 5,580.3 |
| 1,675.5 | | Dated subordinated loans | | 1,675.5 |
| 1,488.0 | 1,486.3 | Perpetual capital | 1,486.3 | 1,488.0 |
| **10,160.6** | **6,918.3** | **Total subordinate loan capital etc.** | **6,918.3** | **8,743.8** |
| | | | | |
| 225,587.2 | 220,423.0 | Premium reserves | 146,441.8 | 142,772.9 |
| 3,779.5 | 4,406.8 | Additional statutory reserves | 4,406.8 | 3,408.0 |
| | 31.4 | Market value adjustment reserve | 31.4 | |
| 556.4 | 682.7 | Claims allocation | 633.9 | 494.1 |
| 5,764.2 | 3,582.9 | Premium fund, deposit fund and the pension surplus fund | 3,582.9 | 5,764.2 |
| 7,499.2 | 8,689.4 | Conditional bonus | | |
| 385.1 | 477.5 | Other technical reserve | 477.5 | 385.1 |
| **243,571.6** | **238,293.8** | **Total insurance obligations in life insurance - contractual obligations** | **155,574.4** | **152,824.3** |
| | | | | |
| 33,304.4 | 48,193.3 | Premium reserve | 19,697.6 | 10,797.5 |
| 0.5 | | Supplementary reserves | | 0.5 |
| 0.6 | 5.2 | Claims allocation | 5.2 | 0.6 |
| 30.0 | 239.4 | Additional statutory reserves | 239.4 | 30.0 |
| 468.6 | 523.9 | Premium fund, deposit fund and the pension surplus fund | 523.9 | 468.6 |
| **33,804.1** | **48,961.9** | **Total insurance obligations in life insurance - investment portfolio separately.** | **20,466.2** | **11,297.2** |

*continue next page*

| Storebrand Livsforsikring Group | | | Storebrand Livsforsikring AS | |
|---|---|---|---|---|
| 31.12.08 | 31.12.2009 | Million NOK | 31.12.2009 | 31.12.08 |
| 1,214.9 | 749.1 | Pension liabilities etc. | 530.7 | 592.7 |
| 786.8 | 635.9 | Period tax liabilities | 3.2 | 1.1 |
| 85.7 | 80.6 | Other provisions for liabilities | 60.0 | 59.1 |
| **2,087.5** | **1,465.7** | **Total provisions for liabilities** | **593.9** | **652.9** |
| | | | | |
| 1,225.2 | 1,689.9 | Liabilities in connection with direct insurance | 1,187.8 | 613.8 |
| 138.7 | 103.9 | Liabilities in connection with reinsurance | 57.0 | 85.8 |
| 8,376.7 | 1,344.4 | Financial derivatives | 1,039.8 | 7,402.5 |
| 72.8 | 610.1 | Liabilities to group companies | 619.9 | 84.3 |
| 5,408.2 | 2,888.0 | Other liabilities | 1,151.6 | 1,245.9 |
| **15,221.6** | **6,636.3** | **Total liabilities** | **4,056.0** | **9,432.3** |
| | | | | |
| 572.5 | 114.7 | Received, unearned leasing income | | 572.5 |
| 376.9 | 405.8 | Other accrued expenses and received, unearned income | 289.4 | 268.0 |
| **949.4** | **520.5** | **Total accrued expenses and received, unearned income** | **289.4** | **840.5** |
| **320,453.1** | **317,976.9** | **TOTAL EQUITY AND LIABILITIES** | **203,733.5** | **199,037.5** |
| | | | | |
| | | ITEMS NOT ON BALANCE SHEET | | |
| 5,479 | 4,483 | Contingent liabilities | 3,053 | 3,715 |

# Storebrand Livsforsikring

## RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING AS

| Million NOK | Share capital [1] | Share premium reserves | Total paid-in equity | Fund for risk-smoothing | Other equity | Total equity |
|---|---|---|---|---|---|---|
| **Equity at 31.12.2008** | **3,430.4** | **9,270.6** | **12,701.0** | **153.1** | **2,392.5** | **15,246.6** |
| Profit | | | | 71.5 | 1,066.1 | 1,137.6 |
| | | | | | | |
| **Comprehensive income:** | | | | | | |
| Re-statement differences | | | | | -13.7 | -13.7 |
| Pension experience adjustments | | | | | 74.9 | 74.9 |
| **Total comprehensive income for the period** | | | | **71.5** | **1,127.3** | **1,198.8** |
| | | | | | | |
| **Equity transactions with owner:** | | | | | | |
| Group contributions | | | | | -610.0 | -610.0 |
| Share issue | | | | | | |
| **Equity at 31.12.2009** | **3,430.4** | **9,270.6** | **12,701.0** | **224.6** | **2,909.8** | **15,835.4** |

[1] *34.304.200 shares of NOK 100 par value.*

## RECONCILIATION OF CHANGE IN EQUITY STOREBRAND LIVSFORSIKRING GROUP

| | Majority's share of equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Million NOK | Share capital [1] | Share premium reserves | Total paid-in equity | Fund for risk-smoothing | Re-statement differences SB Holding AB | Other equity | Minority interests | Total equity |
| **Equity at 31.12.2008** | **3,430.4** | **9,270.6** | **12,701.0** | **153.1** | **-41.2** | **1,718.7** | **202.5** | **14,734.1** |
| Profit | | | | 71.5 | | 887.2 | 6.5 | 965.2 |
| | | | | | | | | |
| **Comprehensive income:** | | | | | | | | |
| Re-statement differences | | | | | | 11.2 | -13.2 | -2.0 |
| Re-statement differences SB Holding AB | | | | | -18.6 | | | -18.6 |
| Change in value adjustment reserve own buildings | | | | | | -3.4 | -0.4 | -3.8 |
| Pension experience adjustments | | | | | | 103.7 | | 103.7 |
| **Total Comprehensive income for the period** | | | | **71.5** | **-18.6** | **998.7** | **-7.1** | **1,044.5** |
| | | | | | | | | |
| **Equity transactions with owner:** | | | | | | | | |
| Share issue | | | | | | | 9.5 | 9.5 |
| Issue costs | | | | | | -1.5 | | -1.5 |
| Group contributions | | | | | | -610.0 | | -610.0 |
| Purchase/sale minority interests | | | | | | | 4.0 | 4.0 |
| **Equity at 31.12.2009** | **3,430.4** | **9,270.6** | **12,701.0** | **224.6** | **-59.8** | **2,105.9** | **208.9** | **15,180.6** |

# Storebrand Livsforsikring

## CASH FLOW ANALYSIS STOREBRAND LIVSFORSIKRING

| Storebrand Livsforsikring Group 01.01 - 31.12 | | | Storebrand Livsforsikring AS 01.01 - 31.12 | |
|---|---|---|---|---|
| 2008 | 2009 | Million NOK | 2009 | 2008 |
| | | **Cash flow from operational activities** | | |
| 27,028.4 | 13,171.3 | Net premiums received - direct insurance | 15,696.2 | 18,131.0 |
| -24,046.9 | -14,885.6 | Net claims/benefits paid - direct insurance | -8,969.8 | -18,911.6 |
| 2,613.4 | -589.0 | Net receipts/payments - policy transfers | 55.4 | 2,724.9 |
| -817.6 | 169.2 | Net receipts/payments - lendings to customers | 143.4 | -1,188.2 |
| -481.8 | 1,298.4 | Net receipts/payments - financial assets | -2,956.2 | -8,051.5 |
| 598.7 | 347.4 | Net receipts/payments - real estate activities | | 844.9 |
| -4,614.1 | 7,575.6 | Net change bank deposit customers | 4,064.6 | -546.8 |
| -1,507.7 | -5,344.4 | Net receipts/payments - other operational activities | -1,160.6 | -729.3 |
| | -989.5 | Net receipts/payments operations | -4,269.0 | 6,240.3 |
| **-1,227.6** | **753.5** | **Net cash flow from operational activities [1]** | **2,604.0** | **-1,486.3** |
| | | **Cash flow from investmet activities** | | |
| | -225.3 | Net payments - purchase/capitalisation of subsidiaries | -1,811.0 | |
| -37.2 | -91.0 | Net receipts/payments - sale/purchase of fixed assets | -84.6 | -27.9 |
| **-37.2** | **-316.3** | **Net cash flow from investment activities** | **-1,895.6** | **-27.9** |
| | | **Cash flow from financing activities** | | |
| 5,518.2 | 980.6 | Receipts - subordinated loan capital | 980.6 | 5,518.2 |
| -5,409.5 | -3,408.1 | Payments - repayments of subordinated loan capital | -1,991.4 | -5,409.5 |
| -829.6 | -604.9 | Payments - interest on subordinated loan capital | -604.9 | -741.2 |
| 1,450.0 | | Receipts from issue of new share capital | | 1,450.0 |
| -268.0 | | Payments - group contribution dividends | | -268.0 |
| **461.1** | **-3,032.4** | **Net cash flow from financing activities** | **-1,615.7** | **549.5** |
| **-803.7** | **-2,595.2** | **Net cash flow for the period** | **-907.3** | **-964.7** |
| -803.7 | -2,595.2 | Net movement in cash and cash equivalent assets | -907.3 | -964.7 |
| 5,682.5 | 4,878.8 | Cash and cash equivalent assets at start of the period | 1,939.1 | 2,903.8 |
| **4,878.8** | **2,283.6** | **Cash and cash equivalent assets at the end of the periode [2]** | **1,031.8** | **1,939.1** |

[1] *Includes cash flow for the company. On each lines are included cash flow for customers, but these are neutralized on the line «net change bank deposit customers.»*
[2] *Includes bank deposit company*

# Notes to the interim accounts

## NOTE 1: ACCOUNTING POLICIES

The accounts were prepared in accordance with the accounting policies applied in the 2008 annual accounts.
A description of the accounting policies is provided in the 2008 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 2008 annual report.

## NOTE 3: SEGMENT INFORMATION - ANALYSIS OF PROFIT AND LOSS BY BUSINESS AREA

| | Life and Pensions Norway | | Life and Pensions Sweden | | Asset mangement | | Storebrand Livsforsikring Group | |
|---|---|---|---|---|---|---|---|---|
| | Change Q4 | | Change Q4 | | Change Q4 | | Change Q4 | |
| Million NOK | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenue | 6,643.4 | 4,232.8 | 4,694.9 | 6,911.3 | 41.7 | 32.2 | 11,379.9 | 11,176.3 |
| Profit before tax | 223.8 | 3,001.4 | 223.0 | 1,331.3 | 19.1 | 25.7 | 465.9 | 4,358.4 |
| Assets | 734.4 | -3,893.3 | -3,311.7 | 9,270.5 | 72.5 | 79.9 | -2,504.7 | 5,457.1 |
| Liabilities | 793.5 | -8,190.8 | -3,372.2 | 8,179.9 | 82.0 | 83.7 | -2,496.8 | 72.8 |

| | Life and Pensions Norway | | Life and Pensions Sweden | | Asset mangement | | Storebrand Livsforsikring Group | |
|---|---|---|---|---|---|---|---|---|
| Million NOK | 31.12.09 | 31.12.08 | 31.12.09 | 31.12.08 | 31.12.09 | 31.12.08 | 31.12.09 | 31.12.08 |
| Revenue | 30,347.8 | 21,633.0 | 16,637.1 | 5,257.8 | 141.7 | 92.2 | 47,126.5 | 26,983.0 |
| Profit before tax | 756.7 | -686.8 | 146.6 | -2,145.1 | 62.0 | 62.6 | 965.2 | -2,769.3 |
| Assets | 190,805.6 | 186,655.3 | 127,019.4 | 133,717.8 | 151.9 | 79.9 | 317,976.9 | 320,453.1 |
| Liabilities | 180,545.8 | 175,935.9 | 122,130.5 | 129,699.3 | 120.1 | 83.7 | 302,796.3 | 305,718.9 |

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

### Life and Pensions Norway
Storebrand 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 Group.

### 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 4: PROPERTIES

**The following amounts are booked in the income statement:**

| Million NOK | 2009 | 2008 |
|---|---|---|
| Rent income from properties | 1,556.3 | 1,521.0 |
| Operating costs (including maintenance and repairs) relating to properties that have provided rent income during the period | -298.7 | -178.7 |
| **Total** | **1,257.6** | **1,342.3** |
| Change in fair value of investment properties | -199.2 | 423.3 |
| **Total income from investment properties** | **1,058.4** | **1,765.6** |

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

| Million NOK | 2009 | 2008 |
|---|---|---|
| Carrying amount as per 1 Jan | 22,999.9 | 21,358.6 |
| Supply due to purchases | 677.0 | 755.2 |
| Supply due to additions | 304.9 | 1,436.2 |
| To owner used properties | -87.2 | |
| From owner used properties | 1,128.2 | |
| Disposals | -635.3 | -973.6 |
| Net write-ups/write-downs | -199.2 | 423.3 |
| Exchange rate changes | -28.1 | |
| **Carrying amount as per 31 Dec** | **24,160.2** | **22,999.7** |

**Property type**

| | | | 2009 | | |
|---|---|---|---|---|---|
| Million NOK | 2009 | 2008 | Duration of lease (years | m2 | Leased amount in % [1] |
| Office buildings (including parking and storage) | 11,977.1 | 11,551.5 | 3.8 | 765,630 | 96.7 |
| Shopping centres (including parking and storage) | 11,180.1 | 10,571 | 5.6 | 317,151 | 96.7 |
| Multi-storey car parks | 692.0 | 549.3 | 7.1 | 44,085 | 100.0 |
| Cultural/conference centres and commercial in Sweden | 311.0 | 328.1 | | | |
| **Total investment properties** | **24,160.2** | **22,999.9** | | **1,126,866** | |
| Properties for own use Storebrand Livsforsikring | 1,449.9 | 1,712.5 | 10 | 50,000 | 91 |
| Properties for own use other | 267.9 | 255.7 | | | |
| **Total properties** | **25,878.0** | **24,968.1** | | **1,176,866** | |

[1] *The leased amount is calculated in relation to floor space.*

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

| Million NOK | 2009 | 2008 |
|---|---|---|
| Wholly owned property investments | -199.2 | 424.5 |
| Property equities and units in Norway [1] | -76.0 | -84.8 |
| Property units abroad [1] | -974.3 | -334.8 |
| **Total write-downs/value changes** | **-1,249.5** | **4.9** |

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

# Notes to the interim accounts

**Geographical location:**

| Million NOK | 2009 | 2008 |
|---|---|---|
| Oslo- Vika/Fillipstad Brygge | 5,709 | 5,187 |
| Rest of Greater Oslo | 8,005 | 7,281 |
| Shopping centres | 11,180 | 10,571 |
| Rest of Norway | 673 | 1,601 |
| Sweden | 311 | 328 |
| **Total properties** | **25,878** | **24,968** |

A further NOK 690 million was agreed for property purchases in 2009, but the assumption of the risk and final conclusion of contracts will occur in 2010 and NOK 468 million in Storebrand and SEK 390 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.

If applicable prices in an active market are unavailable, 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 m2
- All other information about property values, the market and the individual property

The property's market values is assessed on the basis of a long-term income perspective. Office buildings and shopping centres account for a significant proportion of the properties. In the case of office buildings, a future income and costs picture is estimated for the first 10 years, and a final value calculated at the end of that 10 year period, based on market rent and normal operating costs for the property. The net income stream takes into account existing and future reductions in income resulting from vacancy, necessary investments and an assessment of the future development in market rents. In the case of shopping centres, the property's value is calculated based on a market yield. In cases where it is known significant changes will occur to the expected cash flow in later years, this is taken account of in the valuation. 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 as per 30 June 2009 (incl. 2.5% inflation):

| | Required rate of return % | |
|---|---|---|
| Segment | 2009 | 2008 |
| Office portfolio Oslo City Centre | 7,75-9,25 | 7,95-9,0 |
| Shopping centre portfolio | 8,25-9,25 | 8,45-9,50 |
| Other properties | 8,75-10,00 | 8,45-10,75 |

**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 850 which corresponds to 3.36%.

## NOTE 5: FINANCIAL LIABILITES AND SPESIFICATION OF BORROWING

**Specification of subordinated loan capital**

| Million NOK | Nominal value | Currency | Interest rate (fixed/ variable) | Call date | Balance sheet 31.12.2009 |
|---|---|---|---|---|---|
| **Issuer** | | | | | |
| **Hybrid tier 1 capital** | | | | | |
| Storebrand Livsforsikring AS | 1,500.0 | NOK | Variable | 2018 | 1,486.3 |
| **Perpetual subordinated loan capital** | | | | | |
| Storebrand Livsforsikring AS | 300.0 | EUR | Fixed | 2013 | 2,702.5 |
| Storebrand Livsforsikring AS | 1,700.0 | NOK | Variable | 2014 | 1,686.8 |
| Storebrand Livsforsikring AS | 1,000.0 | NOK | Fixed | 2015 | 1,042.7 |
| **Total subordinated loan capital and hybrid tier 1 capital 31.12.2009** | | | | | **6,918.3** |
| **Total subordinated loan capital and hybrid tier 1 capital 31.12.2008** | | | | | **10,160.4** |

## NOTE 6: CONTIGENT LIABILITIES

| | Storebrand Livsforsikring AS | | Storebrand Livsforsikring Group | |
|---|---|---|---|---|
| Million NOK | 2009 | 2008 | 2009 | 2008 |
| Undrawn amounts of committed lending facilities | 355.0 | 242.6 | 355.0 | 242.6 |
| Uncalled residual liabilities concerning Limitied Partnership | 3,052.8 | 3,714.8 | 4,483.2 | 5,478.8 |
| **Total contigent liabilities** | **3,407.8** | **3,957.4** | **4,838.2** | **5,721.4** |

# Notes to the interim accounts

## NOTE 7: CAPITAL ADEQUACY

| Million NOK | Storebrand Livsforsikring AS | | Storebrand Livsforsikring Group | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Share capital | 3,430.4 | 3,430.4 | 3,430.4 | 3,430.4 |
| Other equity | 12,405.0 | 11,816.1 | 11,750.2 | 11,303.8 |
| **Equity** | **15,835.4** | **15,246.5** | **15,180.6** | **14,734.2** |
| Hybrid tier 1 capital | 1,486.3 | 1,500.0 | 1,486.3 | 1,427.2 |
| Conditional bonus | | | 2,755.0 | 2,279.9 |
| Goodwill og andre immaterielle eiendeler | -48.1 | -34.0 | -6,150.3 | -6,885.3 |
| Goodwill and other intangible assets | -224.6 | -153.1 | -224.6 | -153.1 |
| Capital adequacy reserve | | | -254.2 | -43.0 |
| Portion of reset unamortised experience adjustments | | 117.8 | | 117.8 |
| Deduction for investments in other financial institutions | | -10.7 | | -10.7 |
| Other | -40.6 | -51.0 | -150.0 | 327.6 |
| **Core (tier 1) capital** | **17,008.4** | **16,615.5** | **12,642.8** | **11,794.6** |
| Hybrid tier 1 capital | | | | 72.9 |
| Perpetual subordinated loan capital | 5,046.9 | 4,622.6 | 5,046.9 | 4,622.6 |
| Dated subordinated loan capital | | 1,430.7 | | 1,430.7 |
| Capital adequacy reserve | | | -254.2 | -43.0 |
| Deductions for investments in other financial institutions | | -10.7 | | -10.7 |
| **Tier 2 capital** | **5,046.9** | **6,042.6** | **4,792.7** | **6,072.5** |
| **Net primary capital** | **22,055.3** | **22,658.1** | **17,435.4** | **17,867.1** |
| | | | | |
| **Calculation base by class of risk weighting** | **207,785.7** | **192,820.5** | **315,440.4** | **302,989.4** |
| Risk weight 0% | 52,584.5 | 56,116.6 | 92,726.8 | 92,677.9 |
| Risk weight 10% | 9,204.3 | 6,779.1 | 23,099.4 | 6,779.1 |
| Risk weight 20% | 47,688.4 | 51,916.3 | 59,792.1 | 97,788.8 |
| Risk weight 35% | | 1,295.7 | | 1,295.7 |
| Risk weight 50% | 6,134.0 | 372.4 | 8,838.1 | 6,016.9 |
| Risk weight 100% | 74,644.9 | 61,117.1 | 84,596.8 | 59,614.0 |
| Risk weight 150% | 4,483.8 | 6,493.8 | 4,843.7 | 7,580.7 |
| Assets held in respect of life insurance contracts with investment choice | 13,045.8 | 8,729.5 | 41,543.4 | 31,236.3 |
| | | | | |
| **Weighted assets in the balance sheet** | **91,114.1** | **83,642.6** | **110,595.5** | **100,141.8** |
| Weighted interest rate and FX contracts | 5,936.7 | 1,523.4 | 7,270.5 | 2,748.0 |
| Cross holding deduction for shares in other financial institutions | | -21.4 | -508.5 | -21.4 |
| Unrealised gains on financial current assets | -21.5 | -35.4 | -21.5 | -35.4 |
| **Risk weighted calculation base** | **97,029.3** | **85,109.2** | **117,336.0** | **102,833.0** |
| | | | | |
| **Capital adequacy ratio** | **22.73%** | **26.62%** | **14.86%** | **17.37%** |
| **Core (tier 1) capital ratio** | **17.53%** | **19.52%** | **10.77%** | **11.47%** |

# Notes to the interim accounts

## NOTE 8: SOLVENSMARGIN

| Million NOK | Storebrand Livsforsikring AS 2009 | 2008 | Storebrand Livsforsikring Group 2009 | 2008 |
|---|---|---|---|---|
| Solvency margin requirements | 6,736.8 | 6,486.2 | 10,102.2 | 10,354.9 |
| Solvency margin capital | 22,855.2 | 21,690.2 | 17,158.7 | 16,580.1 |
| **Solvency margin** | **339.3 %** | **334.4 %** | **169.9 %** | **160.1 %** |

**Specification of solvency margin capital**

| Million NOK | Storebrand Livsforsikring AS 2009 | 2008 | Storebrand Livsforsikring Group 2009 | 2008 |
|---|---|---|---|---|
| Net primary capital | 22,055.3 | 22,658.2 | 17,435.4 | 17,867.1 |
| 50% of additional statutory reserves | 2,323.1 | 1,710.0 | 2,323.1 | 1,710.0 |
| 50% of risk equalisation fund | 112.3 | 76.6 | 112.3 | 76.6 |
| Counting security reserve | 43.0 | 45.4 | 43.0 | 45.4 |
| Conditional bonus | | | -2,755.0 | -2,230.0 |
| Reduction in Tier 2 capital eligible for inclusion in solvency capital | -1,678.5 | -2,800.0 | | -889.0 |
| **Solvency capital** | **22,855.2** | **21,690.2** | **17,158.7** | **16,580.1** |

## NOTE 9: VALUATION OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The group categorises financial instruments valued at fair value on three different levels as described in more detail below. The levels express the varying degree of liquidity and different measuring methods.

### Level 1: Financial instruments valued on the basis of quoted priced for identical assets in active markets

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

### Level 2: Financial instruments valued on the basis of observable market information not covered by level 1

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

### Level 3: Financial instruments valued on the basis of information that is not observable pursuant to by level 2

Equities classified as level 3 encompass investments in primarily unlisted/private companies. These include investments in forestry, real estate and infrastructure. Private equity is generally classified as level 3 through direct investments or investments in funds. Asset backed securities (ABS), residential mortgage backed securities (RMBS) and commercial mortgage backed securities (CMBS) are classified as level 3 due to their generally limited liquidity and transparency in the market.

The types of mutual funds classified as level 3 are discussed in more detail below with a reference to the type of mutual fund and the valuation method. Storebrand is of the opinion that the valuation method used represents a best estimate of the mutual fund's market value.

### Unlisted equities/forestry

Extensive external valuations were carried out of the largest forestry investments as per 31 December 2009, and these provided the basis for the valuation of the company's investment. The external valuations were based on models that included non-observable assumptions. Besides the external valuations that had been conducted as per 31 December 2009, the equity investments were valued on the basis of value adjusted equity reported by external sources.

### Private Equity

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

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

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

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

### Asset backed securities

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

### Indirect real estate investments

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

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

### Sensitivity assessments

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

# Notes to the interim accounts

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

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

| Country | Asset Backed | Commercial Mortgage Backed | Residental Mortgage Backed | Total |
|---|---|---|---|---|
| Australia | | | 2.1 % | 2.1 % |
| Italy | | 4.2 % | | 4.2 % |
| Mixed | 2.1 % | | 15.6 % | 17.7 % |
| Netherlands | 1.2 % | | 15.4 % | 16.6 % |
| Portugal | 1.0 % | | 4.5 % | 5.5 % |
| Spain | 3.1 % | 8.9 % | | 12.0 % |
| Great Britain | | | 13.9 % | 13.9 % |
| Germany | | | 7.3 % | 7.3 % |
| USA | 20.0 % | | 0.6 % | 20.7 % |
| **Total** | **27.5 %** | **13.2 %** | **59.4 %** | **100.0 %** |

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

| Rating | Asset Backed | Commercial Mortgage Backed | Residental Mortgage Backed | Total |
|---|---|---|---|---|
| AAA | 18.8% | 9.2% | 40.0% | 68.0% |
| AA | 8.3% | 3.9% | 9.8% | 21.9% |
| A | | | 7.4% | 7.4% |
| BBB/BB | 0.5% | | 0.3% | 0.7% |
| Not rated | | | 1.9% | 1.9% |
| **Total** | **27.5%** | **13.2%** | **59.4%** | **100.0%** |

Valuations of indirect real estate investments are particularly sensitive to changes in the required rate of return and assumed future cash flows. Indirect real estate investments are mortgaged structures. On average, 60% of the portfolio is mortgaged. 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. 200 million NOK which corresponds to 8.4%.

# Notes to the interim accounts

## STOREBRAND LIVSFORSIKRING AS

### Equities and units

| Million NOK | Quoted prices | Observable assumptions | Non-observable assumptions | Total 2009 |
|---|---|---|---|---|
| Equities | 5,543.8 | 398.6 | 1,702.0 | 7,644.4 |
| Fund units excluding hedge funds | | 12,727.8 | 1,051.6 | 13,779.4 |
| Private equity fund investments | | 1,755.5 | 3,359.9 | 5,115.5 |
| Hedge funds | | 1,631.2 | | 1,631.2 |
| **Total** | **5,543.8** | **16,513.1** | **6,113.6** | **28,170.5** |

### Bonds and other securities with a fixed return

| Million NOK | Quoted prices | Observable assumptions | Non-observable assumptions | Total 2009 |
|---|---|---|---|---|
| Asset backed securities | | | 1,372.6 | 1,372.6 |
| Corporate bonds | | 4,509.6 | 657.8 | 5,167.4 |
| Finance, bank and insurance | | 25,360.4 | 10.2 | 25,370.6 |
| Real estate | | 5.1 | | 5.1 |
| State and state guaranteed | 26,915.7 | 3,123.7 | | 30,039.4 |
| Local authority, county | | 2,281.5 | | 2,281.5 |
| Covered bonds | | 5,945.4 | | 5,945.4 |
| Bond funds | | 6,609.1 | | 6,609.1 |
| **Total** | **26,915.7** | **47,834.9** | **2,040.6** | **76,791.2** |

### Derivatives

| Million NOK | Quoted prices | Observable assumptions | Non-observable assumptions | Total 2009 |
|---|---|---|---|---|
| Share options | | | | |
| Interest rate swaps | | -12.6 | | -12.6 |
| Interest rate options | | 326.5 | | 326.5 |
| Forward exchange contracts | | -7.7 | | -7.7 |
| Credit derivates | | 14.8 | | 14.8 |
| Basis swaps | | | | |
| **Total** | | 320.9 | | 320.9 |
| | | | | |
| Derivatives with a positive market value | | 1,360.7 | | 1,360.7 |
| Derivatives with a negative market value | | 1,039.8 | | 1,039.8 |
| **Total** | | **320.9** | | **320.9** |

# Notes to the interim accounts

**Specification of papers pursuant to valuation techniques (non-observable assumptions)**
**Equities and units**

| Million NOK | Opening balance 1 Jan 2009 | Purchase | Sales | Result booked in 2009 | Closing balance 31 Dec 2009 |
|---|---|---|---|---|---|
| Equities | 1,793.6 | 55.3 | -20.6 | -126.3 | 1,702.0 |
| Fund units excluding hedge funds | 1,410.5 | 40.3 | -17.4 | -381.8 | 1,051.6 |
| Private equity fund investments | 3,937.4 | 101.7 | -13.9 | -665.3 | 3,359.9 |
| **Total** | **7,141.5** | **197.3** | **-51.9** | **-1,173.4** | **6,113.6** |

**Bonds and other securities with a fixed return**

| Million NOK | Opening balance 1 Jan 2009 | Purchase | Sales | Result booked in 2009 | Closing balance 31 Dec 2009 |
|---|---|---|---|---|---|
| Asset backed securities | 1,703.3 | | -190.5 | -140.1 | 1,372.7 |
| Corporate bonds | 2.9 | 788.2 | -64.9 | -68.4 | 657.8 |
| Finance, bank and insurance | 11.6 | 2.8 | | -4.2 | 10.2 |
| Local authority, county | | | | | |
| Bond funds | | | | | |
| **Total** | **1,717.7** | **791.0** | **-255.4** | **-212.7** | **2,040.6** |

The statement of movements over the year is based on the financial instruments measured at fair value as per 31 December 2009 based on valuation methods in which a significant part of the input utilised in the methods is not observable in the market. The column «Supply» presents the acquisition cost of purchases made during 2009 of these financial instruments. The column «Disposals» presents the associated acquisition cost upon sales made during 2009 of these financial instruments plus received repayments of the principal. The column «Booked in 2009» presents the realised gains and losses, earned interest income and dividends, as well as changes in unrealised gains and losses.

# Notes to the interim accounts

## STOREBRAND LIVSFORSIKRING GROUP

### Equities and units

| Million NOK | Quoted prices | Observable assumptions | Non-observable assumptions | Total 2009 |
|---|---|---|---|---|
| Equities | 20,191.7 | 911.4 | 3,124.5 | 24,227.6 |
| Fund units excluding hedge funds | | 37,861.2 | 1,612.0 | 39,473.2 |
| Private equity fund investments | | 1,755.5 | 3,555.1 | 5,310.6 |
| Indirect real estate fund | | | 2,050.4 | 2,050.4 |
| Hedge funds | | 2,025.4 | | 2,025.4 |
| **Total** | **20,191.7** | **42,553.5** | **10,341.9** | **73,087.1** |

### Bonds and other securities with a fixed return

| Million NOK | Quoted prices | Observable assumptions | Non-observable assumptions | Total 2009 |
|---|---|---|---|---|
| Asset backed securities | | 1,412.7 | 1,372.6 | 2,785.3 |
| Corporate bonds | | 7,998.8 | 960.1 | 8,958.9 |
| Finance, bank and insurance | | 30,205.7 | 13.1 | 30,218.8 |
| Real estate | | 431.3 | | 431.3 |
| State and state guaranteed | 50,546,2 | 18,125.6 | | 68,671.8 |
| Supranational organisations | | 1,610.4 | | 1,610.4 |
| Local authority, county | | 5,981.6 | 106.2 | 6,087.8 |
| Covered bonds | | 19,967.8 | | 19,967.8 |
| Bond funds | | 10,862.0 | | 10,862.0 |
| **Total** | **50,546.6** | **96,595.8** | **2,452.1** | **149,594.0** |

### Derivatives

| Million NOK | Quoted prices | Observable assumptions | Non-observable assumptions | Total 2009 |
|---|---|---|---|---|
| Share options | | | | |
| Equity-linked futures | 0.4 | | | 0.4 |
| Future interest rate agreements | | -12.6 | | -12.6 |
| Interest rate swaps | | 1 149.6 | | 1,149.6 |
| Swaptions | | 359.0 | | 359.0 |
| Forward exchange contracts | 10.9 | -100.5 | | -89.7 |
| Basis swaps | | 14.4 | | 14.4 |
| Credit derivatives | | 14.8 | | 14.8 |
| **Total** | **11.3** | **1,424.5** | | **1,435.8** |
| | | | | |
| Derivatives with a positive market value | 12.7 | 2,767.5 | | 2,780.2 |
| Derivatives with a negative market value | -1.4 | -1,343.0 | | -1,344.4 |
| **Sum** | **11.3** | **1,424.5** | | **1,435.8** |

# Notes to the interim accounts

**Specification of papers pursuant to valuation techniques (non-observable assumptions)**
**Equities and units**

| Million NOK | Opening balance 1 Jan 2009 | Purchase | Sales | Result booked in 2009 | Closing balance 31 Dec 2009 |
|---|---|---|---|---|---|
| Equities | 3,154.6 | 129.0 | -183.7 | 24.6 | 3,124.5 |
| Fund units excluding hedge funds | 1,835.9 | 389.6 | -20.8 | -397.7 | 1,807.1 |
| Private equity fund investments | 3,937.4 | 101.7 | -13.9 | -665.3 | 3,359.9 |
| Indirect real estate fund | 3,214.4 | 142.3 | | -1,306.3 | 2,050.4 |
| **Total** | **12,142.4** | **762.6** | **-218.4** | **-2,344.7** | **10,341.9** |

**Bonds and other securities with a fixed return**

| Million NOK | Opening balance 1 Jan 2009 | Purchase | Sales | Result booked in 2009 | Closing balance 31 Dec 2009 |
|---|---|---|---|---|---|
| Asset backed securities | 1,703.3 | | -190.5 | -140.1 | 1,372.6 |
| Corporate bonds | 305.3 | 790.1 | -64.9 | -70.5 | 960.1 |
| Finance, bank and insurance | 11.6 | 5.6 | | -4.1 | 13.1 |
| Local authority, county | | 106.2 | | | 106.2 |
| **Total** | **2,020.2** | **901.9** | **-255.4** | **-214.7** | **2,452.1** |

The statement of movements over the year is based on the financial instruments measured at fair value as per 31 December 2009 based on valuation methods in which a significant part of the input utilised in the methods is not observable in the market. The column «Supply» presents the acquisition cost of purchases made during 2009 of these financial instruments. The column «Disposals» presents the associated acquisition cost upon sales made during 2009 of these financial instruments plus received repayments of the principal. The column «Booked in 2009» presents the realised gains and losses, earned interest income and dividends, as well as changes in unrealised gains and losses.

# Notes to the interim accounts

## NOTE 10: FURTHER INFORMATION ON FINANCIAL RISK

### Storebrand (excl. SPP)

### General

Storebrand Life Insurance's financial risk is principally associated with its ability to meet the annual return guarantee. This makes great demands on how the capital is invested in different securities and assets, and how the company practises its risk management.

The composition of the financial assets is determined by the company's investment strategy. The investment strategy establishes guidelines for the composition of financial assets through principles and limits for the company's risk management. The investment strategy also includes limits and guidelines for credit and counterparty exposure, currency risk and the use of derivatives. The objectives of this active risk management are to maintain good risk bearing capacity and to continuously adapt the financial risk to the company's financial strength. Given the risk the company is exposed to and with the aid of the risk management that is practised, the company expects to produce good returns, both in individual years and over time.

### Market risk

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. Market risk is monitored continuously using a range of evaluation methods. The potential for losses in the investment portfolio on a one-year horizon for a given probability is calculated, and the portfolios are stress tested pursuant to the statutorily defined stress tests and internal models.

Storebrand Life Insurance is contractually committed to guarantee an annual return for around 92% of its savings customers, 3.5% on average. The guaranteed annual return places particular demands on how the capital is invested in different securities and assets. The investment strategy and thus the market risk for the different sub-portfolios in Storebrand Life Insurance are tailored to the risk tolerances Storebrand Life Insurance applies to the various products, policies and the company's primary capital. Given the current investment portfolio and dynamic risk management strategy, the annual return for the majority of the portfolio will normally fluctuate between 3% and 8%. Smaller portions of the portfolio are invested in profiles with somewhat lower and somewhat higher market risk. The share capital is invested such that it is exposed to a low level of 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 guaranteed interest rate is expected to fall in future years. New contracts include a guaranteed interest rate of 2.75%. Under current legislation and regulations, the technical insurance reserves that Storebrand Life Insurance is required to hold are not affected by changes in market interest rates.

### 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 has established liquidity buffers in the group, and continuously monitors liquidity reserves against internal limits. Committed credit lines from banks have also been established that the companies can draw on if necessary.

Storebrand Life Insurance's liquidity strategy, in line with the regulations, specifies limits and measures for ensuring good liquidity in the customer portfolio. These specify a minimum allocation for assets that can be sold at short notice. Storebrand Life Insurance has money market investments, bonds, equities and other liquid investments that can be liquidated if required.

### Credit risk

Credit risk is the risk that a counterparty is unable to meet his obligations. Maximum limits for credit exposure to individual debtors and for overall credit exposure to rating categories for Storebrand Life Insurance and other companies in the group are set by the board. 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 is monitored. Storebrand uses published credit ratings wherever possible, supplemented by the company's own credit evaluation where there are no published ratings.

### SPP

### General

In the case of SPP the portfolio is divided into defined benefit pensions, defined contribution pensions and unit-linked policies. The company's financial risk is primarily associated with its ability to redeem guarantees. Both the defined benefits pensions and the defined contribution pensions in SPP have associated guarantees. This results in the generation of financial risk in the event of falling stock markets and falling interest rates. In the case of some policies, a risk also arises from strongly rising interests rates. Due to the somewhat more complex financial risk picture in SPP than in the Norwegian activities, risk is managed through derivative transactions in SPP's company portfolio. The investment strategy and risk management in SPP comprises three main pillars:

- asset allocation that results in a good return over time for customers and the owner
- the continuous implementation of risk management measures in the customer portfolios
- tailored hedging of certain selected insurance policies in the company's portfolio

# Notes to the interim accounts

**Market risk**

Dynamic risk management is practised which dampens the effect of market movements on the financial result in order to manage the exposure to different market risks. Stress tests are continuously conducted using historical changes to assess the possible effects on the company's capital base. In traditional insurance with guaranteed interest, the insurance company bears the risk of the policyholder not achieving the guaranteed return on paid premiums. 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 current value of the liabilities by a certain percentage, is required for profit sharing. For other products the contract's customer buffer must be intact in order for profit sharing to represent a net income for the owner. If a contract has a so-called net deferred capital contribution from equity, any distribution of profit sharing will increase this. Since changes in net deferred capital contribution are recognised in the profit and loss account, profit sharing in such contracts has no net result. In the case of savings in unit-linked insurance, the policyholder accepts the entire financial risk, whereas in the case of asset management the company is exposed to market risk, liquidity risk, credit risk and operational risk. Falling equity markets and large interest rate movements in particular generate financial risk. These could result in a transfer of capital to the customers' contracts from the company's equity to customers' assets. If an insurance contract with SPP has less earned capital than what is expected to be adequate given the applicable interest rate, an equity contribution is allocated that reflects this deficit. This allocation is recognised in the profit and loss account and called the net deferred capital contribution. SPP's financial risk management counters this effect by making investments that counter the changes in the net deferred capital contribution that could occur in different scenarios. SPP uses financial derivatives in the company portfolio and the customer portfolio to achieve this. The company thus continuously carries out integrated asset and liability management. In the case of insurance contracts in unit-linked insurance it is the policyholder who bears the financial risk.

**Liquidity risk**

Liquidity risk is limited by part of the company's financial instruments being invested in listed securities with good liquidity. The liquidity in the interest rate market has improved during 2009 compared with 2008, and is now at a near normalised level.

**Credit risk**

Creditworthiness is determined using both internal and external credit checks. It has been decided to avoid concentrating too much on individual issuers. 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.