Annual Report 2008

Storebrand ASA

storebrand

Storebrand showed its support for the Norwegian Cancer Society and Norwegian Breast Cancer Association's annual "Pink Ribbon Campaign" by lighting up its new head office in Lysaker in pink.

Highlights 2008

January

New life insurance act comes into force.

Building work starts on Storebrand's new headquarters in Lysaker.

Storebrand and the Norwegian Cancer Society sign a main partner agreement.

February

Children's super insurance, which combines child insurance and treatment insurance, is launched.

Storebrand P&C offers online eco-driving course.

March

Storebrand introduces new climate criteria for excluding companies.

SPP's first advertising campaign named fourth best Swedish advert in "Sveriges Bästa Reklam" and best online campaign.

May

Storebrand Livsforsikring AS issues perpetual subordinated loans worth NOK 1.5 billion.

Storebrand Kredittforetak issued its first covered bonds.

June

Storebrand joins the Norwegian Micro-finance Initiative.

Storebrand introduces six group principles. Together with its vision and core values the principles represent the Storebrand Group's guidelines.

September

Storebrand qualifies for the Dow Jones Sustainability Index (DJSI) for the tenth time.

October

SPP's new logo is launched.

November

Storebrand arranges Capital Markets Day.

December

Sarah McPhee takes up her position as CEO of SPP.

Storebrand Health Insurance marks its tenth anniversary.

Content

Storebrand assurance business, approx. 1921. Photo: Atelier KK

History of Storebrand

1767–1919: Roots

1767
Den almindelige Brand-Forsikrings-Anstalt is established in Copenhagen.

1814
Following the split from Denmark, management of the fire insurance scheme is transferred to Christiania, as the capital of Norway was called at that time. The scheme is later converted in 1913 into a public sector company called Norges Brannkasse.

1847
On 4 May 1847, the P&C insurance company Christiania Almindelige Brandforsikrings-Selskab for Varer og Effecter is incorporated by private subscription. The company is referred to as Storebrand.

1861
Storebrand's owners establish Idun, the first privately owned life insurance company in Norway.

1867
The P&C insurance company Norden is established as a competitor to Storebrand.

1917
The life insurance company Norske Folk is established.

1920–1969: Growth and consolidation

1923
Storebrand acquires nearly all of the shares in Idun. The rest, with a couple of exceptions, are acquired during the 1970s.

1925
Storebrand changes its name in its articles of association from Christiania Almindelige Forsikrings-Aksjeselskap (renamed in 1915) to Christiania Almindelige Forsikrings-Aksjeselskap Storebrand. This name is kept until 1971.

1936
Storebrand acquires Europeiske – the leading travel insurance company in Norway.

1962
Storebrand initiates a new wave of acquisitions and mergers by acquiring Norrøna, which was experiencing financial problems.

1963
Storebrand acquires Norske Fortuna. Brage and Fram merge to become the country's largest life insurance company.

Storebrand and Idun move into their own new premises in the restored Vest-Vika area of Oslo. Brage-Fram and Norske Folk follow their lead.

1970–1989: Group formation

1978
Storebrand changes its logo – from the stylised St. Hallvard, patron saint of Oslo – and introduces "the link" as an easily recognisable trademark. The formal name of the holding company is changed to A/S Storebrand-gruppen.

1983
The Norden Group and Storebrand merge.

1984
Norske Folk and Norges Brannkasse market themselves as a single entity under the name UNI Forsikring.

1990–1999: Crisis and change

1990
Storebrand and UNI Forsikring agree to merge, and the merger receives official permission in January 1991.

1992
UNI Storebrand's negotiations with Skandia concerning establishing a major Norwegian-led company fail to reach agreement.

1996
The company changes its name to Storebrand ASA and establishes Storebrand Bank AS.

1998
The company moves into new premises on Filipstad Brygge.

1999
Storebrand, Skandia and Pohjola consolidate their P&C insurance activities in the new Nordic, Swedish registered, company, If Skadeförsäkring AB. Storebrand sells its stakes five years later.

2000–2008: New challenges

2001
Norwegian and international stock markets fall sharply from September 2000 to February 2003.

2005
The Norwegian parliament, rules that all companies must have an occupational pension scheme in place by 2007. Storebrand responds to the challenge with its new product, Storebrand Folkepensjon.

2006
Storebrand decides to return to P&C insurance.

2007
Storebrand acquires SPP, the Swedish life insurance and pensions provider, from Handelsbanken and forms the leading life insurance and pensions provider in the Nordic region.

2008
On 15 September the investment bank Lehman Brothers announces it will declare bankruptcy. Its bankruptcy adds further impetus to the financial crisis in the USA, which spreads to the global financial markets. The New York Stock Exchange (Dow Jones DJIA) fell by 34% and the Oslo Stock Exchange by 54% in 2008.

STOREBRAND ASA

- Storebrand Life Insurance (Norwegian life insurance)
- SPP[1] (Swedish life insurance)
- Storebrand Investments
- Storebrand Bank
- Storebrand P&C
- Storebrand Health Insurance[2]

[1] Owned by Storebrand Life Insurance

[2] Owned 50% by Storebrand ASA

Storebrand Life Insurance

NOK 16.3 billion in premium income

Storebrand Life Insurance offers a wide range of products within occupational pensions, private pension savings, life insurance and health insurance to companies, public sector entities and private individuals. Storebrand Life Insurance's Swedish branch offers occupational pensions based on Norwegian legislation in the Swedish market.

Storebrand Life Insurance aims to be Norway's most respected and customer-oriented life insurance company by offering customers the most attractive products, the best advice and the best customer service.

Key figures (NOK million)	2008	2007
Pre-tax profit Norwegian life insurance activities	337	1,622
Net inflow of pension transfers	2,475	4,086
Total premium income (excl. premium reserves transfers)	16,304	16,578
Assets under management (excl. SPP)	188,508	188,996
Solency margin	160%	136%

SPP

We will become the leading provider in the Nordic region

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. Storebrand acquired SPP from Handelsbanken in December 2007 and with this became the leading provider of life insurance and pensions in the Nordic region.

Key figures (NOK million)	2008	2007
Pre-tax profit	-2,145	164
Total premium income	7,281	7,191
Assets under management	120,250	130,025
Conditional bonuses	7,499	13,699
Solvecy margin	135%	178%

Storebrand Investments

NOK 229 billion under management

Storebrand's investment activities include the companies Storebrand Kapitalforvaltning, Storebrand Fondene and Storebrand Eiendom. All of the management activities have a guaranteed responsible profile. Storebrand offers a wide range of securities funds to retail customers and institutions under the Delphi and Storebrand Fondene brand names. Storebrand Eiendom is one of Norway's largest real estate companies and manages real estate portfolios both in Norway and abroad.

Key figures (NOK million)	2008	2007
Total income	419	331
Total costs	-280	-259
Net financial income/other	79	66
Pre-tax profit	215[1]	138
Cost/income ratio	57%	65%
Assets under management	229	227

[1] after amortisation of intangible assets of minus NOK 3 million.

Storebrand Bank

Expanding in the retail market

Storebrand Bank offers traditional banking services such as accounts and lending in the retail market, as well as project financing for selected corporate customers. The bank is a commercial bank with total assets of NOK 46 billion. The bank aims to actively recruit new customers to Storebrand by offering "no-fees" banking for routine banking services.

Key figures (NOK million)	2008	2007
Pre-tax profit	33	235
Gross lending	39,035	37,096
Customer deposits	18,291	17,470

Storebrand P&C

More than half of our customers bought their insurance online

Storebrand P&C offers standard property and casualty insurance products in the Norwegian retail market. The company was launched in autumn 2006. With cost-effective distribution and an extremely customer friendly online solution, the company has quickly established its position as a competitive insurer, offering peace of mind at low prices.

Key figures	2008	2007
No. of customers	27,700	16,000
Total portfolio premium	NOK 225 million	NOK 121 million
Share of P&C policies purchased online	52%	59%

Storebrand Health Insurance

Strong growth in number of new customers

Storebrand Health Insurance is jointly owned (50/50) by Storebrand ASA and Deutsche Krankenversicherung AG, and offers treatment insurance in the Norwegian and Swedish corporate and retail markets. The company was launched in autumn 1998 and has in recent years experienced strong growth in new customers (+31 percent in 2008).

Key figures	2008	2007
No. of customers	80,905	61,671
Annual premiums	NOK 243 million	NOK 198 million

Storebrand Group

The Storebrand Group is made up of four business areas: life insurance, P&C, asset management and banking. The group's head office is in Oslo and it has a nationwide network of offices in Norway. It has also established life insurance, asset management and health insurance activities in Sweden. Following the acquisition of the Swedish life insurance and pensions provider SPP in December 2007, Storebrand is now the Nordic region's leading provider of life insurance and pensions. Storebrand offers a comprehensive range of products to retail customers, corporate customers, municipalities and the public sector.

Storebrand can trace its history back to 1767. The company has provided occupational pensions to Norwegian employees since 1917, the same year SPP was established in Sweden. Storebrand Bank opened for business in 1996, and in 2006 the group relaunched its property and casualty insurance business as a service for the retail market and selected segments of the corporate market.

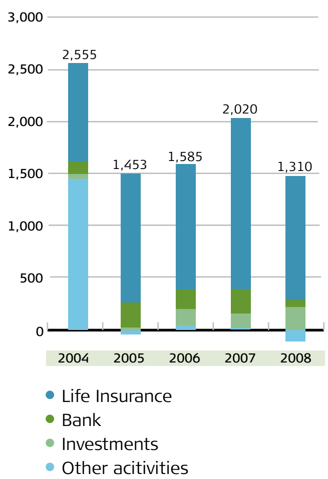
At the close of 2008, the Storebrand Group had 2,516 employees compared with 2,219 at the start of the year. Of these 52 percent were women. The average Storebrand employee is 43 years old and has worked for us for 10 years.

Storebrand's ambition is to be a leader within corporate responsibility and socially responsible investments. Both the group's financial and non-financial goals and results are presented in the group's annual report and show how corporate responsibility forms an integral part of our core activities.

Storebrand believes diversity creates value. All Storebrand employees are treated equally, regardless of age, gender, disability, religious beliefs, cultural differences or sexual orientation.

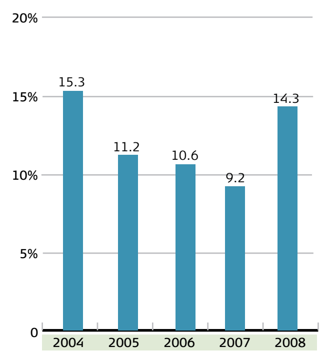
Group profit before amortisation and write-downs[1]

NOK million



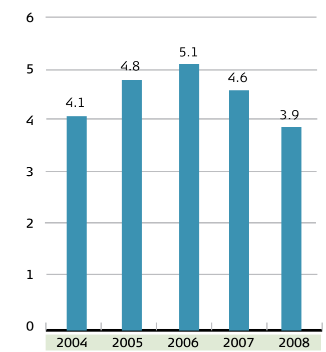
Core capital ratio

%



Average sick leave[2]

%



Key figures for the Storebrand Group

Key figures	2008	2007	2006	2005	2004
Group result before tax[1] (NOK million)	-1,716	2,020	1,585	1,453	2,571
Total assets (NOK million)	372,636	381,837	222,787	201,885	177,099
Equity capital (NOK million)	16,158	19,241	8,900	9,108	10,178
No. of employees (full time equivalents)	2,434	2,151	1,429	1,295	1,224
Qualified for FTSE4Good	Qualified	Qualified	Qualified	Qualified	Qualified
Qualified for Dow Jones Sustainability Index	Qualified	Qualified	Qualified	Qualified	Qualified
Proportion of women in senior positions	39%[2]	37%	38%	37%	38%
Investments in microfinance (NOK million)	127[4]	81	56		
Energy consumption[5]	216 kwh/m^2 Reduced by 19% since 2006	221 kwh/m^2 Reduced by 16% since 2006	257 kwh/m^2		

1 Figures for 2004–2007 have not been translated for the financial statement layouts used for 2008.
2 Total for Storebrand Norway and SPP (sick leave for Storebrand Norway in 2008 was 4 percent).
3 Total for Storebrand Norway and SPP.
4 Storebrand has committed NOK 191 million to microfinance, of which 66 percent of the capital, i.e. NOK 127 million, is invested.
5 Applies to head office, Filipstad Brygge 1, Oslo, Norway.

Key figures per share	2008	2007	2006	2005	2004
Average number of ordinary shares (NOK '000s)[6]	445,091	251,517	247,965	258,576	272,933
Earnings per ordinary share (NOK)	-4.97	7.95	6.03	5.41	8.53
Dividend per ordinary share (NOK)	0.00	1.20	1.80	4.00	7.00
Market value 31.12 (MNOK)	7,536	25,510	19,811	15,059	16,274
Final price per ordinary share (NOK)	16.75	56.70	79.30	58.25	58.50

6 Calculation based on average number of shares outstanding.

Value creation in a time of crisis

The financial crisis had a big effect on the 2008 business year. The crisis is broader, deeper and has spread more quickly than anything we have experienced in modern times. Consequently it is having a negative effect on results, balance sheets, market dynamics, and growth expectations.

At the same time, there are big differences between the sectors and between companies in the same sector. In the case of life insurance reduced balance sheet values and weak results are clear consequences. Meanwhile, pension premiums stipulated in agreements between employers and employees are robust when it comes to short-term fluctuations. Storebrand has been proactive in terms of positioning its activities in relation to the changed conditions that have emerged from the financial crisis, and has throughout the year strengthened its relative competitiveness within its core activities of life insurance, pensions and investments.

Financial consequences

The Storebrand Group's result for 2008 is weaker than normal. This is primarily due to the fact that actual returns, as a consequence of the negative returns in the equities markets and heavy falls in the value of bonds, were lower than the customers' guaranteed interest. The risk in the balance sheet was substantially lower at the close of the year than it was at the start of the year. This was a result of active risk management and a heavy reduction in the proportion of the balance sheet invested in equities. The solvency margin in the life insurance activities is, due to successful risk management and injections of capital from Storebrand ASA in Q1 and Q3, satisfactory at 160 percent.

Strengthened market position

Our position as a pensions provider has strengthened in both the Swedish and the Norwegian markets. Sales in SPP increased by 42 percent[1] in 2008, while net transfers from competitors to Storebrand Life Insurance in the last three years have amounted to more than NOK 10,000 million in the Norwegian occupational pensions market. We have grown into one of the largest private fund managers in Norway, and Storebrand has also successfully entered the P&C insurance market. This year - after three years of operations - our P&C activities will deliver positive results. In 2008, Storebrand Health Insurance experienced a 18 percent growth in premiums, while Storebrand Bank's market position in the retail segment is improved, with lending growth of 8 percent and deposit growth of 29 percent in 2008.

Successful integration of SPP

The integration of SPP is proceeding as planned. During 2008, its investment strategy was fundamentally changed, its risk management strengthened, a new logo was introduced and its marketing work intensified. The integration of IT systems is on schedule and the transfer of SEK 135 billion to Storebrand Investments is proceeding as planned. After several years of weak returns compared with its competitors, SPP was in 2008 one of Sweden's three best life insurance companies measured by returns on customer funds. The target for total synergies from the integration was adjusted upwards during the year to NOK 470 million per annum. The realisation of synergies as per the close of 2008 was ahead of this revised plan.

Costs reductions and strategic repositioning

Ambitious goals for the ratio between costs and earnings have been stipulated for the business areas. Concrete measures that will reduce costs are being implemented and the retail strategy is being further refined. Sales will gain a clearer place in the group's structure by collocating all the physical distribution capacity in Storebrand Sales Services, and amalgamating the regional retail and corporate networks. The focus on direct sales (online and via telephone) will also be strengthened through the establishment of a new business area, Storebrand Direct, which will include Storebrand Skade (P&C insurance).

A strong and adaptable organisation

2008 will enter the history books as an unusually demanding year. The effects of the financial crisis will also leave their mark on 2009. Managing the short-term effects of the financial crisis is a high priority and addressed continuously. However, it is just as important to look ahead and ensure we have the capacity to take advantage of the market opportunities Nordic pensions and insurance present. Storebrand is positioned in that part of the Nordic financial market that is expected to experience the most positive development in coming years. Our vision and ambition is to be the Nordic region's leading and most respected partner within long-term savings and insurance. We are well equipped to take part in this competition and know that it is in the meeting between our employees and customers that Storebrand's brand is built. Motivated employees who enjoy their work and have the right competence form the core of our competitiveness. A high level of customer satisfaction provides a foundation for further growth and profitability.

Idar Kreutzer,
Storebrand Group
CEO

1 New subscription APE excluding Euroben.

Vision:

Storebrand´s objective is to be the leading and most respected institution in the Nordic market for long-term savings and insurance

Core values:

Reliable
Enabling
Easy to relate to
Forward looking

Risk management in a demanding market

At the start of 2008 Storebrand held a position in equities comprising nearly 30 percent. The substantial fall in the equity markets brought about a rapid reduction in the allocation to equities, and by the end of the first quarter the allocation to equities was already down to around 15 percent. In the spring of 2008 the financial markets were marked by uncertainty. However, the equity markets, and particularly the Norwegian market, continued to be marked by high share prices, simultaneously with the deterioration of the credit crisis. The proportion invested in equities was down to 5 percent at year end.

This article describes why a life insurance company such as Storebrand assumes financial risks and how such are managed.

Storebrand's most important task

Storebrand's most important task is to manage financial assets on behalf of our customers. The assets must be managed such that they provide a satisfactory and competitive return for Storebrand's customers and owners. Storebrand's earnings are based upon the efficient and reliable execution of this task, however the company also assumes financial risks at the same time. Good controls and management of risk are a prerequisite for being able to achieve Storebrand's financial objectives and ensuring the financial strength to withstand and limit losses.

Risk

Risk is a measurement that combines the probability and the effect of an event. The concept is used mostly with negative or hazardous events. In the financial world, it is common to speak of risk in connection with an associated return. A high rate of return is normally expected from an investment that has high risk. The possibility for losses are however greater for such investments. The goal of exercising risk management is to preserve economic value through the use of financial instruments and predefined patterns of action.

Successful risk management is preconditioned on the sources of risk being identified, that the risks of such are able to be measured and that one has a plan for how one acts on the results from the measurements. Financial theory establishes a comprehensive framework for risk and the interrelationship between risk, return and the costs of ascertaining risks.

Risk and income source

Storebrand's risk and income source are the contracts that have been entered into with the customers. These have inherent properties that specify the payouts to the customer under different scenarios. The scenarios encompass payments for different outcomes in the financial markets, payments for disability, payments for surviving family members upon death and the like. The payments the customers make in order to receive such benefits are invested in a suitable manner in the capital market. The customer capital provides a return in consequence of it being made available to a capital market. Capital is a scarce resource and payments are made to utilise it. Shares, corporate bonds, real estate, infrastructure and other investments all have an expectation associated with them that the entity that makes capital available will receive something back in addition to the capital invested.

Pension schemes and other savings involve precisely this. Individuals and companies that have excess capital, or which must preserve it for later use, can choose to make it available to others in society. As payment for this, a return is obtained. The more uncertain such an investment appears, the greater the return it must be expected to provide. One can only achieve this if one assumes risk. Storebrand exposes to risks the capital that

customers deposit for savings in a well-defined manner. The company prepares suitable investment strategies for this. Through the manner that the savings and insurance contracts are formulated, the risk is divided between the customers and Storebrand's shareholders. The risks for the customers can for example be that their capital will not achieve a rate of return equally as high as the risk-free interest rate for a given period of time. Storebrand as a company assumes risk that Storebrand is paid for through margins, distribution of surpluses and prices for guaranteed rates of return. The risk hence arises that developments in the capital markets will not fully give the results from the investments that are necessary to fulfil the contract that was entered into. This consideration is handled through various mechanisms for buffer capital. Buffer capital is built up both by the customers and by the shareholders of Storebrand. The revenues of Storebrand are, among other things, connected to the size of the risk the equity is exposed to. It is thus important that there be a framework for the enterprise that ensures that the risk that arises has a corresponding return. Risk taking without such a corresponding return is negative for all the parties concerned, the customers as well as the owners.

Risk management

Risk management at Storebrand is thus connected to the choice of a suitable asset portfolio and on-going adaptations of risk to the buffer level the company has at any given point in time. This is the background to why Storebrand Livsforsikring reduced its allocation to shares in its portfolio during the course of 2008 from 26 percent to 5 percent. At the start of 2009, the risk in the investment portfolio is low and adapted to the financial buffers of the customers and the company. As the markets gradually normalise and the buffers increase, the portion allocated to equities and the risk will increase again such that the returns will be the best possible for customers and owners.

BEST IN CLASS
environmental and
social performance
STOREBRAND SRI

Responsible investments

– an important contribution to sustainable development

Savings and insurance are about security and trust. They are about people wanting financial security when they retire or in the event of unforeseen circumstances. Storebrand continuously strives to prove it deserves its customers' trust and provide them with security. Responsible investments ensure that our customers get the best possible returns, but not at any price.

Where does the money go?

We use our customers' savings to buy and sell securities. It only requires a few key-strokes to move money from one account in Norway or Sweden to an equity or bond somewhere else in the world. Storebrand invests everywhere in the world and in many types of companies. Responsible investments are about being aware of how we earn money and what sort of companies we own securities in.

The role of business

Today's social development is unsustainable. Corporate responsibility is about balancing our activities to ensure they provide long-term financial, environmental and social benefits.

The key contributions companies can make are profitability and measures associated with their core activities. As a financial institution Storebrand can have the greatest influence through the way it invests its customers' savings. With NOK 373 billion under management we have a significant opportunity to encourage other companies to act sustainably.

Responsible investments

Storebrand's responsible investments work started in 1995 and our ambition is to be a leader within this area. We are one of the few private companies in Europe with our own analysis department. We have established a corporate standard for responsible investments which stipulates strict requirements concerning which securities Storebrand can purchase. In 2008, we also started to implement this standard in SPP, which became part of Storebrand in 2007.

We do not invest in companies that participate in breaches of human rights, corruption, serious environmental harm or the production of landmines, cluster munitions, nuclear weapons or tobacco products. We also avoid companies that operate in high-risk industries[1] and have serious flaws in their risk management. In 2008, Storebrand expanded its environmental analyses by stipulating stricter requirements with respect to climate measures.

As of 31 December 2008, Storebrand had excluded 80 companies as potential investments. The requirements apply to both equities and bonds, both in Norway and abroad. However, exclusion is not a goal in itself. Storebrand's long-term goal is to contribute to more sustainable development by encouraging or pushing the companies we invest in. Read more on: www.storebrand.no.

Dialogue and active ownership

Storebrand's approach to active ownership is largely based on maintaining a dialogue with listed companies. We maintain contact with the companies via our own analysts and portfolio managers, or by working with other investors and external asset managers.

Storebrands analysis department for socially responsible investments monitors more than 3,000 listed companies around the world in order to identify companies that breach our corporate standard. The monitoring involves combining all of the companies' names with 40 search words. Searches of 88,000 websites resulted in more than 15,000 hits in news articles in 2008.

In addition to this, companies in high-risk industries are analysed to identify the ones in which the corporate responsibility work is

"...business cannot succeed in a society that fails" (Björn Stigson, WBCSD, 2008)

WBCSC – World Business Council for Sustainable Development

The "Responsibility guaranteed" label was designed for those funds in which Storebrand makes the investment decisions itself. We guarantee that these funds comply with Storebrand's corporate standard.

The "Responsibility in focus" label was designed for those funds that are wholly or partly managed by external managers and illustrates the fact that we systematically focus on corporate responsibility in relation to these actors as well.

Sustainable development

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs".
(Brundtland Commission, 1987)

Storebrand demands action from Jinhui

In November 2007, the department for responsible investments discovered that Jinhui Shipping and Transportation was shipping phosphates from Western Sahara. The extraction of natural resources in Western Sahara breaches international law because Western Sahara is a "Non-Self-Governing Territory". Therefore, transporting phosphates in this conflict zone also conflicts with Storebrand's corporate standard. Storebrand contacted Jinhui to point out the problems and to hear their version of the matter. The portfolio manager also brought up the matter with the company in a conference call in February 2008.

"After the company's largest Norwegian shareholder, Storebrand, raised the trade in a conference call with Jinhui's management, the same Mr. Ching answered a little ambiguously that they 'respect the Norwegian authorities recommending not to ship phosphates from Western Sahara', and promised to check up the issue further"
(Norwatch, 5 June 2008).

Together with the media and NGOs we helped to convince Jinhui, and in June 2008 they confirmed that the company had ended its activities in Western Sahara.

most systematic and who therefore deserve to be named "Best in Class". Our active ownership is based on monitoring and analysis, and we contact around 400 companies every year.

At the start of the year Storebrand was looking into 70 allegations relating to issues such as corruption, serious environmental harm and breaches of human rights. The allegations analysed are complex and the research is often very demanding. A great deal of weight is given to maintaining dialogues with alleged companies before a decision is made to exclude them from investments.

We are a major owner in the Norwegian market and are therefore also in a strong position with respect to Norwegian businesses. Storebrand's portfolio managers have a great deal of contact with the companies we invest in and also use the opportunities this presents to exert our influence with respect to corporate governance. The Norwegian equities department holds around 150 meetings a year, and also participates in joint presentations. Portfolio mangers also contribute to and vote in a number of annual general meetings.

Financial Supply Chain

Some of the customers' savings are invested in funds that are managed by others, so-called external asset managers. These constitute Storebrand's financial supply chain.

In 2008, it was decided that all external funds would be monitored in relation to Storebrand's corporate standard for responsible investments. We conduct quarterly checks of the portfolios and record any breaches of our corporate standard. Any manager who breaches the standard is contacted and asked to comply with our corporate standard. If our requirements are not met, we ask the managers to exercise active ownership themselves by contacting excluded companies. We also work with other investors to persuade managers, e.g. via the UN Principles for Responsible Investments (UNPRI) [2].

Storebrand uses 18 external asset managers. During a review of the portfolios after Q3 2008, breaches were discovered at 13 of these managers and all of them received letters from Storebrand. So far 12 meetings have been held and a further four are planned. One manager has since divested in companies at Storebrand's request, while five managers have themselves contacted companies that are in breach. We are talking to a further six managers, while we are still awaiting a response concerning the breaches from one manager.

We cannot guarantee that external funds are always in compliance with the corporate standard, but we do systematically monitor and maintain dialogues with all of them with this aim in mind [3].

Storebrand's approach to its financial supply chain is important because it helps to keep sustainable development on the agenda in our sector. When our external managers make direct contact with the companies, further pressure is put on them to systematically take corporate responsibility into account.

Norwegian investment partnership

In August 2008, a group of Norwegian investors launched a partnership which would focus on sustainable value creation in the Oslo Stock Exchange (OSE). Storebrand and the other investors represent assets under management totalling NOK 2,700 billion, of which NOK 1,000 billion is invested in the Norwegian market. All of the companies listed on the OSE main index received a questionnaire concerning their guidelines, control systems and board's role in relation to a number of corporate responsibility topics. The results of the survey were published in November [4].

Microfinance

Microfinance is about making capital available to people who do not have access to traditional financial services such as loans, savings and insurance. Storebrand started investing in microfinance in 2005, and as of 31 December 2008 our commitments totalled USD 29 million, which are lent to microfinance banks throughout the world. These microfinance banks offer their services to people who want to start up their own businesses, e.g. by lending them money to buy farm animals, a sewing machine or tools.

The investments in microfinance are profitable for Storebrand and at the same time make an important contribution to economic growth in emerging economies. When we invest, we stress that microfinance services must be offered in a proper manner, to preserve the customers' dignity and improve their living conditions.

In June 2008, Storebrand signed an agreement to set up the Norwegian Microfinance Initiative (NMI) in cooperation with other private actors and the Norwegian development authorities. The fund aims to become one of the world's largest microcredit funds with total assets of more than NOK 600 million.

nmi NORWEGIAN MICROFINANCE INITIATIVE

Small contributions - big impact

What microfinance and active ownership have in common is that small contributions can have a big impact. A small loan can secure a large family's livelihood. A single question from an investor can initiate processes that are of major environmental or social importance.

There is no easy answer to how sustainable development can be achieved. Challenges such as climate change, poverty and corruption require that business contribute. They also require that companies, authorities and NGOs work more closely together.

It is said that the beat of a butterfly's wings can trigger storms on the other side of the globe. In Storebrand we believe that the winners in business are those who systematically work to do better: financially, environmentally and socially. We believe that many small contributions have a big impact.

Partnership with Handelsbanken

Handelsbanken is one of our external asset managers with which we have a good partnership.

In October 2008, Storebrand discovered that some of our investments in Handelsbanken breached our corporate standard for responsible investments. Some funds had invested in companies that were involved in unethical business practices. Storebrand contacted Handelsbanken and asked them to withdraw from these companies. Just a month later, Handelsbanken informed us that they were working on comprehensive guidelines for responsible investments, and that they had withdrawn from five of the companies, which were involved in the production of cluster munitions, nuclear weapons and landmines.

Handelsbanken has proven that they take both their partners and responsible investments seriously, and this example shows that active ownership in the financial supply chain does have an effect.

Handelsbanken Fonder

1 High-risk industries are defined as industries exposed to substantial environmental or social risks

2 In 2006, Storebrand became one of the first Nordic actors to sign the UN Principles for Responsible Investments, www.unpri.org

3 A number of external asset managers invest in companies that are outside the universe Storebrand monitors in relation to corporate responsibility. However, we are working to find a solution with respect to monitoring these companies

4 www.baerekraftigverdiskaping.no

Report of the Board of Directors

Main features

The Storebrand group is made up of four business areas: life insurance, P&C insurance, asset management and banking. The group's head office is located in Oslo and a nationwide network of offices has been established in Norway. Life insurance, asset management and health insurance activities are also conducted in Sweden. Claims processing services are performed through the subsidiary Storebrand Baltic in Lithuania and Storebrand owns 75 percent of Nordben Life and Pension Insurance Company on Guernsey. Following the acquisition of SPP, the Swedish life insurance and pensions provider, in December 2007, Storebrand is now the Nordic region's leading provider of life insurance and pensions. Storebrand offers a comprehensive range of products to retail customers, corporate customers, municipalities and the public sector.

In 2008, the Board has placed special emphasis on ensuring that the group actively accommodates the challenges and opportunities that the changes in framework conditions and effects of the financial crisis involve, as well as following up on the integration processes with SPP.

The financial crisis has made 2008 an especially demanding year for the financial industry. Trends in the financial markets are of great significance to Storebrand, both in relation to ensuring the guaranteed returns to the customers as well as the returns on the company's own investments. The consolidated results for the group are, in consequence of low financial returns, less robust than is normally the case.

Falling interest rates in the last half of 2008 in combination with falling equity markets have reduced our risk-carrying ability. Storebrand has carried out measures for limiting the consequences of this. Primarily through the exercise of active risk management, which continually reduced the portfolio of equities throughout 2008, but also through adjustments of investments in bonds in the category of loans and receivables that will provide a regular booked return in the future significantly above the interest rate guarantee, as well as by reclassification of the category "hold to maturity".

A new insurance law with associated regulations went into force in Norway on 1 January 2008. The new law involves comprehensive changes for the life insurance companies. The objective of the new Insurance Activity Act is to give greater predictability and transparency in the pricing of insurance products, as well as to create a clearer separation between customer funds and those of the insurance companies. The primary principle under the new body of regulations is that prices will be established with final effect and be paid in advance.

With the acquisition of SPP in Sweden in 2007, it was the assessment of the Board that the acquisition would provide significant synergies in the future and a number of tangible effects were defined in several areas. The integration of SPP has gone according to plan in 2008. The working relationship between Storebrand and SPP is marked by mutual trust and the will to share knowledge. The combining of the companies will create a robust Nordic organisation. The work with realising the targeted synergies has shown good progress. The cost synergies have shown a positive trend and so far have been achieved earlier than was expected. Sales efforts have been high and the activities underway have shown positive results. In the purchasing area, agreements have been renegotiated and Nordic agreements entered into.

Earnings performance

The Storebrand group produces its consolidated accounts in accordance with the EU-approved International Financial Reporting Standards (IFRS). The accounts of the holding company, Storebrand ASA, are produced in accordance with Norwegian accounting legislation, and the company has elected not

Group profit

NOK million	2008	2007
Life insurance	1,182	1,635
Asset management	218	138
Storebrand Bank	68	235
Other activities	-158	12
Group profit before write-downs and amortisation	**1,310**	**2,020**
Write-downs of intangible assets	-2,507	
Amortisation of intangible assets	-519	
Group profit after write-downs and amortisation	**-1,716**	**2,020**

The Board of Directors of Storebrand

LEIV L. NERGAARD (64), Partner, Norscan Partners AS and Senior Adviser, Greenhill Int. LLP.
Board Member, Deputy Chairman and Chairman of the Board (from 2000) for Storebrand ASA since 1997.

MBA, Norwegian School of Economics and Business Administration (NHH).

Previous positions: 2002-2003 : CEO Norsk Hydro Deutschland • 1991-2002 :CFO Norsk Hydro ASA • 1984-1991: Various management positions in controls, finance, and strategy, Norsk Hydro • 1980-1984 CEO Notodden Fabrikker, Hydro • 1969-1980: Various positions at Norsk Hydro, aluminium division.

Positions of trust: 2008 - : Board Member, Endeavour International Corp. • 2008 - : Chairman of the Board, Næringslivets Aksjemarkedsutvalg • 2004- : Board Member ,Yara International ASA, (Chairman of of Audit Committee) • 1997-2006: Board Member, Rieber & Søn ASA (Chairman of the Board from 2000) • 1971-2006: Board Member and Chairman of various companies in the Hydro group • 1996-2002: Board Member, Prosessindustriens Landsforening (PIL) • 1995-2002: Board Member, NHO • 1990-1996: Board Member, Den Norske Turistforening • 1973-2009: Chairman of the Board, Board Member and company/council member for a number of various private organisations, private and exchange-listed companies.

to apply IFRS to the holding company's unconsolidated accounts. The Storebrand group reports an operating profit prior to amortisation and write-downs of NOK 1,310 million for 2008 compared with NOK 2,020 million for 2007. After amortisation and write-downs the group profits were minus NOK 1,716 million compared with NOK 2,020 million in 2007. New computations of the added values connected with the acquisition of SPP, where the present volatility of the financial markets is taken into consideration, have led to the intangible assets associated with the added value of the insurance contracts being written down by NOK 2.5 billion. The group profit was affected positively in consequence of altered discounting for obligations within SPP, dissolution of bonds in the "hold to maturity" category at Storebrand Life Insurance and good returns in the portfolios in consequence of decreasing interest rates. Earnings per share comprised minus NOK 4.97 in 2008 and were NOK 7.95 in 2007, based on the average number of shares outstanding.

Life insurance: The new insurance law involves altered earnings and allocations of profits. Under the old body of regulations, the profits for industries without profit-sharing accrued in their entirety to the company and for industries with profit-sharing the company had the opportunity to withhold up to 35 percent of the profits. The primary principle under the new body of regulations is that the prices will be established with final effect and paid in advance.

The new insurance act means that in the case of group defined benefit pensions and newly established guaranteed individual products, the profit shall go to the customer. The various elements of the pension provision are priced separately in advance and every price element can contain a profit element for the insurance company. In consequence of this, the owners' profit is less affected by the trends in the financial markets than had previously been the case.

For old and new paid-up policies, modified profit sharing regime has been introduced, which means that the company can retain 20 percent of the profit, which in this case is made up of the sum of the investment and risk results from the paid-up policies. The modified profit sharing model means that any negative risk result will be deducted from the customer's interest profit. In addition, the company receives all of the return on capital on the balance sheet that does not belong to the customers.

Individual products that were provided by the company prior to the entry into force of the act can be continued in accordance with the profit rules that applied prior to 2008, and Storebrand intends to continue managing these assets in accordance with this regime. In other words, the company may take a maximum of 35 percent of the total profit and must cover any possible deficit for these products.

Life insurance – owner's profit

NOK million	Group benefit fee based	Group investment selection and unit linked fee based	Risk products	Individual and free policies profit-sharing	Company portfolio/ Other	Total
Administration result	32	-97	-118	29		-154
Returns result			71		-59	12
Risk result	179		254	42		475
Price of interest guarantee and earnings risk	398					398
Profit-sharing				-320		-320
Results from subsidiaries					11	11
Other	-31				-43	-74
Pre-tax results Norwegian life insurance activities	**578**	**-97**	**208**	**-249**	**-91**	**349**

BIRGITTE NIELSEN (44), Partner, JMI Invest II AS.
Board Member for Storebrand ASA since 2005.

General Management Programme, CEDEP/Insead • 1986, Bachelor of Commerce, International Relations • 1993, Bachelor of Commerce, Economics and Finance.

Previous positions: 2003–2006: Advisor, Nielsen + Axelsson Asp • 1992–2003: CP/CFO, FLS Industries AS • 1983–1992: Danske Bank (1990–1992 as Vice President).
Positions of trust: 2008: Board Member of Finansiel Stabilitet AS • 2006–2008: Board Member for JMI Invest II AS, Board Member for Netconcept AS • 2006- : Board Member for Novenco AS, Board Member for Arkil AS • 2005–: Board Member for Buy-Aid, Board Member for IDEAS A/S, Board Member for Faber AS • Board Member for Energinet.dk • 2004- : Board Member for Team Danmark • 2004-2007: Board Member for Royal Greenland.

The profits in 2008 were marked by extremely volatile financial markets. A net loss was realised on securities of NOK 4,837 million during the course of the year and the securities adjustment fund, which consists of the excess value of securities that are entered at their actual value in the group portfolio, was at zero at the end of the year. This has contributed to a resultant yield of minus NOK 2,137 million in 2008 compared to NOK 7,887 in 2007. The additional statutory reserves were reduced in total by NOK 2,386 million in 2008, of which draws to cover yields lower than the guaranteed interest in the customer portfolios comprises NOK 2,241 million. Both the administrative result and the risk result show improvements in comparison with the prior year. The transition to the new insurance act has brought about an income in the IFRS accounts of around NOK 200 million, primarily through dissolution of the security reserve. The result for the customers beyond the guaranteed interest was NOK 655 million and the result for the owner in the life insurance business was NOK 349 million compared to NOK 1,622 million in 2007. Reclassification of the portfolio that was included in the "hold to maturity" category affected the booked earnings positively by around NOK 1.8 billion, of which around NOK 1.2 billion were allotted to customers and around NOK 0.6 billion has provided an indirect positive effect for the owners' profit.

The SPP group attained profits of NOK 831 million prior to amortisation of intangible assets compared with NOK 194 million in 2007. The risk result of NOK 287 million and the administration result of minus NOK 103 million accrue to the owners in their entirety. The interest result has improved from minus NOK 377 million in 2007 to NOK 340 million in 2008. SPP has gone over to a new and improved computational model for valuation of the insurance obligations. In the new cash flow based model, the obligations are discounted on an interest curve instead of an interest point. In comparison with the previous model, the introduction of the new model brought about an improvement in the profit of around NOK 1.7 billion. This gives a better correlation between assets and obligations while at the same time reducing the volatility of security reserve costs and the financial profit in relation to fluctuations in the 10-year point on the interest curve. SPP has a buffer (conditional bonuses – CB) that absorbs the effects of negative returns for most of the insurance contracts. The contracts that do not have CB do however affect the financial result negatively, in the form of increased reserves. In order to limit the effect of the increased reserves on the financial result, SPP has its own security reserve programme. During the course of the year, the security reserve programme has given a positive contribution to the result of NOK 1,786 million.

The group's 50 percent interest in Storebrand Helseforsikring provided a profit of NOK 3 million compared with NOK 13 million in 2007. The company has had a positive trend in premiums with an increase of 23 percent in comparison with 2007. The company offers treatment insurance in the corporate and retail markets.

Storebrand Bank Group achieved an operating profit before loan losses of NOK 190 million compared with NOK 157 million in 2007. Loan and guarantee losses and write-downs represented a net write-back of NOK 122 million compared with NOK 78 million in 2007. The result before amortisation for the bank group was NOK 68 million compared with NOK 235 million in 2007. Net interest income displayed an upward trend in 2008, because the bank has managed to increase its lending margins despite the financial volatility and increased borrowing costs. Net interest income as a percentage of the average capital under administration comprised 1.17 percent, which is an increase of 0.1 percentage points in comparison with 2007. Net commission and other income showed an increase. The operating costs comprised 77 percent of the total operating revenues for the year compared with 70 percent in 2007. The increase is due to businesses acquired during 2008. The bank bought 80 percent of Hadrian Utvikling AS in 2008 as well as increasing its ownership stake in Ring Eiendomsmegling AS and real estate offices.

Storebrand Kapitalforvaltning (Storebrand Investments) Profit before amortisation for the investment enterprise was NOK 218 million in 2008 compared with NOK 138 million the preceding year. The result consists on NOK 21 million from Storbrand Fondene AS. NOK 135 million from Storebrand Kapitalforvaltning AS and NOK 63 million from the administration company Storebrand Eiendom AS. The improvements in the results are a combination of increased revenues and lower expenses. For Storebrand Fondene AS

BARBARA ROSE MILIAN THORALFSSON (50), Director, Fleming Invest AS. Board Member for Storebrand ASA since 2006.

Master of Business Administration (MBA), Columbia University.

Previous positions: 2001–2005: CEO, NetCom AS • 1995–2001: CEO, Midelfart & Co AS • 1998–1995: EVP Sales and Marketing, Midelfart & Co AS • 1987–1988: Product Manager, AS Denofa and Lilleborg Fabrikker • 1984–1987: Product Manager, -General Foods Corp. • 1983: Marketing, PepsiCo • 1981-1983: Marketing Assistant, General Foods Corp.
Positions of trust: 2006–: Board Member for SCA AB, Board Member for Norfolier AS • Board Member and Member of Compensation Committee for Tandberg ASA • 2005–: Board Member for Stokke AS, Board Member for Fleming Invest AS • 2003–: Board Member for Electrolux AB.

the revenues from the administration of the securities funds were substantially reduced as compared to the prior year. The downturn is due to a reduction in the volume administrated in the securities funds in consequence of the financial crisis and negative profit-based fees from the securities funds in consequence of weaker earnings results. The result for Storebrand Kapitalforvaltning AS is marked by high fixed and volume-based revenues. At the same time, the company has managed to maintain its volume in a difficult market. Earnings-based revenues are higher than in 2007 in consequence of good earnings results within individual areas. The administration revenues from hedge fund and private equity investments have gone down slightly in comparison with 2007, due to the trend in the market in 2008.

Other activities primarily consist of the P&C business and the holding company Storebrand ASA. The deficit experienced in 2008 in the *P&C business* amounting to minus NOK 13 million was expected and was due to start-up costs associated with the new business in Storebrand Skade AS still being in an early phase. Gross premiums due have increased by 91 percent to NOK 225 million during the course of the year. The claim ratio has increased by 9 percentage points in relation to 2007 and ended at 79.5 percent. The increase is primarily due to a weak result for fire/combined private due to more fires. The underlying trend in claims excluding large claims is satisfactory. Other industries have satisfactory results. Insurance-related costs in relation to earned premium for own account comprised 53 percent in 2008 compared with 110 percent in 2007. The positive trend in the costs percentage is expected to continue in 2009 as earned premiums gradually increase.

Storebrand ASA attained a pre-tax profit of minus NOK 14 million compared with NOK 696 million in 2007. The income from investments in subsidiaries amounted to NOK 147 million, which represents a fall of NOK 525 million compared with 2007 and net incomes from financial assets at fair value have increased by NOK 22 million, comprising NOK 233 million. Group projects have contributed to an increase in operating expenses of NOK 45 million. Storebrand ASA does not present its company accounts pursuant to IFRS. The deficit of NOK 14 million has been booked against other equity as per 31 December 2008.

In addition to the results from Storebrand Skade and Storebrand ASA, the result of minus NOK 158 million emerges after eliminations and IFRS effects for Storebrand ASA.

In accordance with Norwegian accounting legislation, the Board confirms that the company meets the requirements for producing the accounts on the basis of a going concern assumption.

Business areas

Storebrand Life Insurance: After the introduction of an obligatory occupational pension, the market for occupational pensions is to a large degree a transfer market. Storebrand is extremely competitive in this market with net transferred funds of NOK 2.5 billion from customers who have chosen to move to Storebrand in 2008. In recent years there has been an increasing transition from defined benefits based to defined contribution based pension schemes. The consideration involving more predictable costs is most important for companies that carry out such a conversion. The retail market in 2008 has been marked by declines in individual life insurance savings, due to increasing interest rate levels throughout the year having made bank savings more attractive. The new scheme for individual pension savings with tax deductions, IPS, was launched in the autumn of 2008. In total, more than 10,000 agreements were sold in the market, with Storebrand gaining a market share of approximately 13 percent.

SPP: The year of 2008 has been marked by systematic improvement and development work on several fronts. The goal has been to increase the company's competitiveness in the Swedish market. During the course of the year, the company has introduced Storebrand's asset management model with dynamic risk management. With its total return of 2.9 percent for traditional insurance, SPP was one of the best in the Swedish pension market. The company increased its new policies by SEK 0.3 billion to SEK 1.5 billion during 2008. The trend through the year has been a transition from sales of contracts with single premium payments to contracts with instalment premium payments.

SIGURDUR EINARSSON (48), Board Member for Storebrand ASA from January 2008 to March 2009.

Master's Degree in Economics (Cand.polit.), University of Copenhagen. 1994, Authorised Securities Dealer in the European Economic Area (EEA).

Previous positions: 1997–2003: CEO, Kaupthing Bank• 1996–1997: Deputy CEO, Kaupthing Bank • 1994–1996: Managing Director. Capital Markets, Kaupthing Bank • 1988, Assistant Director International Dept. and Finance Dept., Islandsbanki hf. (now Glitnir banki hf.) • 1982–1988: Various positions, Finance Dept. and International Dept., Den Danske Bank • 1993–1997: University Lecturer, University of Iceland.
Positions of trust: Board Member, various subsidiaries of Kaupthing Bank • Board Member for Norvestia • 1996–1997, Deputy Chairman, Iceland Stock Exchange.

Work has been done in 2008 on four sub-projects connected with the integration of SPP:

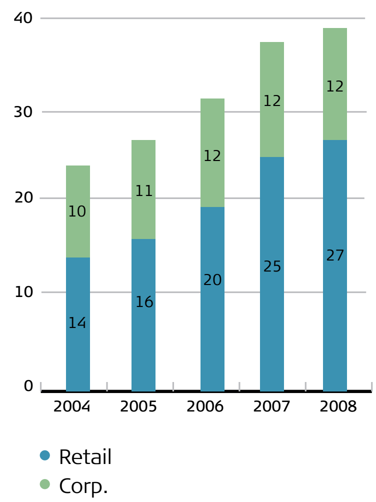
- *The 100-day Programme* has placed an emphasis on increasing the level of activity and on product improvement with the aim of increasing SPP's sales. The objective for the increased sales synergy is defined in increased value of new business.
- *The Separation and Integration Project* has worked to release SPP from Handelsbanken, rationalise its procedures and to implement a common IT infrastructure in the group. The rationalisation projects that have been commenced at SPP are being received well and are showing positive results.
- *The Asset Management Project* has implemented Storebrand's asset management philosophy for SPP's funds and transferred the administration of the funds at SPP from Handelsbanken to Storebrand Kapitalforvaltning as per 1 January 2009.
- *The Risk Management Project* has worked with the conversion to Storebrand's risk management model with the aim of increasing the return and reducing the hedge costs at SPP.

Bank: The financial crisis has also affected Storebrand Bank's profits. The financial results have been undermined primarily due to increased lending losses, poor results in Ring Eiendomsmegling, a halt in the sales of structured savings products and unrealised losses in the liquidity portfolio.

The bank's position has been strengthened in many areas during 2008. The loan portfolio has increased from NOK 37 billion in 2007 to NOK 39 billion in 2008. Storebrand Bank established Storebrand Kredittforetak AS in 2008 and has gained access through this subsidiary to a new, long-term source of funding that reduces the bank's liquidity risk to a significant degree. At the end of 2008, bonds with pre-emptive rights were issued with a booked value of NOK 11.3 billion. During the fourth quarter, the bank utilised the bonds with pre-emptive rights issued by the credit institution to participate in the packages of measures implemented by the authorities aimed at the financial industry.

Gross Lending

NOK million



The positive trend in customers that the bank experienced after the introduction of no-fee everyday banking in 2005 has continued in 2008. This has manifested itself in significant growth in both the number of retail customers as well as in the volume. During the course of 2008 a new retail market strategy was prepared with a primary emphasis on customer growth, cross-selling and increased deposits. In the corporate customer market segment the bank has a strong position with the professional real estate market, including property developers and owners. The work of expanding the product line to the corporate customers has continued during 2008. Storebrand Bank wants to be a complete provider of financial services to property investors in key districts.

Asset management: At the end of 2008, Storebrand Investments was managing NOK 229 billion in mutual funds, funds of funds and individual portfolios for asset management companies, insurance companies, pension funds, municipalities, institutional investors and investment companies. Storebrand Kapitalforvaltning AS manages a full spectrum of savings and investment products for the product companies within the group. In addition, Storebrand Kapitalforvaltning AS offers active management to a broad selection of larger investors. A separate large customer department with highly qualified investment consultants serves institutional customers. In consultation with the customers, customised investment strategies are formulated adapted to the financial objectives, the investment time horizon and risk profile of the customer. During the course of 2008 the company has built up further resources connected with the evaluation of external administrators and for direct investments in power and alternative energy.

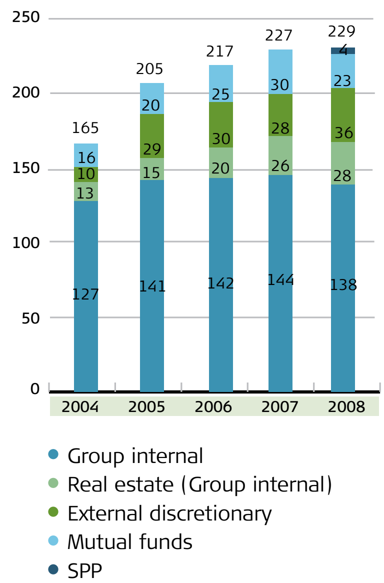
ERIK HAUG HANSEN (54), Sales Manager Corporate Market, Storebrand Livsforsikring AS. Employee Representative Board Member for Storebrand ASA since 2004.

Higher Insurance Qualification, University of Oslo.

Previous positions: 1979–1985: Consultant for Ajungilak AS • 1977–1979: Consultant for Fred. Olsen Spedisjon AS.
Positions of trust: 1998–2002: Board Member for Storebrand Livsforsikring AS.

Total assets under management

NOK million



Absolute returns were poor in 2008, however the core products within Norwegian equity management nevertheless achieved a higher return than their reference indexes. Portfolios and funds with elements of credit risks performed poorly in 2008 in consequence of volatility in the credit markets.

At the end of 2008, Storebrand Fondene AS managed 47 mutual funds in Norway with total assets of NOK 25 billion. The retail market has been strongly marked by the large drop in the equity markets and the credit crisis. The position of Storebrand Fondene AS within the institutional market has deteriorated to some extent during the course of 2008. A number of institutional customers have been forced in consequence of their investment mandates to redeem equity funds in order to reduce their risks. The company has maintained its strong position with customers such as municipalities, pension funds and organisations.

Storebrand poses strict corporate responsibility requirements of the companies it invests in and is one of the few asset managers in Europe that have a separate professional environment involving this area. Companies that contribute to breaches of human rights, corruption, serious environmental damage, production of landmines, cluster munitions, nuclear weapons or tobacco production are excluded from our investment universe. Storebrand also avoids companies that operate within high-risk industries and have significant deficiencies in their risk management, as well as those companies scoring the worst on climate measures.

As per 31 December 2008, a total of 80 companies were excluded from investing in Storebrand. The requirements apply to both equities and bonds, in Norway and internationally. Exclusion is however not a goal in itself. Through dialogues with the companies, Storebrand is attempting to influence them towards a more sustainable path of development.

Property and casualty insurance: Storebrand Skadeforsikring was re-established in the autumn of 2006. The new business area provides standard P&C insurance products in the retail market in Norway, as well as some individual business insurance for the SMB market. Apart from the new business, Storebrand Skadeforsikring bears fronting responsibility for the risk associated with policies taken out before the take-over of the P&C insurance business of If in 1999 as well as the run-off of its own reinsurance business and managing other companies' run-off business through a subsidiary, Oslo Reinsurance Company.

Storebrand Skadeforsikring continued to grow during 2008 with an increase of 86 percent in the annual premium represented by the portfolio. The number of customers increased during the same period from 16,000 to nearly 28,000. Throughout 2008, Internet sales have continued to be the company's most important sales channel. A total of 53 percent of the portfolio of premiums was subscribed to via the Internet solution. In addition to Internet sales, telephone-based sales and customer centres are the most important sales channels for Storebrand Skadeforsikring. Jointly, telephone and Internet sales comprise more than 90 percent of the total sales. With efficient distribution channels, the company is able to maintain competitive prices.

The retail P&C insurance market in Norway continues to be deemed to be profitable, however there has been an increase in the number of claims and the volume of compensation through 2008. The establishment of a number of new participants during the course of 2008 has also contributed to a further intensification of the competition in the Norwegian market. In addition to the start-ups, the large participants are contributing to pressures on the margins by the active use of customer retention discounts in order to keep their customers.

CAMILLA M. GRIEG (45), CEO, Grieg Shipping Group AS.
Board Member for Storebrand ASA since 2007.

Authorised Financial Analyst (AFA), NHHK/NFF. 1989, MBA, University of San Francisco. 1986, Cand. Mag., University of Bergen.

Previous positions: 1998–2006: CEO, Grieg Shipping AS • 1995–1998: Director, Grieg Shipping AS • 1993–1995: Corporate Market Analyst, Star Shipping • 1990–1993: Financial Analyst, Bergen Fonds AS.
Positions of trust: 2009- : Board Member for Grieg Star Shipping AS • 2007–: Chairman of the Board for Bergen Rederiforening. Board Member for GCRieber AS • 2005–2006: Board Member for Rieber Shipping AS • 1995- : Board Member for Grieg Shipping Group A, Grieg Maturitas AS • 1995-2008: Board Member for Star Shipping AS.

Risk management

Storebrand has through the products and policies it has signed with customers established liabilities that generate risks. These vary in nature depending on the product area. Various types of insurance risk are associated with the life insurance and P&C insurance business areas. Storebrand's financial assets fluctuate in value due to the risk associated with the financial markets – including equities, property, interest rate and credit risk. The banking business area also generates credit risk, and there are solvency and operational risks associated with the operation of the business areas. Continuous monitoring and active management of risk is therefore a central and integral feature of the group's activities and organisation.

Identifying and managing operational risk forms an integral part of management responsibility in the organisation. In addition to this, the group's executive management conducts an annual risk assessment that results in a summary of risks and pertinent improvement measures. This summary is presented to and dealt with by the Board.

Life insurance activities: A significant proportion of savings-related life insurance products incorporate a guaranteed minimum annual return, currently just over 3.5 percent on average. The average guaranteed return will fall over time since the annual guarantee for new policies cannot exceed 2.75 percent. The life insurance company's financial risk principally relates to its ability to generate an annual investment return at least equal to the guaranteed minimum. This places particular demands on how the life insurance company allocates its investments between securities and other assets, and on the quality of the company's risk management. Falling interest rates during the latter half of 2008 have in isolation contributed to profits in bonds, but do cause the expected returns and thus the risk-bearing capacity to be reduced to some extent in the future. For Norwegian life insurance companies a high level of interest rates is better than a low level since the guaranteed returns are then easier to achieve. The company has invested a significant part of its financial fixed assets in bonds in the category 'loans and receivables'. These securities are not booked at market value on an on-going basis, but will provide regularly booked returns significantly exceeding the interest rate guarantees. This contributes to reducing sensitivity to changes in interest rates.

At the end of 2004, the Norwegian parliament approved a number of major changes to the Insurance Activities Act. The new operational rules came into effect on 1 January 2008. One important change is that insurance companies must invoice the customers in advance for the costs connected with the interest rate guarantees issued for a large part of the products. The risk of a loss of income for these products thus is reduced. The allocation of financial assets follows the company's investment policy. The investment strategy establishes guidelines and frameworks for the company's risk management, credit exposure, counterparty exposure,

Capital adequacy in % of customer funds exclusive additional statutory reserves and conditional bonus

NOK million	2004	2005	2006	2007	2008
Equity	4,604	5,012	5,361	14,304	17,116
Subordinated loan capital	2,967	2,875	2,962	8,814	9,833
Risk equalisation fund				197	153
Market value adiustment reserves	2,767	3,884	5,918	3,889	
Additional statutory reserves	3,706	4,538	5,551	5,757	3,437
Conditional bonus				13,699	7,499
Excess value of bonds at amortised cost	4,213	3,573	1,097	40	-313
Earned profits	2,458	3,422	4,175	1,340	-1,870
Total	**20,715**	**23,304**	**25,063**	**48,041**	**35,856**
%	**17.7**	**17.9**	**17.8**	**21.6**	**15.4**

HALVOR STENSTADVOLD (64), Independent Advisor.
Board Member for Storebrand ASA since 2000.

MSc Political Science, University of Oslo.

Previous positions: 2006- : Independent Advisor • 1997-2006: Member of Orkla's executive management • 1988-2006: Various management positions for Orkla's corporate staff.

Positions of trust: 2008-: Chairman of the Board for the Norwegian Microfinance Initiative, NMI • 2008-: Board Member for Navamedic ASA • 2006–2007: Chairman of the Board for Oslo Børs ASA • 2002–: Board Member for Statkraft SF and Statskraft AS • 1994–2000: Chairman of the Board of Norges Forskningsråds Executive Board, Member of Board of Representatives for Storebrand ASA • 1986–1990: Chairman of the Board for NRK.

currency risks, use of derivatives and requirements for liquidity in the active portfolio. The objective of the dynamic risk management is to maintain sound risk-bearing capacity and to continuously adjust financial risk exposure to the company's solidity. The company expects this to generate a good investment return, both in individual years and over time.

The total capital adequacy of the life insurance company declined by NOK 12.2 billion in 2008. Additional statutory reserves increased by NOK 2.3 billion while the market value adjustment reserve stood at zero as per 31 December 2008. Insurance policies are long-term agreements, and involve uncertainty with respect to calculating future mortality and disability rates. The life insurance company uses tariffs based on historical statistical data that are notified to the authorities and are based upon statistical material drawn from experience.

In connection with the instability in the financial markets in 2008, Storebrand Life Insurance has conducted solvency-based risk management and thus significantly reduced the weighting of equities in customer investment portfolios. Adjustments have been performed to the bond portfolios in that papers that were classified in the category of "hold to maturity" have been reclassified to be encompassed by the market valuation principle. The change improves the profit for 2008.

SPP is to a large extent exposed to the same types of risk as Storebrand Life Insurance, however the terms contained in the insurance products are somewhat different. SPP offers insurance products with a guaranteed return on received premiums and mutual fund products in which the customer bears the financial risk. SPP's defined benefit products also include inflation adjustment and parts of the portfolio are thus subject to inflation risk. With the Swedish framework for life insurance having been adjusted to a substantial degree to the European Solvency II code of regulations, where the level of interest rates affects the magnitude of the insurance obligation, SPP has another financial risk connected with movements in interest rates. This affects the assets on the balance sheet as well as the risk management.

On 1 January 2006, SPP was restructured such that the company assumed some of the financial risk the customers previously bore. This means that latent deficits could arise with respect to certain customers. The company makes provisions in the accounts to meet these and monitors the ongoing risk including by using "Value at Risk" measurements.

In order to manage the exposure to various types of market risk the company established a framework for allocations to risk-bearing assets through its investment strategy, with associated risk management that is practised on an ongoing basis. The risk management is exercised by adjusting the customers' portfolios and the company's own assets. This could involve changes in the allocation of risk-bearing assets or utilising derivatives. The company's investment policy also includes limits and guidelines for credit and counterparty risk. Liquidity risk is estimated by a significant portion of the financial investments being placed in market listed securities with good liquidity.

In order to ensure that the insurance company has adequate capital to service its obligations, the Swedish supervisory authority, Finansinspektionen, requires that insurance companies stress test all of their business activities pursuant to a predefined template. The stress tests cover both assets and liabilities in the balance sheet. This is known in Sweden as traffic light reporting. The capital requirements during the stress tests can be reduced by available buffer capital (known as "conditional bonuses" in Sweden), which thus results in a net requirement concerning equity.

Storebrand Bank ASA's financial risk primarily consists of credit, liquidity, interest rate and foreign currency risk. Credit risk is regarded as the most important. Storebrand Bank's desired risk profile is moderate.

The bank has standard procedures for reviewing its lending and all new lending is approved in accordance with the bank's credit policy. The bank monitors its credit risk through its own risk classification system. Lending to corporate customers over a certain limit requires the approval of a credit committee chaired by the CEO, or by the bank's Board. Credit risk is monitored through a risk classification system that ranks each customer by ability to pay, financial situation and collateral.

Non-performance reports are produced monthly. For the corporate area, non-performance reports are produced twice per month, and residuals lists are produced weekly which are reviewed in credit committee meetings. Risk reports are produced monthly, with expanded versions quarterly.

ANN-MARI GJØSTEIN (46), Senior Storebrand Employee Representative.
Employee Representative Board Member for Storebrand ASA since 2007.

Market Economist, BI Norwegian School of Management.

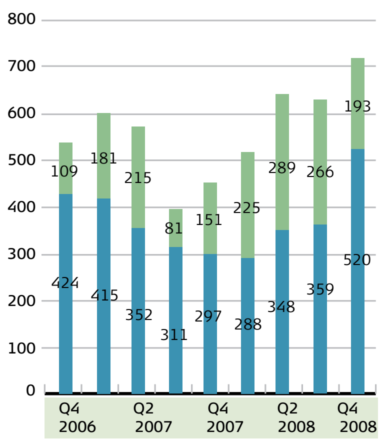
Previous positions: 2001–2007: Training Manager and Professional Consultant, Storebrand Bank ASA • 1982-2001: DnB and DnB Investor

Positions of trust: 2003-2007: Employee Representative for Storebrand Bank ASA • 2003-2007: Employee Representative of Board of Representatives for Storebrand ASA.

The volume of non-performing and loss-exposed loans totalled NOK 710 million, 1.8 percent of gross lending. In 2007 the volume was NOK 448 million, 1.2 percent of gross lending. There has been an increase of NOK 262 million during the course of 2008, or 0.6 percent in relation to gross lending. See also the figure below.

Development in non-performing loans

NOK million



- Non-performing loans without evidence of impairment
- Non-performing loans with evidence of impairment

Individual write-downs on the bank's lending amounted to NOK 262 million and group write-downs comprised NOK 88 million, i.e. a total of NOK 350 million. During the course of 2008, individual write-downs increased by a net of NOK 15 million, with regard being paid to determinations made during the period. The group write-downs have increased by a net of NOK 30 million. Net expensing of losses on lending and guarantees comprised NOK 122 million in 2008.

The liquidity measurements for Storebrand Bank are within the internally established limits. It is challenging to obtain long-term funding in the market, and it is expected that it will continue to be challenging through all of 2009. Through the establishment of Storebrand Kredittforetak, long-term bonds were issued in 2008. Storebrand Bank is working on reducing its liquidity risk by increasing the average term.

Storebrand Bank manages its exposure in the fixed income market so that the sensitivity to interest rates is as minimal as possible. The bank also practises a policy of full hedging and all instruments with an interest rate fixing period in excess of six months are subject to a specific hedging policy.

Storebrand Skade: The main risk for the newly established P&C business is that it will initially have a small portfolio to absorb claims. This could mean that single large claims may have a disproportionate impact on profit. The largest claims will typically arise from liability cover in motor insurance. Special reinsurance cover has been taken out in order to offset this risk.

Oslo Reinsurance Company ASA has been in run-off since 1994. The company's risk exposure has reduced significantly over this period. The level of reserves is determined by actuarial principles.

In 2000, Storebrand Skadeforsikring AS transferred all its run-off land-based Norwegian non-life insurance and all direct marine insurance to If through a 100% reinsurance arrangement.

The Storebrand Skadeforsikring group's securities portfolio primarily consists of low risk, interest-bearing securities. The assessment of share price risk, interest rate risk, credit risk and foreign currency risk is central to the risk management of the securities portfolio in Storebrand Skadeforsikring and the exposure is monitored pursuant to set limits.

Capital situation

Storebrand places an emphasis on adapting the level of equity and debt in the company on an on-going basis and according to plan. The level is managed relative to financial risk and capital requirements in the business, where growth and the composition of business areas will be an active driving force behind the need for capital. The goal of capital management is to ensure an effective capital structure and preserve an appropriate balance between internal goals in relation to the statutory and rating companies' requirements. The group has set long-term targets. The capital adequacy in its banking activities should be more than 10 percent and the solvency margin in the life insurance company should be at least 150 percent. Storebrand Livsforsikring AS also has a goal of attaining a rating on the A level. The holding company

KNUT DYRE HAUG (53), Special Consultant, Storebrand Livsforsikring AS. Employee Representative Board Member for Storebrand ASA since 2006.

Officer's Training School, Authorised Insurance Advisor.

Previous positions: 2002–: Head of Project Committee for Authorisations, FNH • 1998–1999: Market Director, Sparebank1 Livsforsikring • 1978–1998: Various positions, Storebrand Livsforsikring • 1990–2006: Lecturer and author, BI Centre for Financial Training and the Insurance Academy.
Positions of trust: 2007–: Chairman of the Board, Boligstiftelsen Ungdomsboliger in Asker • 2007–: Board Member, Asker and Bærum Housing Cooperative • 2007–: Member, Board for Banking, Insurance and Finance Studies.

aims to have a net debt ratio of zero over the longer term.

As per 31 December 2008, the solvency margin of the Storebrand Life Insurance group was 160 percent. There has been an increase in the solvency margin during 2008 in consequence of the long-term financing connected with the acquisition of SPP being carried out. The solvency margin of SPP was 135 percent at the end of 2008. Storebrand Bank had a capital adequacy of 10.8 percent and a core capital adequacy of 9.5 percent as per 31 December 2008. The authorities' requirements are 8 percent for capital adequacy.

The group's capital base, which consists of equity, subordinated loan capital, the market value adjustment reserve, additional statutory reserves, conditional bonuses and other capital adequacy of the life insurance company comprised NOK 38 billion as per 31 December 2008 compared with NOK 48 billion at the end of the prior year.

Storebrand ASA had total liquid assets of NOK 1.4 billion at the close of 2008, and also has available an undrawn long-term credit facility of EUR 75 million. Storebrand ASA took out a loan of EUR 580 million in connection with the acquisition of SPP. The loan was repaid in 2008 when Storebrand Life Insurance took out a new subordinated loan. Total interest-bearing debt at Storebrand ASA was NOK 3.7 billion at the end of the year. Storebrand ASA has a bond issue of NOK 830 million that falls due in September of 2009 and a bank loan for EUR 70 million in December of 2009. The debt of Storebrand ASA is normally refinanced in good time before it falls due. If the bond market is not functioning, the payments due in 2009 will be able to be covered by the liquidity holdings of Storebrand ASA and through an expansion of established loan frameworks. Storebrand ASA has a credit facility of EUR 225 million falling due in December 2010, on which at the end of the year EUR 150 million had been drawn.

At the close of 2008, Storebrand Livsforsikring AS was rated A2 and A- respectively by Moody's and Standard & Poor's. Storebrand ASA was rated Baa2 and BBB. Storebrand Bank's rating was A2 from Moody's and BBB+ from Standard & Poor's.

Rating	Storebrand Livsforsikring AS	Storebrand ASA	Storebrand Bank ASA
Moody's	A2 (N)	Baa2 (N)	A2 (N)
Standard & Poor's	A- (S)	BBB (S)	BBB+ (S)

P = positive outlook, S = stable outlook, N = negative outlook

Corporate responsibility

The ambition of Storebrand is to be the leader in corporate responsibility and responsible investments. The group has for nearly 15 years been building, brick by brick, the corporate responsibility work that today has been integrated into strategies and plans as well as being anchored directly in the group management. The winners in the business world of the future will be the companies that manage to unify sustainability with their own profitable growth.

For many years, Storeand has been involved with different international organisations advocating more sustainable development within the business community. Storebrand is active and support the work of organisations such as World Business Council for Sustainable Development (www.wbcsd.org), UNEP Finance Initiative (www.unep.org) and the UN's Global Compact (www.globalcompact.org). In addition, we have contributed to the development of as well as signed the UN's principles for responsible investments (PRI) and are participating in the Carbon Disclosure Project (CDP).

Integrated annual report

In order to render visible how corporate responsibility has been integrated into the core enterprise, the group is for the first time reporting both financial and non-financial goals and results in its annual report. The targetss for the group's work with corporate responsibility are described in the goal matrix on p. 142. The results have been reviewed for the first time by an external auditor. Highlligts in 2008 includes i launching of a separate climate criteria for investments, increased efforts in active ownership and micro-financing, developing procurement guidelines with clear environmental and social responsibility requirements. In addition the group launched its code of conduct that is tied to performance evaluations, the average lllness absence was reduced and we launched an ecological driving course on the Internet. For

ANNIKA LUNDIUS (58), Deputy CEO of Svenskt Näringsliv.
Board Member for Storebrand ASA since 2008.

University of Lund, LLB Law School, 1975:Law Graduate. Lunds University • 1979: Reporting Clerk Svea Court of Appeal • 1987: Associate Appellate Judge Svea Court of Appeal • 1976-1978: District Court Service, Gothenburg District Court.

Previous positions: 2002–2007: CEO of Sveriges Försäkringsförbund and Försäkringsbranschens Arbetsgivarorganisation • 1996–2002: Legal Director for Financial Council and Head of Financial Market Department, Ministry of Finance • 1994: Legal Director, Swedish Ministry of Finance • 1993: Assistant Undersecretary, Swedish Ministry of Finance
1988: Legal Consultant, Swedish Ministry of Justice • 1987: Research Secretary, Swedish Department of Labour
Positions of trust: 2007– July 2007: Invik AB • 2002-2007: Larmtjänst AB, Chairman • 2002-2007: Trafikförsäkringsföreningen, Chairman 2003 • 2002-2007: Lernia AB • 1999 -2002: Akademiska Hus AB • 1996–1999: Posten Sverige AB • 1994–1998: SAQ AB • 1993–1999: Swedish Securities Register Centre, VPC AB, Chairman 1998.

the tenth year in a row, Storebrand has qualified for the Dow Jones Sustainability Index.

In 2008 a number of corporate responsibility measures were also commenced at SPP. This has been an important contribution in repositioning the company in the Swedish market. Below follows the results within the environmental area, while more comprehensive information is available at: www.storebrand.no/samfunnsansvar and on page 10 and 39 in the annual report.

Environmental impact

Storebrand is aiming to reduce the environmental impact of its business operations through reduced energy and paper consumption waste sorting, recycling of electronic waste, an environmentally aware travel policy and water consumption. In the management of our properties, we impose specific requirements linked to the impact on the internal and external environment. This has given results. The group has, among other things, reduced its energy consumption at its head office by 16 percent in 2008, significantly better than the goal that had been established. The degree of sorting for waste has increased from 55 to 59 percent.

In conjunction with the Norwegian Driving School Association, Storebrand has developed and launched an ecological driving course on the Internet. More than 10,000 persons have taken the course up to now.

A number of measures have been initiated in order to reduce the group's emissions of carbon dioxide (CO_2). Energy follow-up systems have been installed for most of the self-managed buildings, and financial environmental incentives are included in the company vehicle programme. Even though we are working actively to reduce emissions, as per the present it is not possible to reduce CO_2 emissions to a zero level. In order to compensate for this, Storebrand is buying UN-certified climate quotas (CER, certified emissions reductions). Storebrand is the first Nordic financial enterprise to be climate-neutral, by buying climate quotas for its total CO_2 emissions from air travel, energy consumption and company vehicles.

Procurement policy

Storebrand makes purchases in Norway worth more that NOK 1 billion per year. we use this position to contribute to more sustainable development. New procurement guidelines were adopted in the autumn of 2008. We will continue the implementation of those in 2009. The guidelines weight environment and corporate responsibility a minimum of 20 percent for all types of purchasing. Suppliers who are excluded from investments with respect to Storebrand's corporate standard for responsible investments are not allowed to submit offers.

Human resources and organisation

At the end of the year the group had 2,516 employees, compared with 2,219 at the beginning of the year. Of these, 52 percent were women. The average age is 43 and the average length of service is 10 years. Storebrand has included the following statement in all its recruitment advertising in Norway: "We are committed to diversity, and encourage applications from all qualified candidates regardless of age, gender, disability, cultural background or sexual orientation".

Skills and training

Storebrand places great weight on the development of its employees at all levels. Raising competence is fundamental for good employee development. During 2008, Storebrand performed a consolidation of the environments that work with competence development. The co-operation with the competence development environments at SPP have also been strengthened, particularly in the area of sales training. Managerial development has also received a significant emphasis during 2008. The company's managers go through mandatory managerial training modules. The group's management development programme has been expanded by an additional module connected to awareness of the management role itself. A programme has been carried out aimed at young employees – the Young Professionals Programme (YPP). The competency offerings for specialist and professional competencies have been expanded and strengthened in close co-operation with the business areas. The co-operation with the environments that are working with continuous improvements have also become tighter. This contributes to amplifying the effects of improvement projects by adjusting the content of the training, based upon the knowledge that emerges during the improvement projects. Work is also being done on adapting the competency offerings for specific development paths for out employees.

Gender equality/diversity

Storebrand is fully committed to increasing the number of women in senior management. In 2008, 50 percent of the members of the Board of Storebrand ASA were women, compared with 44 percent in 2007. A total of

Easy to relate to
Enabling

20 percent of the group's executive managers are female. For the next planning period a goal will be set for female managers on the level reporting to the group's executive managers. At the end of 2008, a total of 39 percent of those with management responsibilities in the group were women. Among the 1,616 employees in Norway, 628 took part in internal training programmes in 2008, and of these 54 percent were women.

Storebrand participated in Futura, the Norwegian Financial Services Association's management training programme for women, contributing two candidates. The company poses requirements for working relationships with recruitment bureaus to the effect that both genders must be represented as final candidates for management positions. Employee benefits, such as flexi-working, extending full salary for sick leave to include attending to children or parents, and full salary during maternity leave, are seen as important measures in encouraging gender equality. Salary statistics are produced at specified management levels in order to facilitate the comparison of salaries between male and female employees.

Storebrand has its own diversity committee, which in addition to working on gender equality also systematically works to include people from groups that are underrepresented in the labour market, including disabled people and groups from diverse ethnic backgrounds.

The latter-mentioned group represented 8 percent of the new employees in 2008. In order to attract qualified employees in the second group, Storebrand explicitly encourages disabled persons and persons who have disability benefits or rehabilitation benefits to apply for positions. The Norwegian Ministry of Children and Equality with its Minister, as well as the Norwegian Ministry of Labour and Social Inclusion, have performed company visits in order to learn about Storebrand's work in the area.

Senior policy

Storebrand is committed to offering a good senior policy. The group employed 43 people over the pension age of 65 in 2008, compared with 34 in 2007 and 21 in 2006. There are no employees over age 65 at SPP. In Norway there were 35 new employees over the age of 45, compared with 30 in 2007. Internal studies show that there are an increasing number (more than 50 percent) of senior employees who want to continue working after they have turned 65 years old.

Ethical guidelines

Storebrand has prepared its own ethical rules for the group and its employees. Ethical issues are a standard agenda item at all gatherings of new employees and have been integrated into training modules for all managers. Employees can pose questions concerning ethical problems directly to the manager of the auditing committee of Storebrand ASA (so-called whistle-blowing), and in 2009 we will be revising and relaunching a separate question and answer service on the Internet where employees can pose questions anonymously concerning ethics.

Training in ethics was conducted in 2008 for the group's sales mechanism in Norway. Working meetings involving ethics and customer care were also held for central staffs and business units. The new guidelines for customer care will be implemented and integrated into the ethical guidelines in connection with the revising and relaunching of such in 2009. From 2009, it will be the corporate responsibility unit that will have the overall responsibility for the guidelines concerning ethics, notifications, anti-corruption and violations.

Competency requirements were ratified in 2008 for financial consultants, with ethics as an integrated part, and where tangible organisational prerequisites are also described for the business in order to be able to comply with ethical guidelines within the group.

Sick leave

Storebrand has systematically worked to reduce sick leave over many years, and the group has participated in the "Inclusive workplace" scheme since 2002. Sick leave in the group in 2008 was 3.8 percent compared with 4.6 percent in 2007 and 5.1 percent in 2006. Internal guidelines, entitled "If you fall ill", have been produced to support this work and the health of the individual employees.

In 2008, Storebrand has been able to offer its employees an internal health clinic, with a holistic and interdisciplinary treatment concept, including psychology and mastery services. Studies show that over 40 percent of those surveyed report that the clinic caused them to avoid or shorten sick leave absences and over 80 percent regard Storebrand as a more attractive workplace in consequence of the clinic. Employees are offered courses in quitting smoking through co-operation with the Cancer Society, subsidised memberships in fitness centres, fitness

Reliable
Forward looking

training during working hours for seniors, a subsidises personnel restaurant, a fresh and present concept including bicycling to work and stairway contests.

Storebrand Sport is the sports club for employees, with 18 active branches and a total of 600 members. Employees can call an 800 number for free personal assistance, where Storebrand has no access to the results. Storebrand has its own corporate priest who can be used by employees as a conversation partner. Individual employees may also contact the priest directly. The priest is also available for special events, for example deaths, serious illnesses, lay-offs, firings and the like. In addition, the priest contributes to ethics discussions at internal development programmes.

No injuries to people, property damage or accidents of significance were reported within Storebrand in 2008.

Corporate governance
Storebrand established its policy on corporate governance in 1998. The Board reviews these principles every year. In December of 2004 a recommendation for a national standard for good corporate governance was presented. This was revised on 4 December 2007. Storebrand's principles for corporate governance correspond in all major respects to this recommendation. The question of whether to elect a Deputy Chairman for the Board was considered in 2006, but such an appointment was not considered to be appropriate.

Further information on Storebrand's policies and procedures for corporate governance can be found in a separate article on page 31 of the annual report.

The Board carried out an evaluation of its work in 2008 in which the Storebrand's administration also participated. The Board held 15 meetings and one Board conference in 2008. The work of the Board is subject to a specific mandate. The Board has established advisory committees on remuneration and internal auditing.

During 2008, the following changes in the membership of Storebrand's corporate bodies took place:

Board of Directors:
Sigurdur Einarsson was elected as a Board Member to succeed Knut G. Heje who had been a Board Member since 2000. Annika Lundius was elected as a new Board Member when the Board was expanded by one member.
Board of Representatives:
Stein Erik Hagen and Margareth Øvrum retired from the Board of Representatives. Marius Steen was promoted from a deputy to a permanent member. Lydur Gudmundsson was elected as a new deputy member.
Control Committee:
Erling Naper was elected as a deputy member.

The Board wishes to thank the retiring members of the Boards and Committees for the valuable contributions they have made to the company.

Future prospects

In recent years, Storebrand has achieved solid profitability and strong competitiveness in the market for long-term savings and insurance in Norway. The acquisition of SPP in December 2007 expands the group's market area from one covering Norway to one covering the Nordic region. Storebrand's results for 2008 were significantly affected by developments in the financial markets. The company expects continued turbulence in the financial markets, but through the company's active risk and portfolio management its vulnerability to continued weak capital markets has been reduced. Storebrand thus has a solid financial and market-related foundation for its further development.

During periods with uncertainty in the financial markets, Storebrand will intensify the work of rationalising operations and ensuring good profitability through reducing levels of expenditures. Storebrand has worked for a number of years in a goal-oriented manner to rationalise its operations through streamlining the working processes in the company. The goals for the rationalisation programme have been validated by the business volume having increased without corresponding growth in costs. In the future, increased efficiency will be used to a greater extent to reduce the absolute level of costs in both the Norwegian and the Swedish enterprises.

As a part of Storebrand's Nordic strategy, Storebrand Kapitalforvaltning took over the management of the bulk of SPP's portfolio as per 1 January 2009. This will contribute to increased revenues for Storebrand Kapitalforvaltning and reduced costs for SPP beginning in 2009. This is one of several examples of how the group is attempting to utilise competence and economies of scale across the organisation and across national boundaries. The synergies that were communicated in

Storebrand´s objective
and most respected
market for long-term

connection with the acquisition of SPP have been verified and adjusted upwards during the course of 2008.

There is an increased awareness within society of Storebrand's most important area of effort – pensions. This is being driven to a large extent by the many changes that have been carried out and that are being proposed for the pension system. During 2008 in particular discussions concerning the early retirement pension scheme (AFP) and the introduction of individual pension saving in June have contributed to increased interest in pension savings. Increased lifespans, combined with the desire to maintain a high standard of living as a retiree creates a demand for Storebrand's products.

Good sales figures and the strong net influx of accounts in 2008 confirmed Storebrand's strong competitive position in Norway. In Sweden, SPP strengthened its position in the market for occupational pensions through increased marketing and sales. Storebrand is working actively on exploiting its broad range of contacts in the corporate market by developing good solutions for both the retail market as well as employees of corporations having pension agreements with Storebrand.

In addition, efforts are being made to further develop direct distribution to the customers, in line with the substantial successes that Storebrand has experienced with, for example, Storebrand Skade.

At the beginning of 2009, Storebrand can look forward to a year in which there is great uncertainty connected with developments in the financial markets. Storebrand has, with its vast experience in active risk and portfolio management, a great point of departure for meeting these challenges.

Storebrand's vision is to become the leading and most respected Nordic business partner for long-term savings and insurance. The group's financial goals, which were adjusted in connection with the acquisition of SPP, remain firmly in place.

Storebrand has, because of its long traditions and experienced and motivated employees, as well as its strategic efforts in corporate responsibility, a good basis for successfully achieving the group's goals.

Application of the profit for the year

Storebrand ASA recorded an annual result of minus NOK 13.6 million for 2008. During its discussion of the profit for the year in 2007, the Board of Storebrand ASA adopted a new dividend policy with an increased distribution ratio. The new dividend policy is as follows: "The dividend policy shall contribute towards providing shareholders with a competitive return and optimising the company's capital structure. The dividend to shareholders will normally represent more than 35 percent of the full-year profit after tax, but before amortisation costs. The Board wishes to have a dividend policy with a long-term horizon, and will aim for stable year-on-year growth in dividend per share."

Based on Storebrand's result, the equity situation and the dividend policy, the Board of Storebrand ASA proposes to the annual general meeting that no dividends be disbursed for 2008.

Application of the year's result:

Amounts in NOK million:
From other equity: -13.6

Distributable reserves amounted to NOK 3,734 million as per 31 December 2008.

Oslo, 3 March 2009
Translation – not to be signed

Leiv L. Nergaard
Chairman of the Board

Halvor Stenstadvold	Sigurdur Einarsson	Camilla M. Grieg	Barbara Rose Milian Thoralfsson	Birgitte Nielsen
Erik Haug Hansen	Knut Dyre Haug	Ann-Mari Gjøstein	Annika Lundius	Idar Kreutzer Chief Executive Officer

is to be the leading institution in the Nordic savings and insurance

Shareholder Matters

The share capital, rights issues and shares

Shares in Storebrand ASA are quoted on the Oslo Stock Exchange (OSE) with the ticker code STB. Storebrand ASA's share capital at the start of 2008 was NOK 2,249.5 million. In connection with the acquisition of SPP, the company's extraordinary general meeting held on 24 October 2007 voted to conduct a rights issue of 200,090,786 new shares. Following the issue the company has 449,909,891 shares each with a par value of NOK 5.

The annual general meeting held on 23 April 2008 granted a mandate to the Board to buy back up to 10% of its own shares. Storebrand has not exercised this mandate. As of 31 December 2008, the company held 4,577,240 of its own shares, equivalent to 1.02% of the total share capital. The company has not issued any options that could dilute share capital.

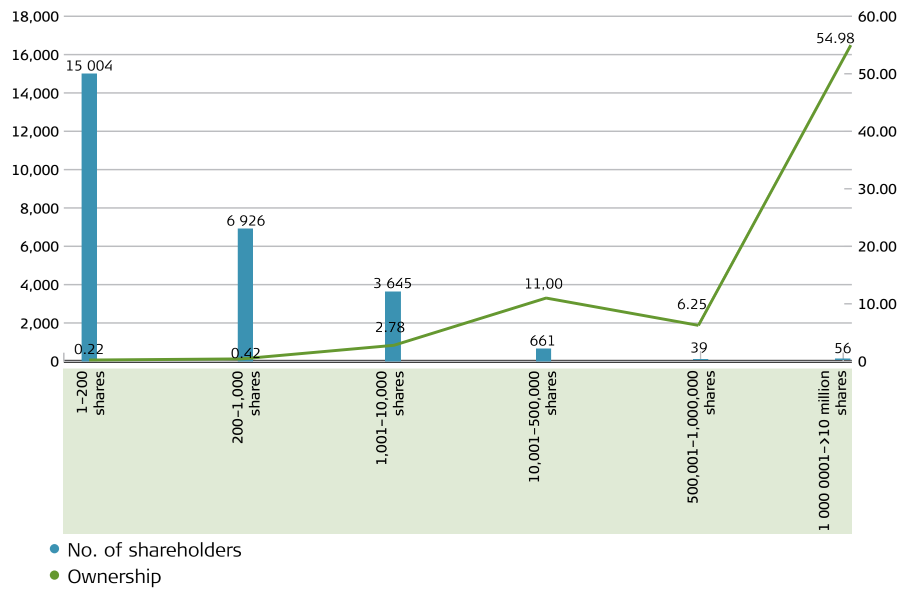
Shareholders

Storebrand ASA is one of the largest companies listed on the OSE measured by number of shareholders. The company has shareholders from almost all the municipalities in Norway and from 41 countries. In terms of market capitalisation, Storebrand was the 14th largest company listed on the OSE at the close of 2008.

Share purchase arrangements for employees

Every year since 1996, Storebrand ASA has given its employees an opportunity to purchase shares in the company through a share purchase scheme. The objective of the scheme is to involve employees more closely in the company's value creation. Employees were also offered an opportunity to purchase shares in Storebrand in 2008. In March 2008, each employee was offered the opportunity

Shareholders by number of shares and ownership as of 31 Dec 2008



20 largest shareholders as of 31 December 2008				
Shareholders	A/C type[1]	No. of shares	%	Country
Gjensidige Forsikring	ORD	109,458,254	24.33	NOR
Arctic Securities	ORD	24,700,000	5.49	NOR
Arion Custody	ORD	20,381,979	4.53	ISL
Folketrygdfondet	ORD	20,103,891	4.47	NOR
Fidelity Funds - Europe	ORD	17,779,752	3.95	LUX
Bank of New York	ORD	15,000,000	3.33	USA
Clearstream Banking Cid Dept	NOM	8,794,819	1.95	LUX
Citibank N.A.	NOM	8,541,176	1.90	GBR
Citibank N.A.	NOM	8,212,231	1.83	GBR
State Street Bank	NOM	8,094,074	1.80	USA
HSBC Bank PLC	NOM	7,258,138	1.61	GBR
Citibank N.A.	NOM	5,090,926	1.13	ITA
Oslo Pensjonsforsikring	ORD	5,000,000	1.11	NOR
J.P. Morgan Bank LUX	NOM	4,928,728	1.10	LUX
Storebrand ASA	ORD	4,577,240	1.02	NOR
J.P. Morgan Chase Bank	NOM	4,487,853	1.00	GBR
UBS AG London Branch	NOM	4,147,626	0.92	GBR
The Northern Trust Co	NOM	3,888,029	0.86	GBR
HSBC Securities Services	ORD	3,653,539	0.81	LUX
State Street Bank	NOM	3,623,136	0.81	USA

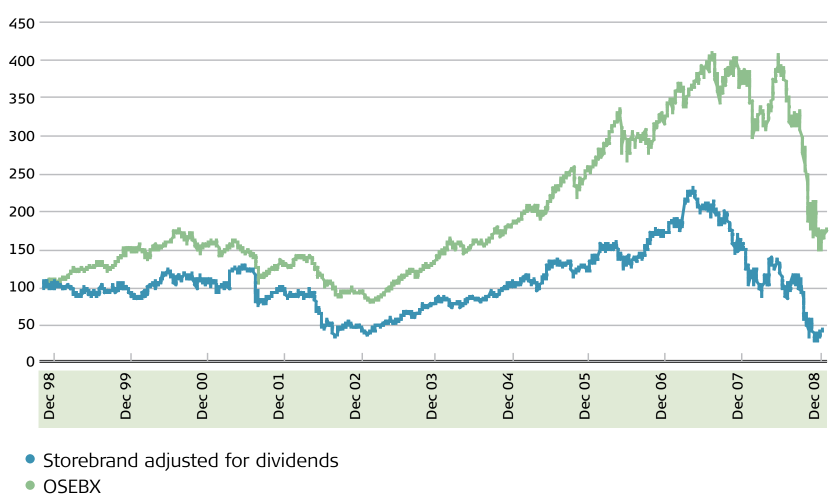
1 NOM is a client account

Shares by country	
As of 31 Dec 2008	
Norway	51.48%
UK	16.89%
Luxembourg	9.65%
USA	9.00%
Iceland	4.53%
Other (38 countries)	8.45%

As of 31 Dec 2007	
Norway	24.30%
UK	20.86%
Luxembourg	11.89%
USA	8.60%
Iceland	17.61%
Other (38 countries)	16.70%

to buy between 180 and 1,100 shares at NOK 32.99 per share. 40 percent of employees participated and purchased a total of 448,320 shares. In addition a long-term incentive scheme was established in 2008 for the group's management team and other senior employees. In connection the establishment of this, the previously withheld bonuses earned in 2007 and before have been paid. The net payment, less tax, was in its entirety spent on purchasing shares with a lock-in period of 3 years. A total of 238,140 shares were purchased under this scheme. See note 17 for information about the shares held by senior management.

Share price development



Foreign ownership

As of 31 December 2008, total foreign ownership amounted to 48.5 percent, compared to 75.7 percent at the close of 2007.

Trading in the Storebrand share

Almost 749 million Storebrand shares were traded in 2008, 39 percent more than in 2007. The value of shares traded in 2008 was NOK 25,138 million, down from NOK 39,338 million in 2007. This made Storebrand the 18th most traded share on the OSE in 2008 in terms of monetary value. In relation to the average total number of shares, the turnover rate for Storebrand's share was 167 percent.

Share price development

The Storebrand share produced a total return (including dividend) of -70 percent over the course of 2008. The OSE benchmark index (OSEBX) fell by 54 percent over the same period. Over the last three years, the Storebrand share has produced a total return of -62 percent, while the OSEBX index showed a return of -32 percent for the same period

Dividend policy

Storebrand's dividend policy shall contribute towards providing shareholders with a competitive return and optimising the company's capital structure. The dividend to shareholders will normally represent more than 35 percent of the full-year profit after tax, but before amortisation costs. The Board wishes to have a dividend policy with a long-term horizon, and will aim for stable year-on-year growth in dividend per share.

Based on the company's earnings, capital situation and dividend policy, the Board of Storebrand ASA recommends to the annual general meeting that no dividend be paid out for 2008.

Financial calendar

11 February	Interim results Q4 2008
4 March	Embedded Value for 2008
22 April	Annual General Meeting
6 May	Interim results Q1 2009
17 July	Interim results Q2 2009
28 October	Interim results Q3 2009
February 2010	Interim results Q4 2009

Capital gains taxation

On 1 January 2006, new rules came into force in Norway concerning the taxation of dividends and gains on shares held by private individuals. The new rules are termed the "shareholder model" and replace the previous RISK and tax credit systems. Under the new shareholder model, the amount of a dividend, less a standard deduction, is taxable, currently at 28 percent. If shares are sold, any unutilised standard deduction can be deducted from the gain on sale. The standard deduction is calculated on the basis of the cost price of the share multiplied by the average three-month interest rate on treasury bills, which is effectively the risk-free rate of interest. The interest rate for calculating deductions in 2008 is set at 3.8 percent.

Compliance

As one of the country's leading financial institutions, Storebrand is dependent on maintaining an orderly relationship with the financial markets and supervisory authorities. The company therefore places particular emphasis on ensuring that its routines and guidelines satisfy the formal requirements imposed by the authorities on securities trading. In connection with this, the company has produced internal guidelines on insider trading and own account trading based on current legislation and regulations. The company has its own compliance system to ensure that the guidelines are followed.

Investor relations

Storebrand places great importance on comprehensive and efficient communication with financial markets. Maintaining a continuous dialogue with shareholders, investors and analysts both in Norway and internationally is a high priority. The group has a separate investor relations unit responsible for establishing and coordinating contact with analysts, the stock exchange, shareholders, investors and others.

All interim reports, press releases and presentations of interim reports are published on the Storebrand website: www.storebrand.no.

General meetings

Storebrand has one class of shares, each carrying one vote. The company holds its AGM each year before the end of June. Shareholders who wish to participate in a general meeting must notify the company no later than 16:00 three business days before the meeting. Shareholders who do not give notice of attendance will be able to attend, but not vote.

Shareholders' contact with the company

Shareholders should generally contact the administrator of their share account with queries and notices of changes, e.g. changes of address. Storebrand's own shareholders' office can also provide guidance and information (Tel: (+47) 22 31 26 20).

Storebrand share (NOK)	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Highest closing price	57.10	87.37	68.30	48.94	49.15	36.63
Lowest closing price	10.55	54.60	48.10	39.49	33.94	17.22
Closing price on 31.12.	16.75	56.70	79.30	58.25	58.50	43.30
Market cap 31.12. (NOK million)	7,536	25,510	19,811	15,049	16,274	12,040
Dividend for the accounting year	0	1.20	1.80	4.00	7.00	0.80
Annual turnover (1,000 shares)	749,261	540,207	564,195	516,323	471,331	372,970
Average daily turnover (1,000 shares)	2,973	2,161	2,248	2,041	1,863	1,492
Annual turnover (NOK million)	25,138	39,338	39,825	30,318	22,149	12,842
Rate of turnover (%)	167	186	222	187	169	134
No. of ordinary shares at 31.12 (1,000 shares)	449,910	449,910	249,819	258,526	278,181	278,070
Earnings per ordinary share	-4.97	7.95	6.03	5.41	8.49	2.67
Total return (%)	-70	-13	44	13	38	67

Historic share prices have been adjusted to take account of the split between shares and subscription rights implemented in 2007.

Corporate governance

As a large stock exchange listed company and an important participant in society, Storebrand is committed to building good relationships with its stakeholders, who include shareholders, corporate bodies, management, employees, customers, lenders, and society as a whole. Corporate governance plays a central role in this objective, and defines the legal and operational framework by which Storebrand directs and controls its activities in order to create value for its stakeholders. The dialogue with our stakeholders is a key part of our corporate responsibility.

	The Norwegian Code of Practice for Corporate Governance addresses the following major topics:	**Storebrand meets the requirements of the Norwegian Code of Practice for Corporate Governance:**
1)	Implementation and reporting on corporate governance	√
2)	Business	√
3)	Equity and dividends	√
4)	Equal treatment of shareholders and transactions with close associates	√
5)	Freely negotiable shares	√
6)	General meetings	√
7)	Nomination committee	√
8)	Corporate assembly and board of directors: composition and independence	√
9)	The work of the board of directors	√ [1]
10)	Risk management and internal control	√
11)	Remuneration of the board of directors	√
12)	Remuneration of the executive management	√
13)	Information and communications	√
14)	Take-overs	√
15)	Auditor	√

The full text of the Norwegian Code of Practice for Corporate Governance is available on the Oslo Stock Exchange's website: www.oslobors.no/ob/cg.
1 Deviations from the Code of Practice – neither the law nor the Articles of Association require that a Deputy Chairman of the Board of Storebrand ASA be elected.

Storebrand has had a Corporate Governance Committee since 2006. The committee is responsible for ensuring good corporate governance practice across the Storebrand group.

As a listed company Storebrand must produce a report in line with the most recent recommendations in the Norwegian Code of Practice for Corporate Governance as per 4 December 2007.

A report covering the main features of Storebrand's corporate governance is provided below. The report covers a number of issues that are not included in the Code of Practice, but which we consider central to the discussion of corporate governance. The headings used below refer to the equivalent sections of the Code of Practice, with comments on any deviations from the Code. We have chosen to cover certain other issues related to corporate governance elsewhere, e.g. the application of financial risk management (page 8 and 57), shareholder matters (sections 3, 4 and 5 of the CoP), and the corporate responsibility Storebrand exercises as an investor and asset manager (page 10).

Storebrand's principles for corporate governance correspond in all material respects with the Norwegian Code of Practice (CoP).

Implementing and reporting the group's objectives, strategies and values
(CoP sections 1 and 2)

The Articles of Association of Storebrand ASA stipulate that it is the holding company of a financial institution and its objective is to manage its equity interests in the group in compliance with the relevant legislation. The Articles of Association are available in their entirety on the group's website: www.storebrand.no.

Storebrand launched its own principles for corporate governance in 1998, and views the Norwegian Code of Practice as a natural extension of these. The Board of Directors (the Board) has resolved that the company shall adhere to the Norwegian Code of Practice, and its statement on adherence to the Code of Practice can be found on page 26. An account of the definition and implementation of Storebrand's corporate values is available on Storebrand's website. The group has drawn up its own ethical guidelines, see page 25 of the annual report for further information. You can read more about the company's objectives and main strategies on page 38. In addition, Storebrand keeps the market informed of its objectives and strategies through investor presentations held in connection with presentations of its interim and annual reports and other specialised presentations, such as the capital market days that are held every second year, most recently on 12 November 2008.

Deviations from sections 1 and 2 of the Code of Practice: None

Shareholder matters
(CoP sections 3,4 and 5)

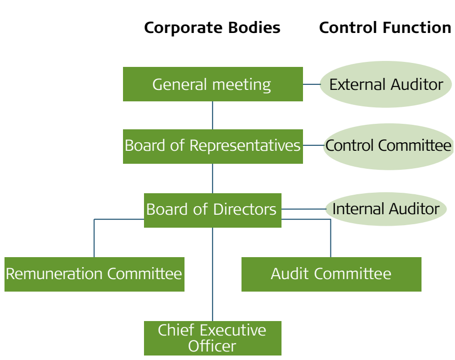
The Board continually monitors the company's capital adequacy in light of its objectives, strategy and risk profile. The Board has established a clear and consistent dividend policy. The decision on payment of a dividend is made by the Annual General Meeting (AGM), based on a proposal put forward by the Board. Storebrand ASA has only one class of shares, and Norwegian legislation does not permit shareholders to accumulate votes from one matter in order to cast additional votes for another matter (cumulative voting). Storebrand has no specific restrictions on ownership of shares or voting rights in the company other than the restrictions imposed by the Financial Institutions Act. All shares have equal rights, and are freely negotiable. The Articles of Association do not impose any limitations on the negotiability of Storebrand shares.

For a complete account of shareholder matters, see page 28.

Deviations from sections 3,4 and 5 of the Code of Practice: None

Storebrand's Corporate bodies
Annual General Meeting
(CoP section 6)

Storebrand ASA holds its AGM no later than the end of June each year. The 2008 AGM was held on 23 April. All shareholders with a known address receive written notice of the AGM by post, sent out no later than 14 days before the AGM. The notice calling the meeting includes supporting papers for all resolutions that will be considered by the meeting, including the candidates nominated by the Election Committee. The notice calling the meeting and supporting papers are published on the group's website 21 days before the general meeting.



All shareholders are entitled to attend general meetings, and arrangements are also made for proxy voting. Shareholders can only exercise their formal rights through the general meeting. Norwegian law does not permit shareholders to exercise their rights through what is known as "written consent" (formal group action outside the general meeting).

Deviations from section 6 of the Code of Practice: None

Election Committee
(CoP section 7)

Storebrand ASA's Articles of Association regulate the company's Election Committee, which has four members. In accordance with the provisions of the Articles of Association approved by the AGM, the chairman of the Board of Representatives is a permanent member of the Election Committee and its chairman. The other members are elected by the AGM. The company's employees elect an observer to the committee, who participates as a full member in making recommendations for the election of the Chairman of the Board. The Election Committee is independent of the company's Board and management, and its composition aims to ensure broad representation of shareholder interests. The Election Committee reviews the annual appraisal of the work of the Board, and is responsible for proposing candidates to the Board of Representatives, the Board of Directors, the Control Committee and the Election Committee, and the remuneration of the members of these bodies. The Election Committee applies specific criteria, and works in accordance with a formal mandate. The members of the Storebrand ASA Election Committee are also members of the election committees for Storebrand Livsforsikring AS (Storebrand Life Insurance) and Storebrand Bank ASA.

Deviations from section 7 of the Code of Practice: Storebrand's Articles of Association stipulate that the chairman of the Board of Representatives is a permanent member of the Election Committee and is the committee's chairman. This means that the chairman of the Election Committee is not directly elected to this position by the AGM. However, the AGM elects 2/3 of the Board of Representatives, which elects the chairman. The arrangement is therefore assumed to satisfy the principle that the composition of an election committee should be decided by the AGM.

Board of Representatives
(CoP section 8)

The Board of Representatives in Storebrand ASA is a legal requirement, and has 18 members, of which 12 are elected by the AGM and six by the group's employees. Members are each elected for a two-year term of office so that half the members retire each year. It is a statutory requirement that the members elected by the AGM shall reflect the company's interest groups, customer structure and its function in society. A broad cross-section of shareholders is represented through elections to the Board of Representatives.

The duties of the Board of Representatives include making recommendations to the AGM on the Board's proposal for the annual report and accounts, electing the six shareholder nominated directors, including the Chairman, to the Board of Directors, determining the fees paid to the directors, issuing the mandate for the work of the Control Committee and considering reports from the Control Committee. The Board of Representatives is entitled to make recommendations to the Board of Directors on any matter.

Deviations from section 8 of the Code of Practice: None

Board of Directors (CoP section 8)

The 2008 AGM decided to change the articles of association so that the Board can consist of 9 or 10 members. The Board's members are elected for one year. In 2008, the Board consisted of 10 members. Six, or possibly seven, members are elected by the Board of Representatives after considering recommendations made by the Election Committee. Three members are elected by and from among the employees. The Chief Executive Officer of Storebrand ASA (the group's CEO) is not a member of the Board. None of the members elected by the Board of Representatives have any employment, professional or consultancy relationship with the group other than their appointment to the Board. CVs for the members of the Board are provided on pages 14–23 and on the group's website. The Board of Storebrand ASA satisfies the requirements concerning the independence of the Board stipulated in the Norwegian Code of Practice.

Deviations from section 8 of the Code of Practice: None

The work of the Board of Directors (CoP section 9)

The Board meets at least nine times each year. In 2008, the Board held 15 meetings and one Board conference. The attendance records of individual Board members can be found on the group's website. The work of the Board is subject to a specific mandate. In order to ensure sound and well-considered decisions, meetings of the Board are well prepared so that all members can participate in the decision making process. The Board prepares an annual schedule for its meetings and the issues to be considered. The agenda for next board meeting is normally presented to the Board based on the approved schedule for the year and a list of matters carried forward from previous meetings. The final agenda is fixed in consultation with the Chairman of the Board. Time is made available at every second Board meeting to discuss matters without the management present. The Board is entitled to appoint external advisers whenever it considers this necessary.

The Board conducts an annual appraisal of its work, which is made available to the Election Committee for consideration in their work on candidates for the Board.

Board committees (CoP section 9)

The Board has established a Remuneration Committee and an Audit Committee. Each comprises two shareholder elected and one employee elected Board member. This helps to ensure thorough and independent attention to matters such as financial reporting and the remuneration of senior employees. The committees assist the Board by preparing matters for consideration, but decisions are taken by the entire Board. Both committees are able to hold meetings and consider matters without involvement from the company's management.

The Remuneration Committee monitors the remuneration of the group's senior managers, and assists the Board in setting terms and conditions for the group's CEO. The Committee also plays a key role in preparing the Board's declaration concerning the setting of the executive management's remuneration, which is presented to the AGM each year. The Remuneration Committee held seven meetings in 2008.

The Audit Committee assists the Board by reviewing, evaluating and where necessary proposing appropriate measures in respect of the group's overall controls, financial and operational reporting, risk management and internal and external auditing. The Audit Committee held five meetings in 2008. The external and internal auditors participate in the meetings.

Deviations from section 9 of the Code of Practice: There is no requirement in legislation or the company's Articles of Association for the appointment of a Deputy Chairman to the Board of Storebrand ASA. The Board may elect a Deputy Chairman if it so requires. This has been considered, but was not considered necessary. The Board considers that such an appointment could cause undesirable differentiation between members of the Board. When necessary, for example due to the absence of the elected Chairman or because the Chairman is unable to participate in a particular matter, the Board considers it sensible and appropriate to elect one of its members as chairman of the meeting in question as required.

Control Committee

The Control Committee of Storebrand ASA is a legal requirement, and has five members elected by the AGM. The committee is independent of the company's Board and management. Members are elected for a two-year term of office. The Control Committee is responsible for ensuring that the entire group conducts its activities in a prudent and proper manner. Particular attention is paid to close collaboration with the control committees of the group companies. The committee ensures that the group adheres to all relevant legislation and regulations, and that it operates in accordance with the Articles of Association and resolutions passed by the group's corporate bodies. The committee is entitled to look into any matter, and has access to all relevant documentation and information. The committee has the power to demand information from any employee and any member of the company's corporate bodies. The Control Committee met 10 times in 2008 and submitted a report on its work to the Board of Representatives on 11 March 2008. Storebrand Life Insurance, Storebrand P&C and Storebrand ASA have identical control committees. Storebrand Bank has its own control committee.

Group management

Internal management bodies

The CEO of Storebrand ASA is the chairman of the boards of Storebrand Life Insurance, Storebrand Investments, SPP and Storebrand Bank. The other members of the boards of Storebrand Life Insurance, SPP, Storebrand Bank and Storebrand Investments are drawn from the group's senior employees, employee representatives, and external members with expertise relevant to the business of the company in question where this is required. Storebrand relaunched its P&C insurance business in 2006, and the group's Chief Financial Officer is the Chairman of the Board of the P&C insurance company. The acquisition of SPP Livsforsikring was completed on 21 December 2007. As a consequence of this, a new group management model was introduced with effect from 14 January 2008

The Board has issued a written mandate setting out the management responsibilities of the CEO of Storebrand ASA. The role of the group's CEO does not give rise to any conflicts of interest.

Storebrand's executive management is charged with implementing the strategies approved by the Board, and is directly responsible for the group's overall profitability and for making optimal use of resources across the entire group. Storebrand works systematically to build up the system value of expertise across the group, and annually carries out succession planning for the entire executive management team which is dealt with by the Board. In addition, in order to ensure continuity of expertise in key positions, all the members of the executive management team are subject to a written agreement to give six months' notice of termination of employment. Information on the executive management team can be found on page 36. The group's management and monitoring of the business areas takes place largely through the subsidiaries' board meetings, executive management meetings, business reviews and process reviews.

Relationship between Storebrand's corporate bodies and control functions (CoP sections 10 and 15)

The Board of Storebrand has adopted guidelines for overall management and control. The internal audit function in Storebrand is founded on a corporate governance model, whereby management is based on group-wide policies and internal regulations in areas such as ethics, information management and information security, as well as a value based system for financial and operational risk. The group has a common internal audit function which carries out an independent review of the robustness of the management model. The internal auditor is appointed by and reports to the boards of the respective group companies.

In addition to its own controlling bodies and external audit, the group is subject to statutory supervision by Kredittilsynet (the Financial Supervisory Authority of Norway). Kredittilsynet is responsible for supervising financial institutions to ensure that they operate in a prudent and proper manner in accordance with legislation, business objectives and the Articles of Association. Kredittilsynet supervises all of Storebrand's activities.

The external auditor is elected by the AGM, and is responsible for the financial audit of the group. The external auditor issues the audit report concerning the annual accounts, performs a limited audit of the interim accounts, attends the Board meetings that approve the quarterly interim accounts, all meetings of the Control Committee, and attends meetings of the Audit Committee as appropriate. In 2007, the Board decided that the external auditor must rotate the partner responsible for the audit assignment every seven years. The external auditor's work and independence is evaluated every year by the Board's Audit Committee.

Annual programs for internal audit work are determined by the boards of the group companies, based on the auditor's recommendations and a risk assessment carried out by the group's senior management. Internal audit produces quarterly reports for the boards. Reports from special investigations initiated by internal audit or management in respect of possible breaches of ethical rules are immediately reported to the chairman of the Audit Committee and the group's CEO, with copies to the heads of Legal Services and Human Resources. Internal audit is subject to a formal mandate in accordance with current legislation, regulations and international standards. The Control Committee is entitled to use the resources of internal audit as required.

Deloitte has been elected by Storebrand ASA's AGM as the company's external auditor. The Board of Storebrand ASA has appointed KPMG as the company's internal auditor. The other companies in the group use the same external and internal auditors as Storebrand ASA.

Storebrand's value-based management system (CoP section 10)

The management system is central to the internal audit function and is intended to ensure a correlation between targets and actions at all levels of the group and the overall objective of value creation. The system is based on a balanced scorecard where the four dimensions of finance, customers, processes and skills/growth reflect both short-term and long-term value creation in the group.

Each business area carries out an annual strategy and planning process used to produce a rolling three-year plan for the group, including detailed targets, strategies and budgets. The Board of Storebrand ASA is involved throughout the strategy and planning process.

The Board of Storebrand has adopted guidelines for risk management, risk control and compliance functions.

Risk evaluation and internal control reporting form an integral part of the strategy and planning process. The management teams work actively to identify areas of risk and measures to promote the company's strategy and objectives. This work is summarised in an internal control report submitted to the Audit's Committee and the boards.

Storebrand's management reporting system, Storebrand Compass, provides management and the Board with monthly reports on financial and operational performance relative to approved targets. The system highlights parameters that fall short of targets so that appropriate measures can be implemented.

The appraisal and remuneration of Storebrand employees forms an integral part of the value-based management system, and is designed to ensure that the group's strategies are implemented. Bonus payments are dependent on both the overall level of value creation and individual performance. Storebrand's remuneration systems follow internationally recognised principles. Remuneration does not include share options. Historical data on share options can be found in the annual reports for 2004 and earlier years.

Management through group-wide policies and guidelines

Group-wide policies have been approved for the following functions in the Storebrand group: accounting, finance and risk management, investor relations, corporate communications, branding, IT, human resources and legal services.

Internal guidelines have been established for share trading by employees and insiders. The Storebrand group's Intranet also provides both rules and practical guidance on the security of information, contingency planning, money laundering and financial criminality.

Ethics

Storebrand has established ethical rules for the group and its employees. Ethics are a standard feature of seminars for all new employees and are integrated into all managerial training modules. Employees can seek advice on ethical issues directly from the chairman of Storebrand ASA's Audit Committee (so-called "whistle blowing"), and in 2009 we will launch a specific question and answer service on our intranet that will enable employees to seek advice on ethics questions anonymously. This extra service will be staffed by an internal ethics committee or ethics board, and can be used to gain guidance on all types of ethical dilemmas and issues.

The group's sales teams in Norway underwent ethics training in 2008. Ethics and customer care workshops were also held for key staff and business units. New customer care guidelines will be implemented and integrated into the ethical guidelines as part of the revision and relaunch of these in 2009. From 2009, the corporate responsibility unit will bear overall responsibility for the guidelines for ethics, whistle blowing, anti-corruption, and non-performance.

Deviations from sections 10 and 15 of the Code of Practice: None

Remuneration of the Board and executive management (CoP sections 11 and 12)

The remuneration of the members of the The remuneration of the members of the Board is decided annually by the AGM. The fees paid to the members of the Board are not linked to profits, option programs or similar arrangements. The members of the Board do not receive incentive-based remuneration, but receive a fixed annual fee. The shareholder elected members of the Board do not participate in the company's pension arrangements. None of the shareholder-elected members of the Board carry out any duties for the company other than their appointment to the Board. More detailed information on the remuneration, loans and shareholdings of the members of the Board can be found in notes 17 (Group) and 5 (ASA) of the notes to the accounts. Members of the Board are encouraged to hold shares in the company.

The Board's declaration concerning the setting of the executive management's remuneration, etc has been presented to the AGM for mandatory discussion since 2007. The declaration is available on the group's website. The salary and other remuneration of the CEO are decided by the Board. More detailed information on the remuneration, loans and shareholdings of the members of the executive management can be found in notes 17 (Group) and 5 (ASA) of the notes to the accounts. Members of the executive management are encouraged to hold shares in the company.

Deviations from sections 11 and 12 of the Code of Practice: None

Information and communications (CoP section 13)

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the AGM. The group's financial calendar is published both on the Internet and in the company's annual report. All reporting is based on the principle of openness and takes into account the need for the equal treatment of all participants in the securities markets, and the rules concerning good stock exchange practice. Further information can be found on pages 28–30.

Deviations from section 13 of the Code of Practice: None

Take-overs (CoP section 14)

The Articles of Association do not impose any restrictions on the purchase of shares in Storebrand. The Board has determined guiding principles on how a take-over bid will be handled. The Board will ensure that all shareholders are treated equally and have an opportunity to consider the presented bid. The Board will, as far as possible, obtain information about the bidder and make this available to all shareholders. The Board will also consider the bid and seek to issue a statement on the Board's assessment of the bid. The Board will in the event of any take-over bid seek, to the extent possible, to maximise the shareholders' assets.

Deviations from section 14 of the Code of Practice: None

Other matters

As one of the largest investors in the As one of the largest investors in the Norwegian stock market, Storebrand has considerable potential influence over listed companies, and pays great attention to exercising its ownership on the basis of straightforward and consistent ownership principles. Storebrand applies the Norwegian Code of Practice for Corporate Governance in this role, which represent a natural extension of the principles it first established in 1998. Storebrand has issued guidelines with respect to employees holding non-executive appointments in companies outside the group. The guidelines include restrictions on the number of such appointments any employee may hold.

Further information on Storebrand's Corporate Governance can be found on www.storebrand.no > About Storebrand, including information on members of Storebrand's corporate bodies, the company's Articles of Association and further information on its ownership principles as an investor.

Storebrand's Executive Management

1. GUNNAR ROGSTAD (52), **Executive Vice President, Storebrand Direkte, CEO Storebrand Skadeforsikring AS.** Cand.Jur University of Oslo. 2005 Executive Vice President, Sampo. 2002-2005 Executive Vice President, If Skadeforsikring NUF, Head of Business Area Private Nordic. 1999-2002 Nordic Head of Corporate Claims If Skadeforsikring NUF. 1984-1999 National and regional Sales Manager for corporate life and non-life, UNI Storebrand. 1984 Product Manager, UNI Forsikring. 1982-1984 Product Manager/Claims Handler, Norges Brannkasse.

2. ROAR THORESEN (51), **Executive Vice President, Chief Operating Officer.** Programme for Executive Development (PED), IMD Lausanne. Master of Science, Naval Technology, Norwegian Institute of Technology (NTH). 2002-2006 Executive Vice President, Strategic Business Development. 1989-2002 Consultant, Managing Partner and CEO, PA Consulting AS. 1986-1989 Vice President, Mandator AS. 1982-1985 Arthur Andersen & Co.

3. EGIL THOMPSON (44), **Executive Vice President, Corporate Communications.** Master of Science in Political Science, University of Oslo. 1999-2000 Deputy Director, Corporate Communications, Storebrand ASA. 1994-1999 journalist and head of editorial staff Aftenposten. 1990-1994 journalist, NTB.

4. HANS AASNÆS (45), **Executive Vice President, Long Term Savings and Asset Management, Managing Director, Storebrand Investments.** Agronomist, Agricultural University of Norway. Advanced Studies Business Analysis, Norwegian School of Economics and Business Administration (NHH). Authorised Financial Analyst (AFA), programme for Executive development (IMD). 2001-2005 Investment Director, Storebrand Investments. 1994-2001 Head of Norwegian and International Equities, Storebrand Investments. 1990-1994 Derivatives Specialist, Orkla Finans.

5. ANDERS RØED (40), **Chief Marketing Officer.** Master's degree in economics and business administration, Norwegian School of Management (BI) and Ecole Supérieure de Commerce de Paris (ESCP). 2004–2007 Marketing Director, Storebrand ASA. 2000–2004 Marketing Director, TINE BA. 1998–2000 Marketing Manager, TINE BA. 1996-1998 Marketing Manager, Kellogg's Norway.

6. IDAR KREUTZER (46), **CEO, Storebrand ASA.** Master's degree in economics and business administration, Norwegian School of Economics and Business Administration (NHH). 1995-2000 CFO, Storebrand. 1992-1995 various positions within corporate finance and internal audit Storebrand. 1988-1991 Director, Medinor Project. 1986-1987 Political Advisor, City of Oslo.

7. SARAH MCPHEE (54), **Executive Vice President, Life and Pensions, Sweden, CEO SPP.** MA Stanford University. BSc Economics Handelshögskolan Stockholm. BA Wesleyan University. 2004-2008 Executive Vice President and CIO, AMF Pension. 2001-2004 Head of ALM and Risk Management, Fourth AP-Fund. 1998-2001 Director of Credit and Risk, GE Capital Nordic. 1992-1998 Group Risk Control, Svenska Handelsbanken. 1986-1992, Director, Financial Services, PwC.

8. LARS AA. LØDDESØL (44), **Executive Vice President, Life and Pension Norway, Managing Director, Storebrand Life Insurance.** Master of General Business, Norwegian School of Management (BI). MBA, Thunderbird (AGSIM), USA. 2004-2007 Executive Vice President, Corporate Life. 2001-2004 Executive Vice President, Finance Director, Storebrand ASA. 1994-2001 Vice President, Citibank International plc. 1990-1994 Asst. Treasurer, Scandinavian Airlines Systems.

9. ODD ARILD GREFSTAD (43), **Executive Vice President, Chief Financial Officer.** State Authorised Public Accountant and Authorised Financial Analyst (AFA). 1998-2002 Head of Business Control, Storebrand ASA. 1997-1998 Group Controller, Life Insurance, Storebrand ASA. 1994-1997 Vice President, Internal Audit, Storebrand ASA. 1989-1994 Arthur Andersen & Co.

10. KLAUS-ANDERS NYSTEEN (43), **CEO Storebrand Bank ASA.** Solstrand Leadership Programme, MBA Norwegian School of Economics and Business Administration (NHH). Management Programme in Logistics Norwegian School of Management (BI). Royal Norwegian Naval Academy, 1st and 2nd Section. 2001-2006 CEO/CFO Norway Post. 1999-2000 CFO Hydro Seafood AS. 1998-1999 Acting CEO/CFO Hydro Seafood GSP Ltd, Scotland. 1997-1998 CFO Hydro Seafood Norway AS. 1993-1997 Lecturer in Logistics and Management BI Bergen.

11. ELIN M. MYRMEL-JOHANSEN (35), **Executive Vice President, Corporate Responsibility.** Master of Science in Political Science, University of Bergen. Master of Science in Comparative Politics, LSE, UK. 2005–2007 Manager, Corporate Responsibility, Storebrand. 2004 Internal Brand Manager, Storebrand. 2002–2003 Acting Manager, Corporate Responsibility, Storebrand.

Management report:

Financial performance and business development

This report describes the Storebrand Group's financial performance and business development in 2008. It covers its historical development and the trends apparent at the start of 2009. The company's risk management is discussed in this report and in a separate article earlier in the annual report.

This report should be read in conjunction with the information provided in the Report of the Board of Directors, the consolidated accounts and the notes to the accounts. Further information on the accounts and notes to the accounts for subsidiaries can be found in the subsidiaries' annual reports.

Key figures – strategic and financial development

Summary of key figures

(All amounts in NOK million unless otherwise stated)		2008	2007	2006	2005	2004
Group	Pre-tax Group profit [1]	-1,716	2,020	1,585	1,463	2,572
	Earnings per ordinary share (NOK)	-4.97	7.95	6.03	5.41	8.53
	Return on equity [2]	-9%	24%	19%	17%	27%
	Ordinary dividend per share (NOK)	0.00	1.20	1.80	1.50	1.20
	Extraordinary dividend per share (NOK)				2.50	5.80
	Average number of shares (million)	445,1	251,5	248,0	258,6	272,9
	Capital ratio	14.3%	9.2%	10.6%	11.2%	15.3%
Storebrand Livsforsikring	Premiums for own account	21,323	19,717	19,619	19,227	18,532
	Policyholder's funds included accrued profit	164,017	165,120	153,710	140,383	125,560
	- of which funds with guaranteed returns	154,963	150,433	146,346	134,664	121,084
	Booked investment return from customer funds with guarantees	2.0%				
	Value-adjusted investment return on customer funds with guarantees	-0.2%				
	Investment return on company portfolio	3.0%				
	Booked investment return Storebrand Livsforsikring AS		8.86%	7.12%	6.89%	6.41%
	Value-adjusted return (exclusive added value in "hold to maturity" portfolios) Storebrand Livsforsikring AS		7.26%	8.28%	7.55%	7.19%
SPP Group [3]	Premiums for own account	7,281				
	Insurance customers' funds inclusive accrued profit (exclusive conditional bonuses) (traditional business)	98,627	95,824			
	Insurance customers' funds (Unit-Linked)	77,656	65,544			
	Return Defined Benefit	0.6%				
	Return Defined Contribution	2.9%				
	Conditional bonuses	7,499	13,699			
Storebrand Life Insurance Group [4]	Solvency capital [5]	35,856	48,041	25,063	23,304	20,715
	Capital adequacy	17.4%	10.0%	9.7%	10.9%	14.4%
	Solvency margin	160%	136%	175%	176%	174%
Bank	Net interest margin	1.17%	1.07%	1.32%	1.59%	1.69%
	Cost/income	77%	70%	76%	62%	84%
	Deposits/loans	47%	47%	43%	42%	48%
	Gross lending	39,035	37,096	31,181	26,758	24,047
	Retail mortgages as proportion of total lending	67%	64%	54%	55%	55%
	Volume of non-performing and loss-exposed loans	710	448	533	754	909
	Loan loss provisions as % of non-performing and loss-exposed loans	49%	68%	81%	64%	62%
Investments	Total assets under management	228,671	227,356	216,900	204,800	165,000
	Of which assets under management for external clients	58,445	57,661	54,800	49,700	25,400
	Percentage of assets under management invested in equities	24%	23%	22%	23%	21%
	Ratio of external funds under management retail/institutional clients (%)	13 / 87	14 / 86	19 / 81	20 / 80	26 / 74
	Total net new business	2,757	2,867	3,200	23,300	1,600
	Cost/income ratio [6]	57%	65%	64%	91%	86%

The figures are based on IFRS.

1 The figures for 2004 - 2007 have not been converted to the new layouts used in 2008.

2 Calculation method: (Result after tax adjusted for amortisation expenses) / (opening equity – provision for dividend - half of the shares bought back during the year).

3 SPP's figures are only started from the moment of acquisition.

4 Combined business - figures up to 2007 are Norwegian business before the acquisition of SPP.

5 Consists of equity, subordinated loans, market value adjustment reserve, risk equalisation fund, unrealised capital gains and losses, hold to maturity bonds, additional statutory reserves, conditional bonuses and accrued profit.

6 In 2008 net financial income includes the result from Storebrand Eiendom. For 2007 and previous years net financial income includes Storebrand Alternative Investment ASA.

The group's strategic development

Our main strategy remains

With the acquisition of SPP in 2007 Storebrand made an important strategic choice to become a Nordic player within long-term savings and insurance. Storebrand's vision is: "to be the leading and most respected institution in the Nordic market for long-term savings and insurance". Storebrand took some important steps on the road to achieving the group's long-term vision in 2008.

Storebrand's vision clearly expresses its long-term goal of succeeding in what it regards as its geographical core area - the Nordic market. At the same time the group still wants to be a "respected institution". This means its goals must be attained by continuing to improve customer satisfaction through competent, motivated staff and by taking its corporate responsibilities seriously.

SPP's vision is more limited from a geographic and product-related perspective than the group's vision: "SPP shall be Sweden's leading and most respected institution within pensions". SPP's vision entails delivering the same enhanced value as the rest of the group and making a positive contribution to social responsibility in its domestic market.

The financial services markets are undergoing rapid change, which accelerated thanks to the market instability in 2008. The introduction of the new insurance act in 2008 and the continued development of the pensions reform are impacting customer composition, the competition situation and the regulatory framework. In recent years Storebrand has positioned itself to meet these challenges and take advantage of new opportunities in the market. The principal strategy remains the same, and in our core activities we have focused on the following:

- Ensuring a satisfactory financial situation
- Continuously improving efficiency
- Satisfied customers and profitable products
- Competent and motivated employees
- Continuing our work on corporate responsibility

Strategic priorities

In 2009, the Storebrand Group will actively seek to improve the efficiency of its operations to optimise the company's costs. Storebrand has systematically reduced costs over a number of years by streamlining its processes. The benefits of this will be more apparent in 2009 than in previous years as they are reaped through cost reductions that improve the company's profitability.

One area in which Storebrand is a leader in parts of its activities is serving customers via direct channels. More then 90 percent of Storebrand P&C's sales are made online and via incoming telephone calls. Storebrand believes these distribution methods are both cost-effective and well suited to the needs of today's customers. Storebrand is therefore expanding and developing its focus on direct distribution.

Storebrand became a major player in the Swedish market for occupational pensions through SPP. Nordic and European life and pension insurance market trends support the establishment of transnational activities. Harmonisation of the regulatory framework and products make transnational synergies more apparent and easier to realise. In 2009, Storebrand will intensify its work on creating a common platform for its Nordic activities and produce a clear Nordic strategy.

Its strategic priorities can be summarised as follows:

- Increased profitability
- Clear Nordic strategy
- Refined retail market strategy

Implementation of the new corporate structure in November 2008 was one important way of ensuring this customer-oriented focus within the aforementioned areas.

Aggressive adaptation to important changes in the regulatory framework

The introduction of extensive changes to the regulatory framework for finance and insurance companies is of major significance for Storebrand's activities. The biggest changes are taking place within life insurance. Brief descriptions of the most important regulatory changes and Storebrand's responses are provided below.

Pensions reform in Norway

The 2009 national budget made it clear that the pensions reform would be postponed for one year until 1 January 2011. The government drew up guidelines for the new regulations for the national insurance scheme and contractual early retirement schemes (AFP) in 2008. The consultation paper in early 2008 detailed how pension rights would be earned and taken out in the new national insurance scheme. The new AFP's main principles were clarified in last year's collective pay settlement. The government's timetable indicates that amendments to occupational pensions legislation for the private and public sectors will be clarified during 2009. Storebrand aims to improve its competitiveness via the pensions reform by adapting solutions and ensuring good communication with customers. Given the government's timetable and our experience of the new life insurance act, Storebrand, like other players in the industry, will have little time to adapt between the stipulation of the regulations and their implementation.

Solvency II

In 2007, the draft EU framework directive for Solvency II was presented to the European Parliament and the Council of Europe by the European Commission. Implementation is expected in 2012 at the earliest. However, companies wishing to use internal models to assess their capital requirements should have an equivalent system up and running a few years prior to implementation of the regulations. One of Solvency II's key principles is that both the company's assets and its liabilities should be valued at fair value on a continuous basis. Storebrand has played an active role in understanding, producing information about, and establishing possible solutions to the challenges Solvency II's implementation presents in Norway and Sweden. A good network of contacts has been established with relevant agencies, and work on producing good adaptations to the regulations will continue up to their implementation. Storebrand and SPP are actively participating in various quantitative studies being conducted for the entire European insurance sector (QIS) to ensure they are well prepared for, and understand the implications of, Solvency II.

Individual tax-stimulated pension saving relaunched in 2008

The Norwegian Parliament passed a new individual pension saving law in June. Storebrand's IPS product was launched in the market in October. Storebrand IPS was developed as a direct product and is sold online and over the telephone. It was marketed to the public and employees of corporate occupational pensions customers during the autumn. By year-end 2008, 1,453 Storebrand customers had paid in NOK 20 million, a market share of 13 percent measured by annual premiums (The Norwegian Financial Services Association (FNH)).

Capital efficiency
Storebrand's subsidiaries are currently adequately and effectively capitalised for the growth expected over the next few years. Storebrand ASA (the holding company) aims to achieve zero net indebtedness over time. This means that liquid assets must correspond to the level of interest-bearing liabilities. Maintaining an efficient capital base is a prerequisite for ensuring the company's capacity to generate a satisfactory annual profit relative to the group's equity (return on equity). The group's capital management aims to balance capital costs considerations with the goals of a competitive return on equity and adequate capital based on the regulatory and ratings companies' requirements.

Corporate responsibility

Increased focus
The group's primary task is to contribute to value creation in society through good profitability. However, how this value creation takes place is not unimportant. As a player in an industry with a long time horizon our work on sustainable value creation is a natural, integral part of our business strategy. Tomorrow's winners will be those companies that can combine sustainability and their own profitable growth. Our corporate responsibility ambitions and goals are therefore unaffected by the financial instability in the market.

The group reinforced its corporate responsibility work in 2008, including by ensuring corporate responsibility is directly represented in the group's management team and by establishing a specific corporate responsibility unit. The new unit has wide-ranging, overarching areas of responsibility, while operative responsibility is located in the line. The corporate responsibility unit's new areas of responsibility are ethics, notification and combating financial crime.

The strengthened unit has increased the level of activities and raised our profile in the Norwegian and Swedish markets. A number of new activities were initiated in 2008. Highlights include increased investment in microfinancing, new procurement guidelines, establishing our own code of conduct, launching an online eco-driving course and new climate criteria for investments, as well as implementing a group standard for responsible investments that also covers SPP's customer funds. In total this helped to strengthen Storebrand's position as a leading financial institution within corporate responsibility in the Nordic market.

Storebrand qualified for the Dow Jones Sustainability Index for the tenth time in 2008, and is thus among the top 10 percent of companies in the world in relation to sustainability.

Dow Jones Sustainability Indexes
Member 2008/09

It is through our investments that we can best influence people in the direction of more sustainable development, and this is therefore discussed in a separate article (see page 10). Developments within other important corporate responsibility focus areas in 2008 are described below.

Integration of corporate responsibility into SPP
In 2008, we focused on integrating corporate responsibility into SPP. We appointed a person with specific responsibility for its corporate responsibility in August. SPP raised its corporate responsibility profile in the Swedish market through a series of measures, gaining positive media coverage. The corporate responsibility measures helped to reposition and reinforce SPP's competitiveness.

SPP's priority areas in 2008 were training and skills enhancement within corporate responsibility in general and responsible investments in particular. The sales channel increased its skills within corporate responsibility and responsible investments through training, dilemma exercises and seminars. Ethics and corporate responsibility will be introduced as mandatory themes in training modules for sales staff and managers throughout the group in 2009.

In addition to sales training, we also focused on measures under the heading "In-house order" in 2008. This involved introducing in-house guidelines and measures that support the group's corporate responsibility strategy. Both major and minor measures were implemented to raise awareness and increase competence among employees. On the environmental side of things, for example, we purchased bicycles for employees to use during work hours, introduced organic coffee in all coffee vending machines, and introduced measures to reduce the use of paper, plastic, etc. A special Corporate Responsibility Forum was also established. The integration of corporate responsibility into SPP will continue at full strength in 2009. The goal is for the whole group to report on common corporate responsibility goals from and including 2010.

Employee development and ethics
The creation of an inclusive working environment characterised by job satisfaction and high ethical awareness among its employees is very important to Storebrand. Employee surveys in 2008 reported a very high degree of employee satisfaction. 83 percent of the Norwegian employees believe Storebrand is a great place to work. In the finance industry a group's results depend on its employees' competence and experience. We therefore focus on ensuring that our employees are satisfied with their development opportunities. In 2008, 63 percent of employees reported they were pleased with their development opportunities, a reduction compared to 2007. And internal survey also revealed that the employees' awareness of ethics were not as high in 2008 as in 2007. We will therefore focus on employee development and ethics in 2009 through dilemma training and new monitoring and evaluation tools.

Group's code of conduct
One important goal in 2008 was to develop and implement a group code of conduct. An extensive, inclusive project commenced and in August 2008 the Storebrand group's vision, core values and code of conduct were set out in a common document called the group's guidebook. The six group principles developed through this process provide a clear basis for developing and running the company, and are important guidelines for how the group's employees should act in the best interests of its owners, customers and

colleagues. All employees have undergone training in the group's principles and will be assessed in relation to their compliance with these via the new employee monitoring system introduced in January 2009.

"Taking corporate responsibility" is one of the group's six principles. The employees' awareness of and competence in how they can contribute to the group's work on corporate responsibility will be reinforced through common training measures. One important future task will be to translate the employees' knowledge and awareness of the group's corporate responsibility into activities, measures and processes that can improve the group's profitability in the long-term.

Customer satisfaction and availability
The group's vision is to be the leading and most respected institution within savings and insurance. In other words, customers should regard Storebrand as a highly credible and competent partner. Ambitious customer goals have therefore been set in various areas. One of them is to have the most satisfied customers in the industry, a goal we have attained in the corporate market. Our goal is to maintain this position. However, the retail customer result showed a weak decline from 65 percent in 2007 to 63 percent in 2008. The group's target of 66 percent customer satisfaction among retail customers was therefore not met. Various measures have been initiated to improve retail customer satisfaction in 2009.

Ensuring good availability for our customers is very important to us. The switchboard's availability is stable and high, but this fell somewhat in the call centre in 2008. Improving availability will be prioritised in 2009.

Responsible procurement
New procurement guidelines were adopted in autumn 2008 and these will continue to be implemented in 2009. Environmental and corporate responsibility is assigned a minimum 20 percent weighing in all types of purchasing. Furthermore, companies excluded from the group's investments based on the code of conduct for responsible investments do not become new suppliers. Established suppliers will be granted a one-year transitional period in which to satisfy the new guidelines.

Environmental considerations
The group continues to systematically reduce the environmental impact of its own operations, property administration, investments and purchasing. One of the group's greatest environmental impacts is the energy consumed at the head office. During 2007-2008 we managed to reduce this by 16 percent.

We have achieved some goals in areas such as paper consumption, waste sorting and recycling electronic equipment. The goal of recycling 100 percent of electronic equipment was met, and water consumption at the head office was stabilised. The source sorting rate at head office was 55 percent, 5 percent lower than the stipulated goal.

The new head office in Lysaker will be ready in December 2009. This will be a low energy, sustainable building. All purchasing and investments relating to the new head office must comply with the new purchasing guidelines. One new goal for 2009-2010 is to attain Miljøfyrtårn certification for the head office, and achieve energy class B, which corresponds to a theoretical consumption of a maximum of 125 kWt/m² per year. We will also begin the work on preparing all the buildings we administer for energy marking.

In addition to actively reducing our CO_2 emissions and developing products and services that increase awareness of climate challenges and lower emissions, Storebrand chose to buy UN certified climate quotas matching the group's direct emissions. In January 2008, Storebrand therefore became the first climate neutral financial institution in the Nordic market.

Norway's first online eco-driving course
In 2008, Storebrand launched Norway's first online eco-driving course in partnership with the Norwegian Association of Authorised Driving Schools. Almost 10,000 people have completed the course, which teaches drivers how they can reduce their fuel consumption and CO_2 emissions, and also improves traffic safety.

International commitments
Storebrand has long been involved in various international sustainable development groups. An increasing number of society's challenges are global and solutions require cooperation within industries and between industries, authorities and the general public. The group bases its corporate responsibility work on the UN's 10 Global Compact principles for good business practice and the OECD's guidelines for multinational companies. It has concentrated on its international commitments to the World Business Council for Sustainable Development (WBCSD), the United Nations Environment Programme Finance Initiative (UNEP FI) and the Norwegian Global Compact network.

Group's financial objectives

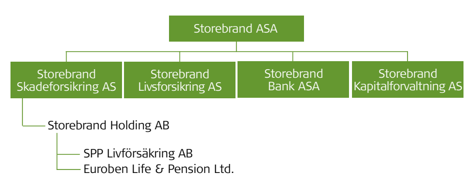
Storebrand has published financial objectives for the group and for each business area. This provides a basis for setting targets for each department and employee. The group's financial goals were adjusted in February 2008 due to the acquisition of SPP. The financial goals were confirmed on the Capital Market Day on 12 November 2008.

Return on equity after tax[1]	15%
Annual dividend as percentage of group profit after tax	>35%
Capital adequacy – banking	>10%
Life insurance company solvency margin	>150%
Life insurance company rating	A level
Administration result for products not subject to profit sharing (traditional group pension Norway)	>0
Cost/Income (C/I) Investments	< 50%
Cost/Income (C/I) Banking	60%

1 Profit before amortisation of SPP transaction related intangible assets.

Group structure and management reporting

The chart below shows the legal structure of the group's main subsidiaries:



In addition to the presentation of consolidated profit and loss accounts on page 64, the group result can be analysed by business area as shown on the following page. The life insurance figures include Storebrand Livsforsikring AS (including subsidiaries, among these Nordben Life & Pension Insurance Co.

Group profit

NOK million	2008	2007	2006	2005	2004
Life insurance	1,182	1,635	1,198	1,229	941
Investments	218	138	156	24	47
Banking	68	235	190	241	121
Other activities	-158	12	41	-41	1,446
Group profit before amortisation and write-downs [1]	**1,310**	**2,020**	**1,585**	**1,453**	**2,555**
Write-downs of intangible assets	-2,507				
Amortisation of intangible assets	-519				
Change in P&C security reserves etc. [1]		9		10	16
Pre-tax group profit	**-1,716**	**2,029**	**1,585**	**1,463**	**2,571**
Tax	-505	-20	-79	-41	-218
Profit for the year	**-2,221**	**2,009**	**1,506**	**1,422**	**2,353**

1 *The figures for 2004 -2007 have not been restructured according to new layout for 2008.*

Ltd.) and the ownership interest in Storebrand Helseforsikring AS. In this context Storebrand Holding AB reports as a separate group under the name SPP. Besides the main activities in SPP Livsförsäkring AB, the result contains the activities in the holding company and the subsidiary Euroben Life & Pension Ltd. Banking activities comprise Storebrand Bank ASA and its subsidiaries. Asset management activities comprise Storebrand Kapitalforvaltning AS, Storebrand Fondene AS and Storebrand Eiendom AS. Other activities comprise the holding company Storebrand ASA and Storebrand Skadeforsikring AS, with its subsidiary Oslo Reinsurance Company ASA.

Financial crisis produces weaker profit for the year

The group reported a result for the year before tax of minus NOK 1,716 million in 2008 compared to NOK 2,029 million in 2007. Earnings per share amounted to minus NOK 4.97 in 2008 compared to NOK 7.95 in 2007, based on the average number of shares outstanding. Further information about the individual business areas can be found on pages 42–57.

Capital situation

Storebrand focuses strongly on the active management of its equity and borrowings over time. This is tailored to the business' financial risk and capital requirements. The composition of its business areas and their growth are important drivers of the group's capital requirements. The goal of its capital management is to ensure an effective capital structure and preserve an appropriate balance between internal goals in relation to regulatory and ratings-based requirements.

The group's long-term targets are a solvency margin of at least 150 percent in the life insurance business and a capital ratio of at least 10 percent in its banking activities. Storebrand Livsforsikring AS also aims to sustain an A level rating. The holding company aims to have a net debt ratio of zero over the longer term.

The Storebrand Life Insurance group's solvency margin at year-end 2008 was 160

Key capital figures for the group

NOK million	2008	2007	2006	2005	2004
Storebrand Group					
Capital adequacy	14.3%	9.2%	10.6%	11.2%	15.3%
Core capital adequacy	9.5%	6.3%	7.7%	7.8%	10.9%
Storebrand ASA					
Net debt ratio [1]	13%	22%	-4%	-9%	-29%
Storebrand Life Insurance Group					
Capital adequacy	17.4%	10.0%	9.7%	11.0%	14.5%
Core capital adequacy	11.5%	5.9%	6.5%	7.0%	9.0%
Solvency margin	160%	136%	175%	176%	174%
SPP Group					
Solvency margin	135%	178%	310%	140%	139%
Storeband Bank ASA					
Capital adequacy	10.8%	10.5%	11.0%	10.4%	13.8%
Core capital adequacy	8.1%	7.9%	8.8%	8.2%	11.6%

1 Net debt ratio is debt minus liquid assets divided by assets minus liquid assets. Calculated in accordance with IFRS.

percent and thus exceeded the internal target. Measures were taken to strengthen the life insurance business' capital base in 2008. These included an injection of capital from Storebrand ASA, and taking out perpetual subordinated loans and issuing perpetual subordinated bonds in the market. Storebrand Bank's capital adequacy was 10.8 percent at year-end 2008.

Storebrand ASA's net debt-equity ratio was 13 percent at year-end 2008. The reduction in relation to 2007 is due to the repayment of a syndicated loan of EUR 580 million, taken out in connection with the acquisition of SPP. The loan was repaid in full in 2008 by taking out perpetual subordinated loans and subordinated loans in Storebrand Life Insurance and an ordinary EUR 70 million bank loan in Storebrand ASA. Storebrand ASA held total liquid assets of NOK 1.4 billion at the close of 2008. The holding company also has an undrawn credit facility of EUR 75 million.

The Board of Storebrand ASA recommends no dividend be paid for 2008. Due to the instability in the financial markets the Board has chosen to prioritise the company's financial strength.

In 2008, the annual general meeting gave the Board a mandate to purchase up to 10 percent of its own shares. This is valid until the annual general meeting in 2009. It purchased none of its own shares in 2008. The company sold 686,460 of its own shares in connection with the share purchase scheme for employees and a long term incentive scheme for the group's management and other senior employees, raising a total of NOK 20 million. Storebrand ASA owned 4.6 million of its own shares at year-end 2008.

Tax

Tax costs in the Storebrand Group have been low in recent years. The normal tax rate for limited companies in Norway is 28 percent, while the effective tax rate for the group is normally far lower. The Storebrand group's tax rate is affected by several factors that result in a departure from the normal tax rate. The largest deviations are associated with the activities of Storebrand Life Insurance, which experiences large differences between the accounting revenue and taxable revenue linked to investments in shares within the EEA area. In line with the taxation exemption principle, total gains and dividends from such shares are taxed at a low rate of 3 percent. Losses on such shares are not tax deductible. Given the group's sizeable tax losses carried forward and the low tax rate expected for life insurance activities in normal financial market conditions, it is unlikely that Storebrand will pay any tax for several years.

There is a basis for recognising a deferred tax asset of NOK 5.8 billion, including temporary differences between the accounts and tax, in the balance sheet at year-end 2008. Tax losses carried forward and tax allowances amount to around NOK 10.8 billion. See note 12 in the consolidated annual accounts. Tax allowances can be carried forward for 10 years from the moment the tax allowance arises. Deferred tax assets are recognised in the balance sheet when it is likely that companies in the group will have a sufficient taxable basis to utilise the tax asset in the future. No deferred tax asset has been recognised in the balance sheet due to uncertainty about whether the level of taxable income in the future will enable the utilisation of tax losses carried forward.

Storebrand has acquired a major business in Sweden with the acquisition of SPP. Losses carried forward cannot be utilised across national borders. The Swedish business will be assessed on an independent basis with respect to tax. SPP was purchased by a Swedish holding company financed by both equity and a subordinated loan. The tax rate and payable tax in the Swedish business will be affected by the interest costs on the holding company's loan, the asset management business's organisation and the amortisation of intangible assets. The Swedish business' long-term tax costs are expected to be limited.

Information about the business areas

Life insurance activities

Nordic strategy

Storebrand bought the Swedish life insurance company SPP from Handelsbanken in autumn 2007 as part of its Nordic strategy. SPP is a leading Swedish life insurance and occupational pensions provider. SPP offers unit-linked products, traditional insurance, defined benefits pension products, advice services covering occupational pensions and insurance, and administration solutions for municipalities and other organisations. Storebrand and SPP will create the leading life insurance and pensions provider in the Nordic region with premium income of NOK 24 billion in 2008.

Nordic and European life and pension insurance market trends support the establishment of transnational activities. Harmonisation of the regulatory framework and products make transnational synergies more apparent and easier to realise. The new regulations also result in capital synergies from geographic diversification. Concrete effects were defined in a number of areas in connection with the acquisition, including quantified synergies of NOK 400 million that were to be realised by 2011. The realisation is proceeding faster than expected and the effects also appear to be greater than first communicated. The new target for synergies is NOK 470 million.

Storebrand Life Insurance (Norwegian activities)

Market and strategy

Strong position continues to develop

Storebrand Life Insurance is one of Norway's leading companies within pensions and life insurance products for private individuals, companies and public sector bodies. The company had a market share of 27.4 percent (as of Q3 2008) measured by policyholders' funds in the Norwegian life insurance market. This market is expected to grow significantly, and Storebrand intends to develop its position by delivering customer-oriented and attractive product solutions.

Highly competitive in the transfer market

The occupational pensions market has become more of a transfer market following the introduction of mandatory occupational pensions (OTP) in 2006. As in 2007, Storebrand was the winner in the transfer market with a net inflow of assets (reported sales) of NOK 2.5 billion.

The level of tender activities in the municipalities market was low in 2008. Only 8 municipalities conducted tender processes. Three of these chose to move their pension schemes. Four of Storebrand's municipal customers invited tenders. Three of these stayed with Storebrand, while one moved to KLP. The Municipality of Kongsvinger moved from KLP to Storebrand.

The 2008 retail market was characterised by cancellations of individual life saving because increased interest rates during the year made bank saving more attractive. The new scheme for individual pension saving with tax deductions, IPS, was launched in autumn 2008. A total of more than 10,000 contracts were sold and Storebrand gained a market share of around 13 percent. A large proportion of these sales took place via direct channels and to employees in companies with occupational pension schemes in Storebrand. The total market was smaller than expected. This was due to the fact that long-term savings that are tied up until retirement age appeared less attractive as the financial crisis developed, and the fact that the tax rules for the product can appear unpredictable to savers.

Increasing transition to defined contribution pensions in the occupational pensions market

With the introduction of mandatory occupational pensions (OTP) in 2006, when around 700,000 employees received occupational pensions, a majority of employees in the private sector are now covered by defined contribution-based occupational pension schemes.

The last few years have been characterised by an increasing transition from defined benefits-based pensions to defined contribution-based pensions. The most important factor for companies that implement this restructuring is more predictable costs.

241 contracts in Storebrand, covering almost 10,000 members, were converted from defined benefits pensions to defined contribution pensions in 2008. Compared with 2007, 20 percent fewer contracts were converted while 26 percent more members were affected by conversions. In 2008, the average converted contract covered 28 members, while in 2007 it covered 23 members.

However, in terms of the value of accumulated pension assets in the schemes, defined benefits schemes will continue to dominate for the foreseeable future.

Growth in the paid-up policies market

The market for paid-up policies is set to grow strongly in years to come because of the introduction of mandatory employers' pensions and increasing numbers of companies switching from defined benefits to defined contribution schemes. This market is expected to become more competitive, and has attracted new participants. Storebrand intends to respond aggressively to this competition by offering competitive products and its long experience of ensuring customers' financial security through managing pension assets. Storebrand has made significant savings in the cost of managing paid-up policies in recent years through improved efficiency. This is improving the pensions of Storebrand's paid-up policies customers.

In 2008, the Ministry of Finance asked for comments on a proposal to cancel occupational pensions providers' sole right to issue paid-up policies. Were this adopted, it would mean that companies could choose to sign a contract to issue paid-up policies with a company other than the one administering the occupational pension scheme for its active members. The consultation process has concluded and the proposal is awaiting consideration by the Ministry

Norwegian pensions reform

The Norwegian pensions reform has been postponed until 2011. The pensions settlement agreed in the Norwegian Parliament in the spring of 2007 clarifies how pension rights will be earned and how the new state pension can be drawn. The government will present proposed amendments to legislation due to the settlement agreed in February 2009. It is expected that the work of adapting the occupation pension schemes to the new national insurance scheme will start during spring 2009 via a banking law commission. Changes that will affect occupational pension schemes include new earnings rules that will make one's final pay level less relevant as a basis for a pension and a flexible retirement age. A public committee is examining so-called "broad occupational pension schemes" and looking at how stakeholders can have more influence over the occupational pension schemes. The committee will report in March 2009.

Increased focus on HSE

Storebrand wants to encourage its customers in both the private and public sector to focus more on health, safety and the environment (HSE). Systematically focusing on HSE results in greater satisfaction and improved life quality for employees. Corporate customers will experience better value creation and lower sick leave costs, as well as lower insurance premiums. Lower sick leave and fewer new people on disability pensions will also result in substantial savings for society as a whole. Our HSE advice helps corporate customers improve their working environments and reduce sick leave. Storebrand has established an HSE and senior policy fund for the public sector. The fund can be used for various HSE measures, as well as training and education. Storebrand also offers health insurance and HSE advice to municipalities and other public sector entities.

Focus on increased efficiency

Work on improving the efficiency of customer service and settlement systems continued in 2008. The goal is to improve efficiency by more than 20 percent in all these units. Improvements of over 30 percent have already been attained in some of the business processes. Improving efficiency also plays a role in ensuring the company can cope with growth while at the same time improving customer satisfaction.

SPP introduced Lean methodology in 2008, which has been developed and used in Storebrand since 2006. Lean methodology will enable SPP to improve and develop the company's relationships with customers and external partners, and thus achieve improved productivity, quality and customer satisfaction.

Storebrand's advisory teams for the corporate and retail markets were merged in 2008. The goal is an even stronger sales culture, better local cooperation, increased sales and better profitability in the group's physical distribution. The new joint corporate and retail markets sales structure enters into force no later than 1 March 2009.

Growth

Storebrand Life Insurance expects balance sheet growth of between 6 percent and 8 percent per annum in the corporate market. The market for long-term saving is developing positively. The introduction of mandatory occupational pensions (OTP) in 2006 increased Norwegians' awareness of the need for private savings. The group's approximately 16,000 new corporate customers and their approximately 200,000 employees will be important for the retail market in the years ahead. The new customers will be offered good solutions for private insurance and private supplementary saving. The pensions reform that will be implemented in 2011 will substantially increase the importance of good occupational pension schemes and supplementary individual saving.

New Norwegian life insurance legislation
The new Insurance Activities Act and regulations came into force on 1 January 2008. The new Act entails considerable changes for life insurance companies. Storebrand has worked intensively to strengthen its competitiveness by taking advantage of the opportunities that have opened up. The overall objective of the new legislation is to make the pricing of insurance products more predictable and transparent, and to create a clearer distinction between the assets of insurance companies and their policyholders. The central principle of the new regulations requires that premiums must be fixed with final effect and paid in advance.

New opportunities in asset management
Before 2008 customers' assets and the company's assets were invested in the same portfolio and customers were unable to influence the investment risk to which their assets were exposed. The new legislation allows the total portfolio to be divided into sub-portfolios with different equity compositions and risks. This means customers can have greater say in how their assets should be invested.

Pursuant to the new Insurance Activities Act the guaranteed return for group pension contracts with a guaranteed return must be priced upfront. The level of the guaranteed return, size of the buffer capital (i.e. additional statutory reserves and unrealised gains) and the investment risk of the portfolio the pension assets are invested in determine the price customers pay for their guaranteed return. The basis for pricing the guaranteed return is the risk to which the available equity is exposed. A group pension customer can choose an investment profile with low equity exposure, which normally results in a lower risk of losses and lower expected return. A higher level of exposure to equities would normally result in a higher expected return, but also a higher price for the guaranteed return. A higher return will over time reduce the customer's pension costs. Under the new Act, a shortfall in the return on the customer's policy can be met from additional statutory reserves, and the new rules allow greater flexibility in building up the level of additional statutory reserves.

The new act allows group pension customers to choose a special investment portfolio to invest their assets in. These customers will have greater freedom of choice. They can choose between standardised risk profiles, or are almost free to choose investments within the limits that follow at any given time from the act and regulations. The customer can thus define their investment policy almost as if the management was taking place via a pension fund.

The new legislation also permits a new type of long-term policy. The guaranteed return has so far been linked to a single financial year, but it will now be possible to agree a guaranteed return for periods of up to five years. The premium for a guaranteed return over a number of years will be lower than for annual guarantees over the same period. The policyholders' liabilities must still be supported by sufficient insurance reserves and, if necessary, equity can be used to ensure satisfactory reserves during the agreed guarantee period. The regulations governing guaranteed returns over a number of years provide greater room for reaching agreements between the customer and the company. The customer can, among other things, pledge his or her own buffer capital as collateral if the return is below the interest rate used in the contract's calculations. Such an increase in the customer's risk also reduces the total price the customer has to pay for the guaranteed return.

New rules for the use of profits
The new Insurance Activities Act means the profit linked to the return risk and insurance risk goes to the customer in the case of group defined benefits pensions and newly established guaranteed individual products. The various elements of the customer provision are priced separately in advance and every price element can contain a profit element for the insurance company.

A modified profit sharing regime has been introduced for old and new individual policies derived from discontinued group pension policies. This allows the company to retain up to 20 percent of the profit, which is derived from the sum of the investment and risk results from these policies. The modified profit sharing model means that any negative risk result will be deducted from the customer's interest profit. In addition, the company receives all of the return on capital in the balance sheet that does not belong to the customers.

Traditional individual products provided by the company prior to the act coming into force can continue to be managed in accordance with the profit rules that applied prior to 2008. Storebrand intends to continue managing these assets in accordance with this regime. New contracts cannot be established in this portfolio.

New rules for premium payments
Premium for the interest rate guarantee
Premiums must be calculated for one year at a time and paid in advance, unless payment by instalments has been agreed.

The customer pays for the guaranteed return in advance each year. This means the company will be unable to obtain the profit in arrears by retaining parts of the interest profit from the customers' insurance contracts. However, the new Act contains a transitional rule that permits profits for pensioners in group pension schemes to be retained from 2008 to 2010. It will still be possible to make additional statutory provisions that in years with low rates of return can be used to offset returns between 0 percent and the guaranteed return. The statutory reserves must be distributed across the individual contracts. The Insurance Activities Act stipulates the maximum size of additional statutory reserves. The insurance company bears all the downside risk, and must build up reserves against the contract if the buffer provisions are insufficient or unavailable. The price charged for the guaranteed return will depend on factors such as the level of buffer capital associated with the policy, the level of exposure to equities in the portfolio, the level of the guaranteed return, and the current market situation, including the level of interest rates. Before 2008, there was no specific premium for the guaranteed return and it was paid for through the allocation of profit between the company and its policyholders.

Risk premium
The customer will receive any surplus from the risk result achieved on the insurance cover, while the insurance company is in principle responsible for meeting any deficit vis-à-vis the risk result. There is, however, provision for up to half of any risk surplus on a particular line of insurance to be held in a risk equalisation fund. Deficits from the risk elements can be met out of the risk equalisation fund before the insurance company is required to contribute from its own equity.

Premium for administration and management
Administration and management costs are charged in advance every year with final effect for the customer. The insurance company must meet any deficit in the administration and management result, and any surplus is retained by the company. Where a policy's assets are managed in the investment trust portfolio, the price of asset management must be shown as a separate element of the overall charge.

Financial performance in 2008
The profit and loss statement shows the total return, administration and risk results from the business, i.e. both the profit for the customer and for the owner. The result allocated to the owner amounts to NOK 337 million in 2008 compared to NOK 1,622 million in 2007. The result is generated via various product areas and the return on the company portfolio, as described in the "Profit allocated to the owner" section below.

Investment result
The investment result arises from the difference between the recognised return and the guaranteed return on insurance contracts. The average guaranteed interest rate on the insurance contracts was 3.5 percent, unchanged from 2007. The investment result amounted to minus NOK 2,137 million in 2008 compared to NOK 7,887 million in 2007.

Profit and loss - Life insurance activities

NOK million	2008	2007
Storebrand Livsforsikring AS	337	1,622
SPP Group	831	0
Other subsidiaries (including Storebrand Health Insurance)	14	13
Profit before amortisation and write-downs	1,182	1,635
Amortisation of intangible assets	-458	0
Write-downs of intangible assets	-2,520	
Pre-tax profit	**-1,796**	**1,635**

2008 was a very turbulent financial year and the world's share indices experienced heavy falls. The Oslo Stock Exchange was no exception, even though Q2 was special due to strong increases in oil prices. The Oslo Stock Exchange fell substantially from the middle of Q2 to year-end 2008. The uncertainty experienced in the credit market was perhaps even greater. The credit spread increased strongly and liquidity decreased. This resulted in large losses for many investors in the credit market. Interest rates also fell substantially in 2008, both short-term and long-term rates. Long-term rates were up in the first two quarters of the year, but then fell back significantly and were at year-end 2008 substantially lower than at the start of the year. This resulted in good returns on papers with interest risk in 2008. Short-term rates also climbed in the first two quarters of the year. NIBOR rates were very high in Q3 due to the crisis in the world's credit markets, with an accompanying drought in the interbank market.

The investment result was affected by previously unrecognised extra values being recognised through a reclassification of parts of the bonds portfolio at amortised cost to bonds at fair value. The reclassification of the "hold to maturity" portfolio resulted in an improved return of around NOK 1.8 billion, including improvement of the profit for the owner of around NOK 0.6 billion.

Administration result
The administration result shows the difference between the administration premium charged and actual operating costs. The administration result amounted to minus NOK 255 million in 2008 compared to minus NOK 669 million in 2007. The administration result in 2008 was affected by lower management fees, commission costs and bonus costs. The implementation of Lean methodology has resulted in an underlying positive development in the general level of costs.

Risk result
The risk result arises from the incidence of mortality and disability during a period deviating from the assumptions used for the premium tariffs. The total risk result amounted to NOK 737 million in 2008 compared to NOK 244 million in 2007. The result for the year was affected by the dissolution of the security fund and transfer to the risk equalisation fund in total amounting to NOK 197 million. Compared to last year, the risk result, excluding the effect of the dissolution of the security fund, improved for all segments in addition to public sector group pension insurance due to the better disability result.

Premium income and transfers balance
Premium income in the occupational pensions market developed well. Group insurance products with investment choice grew by 38 percent in 2008 compared with 2007. The growth was due to increased conversion from defined benefits pensions to defined contribution pensions and a positive transfers balance in relation to competitors. Defined benefits group pension insurance grew by 19 percent in 2008 due to growth in pay, among other things.

The retail market was affected by new business not being signed in traditional individual endowment insurance and interest/pension insurance, and a reduction in savings agreements without fixed periods. Unit-linked grew by 109 percent in 2008 due to good sales of guaranteed return accounts, especially in the first six months of the year, and the new system for individual pension saving with tax deductions, IPS, launched in autumn 2008. More than 10,000 contracts were sold, and Storebrand captured a 13 percent market share. Risk products show an overall increase of 8 percent in 2008.

Total premium income, excluding transferred premium reserves in Storebrand Life Insurance, amounted to NOK 16.3 billion (NOK 16.6 billion) in 2008, a decrease of 2 percent. This reduction was due to the aforementioned situation concerning traditional individual products.

Profit allocated to the owner per product area as per 31.12.08

NOK million	Group benefit fee based	Group investment selection and unit linked fee based	Risk product	Individual and free policies profit-sharing	Company portefolio/ other	Total
Administration result	32	- 97	- 118	29		-154
Investment result			71		- 59	12
Risk result	179		254	42		475
Premium for garanteed interest and risk profit	398					398
Return on equity				- 320		-320
Profit subsidiaries					11	11
Other results	- 31				- 43	-74
Pre-tax profit Storebrand Life Insurance Norwegian business	**578**	**- 97**	**208**	**- 249**	**- 91**	**349**
Capital invested (NOK billion)	**77**	**9**	**2**	**76**	**14**	**178**

The net booked inflow of customer assets to Storebrand amounted to NOK 2,834 in 2008 compared to NOK 1,056 million in 2007. Group life and personal insurance policies sold well during the year. Group pension sales were somewhat weaker than in 2007, but still satisfactory. Sales of individual pension policies were weaker, which was partly due to the instability in the financial markets and higher bank interest rates. The outflow of savings agreements without fixed-rate periods was 35 percent higher in 2008 than in 2007. The main reason for this was the customers' expectation of higher returns from saving in a bank.

The increase in transferred premium reserves within group pensions was mirrored by the total new business premiums in 2008. Total new premiums (APE) in 2008 amounted to NOK 1,583 million compared to NOK 1,790 million in 2007. The reduction in relation to 2007 was primarily due to the transfer of a single customer with a large APE in 2007. New business premiums for group pensions developed well. New group pensions premiums (APE) worth NOK 37 million were signed in the public sector in 2008 compared to NOK 18 million in 2007. The individual branches experienced a fall in APE. The good sales of guaranteed return accounts from the first six months of the year declined and some of the investment has already been withdrawn from the product, which results in a low total for new premiums for contracts in effect at year-end 2008.

Profit allocated to the owner for the product areas
The profit allocated to the owner is generated via four primary product areas with different earnings structures, as well as the return on the company portfolio.

The above table follows from the new insurance act and the figures are therefore not comparable with the 2007 figures.

The total profit allocated to the owner before tax amounted to NOK 349 million in 2008 compared to NOK 1,635 million in 2007.

The profit allocated to the owner pursuant to the new insurance act is less dependent on the return recognised in the customer portfolios due to upfront pricing of the guaranteed return and profit from risk. In 2008, total income of around NOK 398 million was recognised as upfront fee income. The risk result consists of allocations to the risk equalisation fund of NOK 112 million and a negative risk result for public sector group pensions of NOK 31 million. The profit allocated to the owner was also charged with NOK 31 million due to a negative return and a lack of additional statutory reserves in some contracts.

Up to 50 percent of the risk result for group pensions and paid-up policies can be set-aside in the risk equalisation fund to cover any future negative risk result. NOK 120 million was set aside in the risk equalisation fund in 2008: NOK 112 million was set aside for group retail and NOK 8 million for paid-up policies.

The security fund for risk products was dissolved and included in the risk result in the amount of NOK 99 million. The administration result for products with no profit sharing of minus NOK 118 million in 2008 was charged to the profit allocated to the owner. Overall the profitability in risk products is satisfactory.

The security fund for paid-up policies was transferred to the risk equalisation fund as per 1 January 2008. It amounted to NOK 33 million. Individual endowment insurance and pension insurance with profit sharing and paid-up policies with modified profit sharing contributed to a net negative result allocated to the owner of NOK 220 million in 2008 due to a lack of additional statutory reserves in some contracts. Paid-up policies achieved a positive administration result in 2008 of NOK 13 million.

The company portfolio delivered a result, excluding subsidiaries, of minus NOK 59 million in 2008. The return on investment assets was 3.0 percent in 2008. The return from bonds was negative in the first six months of the year due to climbing interest rates, while in the second half it was positive due to falling market interest rates. Losses on equities and credit had a negative effect on the return result in the first three quarters of the year. The interest costs for Storebrand Life Insurance's loan amounted to around a net

NOK 170 million in Q4. The owner's share of the market value adjustment reserve as per 1 January 2008 amounted to NOK 320 million and was recognised as income.

The result from subsidiaries was satisfactory during the quarter with the exception of Storebrand Finansielle Rådgivere (SFR), which is still affected by the turbulence in the financial and savings markets. SFR worked to reduce its costs base throughout 2008, and the restructuring process that started in Q3 has been completed. In Q4 it was decided that the regional systems for the corporate market and the retail market would be amalgamated, which will substantially reduce the costs base of SFR and Storebrand Life Insurance. As part of this reorganisation it was decided to carry out a new restructuring process in SFR and Storebrand Life Insurance. This restructuring process will be completed by March 2009.

Profit allocated to customers

The profit allocated to customers depends on developments in the financial markets and the profile customers have chosen for their investments, as well as investments in the profile based on buffer capital. A surplus of NOK 655 million has been calculated. The surplus consists of the positive risk result after allocations to the risk equalisation fund of NOK 120 million, and NOK 535 million in surplus from the investment result. NOK 2,241 million was drawn from additional statutory reserves to cover returns that were lower than the interest rate guarantees in some of the customer portfolios.

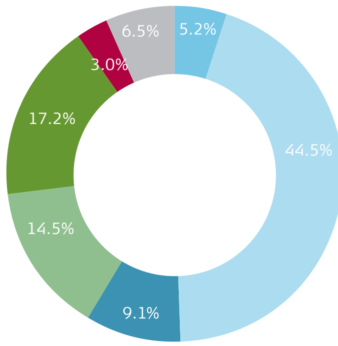
Return on investments, asset allocation and risk capital

The equity exposure in Storebrand's customer portfolios and company portfolio was reduced during 2008. The risk adjusted equity exposure (taking into account derivatives) for customer portfolios with a guaranteed return was 5.2 percent at year-end 2008. The exposure in the company portfolio was 2.5 percent. Total equity exposure at year-end 2007 was 26 percent.

The investment portfolios in the group portfolio achieved a market return of minus 0.2 percent in 2008. The return recognised was 2.0 percent in 2008. The total market and recognised returns in 2007 were 8.9 percent and 7.3 percent respectively.

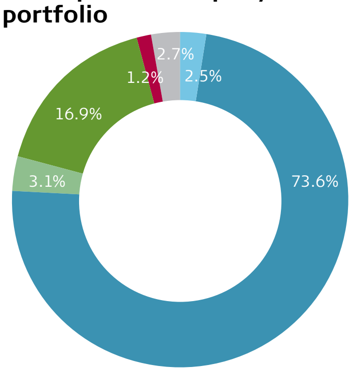
Due to reclassification, the allocation for short-term bonds recognised at fair value increased, while the allocation for bonds at amortised cost were reduced by NOK 23.6 billion during Q4 and amounted to NOK 22.4 billion at year-end 2008.

Asset profile for customer portfolios with guaranteed return



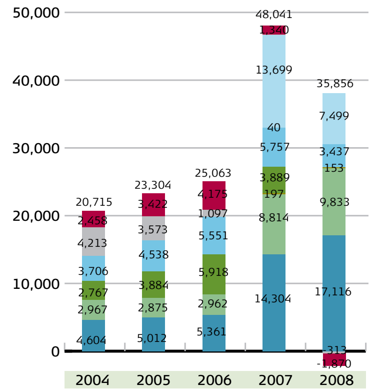
- Equities
- Bonds
- Money market
- HTM
- Real estate
- Alpha
- Other

Asset profile company portfolio



- Equities
- Money market
- HTM
- Real estate
- Alpha
- Other

Capital adequacy



- Equity
- Subordinated loan capital
- Risk equalisation fund
- Market value adjustment reserve
- Additional statutory reserves
- Conditional bonus
- Excess value of bonds at amortised cost
- Earned profit

78 percent of the assets under management from customers with investment choice (defined contribution pensions and unit-linked) are invested in equity funds and combination funds, compared to 79 percent at year-end 2007. The returns on the recommended investment choices for defined contribution pensions were minus 5.8 percent for a careful profile, minus 22.3 percent for a balanced profile, and minus 35.5 percent for an aggressive profile, respectively.

Total assets under management increased by NOK 2 billion in 2008 and amounted to NOK 199 billion at year-end 2008

SPP

Market and strategy

SPP's position in the Swedish market for occupational pensions

SPP is a leading Swedish provider of life insurance and occupational pension. SPP offers pension and insurance solutions, and advice to companies in the competitive segment of the occupation pensions market. The company also offers private pension savings and security solutions in the form of illness and nursing insurance. In addition SPP offers qualified consultancy services within occupational pensions and insurance, as well as administrative solutions for municipalities and other public enterprises. SPP is also active in the market for contractual early retirement pensions. SPP's broad range of products and services make it the only pension provider that covers all segments of the Swedish occupational pensions market.

During the year, SPP strengthened its market position, improved customer relationships, and increased turnover. Its integration into the Storebrand Group and the transfer of expertise in structure capital and "best practice" from the Norwegian market made a positive contribution to its development. Sales through both its own insurance advisers and insurance brokers (external partners) strengthened in the market thanks to our structured improvement measures throughout the year.

Separation, transfers and integration
In 2008, SPP commenced extensive separation, transfer, and integration work in a series of areas, including transferring the IT system from Handelsbanken to Storebrand. SPP's applications and operating environments will be separated out from Handelsbanken and integrated in Storebrand to create a cost-effective Nordic group.

In 2008, Storebrand commenced a project aimed at making savings within purchasing activities. It was decided in connection with the acquisition of SPP that further synergies and cost reductions should be achieved. An analysis of SPP's costs was conducted at the start of 2008. This showed a need for group-wide rationalisation within purchasing.

SPP wants to provide its customers with the greatest possible customer value in each encounter, regardless of the distribution and communication channel. Therefore, one important part of the company's strategy is to improve lead times, productivity, quality and customer satisfaction, as well as ensuring that all parts of the company cooperate in a quality securing and cost-effective manner.

SPP is employing the Lean competitiveness programme to achieve this by rationalising core processes and making thorough changes to management philosophy and corporate culture to achieve continuous improvements.

Product development
During the autumn SPP improved its traditional insurance by splitting the administration into three different portfolios with differentiated investment principles. From the customers' perspective the change results in a clearer link between guaranteed interest and expected extra return. It also improves the conditions for a higher expected additional return for new capital, i.e. new premiums from both existing and new customers.

A new funds structure developed in close cooperation with Storebrand was introduced during the year. The range of funds is based on selected and well-defined categories. Each category contains high performing funds with varying investment principles. SPP continuously monitors the funds' development. Funds that do not meet the quality requirements are replaced. SPP launched eleven new funds from market leading external administrators in 2008.

Profit and loss SPP Group

NOK million	2008	2007
Administration result	-103	102
Risk result	287	185
Financial result	340	-377
Other	293	284
Currency effect	14	
Profit before amortisation and write-downs	**831**	**194**
Amortisation of intangible assets	-476	-30
Write-downs of intangible assets	-2,500	0
Pre-tax profit	**-2,145**	**159**

Financial performance in 2008
Administration result
SPP's administration result amounted to minus NOK 103 million in 2008 compared to NOK 102 million in 2007. The administration result was affected by reduced income due to a reduction in assets under management over the year. During Q4 the positive return broke the negative trend in 2008 and contributed to an increase in assets under management. Costs also developed satisfactorily during 2008, but have been affected by integration and separation costs. The administration result is paid to the owner in full.

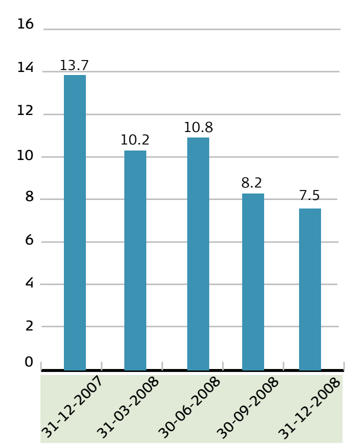
Risk result
The risk result in 2008 amounted to NOK 287 million compared to NOK 185 million in 2007. The risk result can be volatile because of changes in the illness result. The release of illness reserves during the whole of 2008 made a positive contribution to the result. The risk result is paid to the owner in full.

Financial result
The financial result in 2008 amounted to NOK 340 million compared to minus NOK 377 million in 2007. The positive result was due to good returns in some customer portfolios, which resulted in profit sharing of NOK 177 million. Liabilities increased due to reduced discounting rates throughout the year, which contributed a total of NOK 1,642 million to reserves. At the same time the security programme contributed a gain of NOK 1,786 million. A new, improved cash flow based model for valuing insurance liabilities was introduced in Q4.

The new cash flow-based model discounts liabilities according to a yield curve rather than an interest rate point. This results in better correspondence between assets and liabilities, and at the same time it reduces hedging costs and the volatility of the financial results in relation to fluctuations in interest rate levels. The hedging programme was substantially reduced because of this and will consequently have less affect on future financial results.

Return on share capital
"Other profit" amounted to NOK 293 million in 2008 compared to NOK 284 million in 2007. A large proportion of the result can be ascribed to the return in the equity portfolio. This portfolio is entirely invested in interest-bearing securities and achieved a satisfactory return in 2008. This also includes the result element interest on subordinated loan capital.

Developement of contitional bonuses
NOK billion



Customer buffers
Conditional bonuses (the policyholders' buffer capital) amounted to NOK 7.5 billion at year-end 2008. The improved method for assessing insurance liabilities introduced in December 2008, together with the return in the customer portfolios, helped to reduce the fall in conditional bonuses in a market with falling interest rates.

Premium income SPP Group

NOK million	2008	2007
One-time current premiums	1,666	1,718
Current premiums	5,615	5,473
Total	**7,281**	**7,191**

Premium income
Premium income amounted to NOK 7,281 million in 2008 compared to NOK 7,191 million in 2007. The 2007 figures include a very large single premium in Euroben of approximately NOK 750 million, which largely explains the difference. The premium income in mutual fund insurance/unit-linked amounted to NOK 3,010 million in 2008 compared to NOK 2,720 million in 2007, an increase of 11 percent.

Premium income, excluding Euroben, increased by 5 percent in 2008. SPP's premium income increased during the period because premium income for occupational service pensions increased by 8 percent and retirement pensions increased by 19 percent during the period.

Compared with last year, new policies, excluding Euroben, increased by a total of 42 percent measured by APE. The increase was primarily achieved through sales via broker channels. New policies coming through broker channels more than doubled during the year compared with 2007. New policies for ongoing premiums increased by 21 percent in 2008 in relation to the previous year.

Asset management
Turbulent stock exchange year
Stock exchange trends in 2008 were characterised by heavy falls in share prices over large parts of the world. The negative trend accelerated in the second half of the year and in autumn turned into a full-blown global financial crisis. The Swedish Stockholm Stock Exchange fell by 41 percent (OMXS index).

Despite the extremely demanding financial climate, SPP delivered a positive average return in 2008.

SPP introduced a new asset management model in 2008. It corresponds to the model Storebrand has used very successfully for many years. One cornerstone of this model is dynamic risk management, which entails the investment portfolio continuously being tailored to market developments. Dynamic risk management proved to be effective in the financial crisis in 2008.

The new asset management model also affects how SPP invests in more types of papers and industries than before, at the same as the company is increasing the global spread of its investments. The new investment principle entails, among other things, increased investments in real estate, infrastructure, unlisted papers and raw materials. This spreads risk and increases our capacity to withstand market downturns.

From and including September 2008, SPP employed the same investment principle for all traditional insurance contracts' total capital, regardless of the various contracts' guaranteed interest rates. From 1 October 2008, management has been divided into three different guarantee groups with different investment principles. The change means the link between guaranteed interest and expected extra return is clearer.

SPP's total return on traditional insurance was 2.9 percent in the premium specific portfolio and 0.6 percent in the benefits specific portfolio. A capital weighted average is recognised for the three management portfolios in the premium specific portfolio.

At year-end 2008 SPP transferred its asset management from Handelsbanken to Storebrand Investments in Norway.

Solvency
The solvency margin decreased to 135 percent in 2008 from 178 percent in 2007. The reduction in solvency is primary a result of falling market interest rates, which resulted in a higher assessment of pension liabilities.

Financial results for other life insurance activities
Storebrand Helseforsikring AS, of which Storebrand ASA owns 50 percent, achieved a group result of NOK 6 million in 2008 compared to NOK 27 million in 2007. The company offers treatment insurance in the corporate and retail markets. Premium income for health insurance products increased from NOK 198.8 million in 2007 to NOK 245 million in 2008, an increase of 23 percent. Of the growth in premium income for own account, the percentagewise increase was greatest in Norway.

EV – Market Consistent Embedded Value
This section provides information on the disclosure of the embedded value (EV) 2008 for Storebrand Life Group. It includes business written in Storebrand Livsforsikring AS (SBL) and SPP Livsförsäkring AB (including Euroben Life & Pension Ltd.).

NOK million	MCEV 2008
Total shareholder surplus at market value	8,431
comprising	
- Free surplus	882
- Required capital	7,550
Value of In-force business	**14,610**
comprising	
- Present value of future profits (PVFP)	23,893
- Time value of financial options and gurantees (TVOG)	-5,183
- Frictional costs of required capital (FCRC)	-236
- Cost of residual non hedgeable risks (CNHR)	-3,864
Total embedded value	**23,041**
Look through value included in the PVFP	4,022

Embedded Value of Storebrand Group

NOK million	31.12.07 Group	31.12.07 Group (restated)	31.12.08 Group
ANAV	7,478	6,984	8,431
PVFP [1]	28,412	27,558	23,893
Cost of holding capital	-248	-236	-236
Cost of volatility	-5,701	-4,709	-5,183
Cost of residual non hedgeable risks		-3,044	-3,864
Total MCEV Storebrand Life	**29,940**	**26,554**	**23,041**
ANAV other businesses [2]	**2,635**	**2,635**	**1,319**
Storebrand Group Embedded value	**32,575**	**29,189**	**24,360**
Embedded value per share [3] (NOK)	**73.3**	**65.7**	**54.7**

1 PVFP including look-through in 2007, restated 2007 and 2008 of respectively 4,156, 4,148 and 4,022.
2 Includes IFRS shareholders' equity less intangible assets for businesses not included in the MCEV analysis Storebrand Asset Management tangible equity adjusted to avoid double counting.
3 Based on 444,6m shares for 2007, 445,3m shares for 2008.

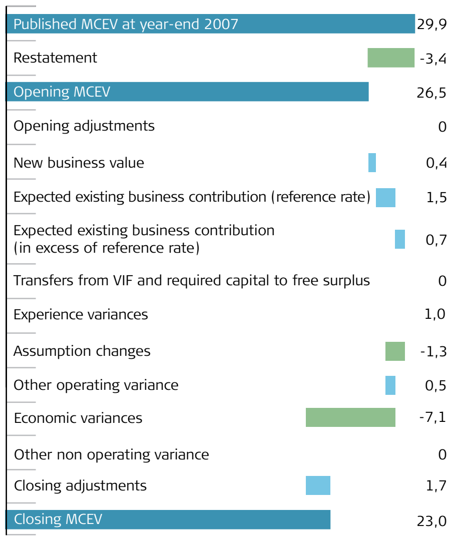
EV is an actuarially determined estimate of the value of a company excluding any value attributable to future new business. Calculating EV involves a number of assumptions about the business, operating and economic conditions, and other factors, some of which are determined by economic conditions and financial markets. Storebrand has published a specific EV report containing more detailed information. Storebrand's EV report has been prepared in cooperation with the actuarial consulting firm Towers Perrin, using a market consistent approach (MCEV).

Changes in embedded value for 2007
Two changes to the model were introduced in 2008, which result in changes to MCEV for 2007. The most important relates to the introduction of capital costs for risk the company cannot insure itself against (cost of non-hedgeable risk). This capital cost is not caught in other places in the calculations. The second change in the model from 2007 is the projection of the yield curve. The new model introduced into SPP in December 2007 was also used in MCEV. Given these changes to the calculation model the previously published MCEV is reduced by minus NOK 3.4 billion to NOK 26.5 billion.

Result
The total EV as of 31 December 2008 for the life insurance business of Storebrand Group after capital movements is NOK 23 billion. The present value of future profits amounts to NOK 23.9 billion (including look-through profits of NOK 4 billion), while shareholder surplus is NOK 8.4 billion and the capital cost is NOK 236 million. The EV has been reduced by a volatility cost of NOK 5.2 billion.

The reduction in EV from 31 December 2007 to 31 December 2008 amounted to NOK 5.2 billion, excluding dividends and other capital transfers. This represents a return of minus 20 percent on adjusted EV.

2008 Embedded value earnings analysis



As an effect of the holding company structure in Sweden, whereby part of the profits can be transferred to the group as a tax-free group contribution, it is currently expected that the effective tax rate for profits arising in SPP will be zero. Therefore, a tax rate of 0 percent has been applied to SPP. The current tax legislation in Norway leads to an effective tax rate of 0 percent for profits arising in SBL and the group's asset management company.

Storebrand's operations and new business contributed NOK 1.8 billion to the MCEV result in 2008. The reasons for this positive development include SPP's new investment strategy. Costs associated with the separation of SPP from Handelsbanken and integration into Storebrand lowers the result because the calculation method for MCEV takes into account all separation costs but omits future synergies.

The MCEV result was affected by the financial instability. Falls in equities markets in 2008 reduced the buffer capital in the life insurance business. At the same time lower interest rates and increased volatility in the market reduced the value of expected future earnings. In total changes to the macroeconomic factors made a negative contribution of NOK 7.1 billion.

Value of New Business
The value of new business in 2008 was calculated at NOK 395 million. Sales have been positive in both the Norwegian and Swedish insurance companies with new premiums (APE) of NOK 1,583 million and NOK 516 million, respectively. Margins in the Norwegian business increased in relation to comparable figures for 2007, and the calculated value of new business was NOK 504 million.

A negative value was calculated for new business in 2008 in the Swedish business

Sensitivities for Storebrand Life Group: The sensitivities reflect changes in EV based on changes in assumptions.

NOK million	Total MCEV	Change	Change in %	Value of New Business	Change	Change in %
Base	**23 041**			**395**		
100 basis point pa increase in the interest rate	26,045	3,004	13%	519	123	31%
100 basis point pa decrease in the interest rate	17,758	-5,284	-23%	106	-289	-73%
10% decrease in equity/property capital	19,359	-3,682	-16%	359	-36	-9%
10% decrease in equity capital	21,700	-1,341	-6%	354	-41	-10%
25% increase in equity/property implied volatilities	21,721	-1,320	-6%	355	-40	-10%
25% increase in swaption implied volatilities	21,089	-1,952	-8%	338	-57	-15%
10% decrease in maintenance expenses	24,906	1,864	8%	451	56	14%
10% proportionate decrease in lapse rates	23,564	522	2%	449	54	14%
Mortality rates -5% – annuity business	22,052	-989	-4%	387	-8	-2%
Mortality rates -5% – life business	23,122	81	0%	405	10	3%
Salary and expense inflation + 0.5%	23,255	213	1%	409	14	3%
Required capital equal to minimum level of solvency capital	23,090	49	0%	415	19	5%

- *The figures for 2007 have not been updated using the new methodology, and hence are not directly comparable with the 2008 figures.*
- *The sensitivity at the group level is not necessarily the simple sum of the underlying companies, since changes may have differing effects.*
- *The sensitivity for a decline in rates of profitability was computed with the incorrect sign in 2007. For the sake of simplicity, the same sign has been presumed for 2008.*
- *The effects of collateral assets are reflected.*
- *Changes in the market value of mutual fund products are not included.*

amounting to NOK 109 million. This is primarily due to the sales volume still being too low to cover the costs associated with new sales and the reduction in interest rates. A number of measures have been initiated in SPP that are expected to improve the value of new business in SPP.

NOK million	VNB 2008
Value of New Business	
comprising	
- Present value of future profits (PVFP)	794
- Time value of financial options and gurantees (TVOG)	-151
- Frictional costs of required capital (FCRC)	-56
- Cost of residual non hedgeable risks (CNHR)	-192
Total value of new business	**395**
Look through value included in the PVFP	153

Asset management activities

Market and strategy

Storebrand Investments offers a complete asset management concept that includes discretionary portfolio management of Norwegian and international securities, global special products with absolute return targets, as well as effective management of market risk. Today, Storebrand Investments is Norway's leading private asset manager. On 1 January 2009, Storebrand Investments took over management of SPP Livforsikring AB's portfolios. This will increase the volume under management in Storebrand Investments by approximately NOK 125 billion by year-end 2009. Substantial synergies are also expected to be achieved through lower management costs in Storebrand Investments in relation to the assets under management.

In May 2008, the assets management activities underwent a legal restructuring. The funds activities were spun off into a separate funds management company, Storebrand Fondene AS, via a merger-demerger process. In addition, the business in the former Storebrand Alternative Investments AS (SAI) was integrated into the activities of Storebrand Kapitalforvaltning AS.

Storebrand Investments' goal is to be the preferred manager for long-term savings and pension assets. Storebrand Investments utilises its expertise from managing the life insurance companies' assets to produce investment solutions within traditional funds, guarantee products and alternative products such as private equity and infrastructure, and offers these as standalone productions to external customers. The company had NOK 229 billion of assets under management at the close of 2008. This is made up of discretionary portfolios and mutual funds marketed under the brand names Storebrand and Delphi.

Attractive products
Storebrand Investments manages a full range of savings and investment products, including actively and passively managed mutual funds and money market and bond funds, real estate funds, infrastructure funds, funds of funds structures within private equity and hedge funds, guaranteed life products and standalone hedge funds. The company's product range allows it to offer attractive products in any market conditions. The financial crisis and market falls increased the focus on low risk products, and demand for government bond funds and guaranteed life saving has been high in relation to other products. Good returns and a clear management profile have helped increase demand and positive net subscriptions in most of our mutual funds that invest in the Oslo Stock Exchange.

Meeting new customer requirements
Storebrand Investments continuously monitors the savings market and tries to identify emerging customer needs. Storebrand wants simplicity, security and transparency to be reflected in both new and existing savings products. Products that do not meet a clearly defined customer need will be discontinued. New products are planned to meet the steadily increasing demand for long-term savings products within the contribution-based occupational pension markets in Sweden and Norway. Tax-stimulated savings re-emerged in 2008 with Individual Pensions Savings with tax deductions (IPS), and the company was active in the development of new IPS products.

Good results in a turbulent financial market
Storebrand Investments gained 29 new institutional customers in 2008. Institutional customers are served by a dedicated institutional customer unit with highly qualified investment advisers. Investment strategies are specially tailored to the customers' financial goals, investment horizons and risk profile in consultation with the customers. The sales organisation was strengthened with three new employees in 2008.

Storebrand's strong positions within the municipalities, pension funds and organisations segments were sustained in 2008. These customers will continue to be important and good customer service is emphasised. The traditional customers are and have proved to be, not least in 2008, important sources of stable annual income.

The focus on investment companies was affected by the turbulence in the financial markets. The capital from these companies is more fluid than that from Storebrand Investments' traditional customer groups. Part of the reason for the focus on this segment is the shorter decision processes, though this also means that the assets can be withdrawn faster than is the case with traditional customers. However, the assets that were realised in 2008 can be expected to return quickly when the companies return to an investment mode. The strategy of turning the sales focus towards private investment companies will be continued in 2009.

In addition to new business and extra sales, 2008 was also characterised by major challenges for pension funds: primarily from the introduction of the new asset management regulations (KFF) on 1 March, which resulted in substantial reallocations, and secondly from the heavy falls in the equity markets and climbing interest rates, which resulted in them undergoing two stress test scenarios in the space of a few months. Storebrand Investments' strategy is to be a solid partner for customers in difficult times as well and, through strong relationships, tie customers closer to Storebrand Investments. The institutional customer satisfaction survey again yielded good results in 2008. Storebrand Investments generally scored highly on customer service. SIOS (Storebrand Investment Operation Services) was established in 2006 as part of the focus on trading and settlement services to further strengthen strong customer relationships. The potential here is regarded as substantial and this focus will also continue in 2009.

Demanding operating year and preparation for taking over SPP's portfolio
2008 was a demanding operating year for Storebrand Investments. The introduction of the new insurance act on 1 January 2008 made the management on behalf of Storebrand Life Insurance more complex. The management now involves 19 different profiles. The financial crisis and the consequent volatile markets in the second half of 2008 increased the pressure on Storebrand Investment's operational system and its transaction volume more than doubled in 2008. It continuously seeks to simplify routines and standardise and automate process throughout the entire value chain. This improves both the organisation's cost-effectiveness and scalability. A robust and flexible management platform is also being put in place that can produce simple management products as well as complex and flexible investment profiles, which will be offered through defined contribution pension schemes.

Preparations were also made in 2008 to take over SPP's portfolio. The preparations and take over went according to plan and Storebrand Investments took over management of SPP Livsförsäkring AB's savings portfolios on 1 January, which entailed an increase of NOK 80 billion in the volume under management.

A good return, but not at any price
Storebrand is conscious of how its customers' funds are managed. We want to exercise our role as an investor in a way that contributes to more sustainable development in the long-term. The goal is to achieve the best possible return, but not at any price, and in Storebrand's experience the corporate responsibility requirements have not negatively affected the return on investments. We stipulate strict requirements for our investments and emphasise dialogue and active ownership. We are in contact with around 400 companies every year. The aim of this work is not to exclude companies, but to encourage change for the better. However, in some cases we choose not to invest because we believe there is a major risk of repeated serious breaches of our group standard for responsible investments. As of 31 December 2008, 80 companies are excluded for reasons such as serious environmental damage, corruption, human rights violations, the production of landmines, cluster bombs, nuclear weapons and tobacco, and seriously deficient risk management. In 2008, we started introducing Storebrand's group standard for socially responsible investments into SPP (more information can be found in the article "Responsible investments" on page 10 and on www.storebrand.no/sri).

Financial performance in 2008
Storebrand's asset management activities produced an overall pre-tax profit of NOK 215 million in 2008 compared to NOK 138 million in 2007. Compared with 2007 the result was pushed up by strong income from Storebrand

Eiendom, which from 2008 reports as part of the asset management activities. Fixed income increased due to the management agreement with Storebrand Life Insurance because the new life insurance act consists of a larger fixed element. Volume-based income in Storebrand Fondene fell due to falls in management volumes. Following the restructuring income from alternative investments such as private equity and hedge funds is reported as part of total income. Good costs control resulted in low total costs and produced a solid operating margin.

Asset management activities

NOK million	2008	2007
Total income	419	331
Total expenses	-280	-259
Net financial items	17	14
Amortisation of intangible assets	-3	
Storebrand Alternative Investments		52
Storebrand Eiendom	63	
Profit after amortisation	**215**	**138**

Income

The company's income primarily comes from management fees, fixed and performance-based, and sales commission and performance- based fees. The management companies' total income increased by 26 percent compared to 2007. The main reasons for the increase in income were larger fixed fees and the income from the activities in the former Storebrand Alternative Investments being reported as part of the asset management activities following the structural change. The income from alternative investments contributed NOK 53 million in 2008. Performance-based fees were NOK 10 million higher in 2008 than in 2007. The increase can be ascribed to very good performance in some products. In total, value creation was weak in 2008. Falls in the assets under management and the migration from high margin to low margin products due to the financial crisis resulted in a reduction in performance-based fees. Volume-based income in Storebrand Fondene fell by NOK 47 million compared to 2007, a reduction of 27 percent. Storebrand Eiendom contributed a result of NOK 63 million to the asset management activities.

Costs

Total costs increased by NOK 22 million compared to 2007, an increase of 8.5 percent. This increase can primarily be ascribed to two factors. Following the merger-demerger conducted in May, the costs that were previously in Storebrand Alternative Investments are now included, this amounts to around NOK 15 million. In addition the operating costs in Storebrand Investments increased due to a number of appointments and investments in 2008 associated with the take over of SPP's portfolio. The increase in costs associated with this was in line with the plans and amounts to around NOK 15 million in 2008. This is countered to some extent by the fact that performance-based pay was reduced by around NOK 34 million compared with 2007.

The operating margin developed well. Overhead costs as part of fixed and volume-based income improved from 69 percent in 2007 to 66 percent in 2008. Total costs as part of total income (including SBE) were reduced from 65 percent in 2007 to 57 percent in 2008. The fall was primarily driven by the income from real estate activities.

Stable development of assets under management in a difficult year

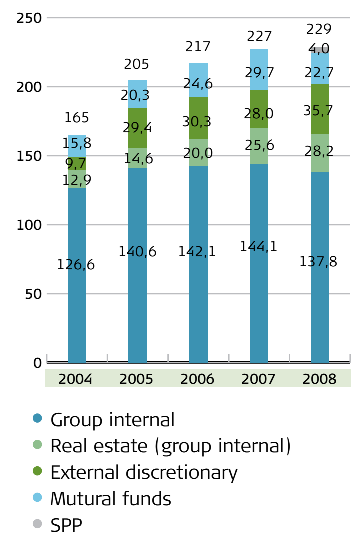
The assets under management increased by NOK 2 billion in 2008. The total assets under management amounted to NOK 229 billion at year-end. The development of assets under management was affected by the financial crisis and the consequent heavy market falls that impacted the markets in Q3 and Q4 2008. Assets from intragroup companies fell by approximately NOK 6 billion compared with 2007. External discretionary assets and funds amount to NOK 58.4 billion of the total volume under management. Compared with 2007 the volumes under management from external discretionary customers increased, while the proportion in funds decreased. The net effect was a weak positive increase in assets under management from external customers and funds from 2007 to 2008. The volume under management from the real estate portfolio also increased during the period.

Sales of mutual funds were of course impacted by the weak market. Nervousness in the equity markets spread to Norwegian retail market customers. Figures from the Norwegian Mutual Fund Association show that retail customers redeemed a net NOK 1.3 billion in mutual funds in 2008. Meanwhile, the last three months of the year saw net positive subscriptions. In 2008, Storebrand Investments experienced net negative subscriptions in securities excluding assets from group customers and assets linked to funds-based life and pensions savings of minus NOK 79 million. However, like the rest of the market Storebrand Fondene experienced a positive trend in Q4 with net subscriptions of NOK 380 million. Total assets under management from Norwegian retail customers amounted to NOK 8.7 billion as of 31 December 2008.

Storebrand Investments' market share in Norwegian registered securities funds was 7.9 percent at year-end 2008, which is less than in 2007. The assets under management in Norwegian registered Storebrand funds fell by NOK 16 billion in 2008 (minus 39 percent).

Total assets under management

NOK billion



Return

The 2008 stock exchange year will go down in history as one of the weakest years in recent history. Heavy falls in the equity markets and the collapse of the money and bond markets helped create a demanding investment climate.

Storebrand Investments' management results were weak in 2008 and substantially lower than the results in 2007. Storebrand Investments manages NOK 131 billion for

Storebrand Life Insurance. The return on this portfolio was weak in 2008, primarily due to a series of weak returns in bond and money market portfolios driven by the abnormal spread outcomes in this market. However, the other portfolios also experienced weak returns. Three alpha satellites were shut down due to the weak results.

The return in Storebrand funds in 2008 was affected by the market falls and total value creation in the funds was negative in 2008. Delphi Verden and Rente+ especially are pulling in a negative direction. Storebrand Likviditet made the largest positive contribution.

Increased margins in a demanding operating year

Operating margins in asset management activities improved further in 2008. As the graph below shows income is increasing, driven by a good contribution from the real estate activities. Costs and the assets under management were almost stable during the period.

Positive development in results and margins in a demanding year

NOK million

- Rolling 12 months costs
- Rolling 12 months income[1]
- Rolling 12 months cost/income ratio

1 Includes net financial income and profit before tax from Storebrand Eiendom (12 months rolling)

Banking

Market and strategy

A modern bank

Storebrand Bank ASA's objective is to be the "the smart choice for the modern customer". The bank aims to be seen as a bank that is easy to relate to, with popular products at competitive prices. The banking group has total assets of NOK 45.6 billion and 374 employees.

Strengthened position

The bank has experienced positive development in recent years, and strengthened its position in 2008 as well. The bank's growth in customer numbers after the introduction of no-fees daily banking in 2005 continued in 2008. Both deposit and lending volumes in the retail area increased in 2008. On 1 January 2009, the bank took over responsibility for its own call centre and established its own banking distribution system. A new retail market strategy was produced in 2008 which focuses on customer growth, cross-sales and increased deposits.

Demanding financial market

2008 was a demanding year in the financial markets. This affected Storebrand Bank's results. The financial results were primarily weakened by increased loan losses, weak results in Ring Eiendomsmegling, a halt to the sale of structured savings products, and unrealised losses in the liquidity portfolio. The Storebrand Bank Group's profit before tax was NOK 33 million in 2008 compared to NOK 235 million in 2007. The total lending portfolio increased from NOK 37.1 billion in 2007 to NOK 39.0 billion in 2008.

Establishment of credit company

The bank's wholly owned subsidiary Storebrand Kredittforetak AS established its lending programme in April 2008. This gained an AAA rating from Moody's. The company issued its first covered bonds in the Norwegian and European markets in April and May 2008. In Q4, Storebrand Bank used covered bonds issued by the credit company to participate in the authorities' crisis package for the financial industry. The bank gained access to a new long-term funding source through Storebrand Kredittforetak that substantially reduces the liquidity risk in the bank. By year-end 2008 covered bonds with a recognised value of NOK 11.3 billion had been issued, of which Storebrand Bank ASA purchased NOK 3.5 billion that can be used in the government exchange scheme.

Financial performance in 2008

The result before losses developed positively in 2008 and amounted to NOK 155 million compared to NOK 157 million in 2007. The banking activities' result before losses increased by NOK 19 million to NOK 223 million in 2008. The increase in losses and the weak development of the result in Ring Eiendomsmegling pulls the group result down. Write-downs for losses amounted to NOK 122 million in 2008 compared to a reversal of NOK 78 million in 2007. Ring Eiendomsmegling experienced a loss of NOK 44 million in 2008.

Storebrand Bank

NOK million	2008	2007
Net fee and commission income	512	413
Net fee and commission income	62	58
Other income	89	46
Operating expenses	-508	-360
Loan losses and write-downs	-122	78
Pre-tax profit	**33**	**235**
Post-tax profit	**19**	**170**

Increase in net interest income

Net interest income amounted to NOK 512 million (NOK 413 million). Net interest income as a percentage of average assets under management amounted to 1.17 percent (1.07 percent).

Net fee and commission income/other operating income

Net fee and commission income amounted to NOK 62 million in 2008, compared with NOK 58 million in 2007. Other income amounted to NOK 89 million compared to NOK 46 million in 2007. Income was affected by developments in the financial markets. The acquisitions of the real estate companies Hadrian Eiendom AS, Hadrian Utvikling AS and 13 companies in Ring Eiendomsmegling during 2007 and 2008 resulted in an increase in other income compared with 2007. Total operating income from these companies amounted to almost NOK 86 million in 2008.

Operating expenses

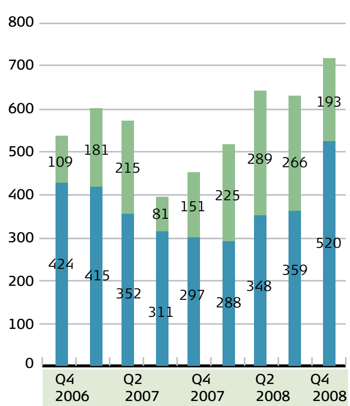
Operating expenses totalled NOK 508 million (NOK 360 million), equivalent to 77 percent of total operating income in 2008 compared to 69.7 percent in 2007. Banking's (Storebrand Bank ASA and Storebrand Kredittforetak AS) operating expenses are still developing positively. Efficiency measures were implemented in both the retail and corporate customer areas in banking in 2008. Banking's operating expenses amounted to NOK 382 million in 2008 compared with NOK 345 million in 2007, equivalent to a cost ratio of 63.1 percent compared to 69.0 percent in 2007.

Non-performing, loss-exposed loans and loan losses

The bank focused heavily on developments in important lending commitments within the retail and corporate segments in autumn 2008. Developments in the market and the uncertainty in the housing and property market increase the risk of losses in the portfolio somewhat. The volume of non-performing and loss-exposed loans with identified impairment amounted to NOK 190 million at year-end 2008, and the total non-performing and loss-exposed loans volume amounted to NOK 710 million. This development in the risk is taken into account in the valuation of realised losses, individual write-downs and group write-downs. The uncertainty associated with the estimate has increased somewhat due to the market instability.

Development in non-performing loans

NOK million



- Non-performing loans without evidence of impairment
- Non-performing loans with evidence of impairment

Net recognition of losses on loans and guarantees as expenses amounted to NOK 122 million in 2008. At year-end 2008 write-downs on individual loans in the balance sheet amounted to NOK 262 million. This is an increase of NOK 15 million from 31 December 2007. Group write-downs amounted to NOK 88 million (NOK 58 million) as of 31 December 2008, equivalent to 0.23 percent (0.16 percent) of total lending. The group write-down model was updated in 2007 and now takes greater account of macroeconomic factors and the bank's own risk classification when calculating the need for group write-downs. The model was developed further in 2008.

Capital adequacy

Storebrand Bank group's total assets increased in line with the growth in its lending portfolio throughout the year and amounted to NOK 45.6 billion as of 31 December 2008. The bank's deposit-to-loan ratio was 46.9 percent compared with 47.1 percent in 2007. The bank has a balanced and appropriate funding structure, and bases its funding on ordinary customer deposits, issuing securities and borrowing in the Norwegian and international capital markets. At year-end 2008, the bank had available unused committed credit facilities equivalent to EUR 400 million.

Storebrand Bank group's net primary capital amounted to NOK 2.7 billion at year-end 2008. This represents a capital adequacy of 10.8 percent and a core capital adequacy of 8.1 percent. Storebrand Bank ASA had sound capital adequacy and liquidity at year-end 2008.

Strategy and prospects for 2009

Storebrand Bank ASA will continue its work to secure a competitive position through growth, continuous improvements, a high level of customer satisfaction and increased cross-sales. The bank's position as the "smart choice for the modern customer" will be sustained and developed further through product development and improved customer processes.

The economic situation at the start of 2009 is very uncertain. There is a great deal of volatility and uncertainty in the financial markets and leading economic indicators are negative. It is therefore likely that the losses of Norwegian banks will also increase in 2009. Storebrand Bank regards its credit portfolio as good and is monitoring developments vis-à-vis non-performance, loss exposure and loan losses very closely.

Other activities

Other activities principally comprise Storebrand ASA (holding company) and Storebrand Skadeforsikring.

NOK million	2008	2007
Storebrand ASA [1]	512	1,057
Storebrand Skadeforsikring	-3	-18
Other companies/ eliminations [2]	-667	-1,027
Profit before amortisation	**-158**	**12**
Amortisation of intangible assets	-10	
Pre-tax profit	**-168**	**12**

1 Including dividends/group contributions from subsidiaries.
2 Including elimination of dividends/groups contributions from subsidiaries.

Storebrand ASA

The following table shows the profit before tax of Storebrand ASA in accordance with IFRS. The statutory accounts of Storebrand ASA are prepared in accordance with Norwegian accounting legislation and NGAAP and can be found on page 126. Storebrand ASA reported profit before tax in accordance with IFRS of NOK 512 million for 2008 compared with NOK 1,057 million for 2007.

NOK million	2008	2007
Group contributions and dividends	672	1,033
Interest income	272	117
Interest expense	-272	-114
Gains/losses on securities	-62	85
Other financial items	13	2
Net financial items	**-50**	**90**
Operating expenses	-111	-66
Pre-tax profit	**512**	**1,057**

Group contributions and dividends consist of the direct return on capital invested in subsidiaries. In 2008, this amounted to NOK 672 million. Pursuant to IFRS, group contributions and dividends are recognised as income in the year they are approved by the annual general meeting. This means that group contributions and dividends recognised as income in 2008 come from the profit from the subsidiaries in 2007. NOK 268 million was recognised as income in 2008 from Storebrand Life Insurance, compared with NOK 885 million in 2007.

Storebrand ASA's operating expenses were NOK 111 million in 2008, compared to NOK 66 million in 2007. The increase in expenses was largely due to higher offering costs than provided for in the 2007 accounts. In addition to this come increased audit and consultancy services costs.

Net financial items amounted to minus NOK 50 million in 2008 compared to NOK 90 million in 2007. The decrease was largely due to unrealised losses on shares the company owns in Oslo Børs VPS Holding ASA, unlike in 2007 when there was an unrealised price gain on the holding.

Storebrand Skadeforsikring
Market and strategy
Future-oriented P&C insurance company
Storebrand Skadeforsikring offers standard P&C insurance in the Norwegian retail market and some corporate insurance policies in the SMB market. Incoming telephone and online sales account for more than 90 percent of total sales, of which online sales account for 53 percent. Low distribution costs and correct risk prices allow the company to offer quality products at competitive prices.

Continued strong growth
The P&C business is still growing strongly. In 2008 the annual premium grew by 86 percent. The number of insurance contracts in the portfolio increased by 36,000 to 83,500 contracts in 2008. Storebrand Skadeforsikring also established an online sales solution for corporate customers in 2008 in which standard corporate policies for shops, companies and offices can easily be bought without contacting an adviser.

Price winner
Storebrand Skadeforsikring won the most media price tests in 2008. Among other things, the company won two out of three surveys of insurance prices in the Norwegian newspaper Dagbladet.

Satisfied customers
Feedback from customer satisfaction surveys (total customer satisfaction index for claims settlements of 79.6 percent) tells us that our customers are very satisfied that we deliver rapid, friendly and effective claims settlements.

Other activities
Oslo Reinsurance Company, 100 percent owned by Storebrand Skadeforsikring AS, is principally involved in the run-off of its own reinsurance business. The Oslo Re group's strategy was further refined in 2008. Most of the business was run-off through Scheme of Arrangements in 2008. Most of the remaining business is expected to be run-off in 2009. Alongside its new activities and Oslo

Performance for selected value drivers

	2008	2007	2006	2005	Assessment 2008
Finance					
Ranking of Life company's investment return relative to selected competitors (1-5) [1]	2	3	2	3	Satisfactory
Growth in Life company's premium income exclusive transfers, last year (NOK million)	-274	3,509	-3,737	984	Potential for improvement
Profit from risk products not subject to profit-sharing (NOK million)	208	144	135	N/A	Very good
Growth in new sales in SPP measured by APE	16%	na	na	na	Satisfactory
Administration result in SPP (NOK million)	-120	na	na	na	Potential for improvement
Growth in net interest income, last year (Storebrand Bank) (NOK million)	99	-6	-28	7	Very good
Growth in investment management fees from external clients, last year (Storebrand Investments) (NOK million)	-43	38	36	-28	Potential for improvement
Customers					
Market share (new business) [2]					
- Occupational pensions (benefit/contribution) excluding transfers	19%	37%	32%	43%	Potential for improvement
- Corporate group life	29%	18%	23%	40%	Very good
- Long-term pensions savings and mutual funds [3]	15%	8%	7%	6%	Satisfactory
- Individual endowment policies	28%	30%	25%	59%	Satisfactory
- Personal risk products	10%	9%	10%	12%	Potential for improvement
Transfer of pension business (NOK million)	2,834	1,056	5,260	712	Very good
Customer satisfaction – Norsk Kundebarometer Survey [4]	68	70	70	67	Satisfactory
Number of products per retail customer	2.62	1.8	1.5	1.35	Satisfactory
Number of new banking customers (gross) [5]	10,610	11,556	9,631	5,427	Very good

1 *Investment return III. Storebrand's ranking in terms of Investment return III versus SpareBank 1, Nordea, Vital and KLP as of Q4 2008.*
2 *Norwegian Financial Services Association (FNH) and Norwegian Mutual Fund Association (VFF) statistics as of Q3 2008.*
3 *Equity/combination funds, Unit Linked and Annuity/IPA weighted by total market sales volumes. The figures for 2008 are based on FNH/VFF statistics as of Q2 and Q3.*
4 *Scale from 0–100 showing whether corporate customers are satisfied with product delivery, whether we meet their expectations and their experience of Storebrand relative to our competitors.*
5 *Both retail and corporate customers. Measures number of new customers.*

Re, the other activities of Storebrand Skadeforsikring AS are the run-off of its gross insurance commitments (fronting responsibility), which are reinsured with If Skadeförsäkring.

Financial performance in 2008
Storebrand Skadeforsikring including Oslo Reinsurance Company ASA experienced a loss before tax of minus NOK 13 million in 2008, compared to minus NOK 8 million in 2007. The 2008 deficit was in line with plans. The claim ratio for the year ended up at 79.5 percent.

Prospects 2009
The retail P&C market in Norway is still regarded as profitable, but the establishment of a number of new players during 2008 further increased competition in the Norwegian market. In addition to the new competitors, the major players contributed to an increase in the pressure on margins through the active use of salvage discounts to retain customers.

The main challenge in 2009 will be to choose solutions that support the cost-effective operation of the company, enabling it to achieve the desired profitability and volume growth.

Monitoring value drivers – Storebrand's value-based management system

Storebrand's strategic planning process combines targets, action plans, reporting, and employee remuneration, as described in the article on corporate governance on page 31.

In addition to monitoring financial and accounting results, Storebrand also monitors the group's performance in relation to defined value drivers. This allows the Board and management to identify trends at an early stage, implement measures and focus on long-term value creation.

Storebrand Compass is produced every month. The Compass reports on the performance of key figures and value drivers relative to targets for each business area. Storebrand Compass is based on balanced scorecard management principles, with the value drivers divided into the areas of finance, customers and processes, as well as learning and growth. The table on page 56 shows, as examples, selected parameters in the categories of finance and customers together with an evaluation of the company's performance in these areas in 2008.

Financial risk management

Storebrand's key role in society is to preserve financial value on behalf of our customers until a later point in time. The assets under management should grow in a way that means the resulting payment provides adequate purchasing power. Storebrand earns money from the effective and safe exercising of this role, but also assumes financial risk in the ordinary course of its core business activities. Good risk management and control of risk exposure are essential in attaining the group's financial goals and ensuring that the group has the financial strength to withstand adverse developments and limit the losses these may cause.

Risk management: Life insurance
Storebrand's investment policy establishes guidelines for the composition of the financial assets with the objective of achieving the highest possible return on customers' pension assets until they are paid as benefits. The objective is to achieve the highest possible return for customers, pensioners and owners in the long-term at the same time as the risk of losses is limited in the short-term and long-term. Storebrand assumes risk in the ordinary course of its business activities. Risk management is practised in order to achieve the outlined goal in a controlled manner. The dominant risk factor in Storebrand Life Insurance is financial risk and in the Norwegian business this is primarily associated with achieving the annual guaranteed return. In SPP's activities, the long-term pension liabilities are a key source of financial risk for Storebrand as the owner. The annual guaranteed interest rate and the long-term pension liabilities indicate how the capital in Storebrand's customer and owner portfolios should be invested.

The investment portfolio is subject to a range of quantitative and qualitative limits, and risk is measured and monitored continuously using a range of reports, models and tests. For instance, "Conditional Value at Risk" is used as a method for calculating the potential for losses on a one-year horizon for a given probability, including worst-case losses. This is evaluated in the light of the guaranteed annual return, the long-term pension liabilities and the company's risk capital financed by policyholders and the owner. This measurement of risk is called coherent and is thus suitable for comparing the risk in Storebrand's Norwegian and Swedish business.

The expected return on the investment portfolio is calculated on the basis of asset allocation and the expected return on asset classes. This is based on historic return, expected risk premiums for shares and other risky assets, as well as forward prices, i.e. the market's expectations concerning future interest rates. Expected return on the portfolios for the next few years is calculated to be between 5 percent and 7 percent. Continuous active risk management, together with hedging transactions, reduce the likelihood of a low investment return. If the investment return is insufficient to meet the guaranteed interest rate in Norway or market movements are such that the current value of the pension liabilities in Sweden increases more than assets, the shortfall will be met by using buffer capital built up from previous surpluses. The owner is responsible for meeting any remaining shortfall if the built up buffer capital is insufficient. The average guaranteed interest rate in Norway and Sweden is expected to fall in future years since new contracts are subject to a lower guaranteed interest rate than the average of the current portfolio. The guaranteed rate on new contracts in Norway and Sweden is 2.75 percent and 2.5 percent, respectively.

A new Insurance Activities Act came into force in Norway on 1 January 2008. This means that company assets and customers' assets are no longer managed in the same portfolio. Moreover, customers' assets are divided into two main categories: collective and those with an investment choice. The traditional guaranteed interest rate applies to all the customers in the collective portfolio, while the investment choice category includes both traditional defined benefits pensions, to which the guaranteed interest rate applies, and defined contribution pensions without a guaranteed interest rate. The investment strategy and risk management have been tailored to the new framework with varying assets allocation and risk management measures being practised for the different portfolios. In the case of the collective portfolio, the Norwegian authorities specify that the company's risk capital is the total of the market value adjustment reserve, additional statutory reserves, core capital in excess of the regulatory minimum and accrued earnings. This risk exposure is monitored using a stress test that estimates potential losses in the event of extreme market movements. The stress test complies with Kredittilsynet's "Risk-based Supervision". In case of the asset portfolio with investment choice, any guaranteed interest rate is linked to the value-adjusted return. The portfolio thus does have an eligible market value adjustment reserve element as part of its risk capital. On the other hand, the guarantee period is extended to five years unlike the collective portfolio and customers can choose to pay in a special buffer provision. The risk management is designed to reflect these differences, including interest rate sensitivity and allocations to risky assets.

In terms of the Swedish activities in SPP the portfolio is divided into defined benefits pensions, defined contribution pensions and unit-linked policies. 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, the risk the customer portfolio represents against the equity is also 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, and tailored hedging of certain selected insurance policies in the company's portfolio.

As part of the risk management, Storebrand continuously ensures that all statutory requirements, such as, for example, capital adequacy, solvency margins and the traffic light tests in Sweden, are met by a satisfactory margin. The Board adopts limits for these and other risk goals for the company. Monitoring, management reports and reporting the risk in the life insurance companies to the authorities takes place periodically and on a daily basis if necessary.
Financial markets can fluctuate dramatically in a short space of time and thus affect the company's risk exposure. Storebrand continually manages its risk exposure to keep it within limits approved by the Board of Directors in several ways. Firstly, considerable importance is attached to building up sufficient risk capital to absorb losses. Secondly, risk exposure is diversified as much as possible by investing in assets that are not expected to cause losses at the same time. Thirdly, risk is managed dynamically in relation to the company's risk bearing capacity by buying and selling securities with different levels of risk tailored to the customer portfolio to which the assets' portfolio belongs. Fourthly, financial hedging instruments, such as options and forward exchange contracts, are used. This combination permits good control of the life insurance company's total exposure to financial risk. The principles apply to both the Norwegian and the Swedish activities.

Life insurance policies are long-term commitments, and there are risks associated with the assumptions made about life expectancy and disability. Premiums paid by policyholders and the investment returns achieved may therefore not be sufficient to meet the payments guaranteed in the future. Mortality, disability and other insurance risks are monitored by using actuarial analyses, including stress testing the existing portfolio of policies. The company has arranged reinsurance cover for death and disability risk in the event of unexpectedly large losses or a large number of losses caused by a single event.

The income of Storebrand's life insurance companies is linked to the statutorily defined income model that applies to the various product areas and policy portfolios. Following the introduction of the new act relating to insurance activities three different models apply to Norwegian activities involving return guarantees: the old model applies to the existing individual portfolio which, in broad terms, involves an upper limit of contributions to the owner of 35 percent of the profit. Modified profit sharing has been introduced for the paid-up policies portfolio that limits the contribution to the owner to 20 percent of the result that exceeds the guaranteed interest, and for the majority of the portfolio, advance pricing has been introduced for the guaranteed interest premium, administration premium and biometric risk.
In the case of the Swedish activities in SPP, a profit sharing model has been established in which 10 percent of the entire return belongs to the owner, assuming that this exceeds the return guaranteed for the individual policy.

For Norwegian life insurance companies, the annual guaranteed interest rate included in long-term insurance contracts creates a number of challenges with respect to interest rate risk. In the short-term, the most apparent risk is that the company's investments will fall in value if bond prices are reduced by an increase in interest rates. In the longer term, however, a low level of interest rates could make fulfilling the guaranteed interest rate on existing contracts a challenge. There is a risk that over time this could result in the company's profit and the customers' return weakening and insufficient risk capacity to build up risk capital and provide adequate pension savings. Low interest rates are the most challenging scenario in the long-term, for both the Norwegian and the Swedish activities. However, it is necessary to weigh the available measures against this risk scenario against the short-term risk that the annual guaranteed interest rate represents. It is also worth mentioning that customers are exposed to a risk of increasing inflation given that their pension savings must sustain their purchasing power. The employer of the future pensioner bears the risk from increased inflation associated with the largest volume products in Storebrand because increased pay inflation results in increased premiums demands. Nonetheless, Storebrand's investment strategy takes this asset allocation into account.

Falling market interest rates in the latter part of 2008 combined with falling equity markets reduced risk-bearing capacity. Storebrand implemented measures to limit the consequences of this, first through active risk management that continuously reduced the proportion of equities during 2008, and secondly through adjusting duration and investments in the "loans and receivables" bonds category. These bonds will provide a regularly recognised return substantially in excess of the guaranteed interest rate.

The company pays great attention to carefully evaluating investment opportunities that offer a high return, balanced against the risk of loses and falls in the value. Real estate is an asset class that offers a relatively high future running yield, but where the risk of loss or depreciation is higher than for government bonds. Other alternative investment classes include infrastructure and natural resources (forestry, commodities, etc). Moreover, Storebrand believe that some exposure to emerging markets though both interest and equity investments is sensible. All such investments present challenges in relation to Storebrand's responsible investment criteria and require painstaking work. Storebrand continually develops its investment portfolio to include such new alternative asset classes. The assessment of such asset classes as attractive is carefully weighed against the requirement they be negotiable. In line with the applicable regulations, Storebrand specifically assesses this.

Kredittilsynet's (the Norwegian Financial Supervisory Authority) new stress test has been implemented in the sector during 2008 and is part of the new risk-based supervision methodology that Kredittilsynet is currently developing for Norwegian financial institutions. The test does not indicate capital requirements, rather it is meant to contribute to better risk management by insurance companies and forms part of the preparations for the new European solvency regulations, Solvency II, that are expected to be implemented in 2012 at the earliest. Similar stress testing, called traffic light testing, has been introduced in Sweden. The stress tests cover both the assets and the liabilities sides of the balance sheet and provide a net capital requirement for the business. One important difference between the Swedish and Norwegian models is that the profit sharing in Sweden is conditional, and a so-called "conditional bonus" can thus be utilised to reduce the capital requirement during the stress tests.

In short, Solvency II will require the market value of insurers' liabilities to be assessed via discounting using the current risk-free interest rate applicable at any time with the relevant period for the insurance policies. The assets and liabilities will be subjected to a common stress test and the result of this will provide information about the risk situation in the companies, and indications concerning the reserves needed and the capitalisation of the companies. Introducing such a regime in Norway involves challenges related to the limited size of the Norwegian government bond market, the weak correlation between Norwegian and foreign interest rates, the relationship to the new Insurance Activities Act, the unique Norwegian rules on transfers of insurance business, and the arrangements for unconditional profit sharing in Norwegian insurance companies. Storebrand is of the view that an uncritical acceptance of the proposed regulations may have unfortunate consequences for policyholders and owners, and could contribute to non-optimal asset allocation in the Norwegian financial market with the accompanying negative effects. Storebrand is therefore actively working to contribute to an appropriate formulation and introduction of Solvency II in Norway.

Risk management: Asset management

Storebrand actively manages a large portion of its assets. This means that its fund managers are allowed a degree of freedom with the objective of producing a better return than the market. The group's asset management activities are structured into a number of specialist teams so that each team concentrates solely on taking advantage of investment opportunities in a specific area, subject to clearly defined investment criteria and risk limits. Performance, risk exposure and investment profile are continuously monitored. In addition, the co-variance of the teams' exposure is monitored to ensure the greatest possible independence in order to achieve the highest possible risk-adjusted return.

A separate team is responsible for managing market risk. This team's duties include currency hedging, programme trading, hedging transactions, SRI criteria and liquidity transactions. This structure permits more efficient use of resources and greater control over active risk positions in the group's investment portfolio.

Risk management: Banking

Storebrand Bank ASA places great importance on maintaining close relationships with its corporate customers and monitoring credit risk, and has credit review policies in place.

A significant proportion of Storebrand Bank's corporate lending is linked to real estate in the greater Oslo area. Storebrand follows economic conditions and the real estate market in this region closely.

Lending to corporate customers over a certain limit requires the approval of a credit committee chaired by the bank's managing director, or from the bank's Board. Credit risk is monitored through a risk classification system that ranks each customer by ability to pay, financial condition and collateral. All loans on the bank's watch list are reviewed at least quarterly in respect of the condition of the borrower and collateral, and of the steps being taken to protect the bank's position. The total risk in the portfolio has been falling strongly in recent years and the proportion of long-term repayment loans within 80 percent of the valuation of the collateral has increased significantly.

Separate credit approval processes are now used for retail lending on the basis of credit scoring, combined with case-by-case evaluation of the borrower's ability to repay. The increase in retail lending is regarded as very important for the bank as a whole with respect to reducing the bank's risk. Approximately 98 percent of lending to retail customers is well secured by mortgages or the bank's own equity linked bonds.

The bank manages its exposure to counterparty risk when placing its liquidity or through other exposure on the basis of the counterparty's credit rating and size. The bank places great importance on the quality of its counterparties, and it limits its exposure to any one counterparty in order to avoid loss and ensure high liquidity in its holdings of securities.

Liquidity risk refers to the risk that the bank is not able to meet all its financial liabilities as they fall due for payment. Storebrand Bank maintains sufficient liquidity to support balance sheet growth and to repay funding and deposits as they mature. The bank manages its liquidity position on the basis of rolling short-term, medium term and long-term liquidity gaps that show the mismatch between expected inward and outward cash flows on the balance sheet date.

Storebrand Bank has established good liquidity buffers, and continuously monitors liquidity reserves against internal limits. Committed credit lines from other banks are also available to the bank if necessary. Storebrand Bank ASA also maintains relationships with a number of international banks, ensuring access to the international capital market and providing greater diversity in the group's funding.

Market risk is the risk that unexpected and adverse movements in interest or exchange rates reduce the value of the bank's assets. Storebrand Bank manages its exposure to interest rate risk so that net interest rate exposure is low. All instruments with an interest rate fixing period in excess of six months are subject to a specific hedging policy for economic risk. Moreover, interest rate hedging transactions must be structured so that they do not have a material accounting effect. For exchange rate risk, it is the policy of the bank to fully hedge all exposures arising in connection with foreign currency investments, lending and borrowing. Hedging is primarily done through rolling foreign exchange forward contracts.

Group's overall risk management

In recent years, Storebrand has invested significant resources in developing a framework for effective and comprehensive management of the group's overall risk. Methods and modelling systems have been developed for the life insurance activities in Norway and Sweden that handle risk management and reporting based on integrated balance sheet management. This allows the liabilities and assets of the life insurance company to be evaluated in relation to changes in exogenous variables such as interest rate levels, and take into account the established management principles for handling financial risk. The models are used for reporting European Embedded Value. The framework enables consistent calculations and analyses, and facilitates integrated management of the risk, capital and value in the business. Correspondingly, in connection with the Basel II regulations the banking business has developed methods and systems for identifying and managing risk in the group.

Developing a framework for comprehensive risk management in the group forms part of the continuous development of Storebrand's value-based management system, and improves the basis for making decisions concerning the management of the group.

Members of Storebrand's corporate bodies

BOARD OF REPRESENTATIVES

Chairman:
Terje R. Venold

Deputy Chairman:
Inger Lise Gjørv

Members (elected by shareholders):
Arvid Grundekjøn
Johan H. Andresen jr.
Merete Egelund Valderhaug
Vibeke Hammer Madsen
Trond Bjørgan
Karen Helene Ulltveit-Moe
Marius Steen
Lydur Gudmundsson
Olaug Svarva
Roar Engeland

Members (elected by employees):
Rune Pedersen
Arild Thoresen
Unn Kristin Johnsen
Ketil Wahl Seglen
Tor Haugom
Per-Erik Hauge

Deputy members (elected by shareholders):
Lars Tronsgaard
Trond Berger
Elin Korvald
Henrik O. Madsen
Einar Gaustad

Deputy member (elected by employees):
Trond Thire
Morten Nereng

BOARD OF DIRECTORS OF STOREBRAND ASA

Chairman:
Leiv L. Nergaard

Board members:
Halvor Stenstadvold
Sigurdur Einarsson [1]
Birgitte Nielsen
Camilla M. Grieg
Barbara R. M. Thoralfsson
Annika Lundius

Board members (elected by employees):
Ann-Mari Gjøstein
Erik Haug Hansen
Knut Dyre Haug

REMUNERATION COMMITTEE

Chairman:
Leiv L. Nergaard

Members:
Birgitte Nielsen
Ann-Mari Gjøstein

AUDIT COMMITTEE

Chairman:
Halvor Stenstadvold

Members:
Barbara R. M. Thoralfsson
Erik Haug Hansen

CONTROL COMMITTEE

Chairman:
Elisabeth Wille

Members:
Harald Moen
Ida Hjort Kraby
Ole Klette

Deputy member:
Erling Naper

ELECTION COMMITTEE

Chairman:
Terje R. Venold

Members (elected by shareholders):
Dag J. Opedal
Johan H. Andresen jr.
Olaug Svarva

Observer (elected by employees):
Rune Pedersen

1 Resigned in March 2009.

Contents – Accounts and Notes to the accounts Storebrand Group

Contents – Accounts and Notes to the accounts Storebrand ASA

Other

Profit and Loss Account Storebrand Group

1 January - 31 December

NOK million	Note	2008
Net premium income	48	29,004.5
Net interest income - banking	28	512.5
Net income from financial assets and property for the company:		
- shares and other equity participations at fair value	28	137.2
- bonds and other fixed-income securities at fair value	28	273.7
- financial derivatives at fair value	28	-468.1
- net income from bonds at amortised cost	28	10.6
- net income from investment properties	25	112.5
- result from investments in associated companies	19	-73.8
Net income from financial assets and property for the customers:		
- shares and other equity participations at fair value	28	-22,987.0
- bonds and other fixed-income securities at fair value	28	12,851.6
- financial derivatives at fair value	28	-2,170.9
- to (from) market value adjustment reserve		3,534.6
- net income from bonds at amortised cost	28	2,403.5
- net income from investment properties	25	1,653.1
Other income including interest and currency bank	9	3,210.8
Total income		**28,004.8**
Insurance claims for own account	48	-26,379.8
Change in insurance liabilities excluding guaranteed return	48	12,548.1
To/from additional statutory reserves - life insurance	48	2,385.6
Guaranteed return and allocation to insurance customers	48	-9,118.8
Losses from lending/reversal of previous losses	29	-121.8
Operating costs	10	-3,522.2
Other costs including currency bank	11	-1,570.6
Interest expenses	28	-915.6
Total costs before amortisation and write-downs		**-26,695.1**
Group profit before amortisation and write-downs		**1,309.7**
Write-down of intangible assets	13	-2,507.0
Amortisation of intangible assets	13	-518.5
Group profit before tax		**-1,715.8**
Tax cost	12	-504.9
Profit/loss for the year		**-2,220.7**
Profit is due to:		
Minority interests' share of profit		7.3
Majority interest's share of profit		-2,228.0
Total		**-2,220.7**
Earnings per ordinary share (NOK)		-4.97
Average number of shares as basis for calculation (million)		445.1
There is no dilution of the shares		

Profit and Loss Account Storebrand Group

1 January - 31 December

NOK million	Note	2007
Net premium income	48	19,743.6
Net interest income - banking	28	413.2
Net income and gains from financial assets at fair value:		
- shares and other equity participations	28	658.0
- bonds and other fixed-income securities	28	123.9
- financial derivatives	28	4,649.0
- income from financial assets with investment choice	28	353.4
Net income from bonds at amortised cost	28	2,235.2
Income from investment properties	25	4,387.5
Profit from investment in associated companies	19	-19.6
Other income	9	853.1
Total income		**33,397.3**
Insurance claims for own account		-17,669.3
Change in insurance reserves		-9,951.1
Interest expenses	28	-318.2
Loan losses/write-backs of earlier losses	29	78.2
Operating costs	10	-2,581.6
Other costs	11	-188.0
Total costs		**-30,630.0**
To/from market value adjustment reserve		2,036.0
Operating profit/loss		**4,803.3**
To/from additional statutory reserves - life insurance		-400.0
Funds allocated to policyholders - life insurance		-2,383.5
Group profit/loss		**2,019.8**
Changes in security reserves, etc - P&C insurance		9.1
Profit/loss before extraordinary items		**2,028.9**
Tax payable	12	-20.1
Profit/loss for the year		**2,008.8**
Profit is due to:		
Minority interests' share of profit		3.1
Majority interest's share of profit		2,005.7
Total		**2,008.8**
Earnings per ordinary share (NOK)		7.95
Average number of shares as basis for calculation (million)		445.0
There is no dilution of the shares		

Consolidated statement of recognized income and expence

NOK million	2008	2007
Change in pension experience adjustments	-494.7	143.8
Revaluation of properties for own use	3.0	28.6
Re-statement differences	90.9	-30.1
Hedging applied directly to equity	-15.6	-25.6
Recognised directly against equity	**-416.4**	**116.7**
Profit for the period	-2,220.7	2,008.8
Total income and costs for the period	**-2,637.1**	**2,125.5**
Transported to		
Shareholders	-2,648.6	2,122.4
Minority interests	11.5	3.1
Total	**-2,637.1**	**2,125.5**

Balance Sheet Storebrand Group

31 December

NOK million	Note	2008
Assets company portfolio		
Deferred tax assets	12	200.8
Intangible assets	13	7,719.8
Tangible fixed assets	14	2,092.5
Investments in associated companies	19	74.8
Bonds at amortised cost	30, 31, 37, 43	383.5
Lending to financial institutions	30, 31	333.7
Lending to customers	39, 31, 42	38,704.9
Reinsurers' share of technical reserves	48	1,360.8
Real estate at fair value	25	1,607.1
Other assets	21	523.0
Due from customers and other current receivables	22	1,001.8
Financial assets at fair value:		
- Shares and other equity participations	30, 31, 39	1,078.3
- Bonds and other fixed-income securities	30, 31, 40	23,968.3
- Derivatives	30, 31, 41	2,678.0
Bank deposits	30, 31, 43	6,413.6
Total assets company		**88,140.9**
Assets customer portfolio		
Bonds at amortised cost	37	21,981.2
Lending to customers	30,31,42	3,815.0
Real estate at fair value	25	21,392.8
Due from customers and other current receivables	22	3,727.1
Financial assets at fair value:		
- Shares and other equity participations	30,31,39	52,760.4
- Bonds and other fixed-income securities	30,31,40	154,702.4
- Derivatives	30,31,41	12,351.3
Bank deposits	30,31,43	13,765.3
Total assets customers		**284,495.5**
Total assets		**372,636.4**
Equity and liabilities		
Paid in capital		11,711.1
Retained earnings		4,229.5
Value adjustment fund		47.6
Minority interests		169.9
Total equity	**47**	**16,158.1**
Subordinated loan capital	42,44	10,354.9
Insurance reserves - life insurance	48	276,990.6
Insurance reserves - P&C insurance	48	1,859.2
Pension liabilities	16	1,683.8
Deferred tax	12	184.4
Financial liabilities:		
- Liabilities to financial institutions	42,44	8,677.4
- Deposits from banking customers	42,44	18,291.5
- Securities issued	42,44	18,411.4
- Derivatives company	30,31,41	2,193.3
- Derivatives customers	30,31,41	7,889.0
Other current liabilities	23	9,942.8
Total liabilities		**356,478.3**
Total equity and liabilities		**372,636.4**

Oslo, 3 March 2009
Translation – not to be signed

Leiv L. Nergaard
Chairman of the Board

Halvor Stenstadvold   Sigurdur Einarsson   Camilla M. Grieg   Barbara Rose Milian Thoralfsson   Birgitte Nielsen

Erik Haug Hansen   Knut Dyre Haug   Ann-Mari Gjøstein   Annika Lundius   Idar Kreutzer
Chief Executive Officer

Balanse Sheet Storebrand Group

31 December

NOK million	Note	2007
Assets		
Deferred tax assets	12	234.9
Intangible assets	13	10,264.4
Pension assets	16	205.0
Tangible fixed assets	14	1,103.2
Investments in associated companies	19	174.6
Bonds at amortised cost	30,31,37,43	40,380.1
Lending to financial institutions	30,31	374.1
Lending to customers	30,31,42	39,493.5
Reinsurers' share of technical reserves	48	1,501.3
Real estate at fair value	25	21,358.6
Other assets		221.6
Due from customers and other current receivables	22	6,525.8
Financial assets at fair value:		
- Shares and other equity participations	30,31,39	73,661.1
- Bonds and other fixed-income securities	30,31,40	112,025.6
- Derivatives	30,31,41	4,774.1
- Life insurance assets with investment choice		39,083.4
- Other financial assets		4,853.4
Other current assets		33.0
Bank deposits	30,31,43	25,569.0
Total assets		**381,836.7**
Equity and liabilities		
Paid in capital		11,711.7
Retained earnings		7,362.1
Value adjustment fund		44.6
Minority interests		122.2
Total equity	**47**	**19,240.6**
Subordinated loan capital	42,44	5,213.8
Market value adjustment reserve	48	3,853.7
Insurance reserves - life insurance	48	242,038.7
Reserve for life insurance with investment choice	48	39,208.2
Premium and claims reserves - P&C insurance	48	1,998.8
Security reserves etc. - P&C insurance	48	31.8
Pension liabilities	16	1,121.0
Deferred tax	12	365.8
Financial liabilities:		
- Liabilities to financial institutions	42,44	3,064.5
- Deposits from banking customers	42,44	17,469.6
- Securities issued	42,44	23,327.9
- Derivatives	30,31,41	3,644.6
Other current liabilities	23	21,257.7
Total equity and liabilities		**381,836.7**

The balance sheet for 2007 has been restated with the final acquisition analysis for SPP.

Cash flow analysis Storebrand Group

1 January - 31 December

NOK million	2008	2007
Cash flow from operational activities		
Net receipts insurance premiums	27,338.9	20,323.1
Net payments compensation and insurance benefits direct insurance	-24,268.3	-15,241.7
Net payments compensation and insurance benefits reinsurance	17.0	-0.2
Net receipts/payments - transfers	2,613.4	915.8
Receipts - interest, commission and fees from customers	3,557.9	2,179.5
Payments - interest, commission and fees to customers	-2,713.0	-1,725.2
Net receipts/payments - lending to customers	-2,001.5	-6,185.1
Net receipts/payments - lending to and claims from other financial institutions	-777.2	-234.9
Net receipts/payments - customer deposits bank	814.3	3,988.4
Net receipts/payments - deposits from Norges Bank and other financial institutions	5,298.7	279.0
Net receipts/payments - securities at fair value:		
- Shares and other equity participations	26,356.5	3,358.5
- Bonds and other fixed-income securities	-33,265.0	926.5
- Financial derivatives and other financial instruments	-336.8	-3,998.0
Net receipts - active management and fund management	503.9	363.4
Payments - other providers for goods and services	-6,048.2	-504.3
Net receipts/payments - real estate operation	1,816.9	555.7
Payments - employees, pensions, employees national security contributions, etc	-1,792.3	-1,283.8
Payments - taxes and other public duties	-184.0	-82.1
Net receipts/payments - other operational activities	772.6	5.2
Net cash flow from operational activities	**-2,296.2**	**3,639.9**
Cash flow from investment activities		
Net receipts - sales of subsidiaries	10.6	4.3
Net payments - sale/capitalisation of subsidiaries		-13,829.8
Net receipts/payments - sale of real estate	-1,218.2	-316.9
Net receipts/payments - sale/purchase of property and fixed assets, etc	-106.0	-108.4
Net cash flow from investment activities	**-1,313.6**	**-14,250.8**
Cash flow from financing activities		
Payments - repayments of loans	-4,609.0	-421.0
Receipts - new loans	1,884.9	4,596.1
Net receipts/payments - issuing of certificate loan and other short-term loans	-3,948.9	743.8
Receipts - subordinated loan capital	5,518.3	256.0
Payments - repayment of subordinated loan capital	-1,416.0	
Payments - interest on subordinated loan capital	-897.9	-347.0
Net receipts/payments - issuing of bond debt and other long-term debt	2,226.8	2,006.2
Receipts - issuing of share capital	14.2	8,670.4
Payments - repayment of share capital		-106.6
Payments - group contributions/dividends	-534.1	-450.6
Net cash flow from financing activities	**-1,761.7**	**14,947.3**
Net cash flow for the period	**-5,371.5**	**4,336.5**
Net movement in cash and cash equivalent assets	-5,371.5	4,336.5
Cash and cash equivalent assets at start of the period for sold and new companies	-9.3	8,016.5
Cash and cash equivalent assets at start of the period	25,559.7	13,216.0
Cash and cash equivalent assets at the end of the period 1	**20,178.9**	**25,569.0**

1 Includes holdings for both company and customers

Notes Storebrand Group

01 Accounting policies

The accounting policies used for the preparation of the consolidated accounts are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Basic policies

The consolidated accounts of Storebrand ASA are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and accompanying interpretations, as well as the other Norwegian obligations to disclose that follow from the Accounting Act, the Stock Exchange Regulations and the stock exchange's rules.

Use of estimates in preparing the annual accounts
The preparation of the accounts in accordance with IFRS requires the management to make valuations, estimates and assumptions that affect assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. The final values realised may differ from these estimates. See note 2 for further information about this

Changes to accounting policies
No changes to the accounting policies were made in 2008.

New profit and loss account and balance sheet statements
The group's profit and loss and balance sheet statements have been changed from 2008 to provide a better picture of the company's results pursuant to the new insurance act for life insurance that came into effect on 1 January 2008. The new act introduces a clearer division between the assets and returns of customers and owners and because of this it has not been possible to produce comparable figures. The consequences of the new insurance act are described in more detail in note 4.

Standards and interpretations of existing standards and where Storebrand has not chosen early application.
The following standards and interpretations, approved by the EU, which are not mandatory for annual accounts prepared as per 31 December 2008 have not been adopted by Storebrand: IFRS 8 Operating Segments, revised IFRS 3 Business Combinations, revised IAS 27, revised IAS 23 Borrowing Costs, revised IAS 1 Presentation of Financial Statements, changed IFRS 2 and 5, changed IAS 19, 20, 28, 36,38, 39, 40 and 41, as well as IFRIC 13, 15 and 16.

Consolidation

The consolidated financial statements combine Storebrand ASA and companies where Storebrand ASA has the power to exercise a controlling influence. A controlling influence is normally achieved where the group owns, directly or indirectly, more than 50 percent of the shares in a company and the group has the power to exercise control over the company. Minority interests are included in the group's equity capital.

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

Presentation currency and currency conversion for foreign companies
The group's presentation currency is the Norwegian krone (NOK). Foreign companies included in the group that use a different functional currency are translated to NOK by converting the profit and loss account at the average exchange rate for the accounting year and converting the balance sheet at the exchange rate at close of the accounting year. Any conversion differences are booked directly to equity.

Elimination of internal transactions
Internal receivables and payables, internal profits and losses, interest and dividends, etc between group companies are eliminated in the consolidated accounts. Transactions between customer portfolios and the company portfolio in Storebrand Livsforsikring AS and between customer portfolios in Storebrand Livsforsikring AS and other units in the group are not eliminated.

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

Identified materials and intangible assets and liabilities that have been taken over are valued as their fair value at the time of acquisition. If the acquisition cost exceeds the value of the identified assets and liabilities, the difference is recognised in the accounts as goodwill. If the acquisition costs is less than the identified assets and liabilities, the difference is recognised in the profit and loss account at the time of the transaction. In the event of acquisitions of less than a 100 percent of a company, 100 percent of the extra value or shortfall in market value is recognised in the balance sheet, with the exception of goodwill of which only Storebrand's share is recognised.

Segment reporting

The group is organised into life insurance activities, banking activities, asset management activities and other activities, which include P&C insurance. Segment information is presented for both business areas and geographic areas. Business areas are the group's primary reporting segments. Financial information in respect of these segments is presented in note 8.

Tangible fixed assets

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

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

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

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

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

Investment properties

Properties leased to tenants outside the group are classified as investment properties. In the case of properties occupied partly by the group for its own use and partly let out to tenants, the identifiable tenanted portion is treated as an investment property.

Investment properties are valued at fair value. Fair value is assessed on each reporting date. Changes in value are recognised in the profit and loss account. Each investment property is valued separately by discounting the future net cash flow by the appropriate yield requirement for the investment in question. The net income stream takes into account current and future loss of income due to vacancy, essential investment and an estimate of future changes in market rent. The yield requirement is determined on the basis of the expected future risk-free interest rate plus an individually determined risk premium dependent on the rental situation and the location and standard of the property. Valuation is also compared against observed market prices.

When an investment property is first capitalised it is valued at acquisition cost, i.e. the purchase price plus costs directly attributable to the purchase.

If an investment property becomes a property used by the group for its own activities, the cost price for the property in own use is deemed to be its fair value at the time of reclassification. If a property previously used by the group for its own activities is rented to external tenants, the property is reclassified as an investment property and any difference between book value and fair value at the time of reclassification is recognised as a valuation change to properties carried at written-up value. (See the description for properties held as fixed assets.) Changes in fair value that arise following the reclassification are applied to profit and loss.

Operational leases
Leases in which the majority of the risk is borne by the contractual opposite party are classified as operational leases. Operational leases are not included in the balance sheet.

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

Straight-line depreciation is applied over the following periods:

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

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

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

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

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

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

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

Storebrand has both insured and uninsured pension arrangements. The insured scheme in Norway is insured with Storebrand Livsforsikring AS (Storebrand Life Insurance), which is a company in the Storebrand group. Premiums paid on behalf of Storebrand employees in Norway are eliminated from consolidated premium income.

Tax
The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Tax is recognised in the profit and loss account, except when it relates to items that are recognised directly against equity. If this is the case, the tax is also recognised directly against equity. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent it is considered likely that the companies in the group will have sufficient taxable profit in the future to make use of the tax asset.

Provision for dividend
Pursuant to IAS 10, which deals with events after the balance sheet date, the proposed dividend shall be classified as equity until such time as it is approved by the general meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

Held for sale financial assets are measured at fair value on the balance sheet date. Changes in fair value are recognised in the profit and loss account.

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

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

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

Hold to maturity investments are recognised at amortised cost using the effective interest method. In 2008, all the investments included in the hold to maturity category were reclassified as per 31 December 2008 and included in the available for sale category. The hold to maturity cannot be used in Storebrand's consolidated accounts in 2009 and 2010.

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

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

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

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

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

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

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

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

Accounting treatment of derivatives for hedging
Fair value hedging
Storebrand uses fair value hedging, where the items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives that fall within this category are recognised at fair value in the profit and loss account, while changes in the value of the hedged item that relate to the risk hedged are applied to the book value of the item and are recognised in the profit and loss account.

Financial hedging for fixed-rate deposits and lending in Storebrand Bank uses this type of hedge accounting. The method is also used for hedging fixed-rate subordinated loan capital for Storebrand Life Insurance. Due to of the unified policies for measuring hedged items and hedging instruments in the other parts of the group, this hedging reflects the group's ordinary valuation rules.

Hedging of net investments
Hedging of net investments in foreign businesses is recognised in the accounts in the same was as cash flow hedging. Gains and losses with respect to the hedging instrument that relates to the effective part of the hedging is recognised

directly against equity, while gains and losses that relate to the ineffective part are recognised in the accounts in the profit and loss account immediately.

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

Storebrand utilises the rules concerning the hedging of net investments with respect to the investments in SPP and is recognised in the following way:

Changes in the fair value of a derivate earmarked as a hedging instrument are included directly in equity to the extent the hedging is effective. Otherwise the change in fair value is recognised in the profit and loss account. Once the hedging instrument no longer fulfils the criteria for hedge accounting, expires or is sold, is ended or is exercised, the hedge accounting ceases. Accumulated gains or losses that are included in equity are kept there until the shares are disposed of.

Financial liabilities
Subsequent to inception, all financial liabilities are measured at amortised cost using the effective interest method.

Structured products
Storebrand Bank has issued equity index linked bonds. These products principally comprise the issue of a bond and the sale of an equity index option. At the time of issue, the equity index option is measured at fair value since the option is a derivative that is not closely related to the bond issue. The bonds issued are simultaneously measured at amortised cost. No gain is recognised in respect of structured gains at the time of issue ("day 1 gains").

Commercial paper/bonds
The accounting treatment applied is the same as for structured products.

Interest income and interest expense banking
Interest income and interest expense are charged to profit and loss at amortised cost using the effective interest method. The effective interest method includes set-up charges.

Income recognition for asset management activities
Asset management fees and performance fees are recognised when the income can be measured reliably and it is likely that the company will receive the commercial benefit arising from the transaction.

Commissions paid to distributors of securities funds are reported in the profit and loss account as a reduction in management fees and sales commission.

Distribution of life insurance inventories, income and expenses pursuant to the new insurance act
The distribution of the various assets between the various portfolios/subportfolios as per 1 January 2008 was based on market value. The portfolio is divided into the main portfolios group, with investment choice and company portfolio. The group portfolio consists of seven profiles. The with investment choice portfolio consists of 24 profiles. The company portfolio is a separate portfolio group with underlying discretionary portfolios. The various profiles invest in "building blocks" that consist of notional funds and securities funds that enable common management of Storebrand Life Insurance's financial assets. The building blocks are reposted to profiles at the close of the period so that asset and result elements can be reported by distribution between the group, with investment choice, and company portfolios. This distribution is based on each profile's return in NOK in the relevant building block. The balance is allocated on the basis of each profile's ownership interest in the various "building blocks" on the reporting date. The profit is allocated on the basis of the ownership interest's return result so far in the year.

Accounting for the insurance business
The accounting standard IFRS 4 addresses the accounting treatment of insurance contracts. The Storebrand group's insurance contracts fall within the scope of the standard. In the consolidated accounts the technical insurance reserves in the respective subsidiaries, calculated on the basis of the individual countries' particular laws, are carried forward. The accounting policies for the most important technical insurance reserves are explained below.

Sufficiency test
Sufficiency tests are conducted in life and P&C insurance on every balance sheet day pursuant to IFRS 4 to check whether the level of provisions to the premium reserves and claims reserves match the obligations to the customers. Any negative discrepancy between the original provision and the sufficiency test entails a provision for unincurred risk (premium provisions).

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

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

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

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

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

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

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

Additional statutory reserves
The company is allowed to make additional statutory allocations to the insurance fund in order to ensure the solidity of its life insurance business. The maximum additional statutory reserve is set at the difference between the premium reserve calculated on the basis of a guaranteed return on policies outstanding, and the premium reserve calculated on the basis of the actual guaranteed return in the policies. Kredittilsynet (the Financial Supervisory Authority of Norway) has specified a limit for the additional statutory reserves that apply to each policy defined as the premium reserve for the policy multiplied by twice the basic interest rate for the policy.

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

Premium fund, deposit reserve and pensioners' surplus fund
The premium fund contains premiums prepaid by policyholders as a result of taxation regulations for individual and group pension insurance and allocated profit share. Credits and withdrawals are not booked through the profit and loss account but are taken directly to the balance sheet.

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

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

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

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

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

Risk equalisation fund
The security reserve for paid-up policies was transferred to the risk equalisation fund on 1 January 2008. Other security reserves were dissolved and recognised in the profit and loss account in 2008. Up to 50 percent of the risk result for group pensions and paid-up policies can be allocated to cover any future negative risk result. The risk equalisation fund is included as part of equity.

Selling expenses
Selling expenses in the Norwegian life insurance business are recognised as costs, while in the Swedish subsidiaries selling expenses are recognised in the balance sheet. Pursuant to IFRS 4 non-uniform accounting policies can be used for insurance contracts in subsidiaries.

SPP
Life insurance reserves
Life insurance reserves are calculated on the basis of the expected payments for each individual insurance contract. Assumptions concerning interest rates, mortality, disability, tax, duties and other risk elements affect the value of the life insurance reserves. Changes in these elements can affect the reserves and thus also the company's accounting result.

In Q4 2008, SPP introduced a cash flow model for discounting life insurance reserves.

The model employs a swap curve (monthly) for the term to maturity in those cases where it is assessed that there is sufficient liquidity in the Swedish market.

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

Death risk
Assumptions concerning mortality vary depending on the various policies that are signed. The assumptions that are used as the basis are based on general sector statistics.

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

Conditional Bonus reserves
Conditional bonus reserves represent that part of the insurance capital which is not subject to guarantees. Included in this is capital set aside by the company as reserves to secure future guarantees.

Property and casualty insurance
Insurance premiums are recognised as income in pace with the period of insurance. Costs are recognised when they are incurred.

The company maintains the following reserves:

Reserve for unearned premium for own account concerns ongoing policies that are in force at the time the accounts were closed.

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

The insurance companies in the group are subject to their own specific legal requirements for technical insurance reserves, including administration reserves, security reserves, and guarantee reserves. In Storebrand's consolidated accounts, which are prepared in accordance with IFRS, security reserves with high security margin natural disaster fund and guarantee reserves are not treated as liabilities.

02 Important accounting estimates and judgements

Estimates and judgements are continually evaluated on the basis of historical experience and anticipated future events. In the future, actual experience may deviate from these accounting estimates, but the estimates are based on best judgement at the time the accounts are produced. The estimates and assumptions that have a significant risk of causing a material adjustment to the balance sheet values of assets and liabilities are discussed below.

Investment properties

The company conducts its own valuations of its properties. Each investment property is valued separately by discounting the future net cash flow by a rate equivalent to the yield requirement for the investment in question. The net cash flow takes into account current and future loss of income due to vacancy, essential investment and an estimate of future changes in market rent. The yield requirement is determined on the basis of the expected long-term real interest rate plus an individually determined risk premium dependent on the rental situation, the building's location and standard of the property. Shopping centre buildings are valued on the basis of a market yield (direct yield in year one) for the individual property and non-discounted long-term cash flow. Where it is known there will be substantial changes in expected cash flows in later years, these are taken account of in the valuation. The number of transactions in the market has been limited due to the financial instability and in general the uncertainty associated with the base data used for valuations has increased compared with 2007. External valuations have also been obtained for a representative selection of the company's properties to support its own valuations.

The properties are valued on the basis of the following effective required rate of return as per 31 December 2008 (including 2.5% inflation):

Segement	Required rate of return %	
	2008	2007
Office portfolio Oslo city centre	7.95–9-00	7.95–8.45
Shopping centre portfolio	8.45–9.50	7.70–9.00
Other properties	8.45–10.75	8.20–10.00

A change in the required rate of return of 0.25% will result in a change in the recognised values of around 2.8%. Any changes in expected market rents will also affect the recognised values. The properties are included in the customer portfolios in the life insurance company. Any effect of a change in value on the owner's capital (equity) will also depend on other recognised returns in the life insurance company, as well as any use of additional statutory reserves necessary to achieve an overall return equal to the insurance contracts' guaranteed interest. If the recognised return, including any use of additional statutory reserves, in one financial year is lower than the contracts' guaranteed interest, the owner's capital will be charged with the shortfall in the return. The average guaranteed interest rate is around 3.5% as per 31 December 2008. Please also refer to note 4, which discusses of the effects of the new insurance act of 2008.

Intangible assets

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

Please also refer to note 5, which discusses the acquisition of SPP in 2007 in more detail. The majority of the intangible assets recognised from the acquisition were linked to the existing insurance contracts in SPP at the time of the acquisition. These recognised intangible assets are, together with the pertinent recognised insurance obligations, tested for impairment using a sufficiency test pursuant to IFRS 4 *Insurance Contracts*. A key element of this assessment involves calculating future profit margins using embedded value calculations. Embedded value calculations are affected by, among other things, volatility in the financial markets, interest rate expectations and the amount of buffer capital in SPP.

The major areas of risk and uncertainty in the rest of the life insurance business are associated with the incidence of death and disability. Changes to the rules for payment from the national social security scheme for disability benefits, etc. may have a significant effect on insurance companies in terms of the number of claims for disability and disability reserves. In terms of death benefits, increasing life expectancy could affect future expected payments and reserves. In the Norwegian life insurance business the majority of the calculated payments are discounted by the appropriate guaranteed interest rate, while in the Swedish business (SPP) market interest rates are used for discounting. Any changes in the discount rate can have a significant effect on the recognised insurance obligations.

Pensions own employees

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

Financial instruments

The situation in the financial markets has resulted in the proportion of financial instruments that can be valued based on observable prices or assumptions having fallen. The valuations of the types of securities priced on the basis of non-observable assumptions are more uncertain than they were in 2007. Any changes to the assumptions could affect the recognised values. The majority of such financial instruments are included in the customer portfolio. Please refer to the paragraph above concerning properties in which the possible effects of changes in value on the owner's capital is described. Please also refer to note 6 in which the valuation of financial instruments is described in more detail.

Financial instruments valued at amortised costs are assessed on the balance sheet date to see whether or not there are objective indications that the financial asset or a group of financial assets have fallen in value. Storebrand Bank utilises both individual and group write-downs on lending. Group write-downs on lending are calculated separately for commercial and retail loans. Changes in the debtors' ability to pay, collateral/loan-to-asset value ratio and other business-related risk factors can affect the recognised write-downs.

Technical insurance reserves

Technical insurance reserves in life insurance are based on assumptions concerning lifetimes, mortality, disability, etc. Changes in such assumptions will affect the size of the liabilities. SPP's liabilities are discounted using a yield curve in which parts of the yield curve are not liquid. Any changes in the discounting rate will affect the size of the liabilities.

03 New layouts for the profit and loss account and balance sheet

The layouts for the group's profit and loss account and balance sheet have changed in 2008 in connection with the new insurance act for life insurance coming into force. The act has led to changes with respect to how Storebrand's consolidated accounts are presented because it is believed that it is appropriate to change the old layouts in order to provide a better presentation of the business results pursuant to the new insurance act. This will comply with IAS 1 no. 27, and the change involves the life insurance company differentiating between customer portfolios and the company portfolio. The number of lines in both the profit and loss account and balance sheet has increased since there are separate lines for the customer portfolio. Also see note 4 for a more detailed description of the new insurance act.

Brief descriptions of the most important changes are provided below:

Net premium income includes as before the savings part and the risk part of the premium as well as the premium for the guaranteed interest. The inflow and outflow volumes of premiums are also included in this line.

Income associated with financial instruments, as well as real estate and associated companies, is split between the customer portfolio and company portfolio. The customer portfolio consists of both the group portfolio and investment choice portfolio. The to/from market value adjustment reserve line, which is linked to unrealised gains in the customer portfolio, has now been moved to financial income.

Previously the operating profit was showed as an undistributed profit between customers and owners, but from which the guaranteed return was deducted. The operating profit has now been taken out of the profit and loss layout. A new line has been included for the amortisation of intangible assets since after the acquisition of SPP there is a larger cost for the amortisation of purchased intangible assets (value of business in force – "VIF"). This provides a better insight into the profit when it is shown on a separate line. The profit before and after the amortisation of intangible assets is shown.

The change insecurity allocations, etc, in non-life insurance is included in the line for insurance claims on own account.

The balance sheet is divided into the company's assets and the customers' assets. The customers' assets in a group portfolio and an investment choice portfolio have not been split.

04 Consequences of new insurance act for life insurance

The transition to the new insurance act has resulted in significant changes in how the profit in the life insurance business has to be distributed between the owner and policyholders. The new life insurance act means that the insurance company's assets (Storebrand Life Insurance) must be allocated to customer portfolios and a company portfolio. The rules that applied in 2007 entailed no such distribution.

Profit elements pursuant to the new insurance act

A brief description of how the profit has to be distributed pursuant to the new life insurance act is provided below.

The return (value adjusted) in the company portfolio will hereafter be transferred to equity. Furthermore, the owner's profit will also be affected by the following products:

Products without profit sharing:
The entire profit (booked) is allocated to the owner.

Products with investment choice without a guaranteed interest rate (Unit Linked):
The risk result and the administration result are allocated in their entirety to the owner; the financial result (value adjusted) is in its entirety allocated to the customer.

Products with investment choice with a guaranteed interest rate (fee-based):
The administration result, as well as any negative risk result not covered by the risk equalisation fund and negative financial result (booked) not covered by additional statutory reserves, are allocated in their entirety to the owner. The owner receives the premiums for the guaranteed interest rate, as well as any profit margin for risk, administration and management. A positive financial result is allocated to the customer; a positive risk result is allocated to the customer or possibly the risk equalisation fund.

Fee-based products (group defined benefit pensions):
The administration result, as well as any negative risk result not covered by the risk equalisation fund and negative financial result (booked) not covered by additional statutory reserves, are allocated in their entirety to the owner. The owner receives the premiums for the guaranteed interest rate, as well as any profit margin for risk, administration and management. A positive financial result is allocated to the customer; a positive risk result is allocated to the customer or possibly the risk equalisation fund.

Modified profit sharing (paid-up policies, etc.):
A positive financial result (booked), less any negative risk result that is not covered by the risk equalisation fund, is shared between customers and the owner, though a maximum of 20 percent of the profit can be allocated to the owner. A negative financial result that is not covered by the additional statutory reserves is allocated to the owner. The administration result is allocated in its entirety to the owner. A positive risk result is allocated to the customer or the risk equalisation fund.

"Old" profit sharing/regime (individual policies):
A positive total result (booked) is shared between the customers and the owner, though a maximum of 35 percent of the total result can be allocated to the owner. A negative result that is not covered by the additional statutory reserves is allocated to the owner.

Opening balance 1 January 2008

The allocation of financial assets between customers and the owner is based on section 9-7 of the insurance act, which, among other things, refers to good business practice.

Market value adjustment reserve, Security fund and risk equalisation fund:
The market value adjustment reserve was previously been treated as a liability in its entirety in the Storebrand ASA Group's accounts. After the transition to the new insurance act a proportion of the original unrealised gains have been allocated to the owner. With reference to IAS 8 nos. 5 and 16 and IFRS 4 nos. 26 and 36, this change is not regarded as a change of principle pursuant to IFRS, and this change has been recognised in the profit and loss account. The same applies to the security reserve. The new risk adjustment fund is viewed as equity.

Comparable figures from earlier periods

According to IFRS, comparison figures must basically be adapted unless the company considers and documents that this is not practically possible. This follows from both IAS 8 no. 5 and IAS 1 no. 40. The owner's result from risk, administration, the interest guarantee and return have been totally changed in 2008 compared with previously, cf. the description above. Based on the IFRS rules no adaptation of the comparable figures has been made. Previous official accounts have been used in the interim report for the year as comparison figures. These are shown on their own pages in the report. In the case of the balance sheet, the previous year is included at the end of the financial year with the balance sheet for comparison.

05 Acquisition of SPP – Final acquisition analysis

In September 2007, Storebrand Livsforsikring AS and Handelsbanken (Sweden) signed an agreement concerning the acquisition of SPP Livförsäkring AB and its subsidiaries, as well as some other companies directly owned by Handelsbanken ("SPP"). The purchase sum amounted to a total of SEK 16,4 billion, and SEK 265 million in transactions costs were included as part of the cost price of the shares. Storebrand Holding AB, a wholly owned subsidiary of Storebrand Livsforsikring AS, was established in connection with the acquisition of the shares in SPP. It is Storebrand Holding AB that has acquired the shares in SPP. The transaction was conducted on 21 December 2007. It was implemented in the accounts on the basis of SPP's equity as per 31 December 2007.

A preliminary acquisition analysis was presented in the accounts as per 31 December 2007. A final acquisition analysis has now been conducted and this has been used in the annual accounts as per 31 December 2008, and is presented below. The acquisition analysis has been assessed by both internal and external assessors during 2008.

During the identification of extra value, the estimated market value of the acquired insurance policies was substantially lower than the booked value of the liabilities. The difference between the booked value and the market value represents what is called the value of business in force (VIF) and is calculated on the basis of embedded value calculations. At the time of the acquisition this value represented around NOK 7,7 billion and is included as intangible assets in the balance sheet. In relation to the preliminary acquisition analysis VIF has been adjusted upwards by around NOK 0.5 billion due to the longer lifespans of policyholders in Sweden. A corresponding amount has increased the insurance reserves. Correspondingly VIF has been adjusted downwards by around NOK 0.2 billion due to calculated surplus reserves in risk insurance (sickness reserve). The insurance reserves increased by a net amount of around NOK 0.3 billion.

Based on the expected duration of the insurance policies the included VIF will be amortised over a period of 20 years. This intangible value will be evaluated in connection with the pertinent insurance policies taking into account whether or not the total values are adequate to meet the pertinent insurance liabilities, cf. the adequacy test in IFRS 4 - Insurance policies.

Extra values associated with the brand name and customer relationships (that are not included in VIF) have been identified. These are valued at around NOK 657 million, which is amortised over 7-13 years.

Identified extra values and shortfalls in value are adjusted for the appropriate deferred tax of around NOK 301 million. It is assumed, with respect to the included VIF, that it is only the result associated with the risk result that will be subject to tax. The taxable proportion of VIF amounts to around 10% of the included VIF.

Goodwill amounts to around NOK 691 million and is a residual item. The preliminary analysis included around NOK 887 million of goodwill. Goodwill is not amortised. Instead it is subjected to regular write-down tests. Goodwill includes, among other things, expected synergies, extra sales opportunities, the employees' competence, the potential for new customers, and intangible values associated with customers in which the values cannot be assessed reliably.

Final acquisition analysis SPP

NOK million	Balance sheet entry prior to the transaction	Adjustments to fair value	Amounts included upon takeover
Intangible assets	707	8,265	8,971
Financial assets	119,968		119,968
Other assets	9,351		9,351
Total assets	130,025	8,265	138,290
Technical insurance reserves	-109,523	-350	-109,873
Deferred tax obligations		-301	-301
Long-term liabilities	-1,569		-1,569
Short-term liabilities	-13,418		-13,418
Net identifiable assets and liabilities	**5,515**	**7,614**	**13,129**
Goodwill			691
Purchase price			13,820

Acquisition of other companies
Ring Eiendomsmegling AS acquired 12 companies within real estate for a total purchase price of NOK 47.7 million.
Storebrand Bank ASA acquired 75.4% of the shares in Hadrian Utvikling, which operates within commercial property, for a purchase price of NOK 9.2 million.

06 Valuation of financial instruments

The situation in the financial markets means that the proportion of financial instruments that can be valued on the basis of observable prices or assumptions has declined compared with earlier periods. Storebrand has assessed the appropriateness of previously used price sources and valuation techniques, and has chosen to continue using these.

Below follows a description of the groups of "Financial assets at fair value" with references to whether the various types of securities are valued on the basis of quoted prices and/or observable assumptions, or whether they are valued on the basis of unobservable assumptions.

Compared with 2007 the uncertainty associated with the valuations is higher for securities priced on the basis of unobservable assumptions. These securities are discussed in more detail below with references to the type of security and the valuation method.

In Storebrand's opinion the valuation represents the best estimate of the market values of the securities.

See note 32 for more details.

Shares and units
The shares valued using models based on unobservable assumptions primarily include all Norwegian and foreign listed equity investments in forestry companies. The equity investments are 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) or in accordance with 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 accounts are closed, the latest received valuation 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. 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 Storebrand participates as a co-investor together with a leading investor who carries out valuations, and there is no recent transaction, this value will be used once it has been quality assured by Storebrand. 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 accounts 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.

Bonds and other fixed-income securities
The bonds that are valued using models based on unobservable assumptions primarily include investments in non-guaranteed foreign asset backed securities that are not traded in an active market. These asset back securities are valued on the basis of prices from external providers and quality assured using price checks at the close of the year, primarily by comparing prices with prices delivered by various price providers.

07 Further information on financial risk

Storebrand (exclusive 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 derivates. 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.

Liquidity risk
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.

Storebrand Bank manages its liquidity position on the basis of a minimum liquidity holding, a continuous liquidity gap and long-term funding indicators. The liquidity gap measures liquidity in excess of the minimum requirement over the next 90 days. The minimum requirement takes into account all deposit maturities and an exceptional outflow of customer deposits at 25% annually. Long-term funding indicators are calculated in accordance with the Kredittilsynet's guidelines, and show the mismatch between expected future inward and outward cash flows.

Market risk
Market risk relates to the risk that the value of the group's assets might be reduced by unexpected and unfavourable movements in the market. Market risk is monitored continuously using a range of evaluation methods. Large parts of the group use 'Conditional Value at Risk' as a method for calculating the potential for loss for the investment portfolio on a one-year horizon for a given probability, 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 95% 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. Following the introduction of the new Insurance Activities Act, Storebrand Life Insurance's company assets and customer assets have been spilt. 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, the annual return will normally fluctuate between 3% and 9%. 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.

Storebrand Bank manages its interest rate risk through swap agreements to minimise the effect of a change in interest rates on its deposits and lending. It is Storebrand's policy to fully hedge currency risks associated with international investments. Currency position limits are set for investment management to ensure effective practical implementation of currency hedging. Currency hedging is mainly carried out through rolling short-term forward foreign exchange contracts, and so-called block hedging is used.

Credit risk
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. Storebrand Investments monitors changes in the credit standing of debtors. Storebrand uses published credit ratings wherever possible, supplemented by the company's own credit evaluation where there are no published ratings.

All credit approvals by Storebrand Bank over a certain limit require the approval of a credit committee chaired by the bank's managing director, or by the bank's board of directors. Credit risk is monitored through a risk classification system that ranks each customer by ability to pay, financial condition and collateral. The risk classification system estimates the likelihood of a borrower defaulting (ability to pay/financial condition) and the likely loss given default (collateral). All loans on the bank's watch list are reviewed at least quarterly in respect of the condition of the borrower and collateral, and of the steps being taken to protect the bank's position. Retail lending is assessed on the basis of credit scoring, combined with case-by-case evaluation of the borrower's ability to repay. Loans are primarily provided with collateral in residential property in the retail market and collateral in real estate in the commercial market.

SPP
General
In the case of the Swedish activities in SPP the portfolio is divided into defined benefit pensions, defined contribution pensions and unit-linked policies. Both the defined benefit 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, the risk that the customerportfolio has against the equity 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

Financial risk
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 that 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.

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. This risk is limited by part of the assets being invested in listed securities with good liquidity. Liquidity in the interest rate market fell somewhat in 2008.

Credit risk

Credit risk is the risk that a counterparty is unable to meet his obligations. Creditworthiness is determined using both internal and external credit checks. Placements in fixed-income securities with a lower rating than "BBB" require the approval of the Board. The determination is made to avoid having too great a concentration 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 placed.

Market risk

Market risk is the risk of price changes in the financial markets, i.e. the interest rate, currency, equity, commodity or property markets, affecting the value of the company's financial instruments. 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.

08 Segment reporting

Business segment

	Life insurance					
	Products with profit sharing		Products without profit sharing including share capital		Banking	
NOK million	2008	2007	2008	2007	2008	2007
Revenue from external customers	13,404	28,147	13,569	4,183	658	513
Revenue from other group companies [1]			41	125	6	4
Group profit before amortisation	484	1,508	697	127	68	235
Group profit before tax	484	1,508	-2,281	127	33	235
Assets	173,946	286,019	148,659	48,893	45,645	41,887
Liabilities	167,280	272,459	140,428	46,440	43,585	39,848

	Asset management		Other/eliminations		Group	
NOK million	2008	2007	2008	2007	2008	2007
Revenue from external customers	207	332	167	223	28,005	33,397
Revenue from other group companies[1]	259	69	-305	-198		
Group profit before amortisation	218	138	-158	12	1,310	2,020
Group profit before tax	215	138	-167	12	-1,716	2,020
Assets	652	451	3,734	4,587	372,636	381,837
Liabilities	361	251	4,825	3,599	356,478	362,596

Geographic segment

	Norway		Sweden		Other countries	
NOK million	2008	2007	2008	2007	2008	2007
Revenue from external customers	22,320	33,220	5,643	175	43	2
Revenue from other group companies[1]						
Group profit before amortisation	482	2,071	817	-52	11	1
Group profit before tax	1,031	2,071	-2,757	-52	11	1
Assets	237,546	236,128	134,250	138,982	841	6,727
Liabilities	226,167	223,973	130,244	132,160	67	6,463

1 **Revenue from other group companies**
Storebrand Investments manages financial assets for other group companies. Asset management fees are made up of a fixed management fee and a performance-related fee. Performance-related fees apply to the portfolios qualifying for such fees at any given time. Storebrand Life Insurance earns revenue from other group companies for sales and management of products. These services are priced on commercial terms.

Life insurance

Revenue from external customers includes total premium income, including savings premiums and transfers of premium reserves from other companies, net investment return and other income.

Products with profit sharing
Products with profit sharing consist of individual endowment insurance (excl. life accounts without profit sharing), individual pensions, Sweden and paid up policies incl. association group..

Products without profit sharing
This segment consists of group pension insurance with upfront pricing, defined contribution pensions and related risk cover, individual insurance with investment choice annually renewable products including group life insurance, health insurance, child insurance, industrial injuries and others.

Banking
The banking business consists of the areas corporate, retail, markets and real eststae broking.

Asset management
Asset management company. Manages assets in mutual securities funds and client portfolios for insurance companies, pension funds, municipalities, institutional investors and retail customers.

Other/eliminations
Principally comprises the holding company Storebrand ASA and Storebrand Skadeforsikring.

Geographic segment
The business in Sweden is principally life insurance.

Key figures

NOK million	2008	2007
Group		
Earnings per ordinary share (NOK)	-4.97	7.95
Equity	16,158	19,241
Capital adequacy	14.3%	9.2%
Life Insurance		
Storebrand Life Insurance [1]		
Premiums for own account	21,323	19,717
Policyholder's funds incl. accrued profit	164,017	165,120
- of which funds with guaranteed return	154,963	150,433
Investment yield customer funds with guarantee	2.0%	
Investment yield company portfolio	3.0%	
Solvency capital [2]	35,856	48,041
Capital adequacy (Storebrand Life Insurance group)	17.4%	10.0%
Solvency margin (Storebrand Life Insurance group)	160.0%	136.1%
SPP Group		
Premiums for own account	7,281	
Policyholder's funds incl. accrued profit (excl. conditional bonuses) [3]	98,627	95,824
- of which funds with guaranteed return	77,656	65,544
Return Defined Benefit	0.6%	
Return Defined Contribution	2.9%	
Conditional bonuses	7,499	13,699
Storebrand Bank		
Interest margin %	1.2%	1.1%
Cost/income %	77%	69.7%
Non-interest income/total income %	23%	20.1%
Net lending	38,684	36,791
Capital adequacy	10.8%	10.5%
Asset management		
Total assets under management	228,671	227,356
Assets under management for external clients	58,445	57,661

1 *Key figures are presented in accordance with NGAAP, except for premiums and policyholders' funds that are presented in accordance with IFRS.*
2 *Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation, capital gains hold to maturity bonds, additional statutory reserves, conditional bonuses and accrued profit.*
3 *Excluding customer funds in Norben and in securities funds.*

09 Other income

NOK million	2008	2007
Fee and commission income, banking	92.8	139.8
Fee and commission expense, banking	-30.8	-81.9
Net fee and comission income, banking	62.0	57.9
Management fees, asset management activities	173.9	383.3
Interest income on bank deposits	940.7	310.4
Revenue from real estate broking	85.7	14.2
Currency gains/losses, banking	369.0	-248.0
Other insurance related income	703.6	57.9
Interest income, insurance	63.7	28.1
Other revenue from companies other than banking and insurance	186.2	53.1
Change in value biolgical assets	91.6	
Opening balance capital gains share capital	319.8	
Opening balance risk equalisation fund	132.8	
Other income	81.8	196.2
Total other income	**3,210.8**	**853.1**

Total fee and commission income from financial instruments not at fair value totalled NOK 55.6 million in 2008.
Total fee and commission expenses on financial instruments not at fair value totalled NOK 22.4 million in 2008.

10 Operating costs

	SB Life		SB Bank		Other		Storebrand Group	
NOK million	2008	2007	2008	2007	2008	2007	2008	2007
Personnel costs	-1,330.1	-894.4	-197.6	-142.0	-278.5	-262.2	-1,806.2	-1,298.6
Amortisation	-18.4	-77.6	-3.6	-21.3	-9.3	-19.3	-31.3	-118.2
Other operating costs	-1,370.1	-843.4	-272.2	-197.0	-42.5	-124.5	-1,684.8	-1,164.9
Total operating costs	**-2,718.6**	**-1,815.4**	**-473.4**	**-360.3**	**-330.2**	**-406.0**	**-3,522.2**	**-2,581.6**

11 Other costs

NOK million	2008	2007
Pooling	-168.5	-100.7
Interest costs, insurance	-40.0	-42.2
Currency losses, banking and insurance	-1,066.0	-9.9
Insurance related costs	-7.5	-20.1
Borrowing expenses	-10.6	-7.5
Management expenses for equity	-34.8	
Currency gains, insurance liabilities	-23.9	
Loss on claims insurance	-92.6	
Management expenses	-68.0	
Other costs	-58.8	-7.6
Total other costs	**-1,570.7**	**-188.0**

12 Tax

Tax charge to profit

NOK million	2008	2007
Tax payable for the period	-513.8	-0.3
Change in deferred tax	8.9	-19.8
Total tax charge	**-504.9**	**-20.1**

Reconciliation of expected and actual tax charge

NOK million	2008	2007
Ordinary pre-tax profit	-1,715.8	2,028.8
Expected tax on income at nominal rate	480.4	-568.1
Tax effect of:		
- realised/unrealised shares/AIO	-1,631.5	1,086.9
- dividends received	116.8	228.7
- associated companies	-0.5	-14.1
- permanent differences	-1,171.1	52.2
- write-down of deferred tax assets	2,024.1	-805.7
Change from earlier years	-323.2	
Tax charge	**-504.9**	**-20.1**

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

NOK million	2008	2007
Tax increasing temporary differences		
Securities	5,337.4	548.1
Real estate	3,937.0	3,461.9
Operating assets	52.8	4.9
Pre-paid pensions	1.0	204.7
Derivatives	1,451.0	
Gains/losses account	628.6	785.7
Liabilities to financial institutions	7.7	
Other	828.5	2,324.5
Total tax increasing temporary differences	**12,244.0**	**7,329.8**
Tax reducing temporary differences		
Securities	-4,152.1	-4,369.3
Lending	-15.5	
Operating assets	-43.6	-77.9
Provisions	-15.5	-23.5
Accrued pension liabilities	-1,171.6	-930.9
Securities liabilities	-1,795.5	
Gains/losses account	-61.7	-70.5
Other	-12.8	-28.3
Total tax reducing temporary differences	**-7,268.3**	**-5,500.4**
Losses carried forward	-9,559.3	-12,027.4
Allowances carried forward	-1,243.3	-1,357.4
Total losses and allowances carried forward	**-10,802.6**	**-13,384.8**
Basis for net deferred tax/tax assets	**-5,826.9**	**-11,555.4**
Write-down of basis for deferred tax assets	5,763.4	12,969.2
Net basis for deferred tax/tax assets	**-63.5**	**1,413.8**
Net deferred tax asset/liability	**-17.7**	**395.9**
Change in deferred tax booked in the balance sheet	1.3	
Net deferred tax asset/liability in the balance sheet	**-16.4**	**395.9**
Booked in the balance sheet:		
Deferred tax assets	200.8	234.9
Deferred tax	184.4	630.8

Deferred tax assets have been written down as a result of uncertainty as to whether future taxable income will be sufficient for all losses carried forward to be used for business in Norway. The primary reason behind this is the exemption method from taxation for share dividends and gains/losses on shares in the EEA area, and it is expected that the group will continued to derive income from such investments in future years. Allowances carried forward date from the years 1998–2003, and must be used within 10 years.

13 Intangible assets and goodwill

NOK million	Intangible assets: Brand names	IT systems	Customer lists	VIF [1]	Rights SPP Fonder	Other intangible assets	Goodwill	Total 2008	Total 2007
Acquisition cost 01.01	198.7	187.0	488.9	8,316.5		4.6	1,330.7	10,526.4	869.5
Additions in the period:									
Developed in-house		35.9						35.9	23.6
Purchased separately		37.7				0.9		38.6	43.8
Acquired via mergers, acquisitions, etc		18.7	1.1		8.9	13.8	49.7	92.2	9,717.0
Disposals in the period		-21.3				-5.7		-27.0	-8.6
Effect of hedge accounting									-20.0
Currency diffs. from converting foreign units	9.1		26.4	448.9			37.8	522.2	
Other changes							-4.4	-4.4	
Acquisition cost 31.12	**207.8**	**257.9**	**516.4**	**8,765.4**	**8.9**	**13.6**	**1,413.8**	**11,183.9**	**10,625.3**
Acc. Depreciation & write-downs 01.01.		-85.2				-0.3	-144.6	-230.1	-320.2
Write-downs in the period				-2,500.0			-7.0	-2,507.0	
Amortisation in the period	-17.1	-33.8	-50.7	-409.3		-7.6		-518.5	-40.7
Disposals in the period									
Reversall of write-downs during period		17.9						17.9	
Currency diffs. from converting foreign units	-0.6		-1.8	-108.1				-110.5	
Other changes		-17.9		-98.0				-115.9	
Acc. depreciation & write-downs 31.12.	**-17.7**	**-119.0**	**-52.5**	**-3,115.4**		**-7.9**	**-151.6**	**-3,464.1**	**-360.9**
Book value 31.12.	**190.1**	**138.9**	**463.9**	**5,650.0**	**8.9**	**5.8**	**1,262.2**	**7,719.8**	**10,264.4**

1 Value of business-in-force, the difference between market value and book value of the insurance liabilities in SPP.

In the acquisition analysis for SPP, a significant part of the purchase price was allocated to the extra value associated with the insurance contracts, in addition to other intangible assets and goodwill. Negative developments in the equity markets have affected the results from SPP in 2008. During the third quarter, computations were performed of the extra value associated with the acquisition in which the volatility of the markets was taken into regard. Based upon these calculations, a write-.down of NOK 2.5 billion was undertaken during the third quarter of 2008 in connection with capitalised extra values of acquired insurance contracts. In the calculations concerned, increased market volatility has produced a negative effect for built-in options and guarantees connected with the purchased insurance contracts. Any possible future reduction in market volatility may bring about a reversal of the write-down.

The majority of the intangible assets associated with SPP are assets of VIF (value of business in force), for which a separate sufficiency test has been performed as per the requirements of IFRS 4. In order to determine whether goodwill and other intangible assets connected with SPP has been the subject of a drop in value, estimates are made of the recyclable amount for the relevant cash-flow generating units. Recyclable amounts are established by computing the enterprise's utility value. SPP is regarded as being one cash flow-generating unit. In the computation of this utility value, the management have made use of Board-addressed budgets and prognoses for a three-year period, and furthermore with an expectation of moderate growth in the total market and the market share. Cash flows after this period are projected at between 5 and 7 percent per annum for the period spanning 2012 to 2018. After 2018, an estimate has been made of annual nominal growth of around 3.9 percent. Future results connected with future administration results, risk results and financial results for SPP will affect its utility value. In general, the market for occupational pension schemes is expected to grow in consequence of the following central growth-related factors:

- Demographics, with an expected increase in the number of retirees
- Growth in employment
- Regulatory conditions, including the transition from defined benefit pensions to defined contribution-based pensions

The utility value is computed by applying an after-tax discounting factor between 10 and 11 percent during the period. This is computed with risk-free interest as a basis and added to a premium that reflects the risk in the enterprise. The management have assessed the recyclable amount of goodwill as per 31.12.2008 and concluded that a write-down is not necessary. The management are of the opinion that it is improbable that possible reasonable changes in the key presumptions would bring about a need for a write-down.

Specification of intangible assets	Lifetime	Depr. method	Booked 31.12
Brand name SPP	10 years	linear	159.4
Brand name (Hadrian Eiendom)	Not depreciated		30.7
IT systems	3-8 years	linear	138.9
Customer lists SPP	10 years	linear	463.9
Value of business in force SPP	20 years	linear	5,650.0
Rights to withdraw fees from SPP Fonder	10 years	linear	8.9
Other intangible assets	3-6 years	linear	5.8

Goodwill distributed by business acquisition

NOK million	Business area	Acquisition cost 1.1	Acc. deprctn. 1.1	Value in balance sheet 1.1	Supply/ disposal currency effect	Write-downs	Value in balance sheet 31.12
SPP	Life	711.5		711.5	37.8		749.3
Storebrand Balticum UAB	Life				4.2		4.2
Delphi Fondsforvaltning AS	Asset management	35.4	-3.8	31.6			31.6
Storebrand Bank ASA	Banking	563.2	-140.8	422.4			422.4
Hadrian Eiendom AS	Banking	20.1		20.1	-4.4		15.7
Akershus Eiendomsmegling AS	Banking				10.9		10.9
Subsidiaries Storebrand Bank Group	Banking	0.5		0.5	34.7	-7.0	28.2
Total		**1,330.7**	**-144.6**	**1,186.1**	**83.2**	**-7.0**	**1,262.3**

Goodwill is not depreciation, but tested annually for impairement.

14 Tangible fixed assets

Properties and operational assets

NOK million	Equipment	Vehicles	Fixtures & fittings	Financial leases	Real estate [1]	Total 2008	Total 2007
Book value at 01.01	25.0	27.8	29.1		1,021.6	1,103.4	834.6
Additions	28.1	20.5	2.3	1.2	947.7	999.7	38.7
Disposals		-1.1	-1.2			-2.3	-1.6
Revaluation booked in balance sheet					17.9	17.9	21.5
Additions/disposals through acquisitions/ mergers	6.5					6.5	
Depreciation	-19.0	-8.2	-1.5	-0.4	-2.7	-31.8	-43.9
Write-downs in the period					-0.9	-0.9	
Other changes							254.0
Book value at 31.12	**40.6**	**38.9**	**28.6**	**0.8**	**1,983.6**	**2,092.5**	**1,103.2**
Acquisition cost opening balance	81.1	37.3	32.7		773.9	925.0	1,175.6
Acquisition cost closing balance	153.7	59.7	33.2	1.2	1,708.3	1,956.1	1,233.0
Accumulated depreciation and write-downs opening balance	-62.2	-13.2	-3.6		-298.2	-377.1	-379.9
Accumulated depreciation and write-downs closing balance	-113.2	-20.3	-1.7	-0.4	-296.6	-432.2	-675.4
Revaluation fund opening balance					44.6		24.0
Changes in the period					3.1		20.6
Revaluation fund closing balance					47.7		44.6

1 Properties for own use, also see note 25.

For each class of fixed assets:	
Depreciation method:	Linear
Depreciation plan and financial lifetime:	
Equipment	4 years
Vehicles	6 years
Tangible fixed assets – financial leasing	3 years
Fixtures and fittings	4 years
Real estate	15 years

15 Tangible fixed assets – operational leasing

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

NOK million	Minimum lease payment < 1 year	Minimum lease payment 1–5 years	Minimum lease payment > 5 years
Minimum future lease payments	62.3	182.9	5.8
Of which future lease income	2.7	4.8	

	2008	2007	2006 (excl. SPP)
Lease payments through profit and loss account	76.8	78.3	40.9
Future lease income through profit and loss account	5.5	16.7	19.2

Lease contracts include office premises and property, plant and equipment.
External lease contracts for office premises last for 2–7 years and with an option for corresponding renewal.

16 Pensions

Storebrand
Employees are insured through a defined benefit pension equivalent to 70 percent of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme with Storebrand Livsforsikring AS. Pension payments from this scheme come into effect from the pension age, which is 67 for employees and 65 for underwriters. Pension payments to employees between 65 and 67 and pensions linked to salaries of more than 12 times the national insurance basic amount (G) are paid directly by the company. A guarantee has been pledged for earned pensions for salaries of more than 12 G upon retirement before 65 years old. As of 31 December 2008, 12 G amounts to NOK 843,000. The company's pension scheme satisfies the requirements of this act.

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

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

Reconciliation of pension assets and liabilities in the balance sheet:

NOK million	2008	2007
Present value of insured pension benefit liabilities	3,156.2	2,893.6
Pension assets as fair value	-2,605.6	-2,759.8
Net pension liability/surplus for the insured schemes	550.6	133.8
Present value of the uninsured pension liabilities including employer's NI contributions	624.9	558.1
Net pension liabilities concerning SPP	508.3	225.0
Net pension liabilities in the balance sheet	**1,683.8**	**916.9**

Booked in the balance sheet:	2008	2007
Pension assets		205.0
Pension liabilities	1,683.8	1,121.0

NOK million	2008	2007
Accumulated experience adjustments included in equity	688.0	176.8

Changes in the net defined benefit pension liability in the period:

NOK million	2008	2007
Net pension liability at 1.1. including provision for employer's national insurance contributions	3,928.4	3,559.2
Net pension cost recognised in the period including provision for employer's NI contributions	146.0	124.4
Interest on pension liabilities	172.5	141.5
Experience adjustments	260.9	-164.6
Pensions paid	-212.5	-208.2
Changes to the pension scheme	-31.9	
Net pension liabilities SPP/additions/disposals and conversion differences	25.6	479.0
Net pension liability at 31.12	**4,289.1**	**3,931.3**

Changes in the fair value of pension assets in the period:

NOK million	2008	2007
Fair value of pension assets at 1.1	3,015.0	2,723.1
Expected return	170.4	145.3
Experience adjustments	-294.5	-9.6
Premium paid	185.5	82.9
Pensions paid	-186.4	-180.9
Changes to the pension scheme	-6.2	
Net pension assets SPP/additions/disposals and conversion differences	13.9	254.0
Net pension assets at 31.12 [1]	**2,897.7**	**3,014.8**

1 Pension assets in SPP are included in the group portfolio.

Expected premium payments (pension assets) in 2009:	**179.9**

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

	Storebrand		SPP	
NOK million	2008	2007	2008	2007
Properties and real estate	14%	13%	1%	
Bonds at amortised cost	13%	23%		
Secured and other lending	2%	2%		
Shares and other equity participations	15%	30%	3%	42%
Bonds	46%	26%	65%	53%
Commercial paper	2%	1%	5%	
Other short-term financial assets	8%	5%	26%	5%
Total	**100%**	**100%**	**100%**	**100%**

The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Livsforsikring.

The book (realised) investment return on assets	**2,0%**	**8,9%**

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

NOK million	2008	2007
Current service cost including employer's national insurance contributions	139.3	129.8
Interest on pension liabilities	171.6	135.9
Expected return on pension assets	-169.9	-144.3
Experience adjustments	0.4	0.1
Accrued employer's national insurance contributions	19.4	22.0
Net pension cost booked to profit and loss account in the period	**160.9**	**143.5**

The net pension cost is included in operating costs.

Main assumptions used when calculating net pension liability at 31.12:

	Storebrand		SPP	
	31.12 2008	31.12 2007	31.12 2008	31.12 2007
Financial:				
Discount rate	4,3%	4,7%	3,3%	3,8%
Expected return on pension fund assets in the period	6,3%	5,8%	5,0%	
Expected earnings growth	4,3%	4,3%	3,5%	3,5%
Expected annual increase in social security pensions	4,3%	4,3%	3,0%	3,0%
Expected annual increase in pensions in payment	2,0%	1,9%	2,0%	2,0%
Disability table	KU	KU		
Mortality table	K2005	K2005	DUS 06	P94

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

Net pension liability at 31.12:

NOK million	2008	2007	2006	2005
Discounted current value of defined benefit pension liabilities	4,289.1	3,676.7	3,559.8	3,257.8
Fair value of pension assets	2,897.7	2,759.8	2,747.3	2,599.4
Deficit/(surplus)	1,391.4	916.9	812.5	658.4

Pension assets in SPP are included in the group portfolio and amount to NOK 292.5 million.

17 Remuneration of senior employees and elected officers of the company

NOK '000s	Ordinary salary	Bonus paid	Other benefits [1]	Post terminat-ion salary (months)	Pension accrued for the year	Discounted present value of pension	Loan	Interest rate at 31.12.08	Repayment period
Senior employees									
Idar Kreutzer	4,176	4,642	282	24	955	15,561	12,543	5,6%/6,79%/6,95%	2037/2025/2018
Odd Arild Grefstad	2,694	2,096	209	18	612	8,286	3,136	5,6%/6,65%	2024/2018
Maalfrid Brath	2,361	1,094	216	18	193	2,510	4,679	5,6%/6,64%	2035/2017
Egil Thompson	1,853	1,231	185	18	542	4,993	2,815	5,6%/6,99%	2038/2019
Lars Aa. Løddesøl	2,650	2,685	167	18	874	6,429	4,175	5,6%/6,64%	2029/2017
Klaus-Anders Nysteen	2,286	1,588	229	18	926	2,072	3,382	5,6%/6,65%	2026/2017
Roar Thoresen	2,817	2,909	149	18	924	6,184	1,660	5,6%	2032
Hans Aasnæs	3,096	4,038	143	18	759	10,436	1,700	5,6%	2027
Anders Røed	1,544	1,226	179	18	521	2,062			
Elin M. Myrmel-Johansen	1,054	230	171	18	254	2,031	2,326	5,6%/6,60%	2023/2018
Sarah McPhee	256	855	1	18		203			
Göran Holgerson	1,846		123	18	348	7,401			
Total 2008	**26,634**	**22,593**	**2,055**		**6,909**	**68,168**	**36,417**		
Total 2007	23,509	12,663	1,570		4,984	44,328	33,104		

	No. of shares held [2]	Bonus bank [3]	Return on shares bank [4]	1/3 bonus bank [4]
Idar Kreutzer	91,760	3,028	-1,586	1,009
Odd Arild Grefstad	24,363	785	-665	362
Maalfrid Brath	8,431			
Egil Thompson	16,404		-140	45
Lars Aa. Løddesøl	26,194	196	-735	399
Klaus-Anders Nysteen	49,403		-382	274
Roar Thoresen	26,686		-934	477
Hans Aasnæs	38,235		-2,021	1,244
Anders Røed	13,447		-202	90
Elin M. Myrmel-Johansen	5,471		-43	23
Sarah McPhee	32,792			
Göran Holgerson	2,000			
Total 2008	**335,186**	**4,010**	**-6,708**	**3,923**
Total 2007	99,727	14,024	-1,789	

NOK '000s	Remuner-ation	Bonus bank [3]	No. of shares held [2]	Loan NOK '000s	Interest rate at 31.12.08	Repayment period
Board of Directors						
Leiv L. Nergaard	564		109,090			
Halvor Stenstadvold	359		8,645			
Camilla M. Grieg	274					
Erik Haug Hansen	338		5,081	970	5,6%	2025
Barbara Rose Milian Thoralfsson	338		1,849			
Knut Dyre Haug	274	15	10,041	1,380	5,6%	2023
Birgitte Nielsen	326					
Sigurdur Einarsson	270					
Annika Lundius	158					
Ann-Mari Gjøstein	326		258			
Total 2008	**3,227**	**15**	**134,964**	**2,350**		
Total 2007	**2,655**	**315**	**140,394**	**4,167**		

NOK '000s	Remuner-ation	Bonus bank [3]	No. of shares held [2]	Loan NOK '000s	Interest rate at 31.12.08	Repayment period
Control Committee						
Elisabeth Wille	240		163			
Harald Moen	180		595			
Ida Hjort Kraby	180					
Ole Klette	180					
Erling Naper	120					
Total 2008	**900**		**758**			
Total 2007	801		1 342			

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

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

3 *Outstanding in bonus bank at 31.12.2008 less Storebrand's initial contribution. Senior executives are contractually entitled to performance related bonuses related to the group's value-based management system. The group's value creation finances the overall amount of the bonus, but individual performance determines what proportion of the bonus is allocated. The bonus allocated to an individual is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. If the total annual payments exceed the total bonuses awarded and return this will result in parts of Storebrand's initial contribution forming part of the annual payment. Senior employees, with the exception of the CEO, received an initial contribution when the bonus bank was established. If the employee leaves the company, the positive amount of the initial deposit will be retained by Storebrand. The balance of the bonus account is exposed 50% to Storebrand's share price and 50% to the best interest rate paid by Storebrand Bank. Over time the balances in the "share bank" and "interest bank" will grow separately. In accordance with the annual general meeting's decision a long-term incentive scheme was established in 2008 for the group's management team and other senior employees. In connection the establishment of this, the previously withheld bonuses earned from 2008 and before have been paid. The company has also made an extra contribution that equals the size of this amount. The payment was reported as salary/bonus and taxed as income. The net payment, less tax, was in its entirety spent on purchasing shares with a lock-in period of 3 years.*

4 *The return on the "share bank" shows the annual gain in value of the individual's bonus account caused by the performance of the Storebrand share price in 2008 adjusted for dividend.*

Loans to employees of the group total NOK 1,813.3 million.

STOREBRAND ASA – THE BOARD OF DIRECTOR'S STATEMENT

On the fixing of the salary and other remuneration for senior employees

The Board's declaration

The Board of Storebrand ASA will submit a statement to the annual general meeting on the salary and other remuneration of senior employees, cf. Section 6–16a of the Public Limited Liabilities Companies Act, based on the group's previously adopted guidelines concerning remuneration for senior employees in Storebrand.

The Board's Remuneration Committee

The Board of Storebrand ASA has had a special Remuneration Committee since 2000. The Remuneration Committee is tasked with providing recommendations to the Board concerning all matters to do with the company's remuneration of the CEO. The Committee shall remain informed about and suggest guidelines for the fixing of remuneration for senior employees in the group. In addition the Committee is the advisory body for the CEO in relation to remuneration regimes that cover all employees in the Storebrand Group, including Storebrand's bonus system and pension scheme.

Guidelines for the fixing of salary and other remuneration for senior employees in Storebrand

Storebrand aims to base remuneration on competitive and stimulating principles that help to attract, develop and retain highly qualified staff. The aim is for total remuneration to move towards a lower proportion of fixed salary and a higher proportion of bonus over time. The salaries of senior employees are fixed on the basis of a position's responsibilities and complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to the sector.

Senior employees in Storebrand can, in addition to their fixed salary, receive remuneration in the form of an annual bonus, participation in the group's group pension scheme, usual benefits in the form of free newspapers, telephone, company car scheme, and other personal benefits. Senior employees may also be entitled to an arrangement in which their salary is paid after the end of their employment. This guarantees salary less other income for a specific period of up to 24 months after the end of their employment.

The bonus system

The Storebrand group's bonus scheme, which is offered in addition to basic pay, is a performance-related bonus scheme linked to the group's value-based management system. The value creation of the group finances the overall amount of the bonus, but the employees' performance determines how large a proportion of the financed bonus is awarded. The bonus entitlement is credited to a bonus account. The amount credited to the bonus bank is exposed 50 percent to Storebrand's share price and 50 percent to the bank interest rate paid respectively. 1/3 of the balance on the bonus account is paid each year. A long-term incentive scheme has been established for members of the group's management team and some other senior employees, with the exception of the CEO. In this scheme half of the paid bonus must be spent on purchasing Storebrand shares at market prices. These shares are subject to a lock-in period of 3 years, meaning that the participants' holding will, given reasonable assumptions, amount to around one year's salary in a 3–5 year perspective. The establishment of the long-term incentive scheme is described in the last section "The senior employee remuneration policy practised in 2008".

Share programme for employees

Like other employees in Storebrand, senior employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount pursuant to the share programme for employees. The scheme is subject to a minimum contractual period.

The senior employee remuneration policy practised in 2008
In 2008, senior employee remuneration in Storebrand was fixed according to the guidelines described above. On 10 June 2008 the board of Storebrand established a long-term incentive scheme for senior employees pursuant to the decision of the annual general meeting on 23 April 2008. The scheme applies to the group's management team and other selected key personnel. Upon the establishment of the long-term incentive scheme the group's management team and some other senior employees received a contribution from the company for the initial purchase of shares with a lock-in period of 3 years during 2008. The contribution equalled an amount equal to the amount the individual participant paid in himself or herself. Because no bonuses were awarded for the 2008 income year, the scheme will be escalated at the start of 2010.

The executive management receive on average less than 25% expected variable remuneration calculated in relation to fixed remuneration. There was no basis for ordinary bonus financing in the 2008 income year. Therefore no contribution was made to the bonus bank for senior employees. The outstanding balance in the bonus bank is paid out at a rate of 1/3 after the return is calculated according to the bank interest rate and development of the Storebrand share respectively between 01.01.08 to 31.12.08.

18 The remuneration paid auditors (exclusive VAT)

	2008				2007
		of which Deloitte		of which	
NOK million	Total	Norway	Sweden	other auditors	Total
Statutory audit	16.1	10.9	3.5	1.7	6.8
Other reporting duties	1.6	1.6			3.5
Tax advice	0.7	0.5	0.3		
Other non-audit services	0.9	0.5	0.3	0.2	5.2

19 Investments in associated companies

Main accounting figures for associated companies – figures shown are for 100 % of the company.

NOK million	2008	2007
Revenue		
Caveo ASA		93.0
Norsk pensjon AS	10.9	0.4
Inntre Holding AS	199.3	240.7
Seilduksgaten 25/31 AS	1.7	2.6
Utenlandsmegleren AS		3.4
Profit/loss		
Caveo ASA		-14.2
Norsk pensjon AS	-2.2	-5.9
Inntre Holding AS	-1.2	19.5
Seilduksgaten 25/31 AS	-3.3	-1.2
Utenlandsmegleren AS		-0.2
Assets		
Caveo ASA		108.1
Norsk pensjon AS	20.0	15.1
Inntre Holding AS	179.7	182.0
Seilduksgaten 25/31 AS	24.1	24.0
Utenlandsmegleren AS		2.5
Liabilities		
Caveo ASA		57.9
Norsk pensjon AS	8.8	8.1
Inntre Holding AS	52.1	51.0
Seilduksgaten 25/31 AS	27.5	24.0
Utenlandsmegleren AS		3.1

Ownership interests in associated companies

NOK million	Ownership interest	Acquisition cost	Balance sheet value at 1.1	Additions/ disposals	Share of profit	Balance sheet value at 31.12
Caveo ASA [1]		124.1	93.7	-24.3	-69.4	
Norsk pensjon AS	25%	2.5	3.6			3.6
Inntre Holding AS	34%	2.2	46.6	-2.9	0.3	44.0
Active Travel Norway	40%	3.0	2.0	1.0	-3.0	0.0
Seilduksgaten 25/31 AS	50%	30.0	28.7		-1.6	27.1
Utenlandsmegleren AS [2]	100%	0.3				
Total		**162.1**	**174.6**	**-26.1**	**-73.8**	**74.8**

1 Sold in 2008
2 Subsidiary in 2008

20 Joint Ventures

Joint ventures are businesses the group operates together with external parties.

The consolidated accounts include the following companies with the amounts shown:

NOK million	2008	2007
Revenue		
Storebrand Helseforsikring AS	127.5	102.3
Storebrand Baltic UAB [1]		3.0
Group profit		
Storebrand Helseforsikring AS	3.0	13.0
Storebrand Baltic UAB [1]		-0.9
Assets		
Storebrand Helseforsikring AS	158.1	142.0
Storebrand Baltic UAB [1]		1.7
Liabilities		
Storebrand Helseforsikring AS	103.7	85.0
Storebrand Baltic UAB [1]		1.6

1 Storebrand purchased 100% of the company in 2008, and it was consolidated as a subsidiary on 31.12.08.

Ownership interests in joint ventures

NOK million	2008 Interest	2007 Interest
Storebrand Helseforsikring AS	50.0%	50.0%
Storebrand Baltic UAB	100.0%	50.0%

21 Biological assets

NOK million	2008	2007
Booked value at 01.01	355.9	182.6
Additions due to purchases/New planting (forest)	125.8	
Currency difference	0.3	
Change in fair value less sales expenses	41.0	173.3
Booked value at 31.12	**523.0**	**355.9**

The biological assets recognised in the balance sheet consist of forest.

The valuation is primarily based on the utility value/return value calculation. Annual revenue and expenses are calculated from forestry and land. The net revenue is capitalised at a rate of 4%.

22 Customer receivables and other short-term receivables

NOK million	2008	2007
Customer receivables	3,154.3	3,048.3
Pre-paid commissions	65.2	132.3
Interest earned/pre-paid expenses	88.9	3,062.0
Remuneration fees earned external	14.7	
Receivables in connection with reinsurance	12.7	24.3
Other assets/receivables	1,393.1	258.9
Book value at 31.12	**4,728.9**	**6,525.8**

Age distribution of past due customer receivables

NOK million	Customer receivables
Past due 1–30 days	554.8
Past due 31–60 days	28.0
Past due 61–90 days	8.2
Past due over 90 days	51.5
Total	**642.5**

23 Other short-term liabilities

NOK million	2008	2007
Accounts payable	71.5	43.7
Accrued expenses/appropriations	538.0	217.4
Appropriations earnout	47.2	48.3
Liabilities to sublessees	31.0	31.6
Governmental fees and tax withholding	805.7	154.2
Accrued interest	84.7	226.9
Unearned rental income received	572.5	
Collateral received derivatives	4,320.9	11,119.6
Short positions		3,891.7
Liabilities in connection with direct insurance	1,202.3	386.2
Liabilities in connection with reinsurance	223.9	64.0
Liabilities fund arbitration	142.2	9.0
Other short-term liabilities	1,903.0	5,065.2
Booked value as per 31.12	**9,942.8**	**21,257.7**

24 Contingent liabilities and conditional assets

Storebrand ASA has issued guarantees to the Institute of London Underwriters (ILU) for Oslo Reinsurance Company ASA's obligations to properly fulfil insurance agreements that the company has subscribed to through the ILU. Storebrand ASA has the right of recourse against Oslo Reinsurance Company ASA for any possible disbursements. The underlying liability the guarantees concern have in all essence been settled.

25 Investment properties

The following amounts are included in the profit and loss account::

NOK million	2008	2007
Rental income from investment properties	1,521.0	1,615.3
Operating costs (including maintenance and repairs)		
for investment properties that produced rental income in the period.	-178.7	-180.6
Total	**1,342.3**	**1,434.7**
Change in value	423.3	2,953.3
Total income from investment properties	**1,765.6**	**4,388.0**

From investments in property funds, minus NOK 352 million has been included in the profit and loss accounts. The amount includes a fall in value of NOK 420 million.

Values booked in the balance sheet

NOK million	2008	2007
Book value at 1.1.	21,358.6	17,447.0
Additions from new purchases	755.3	753.8
Additions caused by supplementary expenditure	1,436.3	896.3
Disposals	-973.6	-442.0
Net change in value	423.3	2,703.5
Booked value as per 31.12	**22,999.9**	**21,358.6**

			2008			
Type of property	2008	2007	Average rental per square metre	Remaining term of lease contract	Space (square metres)	Occupancy rate
Offices (including parking and storage)	11,551.5	11,305.1	1,464	4.3	733,997	99.0
Shopping centres (including parking and storage)	10,571.0	9,504.2	1,401	5.7	441,772	96.7
Car parks	549.3	549.3	1,076	8.0	44,085	100.0
Sweden	328.1					
Total investment properties	**22,999.9**	**21,358.6**			**1,219,854**	
Properties for own use	1,983.6	1,005.4		10.9	59,945	100.0
Total properties	**24,983.5**	**22,364.0**			**1,279,799**	

Geographical location:

NOK million	2008	2007
Oslo- Vika/Fillipstad Brygge	5,186.5	4,945.5
Oslo including suburbs	7,281.3	6,505.7
Shopping centres	10,570.9	9,504.2
Norway excluding Oslo	1,616.7	1,408.6
Sweden	328.1	
Total property	**24,983.5**	**22,364.0**

A further NOK 1.2 billion has been committed for property purchases in 2008, however the assumption of risk and finalisation of the agreements will occur in 2009.

Computation of fair value for properties
The company will perform the valuation of the properties itself. The properties are appraised individually by an assumed future net to revenue stream being discounted by an interest rate corresponding to the required return for the individual investment. In the net revenue stream regard has been paid to existing and future income losses in consequence of vacancies, necessary investments and an assessment of future trends in market rents. The required return is based upon expected long/term real interest rates and an individually established risk premium, depending upon the tenancy situation as well as the location and standard of the building. For shopping centres, the value of the properties are computed based upon a market-related yield (direct return in year 1) for the individual property and not a discounted long-term cash flow. In cases where there is an awareness of significant changes in the expected cash flow in subsequent years, such is taken into account in the valuation. In connection with financial market volatility there have been limited transactions in the market and in general the uncertainty in the underlying basis of information that is used in valuations has increased in comparison with 2007. In order to support our own appraisals, external appraisals have also been procured for a representative selection of the company's properties. The property in Sweden was purchased in December 2008 and the market value has been set to its cost price as per 31.12.2008

The properties are valued based upon the following effective return requirements (including 2.5 percent inflation):

Segment	**Return requirement %**	
	2008	2007
Office portfolio Central Oslo	7.95–9.00	7.95–8.45
Shopping centre portfolio	8.45–9.50	7.70–9.00
Other properties	8.45–10.75	8.20–10.00

26 Capital adequacy and solvency margin

Primary capital

	2008				
NOK million	Life Group	P&C Group	Bank group	SB ASA	Group
Share capital	3,430	10	917	2,250	2,250
Other equity	11,409	228	1,144	12,675	13,909
Equity as per IFRS	**14,839**	**238**	**2,061**	**14,924**	**16,158**
Perpetual subordinated loans	1,427		276		1,506
Conditional bonus	2,280				2,280
Pension experience adjustments		8		60	137
Goodwill and other intangible assets	-6,885	-26	-143		-7,535
Deferred tax benefits			-167		-182
Risk equalisation fund	-153				-153
Value adjustment fund	-48				-48
Deduction for investments in other financial institutions	-11				-10
Security reserves	-13	-36			-94
Minimum requirement reinsurance reserve	-3	-65			-68
Portion of reset unamortised experience adjustments	118		13		
Urealised gains on shares in company portfolio	-35				-35
Capital adequacy reserve	-43				-43
Other	321		-6	147	352
Tier 1 capital	**11,794**	**120**	**2,034**	**15,131**	**12,266**
Perpetual subordinated loans	73				270
Perpetual primary capital	4,623				3,940
Ordinary primary capital	1,431		684		2,105
Deduction for investments in other financial institutions	-11				-10
Capital adequacy reserve	-43				-43
Tier 2 capital	**6,073**		**684**		**6,262**
Net primary capital	**17,867**	**120**	**2,718**	**15,131**	**18,528**

Minimum requirement primary capital

	2008				
NOK million	Life Group	P&C Group	Bank group	SB ASA	Group
Credit risk					
Distributed by enterprises:					
Capital requirement insurance	8,227	10			8,243
Capital requirement bank			1,936		1,936
Capital requirement securities enterprise					12
Capital requirements – other				1,388	37
Total minimum requirement credit risk	**8,227**	**10**	**1,936**	**1,388**	**10,227**
Operational risk			84	30	119
Deduction			-7		-9
Minimum requirement primary capital	**8,227**	**10**	**2,013**	**1,417**	**10,337**
Capital adequacy					
Capital adequacy ratio	**17.4%**	**91.9%**	**10.8%**	**85.4%**	**14.3%**
Capital adequacy	**11.5%**	**91.9%**	**8.1%**	**85.4%**	**9.5%**

Solvency margin

NOK million	Life group	Group
Solvency margin requirement	10,354	10,442
Solvency margin capital	16,568	17,066
Solvency margin	160%	163%

Specification of solvency capital that is not included in primary capital

NOK million	Life group	Group
Net primary capital	17,867	18,528
50% of additional statutory reserves	1,710	1,710
50% of risk equalisation fund	77	77
Eligible portion security reserve P&C insurance	45	72
Conditional bonus	-2,280	-2,280
Reduction in Tier 2 capital that can be included in the solvency capital	-851	-1,041
Solvency capital	**16,568**	**17,066**

27 Number of employees

	2008	2007
Number of employees at 31.12.	2,516	2,219
Average number of employees	2,372	1,597
Fulltime equivalent positions at 31.12.	2,434	2,151
Average number of fulltime equivalents	2,294	1,556

28 Net income analysed by class of financial instrument

Net interest income from banking activities

NOK million	2008	2007
Interest income [1]	2,940.5	1,992.3
Interest expense[2]	-2,428.0	-1,579.1
Net interest income from banking activities	**512.5**	**413.2**

1 Interest income from financial instruments not at fair value totalled NOK 2 747.2 million in 2008 (compared with NOK 1 861.3 million in 2007).
2 Interest expense from financial instruments not at fair value totalled NOK 2 395.8 million in 2008 (compared with NOK 1 506.4 million in 2007).

Specification of interest expense for banking enterprises[2]

NOK million	2008	2007
Interest expense funding FVO	-63.1	-72.7
Changes in value of funding FVO	-5.9	0.1
Net expense funding FVO	-69.0	-72.6
Interest expense – funding	-1,182.2	-834.4
Interest expense – subordinated loans	-68.2	-53.3
Interest expense on other financial indebtedness	-1,108.6	-618.8
Total interest expense	**-2 428.0**	**-1,579.1**

Net income and gains from financial assets at fair value

NOK million	2008	2007
Dividends from shares and other equity investments	1,915.0	870.8
Net gains/losses on disposal of shares, other equity investments and equity derivatives	-2,997.8	3,431.5
Net unrealised gains/losses on shares and other equity investments	-21,767.0	-3,644.4
Total shares and other equity investments	**-22,849.8**	**658.0**
- of which FVO (fair value option)	**-25,642.1**	**823.1**
Interest	6,288.2	2,170.9
Net gains/losses on disposal of fixed-income securities	3,037.4	-560.1
Net unrealised gains/losses on fixed-income securities	3,799.7	-1,487.0
Total bonds, bond funds and other fixed-income securities	13,125.3	123.9
- of which FVO (fair value option)	15,567.1	-714.1
Interest	-477.4	-2.1
Net gains/losses on disposal of financial derivatives	-7,738.5	4,223.7
Net unrealised gains/losses on financial derivatives	5,577.0	427.4
Total financial derivatives	**-2,639.0**	**4,649.0**
Income from financial assets with investment choice FVO		**353.4**
Net income and gains from financial assets at fair value	**-12,363.5**	**5,430.9**
- of which FVO (fair value option)	**-10,075.0**	**462.4**

Net income from bonds at amortised cost

NOK million	2008	2007
Interest income from bonds held to maturity	1,514.7	1,595.0
Interest income from other bonds at amortised cost	899.4	640.2
Net income from bonds at amortised cost	**2,414.1**	**2,235.2**

Interest expense

NOK million	2008	2007
Interest expense – funding	-272.0	-114.1
Interest expense – subordinated loans	-638.1	-197.1
Interest expense on other financial indebtedness	-5.5	-7.0
Total interest expense[1]	**-915.6**	**-318.2**

1 Interest expense for Storebrand Bank is included in net interest income for banking enterprises.

29 Lending losses/write-back of earlier losses

NOK million	2008	2007
Write-downs/write-backs of lending, guarantees, etcetera for the period		
Change in individual loan write-downs for the period	15.3	113.0
Change in grouped loan write-downs for the period	30.3	15.2
Other corrections to write-downs	-0.7	-0.9
Change in individual guarantee write-downs for the period		4.0
Realised losses on loans where provisions have previously been made	79.8	-59.6
Realised losses on loans where no provisions have previously been made	0.6	-1.0
Recovery of loan losses realised previously	-3.5	7.5
Write-downs/write-backs for the period	**121.8**	**78.2**

Provisions for credit losses

NOK million	2008	2007
Write-downs of individual loans at 1.1.	247.1	360.0
Losses realised in the period for which individual write-downs have previously been made	-79.9	-59.6
Write-downs of individual loans in the period	106.8	12.0
Reversals of write-downs of individual loans in the period	-18.6	-66.1
Other corrections to write-downs	7.1	0.7
Write-downs of individual loans at 31.12.	262.4	247.0
Grouped write-downs of loans, guarantees etcetera at 1.1.	58.1	73.3
Grouped write-downs in the period	30.2	-15.2
Grouped write-downs of loans, guarantees, etcetera at 31.12.	88.3	58.1

30 Classification of financial assets and liabilities

NOK million	Loans and receivables	Hold to maturity	Fair value, trading	Fair value, FVO[1]	Derivatives hedging	Amortised cost	Total
Financial assets							
Bank deposits	20,178.9						20,178.9
Shares and other equity instruments			1,939.2	51,899.4			53,838.6
Bonds and other fixed-income securities	22,364.6		6,235.2	172,435.7			201,035.4
Lending to financial institutions	333.7						333.7
Lending to customers	42,236.9			282.9			42,519.9
Customer receivables and other short-term receivables	4,728.9						4,728.9
Derivatives			15,029.3				15,029.3
Total financial assets 2008	**89,842.9**		**23,203.7**	**224,618.0**			**337,664.6**
Total financial assets 2007	86,067.7	27,460.4	14,771.2	218,427.5			346,726.8
Financial liabilities							
Subordinated loan capital					-75.8	10,430.7	10,354.9
Liabilities to financial institutions				1,977.6		6,699.8	8,677.4
Deposits from banking customers				167.9		18,123.6	18,291.5
Securities issued				934.1		17,477.3	18,411.4
Derivatives			10,082.3				10,082.3
Other current liabilities			815.3			9,127.5	9,942.8
Total financial liabilities 2008			**10,897.6**	**3,079.6**	**-75.8**	**61,858.9**	**75,760.3**
Total financial liabilities 2007			7,535.7	1,256.3		65,127.2	73,919.2

1 Includes securities available for sale.

31 Fair value of financial assets and liabilities

NOK million	2008 Balance sheet value	2008 Fair value	2007 Balance sheet value	2007 Fair value
Assets				
Bank deposits	20,178.9	20,178.9	25,569.0	25,569.0
Financial assets at fair value				
Shares and other equity instruments	53,838.6	53,838.6	73,661.1	73,661.1
Bonds and other fixed-income securities	178,670.8	178,670.8	111,865.9	111,865.9
Derivatives	15,029.3	15,029.3	4,774.1	4,774.1
Life insurance assets with investment choice			39,083.4	39,083.4
Other financial assets			4,853.4	4,853.4
Loans and receivables				
Loans to and due from financial institutions, amortised cost	333.7	333.7	374.1	374.1
Loans to customers, fair value	4,118.7	4,118.7	3,019.3	3,019.3
Loans to customers, amortised cost	38,401.2	38,107.1	36,474.2	36,474.1
Customer receivables and other short-term receivables	4,728.9	4,728.9	6,512.6	6,512.6
Other bonds at amortised cost	22,364.6	22,049.4	12,919.7	12,447.8
Bonds held to maturity			27,460.4	27,972.3
Total assets	**337,664.8**	**337,055.5**	**346,567.1**	**346,607.0**
Financial liabilities[1]				
Derivatives, trading	10,082.3	10,082.3	3,644.6	3,644.6
Securities issued, fair value	934.1	934.1	1,118.9	1,118.9
Securities issued, amortised cost	17,477.3	17,286.5	22,209.0	21,994.9
Liabilities to financial institutions, fair value	1,977.6	1,977.6		
Liabilities to financial institutions, amortised cost	6,699.8	6,596.2	3,064.5	3,034.7
Deposits from banking customers, fair value	167.9	167.9	137.4	137.4
Deposits from banking customers, amortised cost	18,123.6	18,123.6	17,332.2	17,332.2
Other current liabilities	9,942.8	9,942.8	21,198.8	20,776.3
Total other financial liabilities	**65,405.4**	**65,111.0**	**68,705.4**	**68,039.0**
Subordinated loan capital, amortised cost	10,354.9	7,898.8	5,213.8	5,191.9
Total financial liabilities	**75,760.3**	**73,009.8**	**73,919.2**	**73,230.9**

1 *Fair value of liabilities is equal to their market value and not their hedging value. The values are theoretically computed in the QRM risk management system. Spreads are used that correspond to the last known sales data from the market.*

32 Valuation of financial assets and liabilities at fair value

See additional information in note 6.

Shares and other equity instruments

NOK million	Quoted prices and observable pre-conditions	Non-observable pre-conditions	Total 2008
Shares	10,206.4	2,238.8	12,445.2
Fund units excluding hedge funds	29,712.2		29,712.2
Private Equity (incl. real estate investment funds)		10,367.1	10,367.1
Hedge funds	1,314.1		1,314.1
Total	**41,232.7**	**12,605.9**	**53,838.6**

Lending to customers

NOK million	Quoted prices and observable pre-conditions	Non-observable pre-conditions	Total 2008
Lending to customers	282.9		282.9
Total	**282.9**		**282.9**

Bonds and other fixed-income securities

NOK million	Quoted prices and observable pre-conditions	Non-observable pre-conditions	Total 2008
Asset backed securities	23,912.2	1,905.3	25,817.5
Corporate bonds	3,523.6	333.7	3,857.3
Finance, bank and insurance	38,019.4		38,019.4
Real estate	242.5		242.5
State and state guaranteed	89,296.8		89,296.8
Supranational organisations	1,459.4		1,459.4
Local authority, county	4,612.3		4,612.3
Covered bonds	4,796.5		4,796.5
Bond funds	10,568.0	1.0	10,569.0
Total	**176,430.8**	**2,240.0**	**178,670.8**

Derivatives

NOK million	Quoted prices and observable pre-conditions	Non-observable pre-conditions	Total 2008
Share options	2,580.3		2,580.3
Equity-linked futures	-47.2		-47.2
Future interest rate agreements	-251.8		-251.8
Interest rate swaps	5,574.8		5,574.8
Interest rate options	811.5		811.5
Forward exchange contracts	-4,107.4		-4,107.4
Basis swaps	917.6		917.6
Credit derivatives	-103.4		-103.4
Total	**5,374.4**		**5,374.4**
- Derivatives earmarked for hedge accounting	427.4		427.4
Total derivatives excl. hedge accounting	4,794.7		4,947.0
Derivatives with a positive market value			**15,029.3**
Derivatives with a negative market value			-10,082.3
Total			**4,947.0**

Financial liabilities

NOK million	Quoted prices and observable pre-conditions	Non-observable pre-conditions	Total 2008
Liabilities to financial institutions	1,977.6		1,977.6
Deposits from and liabilities to banking customers	167.9		167.9
Securities issued	934.1		934.1
Total	**3,079.6**		**3,079.6**

33 Cash collateral

Collateral pledged and received

NOK million	2008	2007
Collateral for Futures trading	-2,462.3	-2,135.0
Collateral received in connection with repo	3,735.7	
Collateral pledged in connection with repo		-9,386.3
Received collateral for Security Lending Programme J.P. Morgan	646.0	758.4
Received collateral for Security Lending Programme Handelsbanken		2,487.1
Total contingent liabilities	**1,919.4**	**-8,275.8**

NOK million	2008	2007
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	3,087.6	2,461.1
Booked value of bonds pledged as collateral for swap arrangement of state paper for covered bonds	2,002.3	
Total	**5,089.9**	**2,461.1**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges Bank. Storebrand Bank ASA has an F loan for NOK 1.5 billion in Norges Bank as per 31.12.2008.

In connection with the package of measures by the authorities concerning the banks, Storebrand Bank ASA has entered into an agreement involving the following amounts, conditions and terms for a swap arrangement of covered bonds for state treasury bills:
NOK 1,008.0 million in an auction of 1 December 2008, with settlement on 3 December 2008 and term expiring on 15 September 2010
NOK 1,000.0 million in an auction on 15 December 2008, with settlement on 17 December 2008 and term expiring on 21 December 2011.
Interest rate conditions are Nibor minus 20 bp.

34 Contingent liabilities

Collateral pledged and received

NOK million	2008	2007
Guarantees	366.4	378.6
Undrawn amounts of committed lending facilities	3,587.6	2,241.9
Uncalled residual liabilities concerning Limited Partnership	6,139.8	4,661.0
Other liabilities/lending commitments	46.0	46.0
Total contingent liabilities	**10,139.8**	**7,327.5**

Guarantees principally concern payment guarantees and contract guarantees.
Undrawn credit facilities concern granted and undrawn overdrafts and credit cards, as well as unused facility for credit loans secured by property.

35 Securities lending

	Stock lending	
NOK million	2008	2007
Total share lending	630.1	1,307.3
Received collateral for Security Lending Programme J.P. Morgan	646.0	758.4
Received collateral for Security Lending Programme Handelsbanken		2,487.1
Received collateral reinvested in bonds	583.6	423.3

Shares lending distributed by country

	Stock lending	
NOK million	2008	2007
UK		71.2
Japan	24.7	321.5
France	25.7	246.3
Australia	3.6	100.2
USA	538.7	393.9
Spain	8.8	58.0
Germany	14.0	24.7
Other	14.6	91.6
Total	**630.1**	**1,307.3**

Shares lending distributed by currency

	Stock lending	
NOK million	2008	2007
USD	583.9	424.7
EUR	46.2	391.2
JPY		321.5
AUD		100.2
GBP		28.7
Other		41.1
Total 2008	**630.1**	**1,307.3**

NOK million	2008
Covered bonds	
Booked value	2,002.3
Booked value associated with financial liabilities	1,969.6

Transferred financial assets consist of swap agreements with the state through the Ministry of Finance concerning the posting of financial collateral (see note 33). The swap agreements are entered into through auctions that are administrated by Norges Bank. In the swap arrangement, the state sells state treasury bills to the bank through a time/restricted swap for covered bonds. The bank can either keep the state treasury bill and receive payment from the state when the swap falls due for repayment, or it may sell the treasury bill in the market. When the bills become due within the term of the swap agreement, the bank must purchase new bills from the state at the price that is determined by the market price for treasury bills. This roll/over will be on/going throughout the entire term of the agreement. Upon expiry of the swap agreement, the bank is obligated to purchase the covered bonds back from the state at the same price that the state purchased them for. Storebrand Bank ASA will receive the returns on the transferred covered bonds. All risk concerning the covered bonds continues to lie with Storebrand Bank ASA.

36 Hedge accounting

Storebrand Bank uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level, except for structured bond loans where effectiveness is monitored at the portfolio level. Each portfolio consists of swaps and hedged objects with maturity within the same six-month period.

Hedging instrument – fair value hedging

	2008			2007		
	Contract/	Fair value[1]		Contract/	Fair value[1]	
NOK million	nominal value	Assets	Liabilities	nominal value	Assets	Liabilities
Interest rate swaps	13,417.0		283.0	3,257.0		99.1

Items hedged – fair value hedging

	2008			2007		
	Contract/	Hedging value[1, 2]		Contract/	Hedging value[1, 2]	
NOK million	nominal value	Assets	Liabilities	nominal value	Assets	Liabilities
Subordinated loan capital	3,027.0		3,119.5	2,032.0		1,988.3
Technical insurance reserves				1,093.8		1,000.4
Liabilities to financial institutions	500.0		506.8	107.0		100.9
Securities issued	9,807.8		10,049.2			
Hedging effectiveness – prospective for hedging contracts at Storebrand Bank ASA			98%			94%
Hedging effectiveness – retrospective for hedging contracts at Storebrand Bank ASA			96%			108%
Hedging effectiveness - prospective for hedging contracts at Storebrand Livsforsikring AS			98%			
Hedging effectiveness – retrospective for hedging contracts at Storebrand Livsforsikring AS			98%			

1 Book value at 31.12.
2 Fair value for hedge accounting is calculated on the basis of the original spread, which takes into accounting amortisation, commission income and costs, as well as option costs in connection with structured products.

In 2008, Storebrand utilised cash flow hedging for the currency risk linked to Storebrand's net investment in SPP. 3 month rolling currency derivatives were used, in which the spot element in these is used as the hedging instrument. The effective share of hedging instruments is recognised in equity. The net amount recognised in equity in 2008, i.e. the effective share of the hedging instruments and the currency effect on the hedged object was minus NOK 15.6 million.mBecause the hedging instruments are continuously adjusted to the balance sheet value of the net investment in SPP, the hedging efficiency was 100% and is expected to be 100% in the future as well.

Hedging instrument – cash flow hedging

		2008		2007	
	Contract/	Fair value[1]		Fair value[1]	
NOK million	nominal value	Assets	Liabilities	Assets	Liabilities
Currency swap	11,501.9		89.3		108.3

Hedging item – cash flow hedging

	2008		2007	
	Hedging value[1]		Hedging value[1]	
NOK million	Assets	Liabilities	Assets	Liabilities
Underlying items	11,502.0		13,805.6	
Hedging effectiveness – prospective	100%		100%	
Hedging effectiveness – retrospective	100%		100%	

1 Book value at 31.12.

Profit/loss for hedge accounting in total

NOK million	2008	2007
On hedging instruments for fair value hedging	375.5	-24.1
On hedged items for fair value hedging	-378.8	19.2

Hedging effectiveness is measured on the basis of a 2% interest rate shock at the level of the individual security. In future periods, hedging effectiveness will be measured using the simplified Dollar Offset method for calculating both prospective and retrospective effectiveness.

37 Bonds at amortised cost

	2008				2007	
NOK million	Nominal value	Acquisition cost	Book value	Fair value	Book value	Fair value
Bonds held to maturity					28,209.8	27,972.3
Other bonds at amortised cost	24,163.7	21,382.1	22,364.7	22,049.4	13,272.3	12,447.8
Total bonds	24,163.7	21,382.1	22,364.7	22,049.4	41,482.1	40,420.1
Modified duration				3.87		4.04
Average effective yield			4.36	5.18	5.38	5.42

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

38 Reclassification of interest-bearing paper

NOK million	From held to maturity/To available for sale
Reclassification timepoint:	**18.12.08**
Book value	31,331
Fair value	33,363
31-12-08	
Book value	31,396
Fair value	33,169
Effect on result if not reclassified	-1,779

In December 2008, Storebrand changed its intention to not to hold all instruments included in the hold-to-maturity category to maturity. The entire portfolio was reclassified and included in the category available-for-sale, cf. IAS 39.

At the time of the reclassification the portfolio was booked at NOK 31,331 million. At the same point in time the fair value amounted to NOK 33,363 million. The excess value of NOK 2,032 million was recognised directly against equity. As per 31 December 2008, the change in value amounted to a total of NOK 1,779 million. The hold-to-maturity portfolio has been included as part of the customer assets in Storebrand Livsforsikring AS. The corresponding change in value associated with the insurance-related liabilities was recognised directly against equity, cf. IFRS 4. The increase due to change in values has increased the booked return to customers. This has directly and indirectly resulted in reduced use of owner's capital (by about NOK 0.6 billion) to meet the running interest rate guarantee.

The Storebrand group will be prevented from using the hold-to-maturity category in 2009 and 2010 because of the reclassification.

39 Shares and other equity investments

	2008			2007	
NOK million	Acquisition cost	Fair value	Fair value incl. indirect investments in funds	Fair value	Fair value incl. indirect investments in funds
Listed shares Norway	1,560.1	892.3	1,655.4	6,404.5	6,357.9
Listed shares within EEA	7,912.6	5,918.3	7,086.6	11,661.1	14,266.4
Listed shares outside EEA	4,905.3	4,245.8	7,716.5	8,710.7	15,974.6
Unlisted shares Norway	1,205.0	854.3	855.6	1,100.4	1,144.6
Unlisted shares within EEA	684.8	1,125.5	1,125.5	1,390.3	1,390.3
Unlisted shares outside EEA	1,226.6	1,301.2	1,302.3	1,087.1	1,087.1
Fund units managed by SB Investments Norway	7,217.5	6,389.1	312.7	11,993.5	2,056.9
Fund units managed by SB Investments within EEA	60.4	63.7	633.7		
Fund units managed by SB Investments outside EEA	1,081.5	1,190.4	1,190.4		
Fund units managed by Handelsbanken Sverige	19,420.7	15,637.2	15,637.2		
Other fund units Norway	815.0	695.1	695.1	320.7	320.7
Other fund units within EEA	6,141.0	6,477.1	6,579.0	12,945.2	13,015.0
Other fund units outside EEA	8,333.1	9,048.5	9,048.5	18,047.6	18,047.6
Total shares and other equity instruments	**60,563.6**	**53,838.7**	**53,838.7**	**73,661.1**	**73,661.1**

40 Bonds and other fixed-income securities

NOK million	Commercial paper 2008	Bonds 2008	Total 2008	Bond funds 2008	Security lending, collateral, cash reinvested in interest-bearing securities 2008	Total including bond funds 2008	Total including bond funds 2007
Commercial paper, bonds and bond funds, fair value	16,731.8	152,300.1	169,031.9	9,055.2	583.6	178,670.7	113,452.6
Of which listed	13,633.5	142,137.4	155,770.9	4,806.8		160,577.7	99,402.0
Direct investments in bonds and commercial paper	16,731.8	152,300.1	169,031.9	4,823.4	583.6	174,438.9	112,684.2
Indirect investments in commercial paper and bonds through funds managed by Storebrand	1,109.7	3,664.8	4,774.5			4,774.5	-1,821.4
Other indirect investments							729.4
Base amount for analysis by currency	**17,841.5**	**155,964.9**	**173,806.3**	**4,823.4**	**583.6**	**179,213.3**	**111,592.3**
NOK	7,276.6	65,272.9	72,549.5	13.3		72,562.8	28,022.4
EUR		15,791.2	15,791.2	11.0		15,802.2	16,248.3
USD	1,820.1	5,876.9	7,697.0		583.6	8,280.6	7,136.8
DKK		1,643.6	1,643.6			1,643.6	145.2
GBP		988.7	988.7			988.7	1,207.4
CAD		355.1	355.1			355.1	409.1
SEK	8,744.8	64,421.8	73,166.6	4,799.1		77,965.7	57,461.7
JPY		1,566.5	1,566.5			1,566.5	820.9
CHF							91.0
AUD		48.1	48.1			48.1	49.6
Total	**17,841.5**	**155,964.8**	**173,806.3**	**4,823.4**	**583.6**	**179,213.3**	**111,592.4**

Norwegian activities			
Modified duration	0.51	2.94	2.60
Average effective yield	2.42	3.70	3.66

Swedish activities			
Modified duration	0.25	4.35	3.87
Average effective yield	2.44	2.84	2.79

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

41 Derivatives

Nominal volume

Financial derivative contracts are related to underlying amounts which are not capitalised in the balance sheet. In order to quantify a derivative position, reference is made to underlying concepts such as nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and gives an indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives.

Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions. A long position in an equity derivative produces a gain in value if the share price increases.

For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. A long position in a currency derivative produces a gain if the currency strengthens against the NOK.

Figures for average gross nominal volume are based on daily calculations of gross nominal volume.

NOK million	Gross nominal volume	Average nominal volume	Net. nominal volume	Fair value Assets	Fair value Liability	Fair value – hedging Assets	Fair value – hedging Liability
Share options	8,556.2	24,960.8	-4,570.2	2,598.1	17.8		
Share index futures	10,252.4	14,115.9	7,775.6	45.2	93.0		
Total share derivatives 2008	**18,808.7**	**39,076.7**	**3,205.4**	**2,643.2**	**110.8**		
Total share derivatives 2007	50,660.6	37,637.0	4,964.7	1,838.9	355.5		
Forward rate agreements	545,198.1	775,930.8	-69,053.7	1,533.6	1,801.2		
Interest rate futures	4,532.3	11,446.2	1,233.5				
Interest rate swaps	146,473.3	231,778.2	51,681.5	6,120.7	980.1	428.3	0.9
Interest rate options	16,063.4	26,391.0	1,063.4	950.2			
Total interest rate derivatives 2008	**712,267.1**	**1,045,546.2**	**-15,075.3**	**8,604.6**	**2,781.4**	**428.3**	**0.9**
Total interest rate derivatives 2007	1,072,698.0	945,978.7	-15,683.8	1,661.4	2,321.4		91.2
Foreign exchange forwards	136,535.1	134,439.9	-24,477.2	2,019.1	6,268.9		
Basis swaps	4,347.8	3,951.5	4,347.8	917.6			
Total currency derivatives 2008	**140,882.9**	**138,391.4**	**-20,129.3**	**2,936.7**	**6,268.9**		
Total currency derivatives 2007	141,871.7	124,086.6	-43,748.5	1,221.0	875.9		
Credit derivatives	8,646.1	16,454.8	1,956.1	582.2	685.5		
Total credit derivatives 2008	**8,646.1**	**16,454.8**	**1,956.1**	**582.2**	**685.5**		
Total credit derivatives 2007	13,224.3	16,769.3	4,986.3	52.8	91.8		
Total derivatives 2008	**880,604.7**	**1,239,469.1**	**-30,043.2**	**14,766.7**	**9,846.6**	**428.3**	**0.9**
- of which indirect investments 2008				**-262.6**	**-235.7**		
Total derivatives 2007	1,278,454.6	1,124,471.6	-49,481.3	4,774.1	3,644.6		91.2

The above table includes net positions in indirect investments.

42 Financial liabilities and specification of borrowing

Subordinated loan capital

NOK million	Booked value 31.12.07	New issues	Repayments	Exchange rate changes	Paper price change	Amortisation/ Interest	Book value 2008
Ordinary subordinated loan capital	3,593.9		-1,492.0	243.0		6.9	2,351.9
Perpetual subordinated loan capital	1,344.2	4,007.8	-131.7	774.0	-1.6	8.0	6,000.7
Perpetual subordinated loans	275.6	1,473.0			-1.4	3.2	1,750.5
Accrued interest						251.8	251.8
Total subordinated loans	**5,213.8**	**5,480.8**	**-1,623.7**	**1,017.0**	**-3.0**	**269.9**	**10,354.9**

Specification of subordinated loan capital

NOK million	Nominal value	Currency	Interest rate	Call date and other conditions	Book value 2008
Issuer					
Perpetual hybrid (Tier 1) capital					
Storebrand Bank ASA	107,0	NOK	5.9%	2014	107.4
Storebrand Bank ASA	168,0	NOK	3 mnth NIBOR + 1.5%	2014	167.0
Storebrand Livsforsikring AS	1,500,0	NOK	3 mnth NIBOR + 4.0%	2018	1,474.5
Perpetual subordinated loan capital					
Storebrand Livsforsikring AS	300,0	EUR	9.404%	2013	2,904.6
Storebrand Livsforsikring AS	1,700,0	NOK	3 mnth NIBOR + 3.5%	2014	1,680.7
SPP[1]	1,000,0	SEK	3 mnth STIBOR + 2.0%	Termination 5 yr	885.4
SPP[1]	600,0	SEK	3 mnth STIBOR + 2.0%	Termination 5 yr	531.3
Dated subordinated loans					
Storebrand Bank ASA	175,0	NOK	3 mnth NIBOR + 0.70%	2010	175.0
Storebrand Bank ASA	100,0	NOK	3 mnth NIBOR + 0.57%	2011	99.9
Storebrand Bank ASA	250,0	NOK	3 mnth NIBOR + 0.58%	2012	249.7
Storebrand Bank ASA	150,0	NOK	3 mnth NIBOR + 1.65%	2012	150.0
Storebrand Livsforsikring AS	175,0	EUR	3 mnth EURIBOR + 0.9%	2009	1,674.9
Interest					254.6
Total subordinated and perpetual loans 2008					**10,354.9**
Total subordinated and perpetual loans 2007					5,213.8

1 The loans will be taken over by Storebrand by 21 June 2009, and are not included in the group's primary capital.

Liabilities to financial institutions

NOK million	Booked value 31.12.07	New issues	Repayments	Exchange rate changes	Paper price change	Amortisation/ Interest	Book value 2008
Bank debt Storebrand ASA	4,588.8	1,887.4	-4,606.0	270.3		19.8	2,160.3
Bank debt Storebrand Bank AS	3,064.5	10,707.3	-7,680.0	409.4	7.9	8.0	6,517.1
Total liabilities to financial institutions	**7,653.3**	**12,594.7**	**-12,286.0**	**679.7**	**7.9**	**27.8**	**8,677.4**

Specification of liabilities to financial institutions

NOK million	Matures	Booked value 2008
Borrower		
Storebrand ASA	2010	1,475.3
Storebrand ASA	2009	685.0
Storebrand Bank ASA	2009	1,820.5
Storebrand Bank ASA	2010	3,016.4
Storebrand Bank ASA	2011	1,080.2
Storebrand Bank ASA	2012	350.0
Storebrand Bank ASA	2013	250.0
Total liabilities to financial institutions		**8,677.4**

Securities issued

NOK million	Booked value 31.12.07	New issues	Repayments	Exchange rate changes	Paper price change	Amortisation/ Interest	Book value 2008
Short-term debt instruments	4,474.6	2,278.7	-4,919.8		2.4	71.9	1,907.9
Bonds	12,989.6	7,542.3	-5,992.8	993.4	7.2	105.9	15,645.7
Share-linked bonds	1,274.8		-443.7		-2.0	28.7	857.8
Total securities issued	**18,739.1**	**9,821.0**	**-11,356.3**	**993.4**	**7.7**	**206.5**	**18,411.4**

Specification of securities issued

NOK million	Matures	Booked value 2008
Issuer		
Bonds		
Storebrand ASA	2009	834.1
Storebrand ASA	2011	753.3
Storebrand Bank ASA	2009	2,563.0
Storebrand Bank ASA	2010	2,895.5
Storebrand Bank ASA	2012	385.3
Storebrand Bank ASA	2013	104.8
Storebrand Bank ASA	2015	285.5
Covered bonds		
Storebrand Kredittforetak AS	2009	60.4
Storebrand Kredittforetak AS	2010	4,870.8
Storebrand Kredittforetak AS	2011	636.9
Storebrand Kredittforetak AS	2014	1,254.9
Interest	2015	1,001.2
Total bonds		**15,645.7**
Share-linked bonds		
Storebrand Bank ASA	2009	471.6
Storebrand Bank ASA	2010	371.1
Storebrand Bank ASA	2011	15.2
Total equity-linked bonds 2008		**857.8**

The loan agreements contain standard covenants. Storebrand was in compliance with all relevant terms in 2008.

Deposits from customers of banking enterprises

NOK million	2008	2007
Commercial	6,464.9	7,447.0
Retail	11,343.6	9,251.4
Foreign	483.0	771.2
Total	**18,291.5**	**17,469.6**

43 Credit risk

Analysis of credit risk by rating

Short-term holdings of interest-bearing securities	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total**
Category of issuer or guarantor	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
NOK million						
Asset backed securities	22,194,0	1,570,2	803,3	1,139,8	216,1	25,923,4
Corporate bonds		451,5	1,991,6	931,1	1,055,0	4,429,2
Finance, bank and insurance	10,686,4	8,099,5	9,426,7	9,842,2	362,9	38,417,7
Real estate				375,2	42,5	417,7
State and state guaranteed	88,054,7	1,389,7	2,615,3		5,5	92,065,2
Supranational organisations	1,489,0					1,489,0
Local authority, county	4,256,6	2,213,2				6,469,8
Covered bonds	2,141,9	251,8	833,3	353,8		3,580,8
Bond funds	71,9	3,3	2,8	5,4	20,9	104,2
Total 2008[1]	**128,894,5**	**13,979,2**	**15,673,0**	**12,647,5**	**1,702,9**	**172,897.0**

1 *Exclusive underlaying investments in external funds.*

Interest-bearing securities at amortised cost	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total**
Category of issuer or guarantor	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
NOK million						
Asset backed securities	3,435.5	44,5	68,2			3,548,2
Corporate bonds				29,2	37,7	66,9
Finance, bank and insurance	0.1	5,849.3	1,107.9	161.0	1,039.1	8,157.4
Real estate						
State and state guaranteed	6,663.1		2,032,8			8,695,9
Supranational organisations	911,3					911,3
Local authority, county		135,6				135,6
Covered bonds	534,1					534,1
Total 2008	**11,544.1**	**6,029.4**	**3,208.9**	**190.2**	**1,076.8**	**22,049,4**

Derivatives (including hedging)	**AAA**	**AA**	**A**	**BBB**	**NIG**	**Total**
Counterparties	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
NOK million						
Norway		3,357,0			607,5	3,964,5
Sweden		5,974,6	47,6			6,022,2
France	10,5	0,5				11,0
UK		424,0	4,163,0			4,587,0
Denmark		460,2				460,2
Finland		7,7				7,7
Other		141,5				141,5
Total 2008	**10,5**	**10,365,5**	**4,210,6**		**607,5**	**15,194,1**

Bank deposits and loans to financial institutions	AAA	AA	A	BBB	NIG	Total
Counterparties	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
NOK million						
Norway	1,420,0	8,441,9		200,2		10,062,0
Sweden		1,038,9	4,332,8	944,5		6,316,2
UK		148,8	1,305,1	47,8		1,501,7
USA			223,3	107,6		330,9
Other	136,2	115,0	1,569,0	147,9		1,968,1
Total bank deposits	**1,556,2**	**9,744,6**	**7,430,2**	**1,448,0**		**20,178,9**
Norway			333,0			333,0
Lithuania			0,7			0,7
Total loans to financial institutions			**333,7**			**333,7**
Total bank deposits and loans to financial institutions 2008	**1,556,2**	**9,744,6**	**7,763,9**	**1,448,0**		**20,512,6**

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

Lending

Commitments distributed by customer groups

2008								
NOK million	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Average size of loan	Gross defaulted commitments	Individual write-downs	Net defaulted commitments
Commercial services and real estate operations	14,520,5	359,1	898,6	15,778,2	10,776,6	328,8	-117,5	211,3
Wage-earners	27,888,3	1,8	2,662,7	30,552,7	26,807,7	328,0	-100,9	227,1
Others	436,0	5,4	26,8	468,2	504,4	53,2	-44,0	9,2
Total	**42,844,7**	**366,4**	**3,588,1**	**46,799,2**	**38,088,7**	**710,1**	**-262,4**	**447,7**
- Grouped write-downs	-88,3			-88,3				
+ Other write-downs	-33,6			-33,6				
Total loans to and receivables from customers	**42,722,8**	**366,4**	**3,588,1**	**46,677,3**	**38,088,7**	**710,1**	**-262,4**	**447,7**

2007								
NOK million	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Average size of loan	Gross defaulted commitments	Individual write-downs	Net defaulted commitments
Commercial services and real estate operations	10,780,9	361,2	695,4	11,837,5	10,396,3	65,3	-26,2	39,1
Wage-earners	25,738,0	9,1	1,528,1	27,275,2	23,158,3	305,7	-136,1	169,6
Others	576,9	8,3	27,8	613,0	583,9	77,4	-84,8	-7,4
Total	37,095,8	378,6	2,251,3	39,725,7	34,138,4	448,4	-247,1	201,3
- Grouped write-downs	-58,1			-58,1				
+ Other write-downs	58,0			58,0				
Total loans to and receivables from customers	**37,095,8**	**378,6**	**2,251,3**	**39,725,7**	**34,138,4**	**448,4**	**-247,1**	**201,3**

The division into customer groups is based upon Statistics Norway's standard for sector and business groupings. The placement of the individual customer is determined by the customer's primary enterprise.

Commitments distributed by geographical area

NOK million	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Gross defaulted commitments	Individual write-downs	Net defaulted commitments
	2008						
Eastern Norway	34 633,0	365,7	2 882,6	37 881,2	596,3	-224,5	371,8
Western Norway	4 903,4	0,7	461,8	5 365,8	48,1	-10,2	37,9
Southern Norway	564,0		66,9	630,9	6,6	-0,5	6,1
Middle Norway	1 633,3		92,5	1 725,9	11,4	-0,1	11,3
Northern Norway	849,1		58,9	908,0	20,3	-1,5	18,8
Foreign	262,1		25,5	287,5	27,5	-25,7	1,8
Total	**42 844,8**	**366,4**	**3 588,2**	**46 799,3**	**710,1**	**-262,4**	**447,7**

NOK million	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Gross defaulted commitments	Individual write-downs	Net defaulted commitments
	2007						
Eastern Norway	29 347,8	376,7	1 889,7	31 614,2	292,0	-152,6	139,4
Western Norway	4 753,4	0,7	241,9	4 996,0	99,7	-62,8	36,9
Southern Norway	534,2		36,2	570,4	10,9	-0,7	10,2
Middle Norway	1 406,7	1,2	38,1	1 446,0	5,1	-0,2	4,9
Northern Norway	780,4		34,9	815,3	8,5	-1,4	7,1
Foreign	273,3		10,5	283,8	32,2	-29,4	2,8
Total	**37 095,8**	**378,6**	**2 251,3**	**39 725,7**	**448,4**	**-247,1**	**201,3**

Total committed amounts distributed by remaining term

	2008				2007			
NOK million	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Loans to and receivables from customers	Guarantees	Unused credit line	Total commit-ments
Up to 1 month	1,230,0	95,2	147,1	1,472,3	654,1	77,0	101,2	832,3
1–3 months	284,4	42,2	50,5	377,3	352,3	0,5	39,0	391,8
3 months–1 year	2,186,4	27,4	434,4	2,648,2	2,160,9	15,3	408,3	2,584,5
1–5 yrs	3,442,1	193,6	385,1	4,020,8	4,719,2	277,8	506,3	5,503,3
over 5 yrs	31,891,8	7,8	2,328,4	34,228,0	29,209,3	8,0	1,196,6	30,413,9
Total	**39,034,7**	**366,4**	**3,345,5**	**42,746,6**	**37,095,8**	**378,6**	**2,251,4**	**39,725,8**

Age distribution of commitments due without write-downs

	2008				2007			
NOK million	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Loans to and receivables from customers	Guarantees	Unused credit line	Total commit-ments
Overdue 1–30 days	2,272,0	6,2	6,1	2,248,3	3,089,0	24,0	27,4	3,140,4
Overdue 31–60 days	430,0	19,0	0,9	449,9	315,8		3,4	319,2
Overdue 61–90 days	95,6			95,6	54,7		0,1	54,8
Overdue over 90 days	190,2		2,3	192,5	151,2		0,3	151,5
Total	**2,987,8**	**25,3**	**9,3**	**3,022,4**	**3,610,7**	**24,0**	**31,1**	**3,665,8**

Commitments overdue by more than 90 days distributed by geographic area:

	2008				2007			
NOK million	Loans to and receivables from customers	Guarantees	Unused credit line	Total commitments	Loans to and receivables from customers	Guarantees	Unused credit line	Total commit-ments
Østlandet	135,3		2,2	137,5	100,2		0,2	100,5
Vestlandet	26,4			26,4	34,7			34,8
Sørlandet	2,0			2,0	5,8			5,8
Midt-Norge	11,0			11,0	4,6			4,6
Nord-Norge	13,7			13,7	4,9			4,9
Foreign	1,8			1,8	0,9			0,9
Sum	**190,2**		**2,3**	**192,5**	**151,2**		**0,3**	**151,5**

Commitments overdue by more than 90 days are defined as being in default. Only defaulted commitments are distributed by geographical area in this overview. Commitments are deemed to be in default when a credit has been overdrawn for more than 90 days and when a repayment loan has a remaining balance for more than 90 days and the amount is at least NOK 500.

Credit risks distributed by customer groups

	2008				
NOK million	Total commit-ments with a drop in value	Total overdue commitments	Total valuation changes	Total write-downs	Total booked value changes during the period
Commercial services and real estate operations	323,3	5,5		-117,5	91,0
Wage-earners	144,6	183,5	-33,6	-100,9	6,3
Others	52,0	1,2		-44,0	-5,2
Total	**519,9**	**190,2**	**-33,6**	**-262,4**	**92,1**

	2007				
NOK million	Total commit-ments with a drop in value	Total overdue commitments	Total valuation changes	Total write-downs	Total booked value changes during the period
Commercial services and real estate operations	55,0	10,3		26,2	-1,6
Wage-earners	165,7	140,0	58,0	136,1	1,4
Others	76,5	0,9		84,8	-34,3
Total	**297,2**	**151,2**	**58,0**	**247,1**	**-34,5**

Financial assets at fair value in the profit and loss account (FVO)

For financial instruments that are included in the category of financial assets at fair value in the profit and loss accounts as per 31.12.2008 that at the point in time they were incorporated could have been entered in the category loans and receivables, it is estimated that changes in credit risks in 2008 have in isolation brought about unrealised losses of around NOK 0.5 billion.

44 Liquidity risk

Undiscounted cash flows for financial liabilities

NOK million	0–6 months	6–12 months	1–3 years	3–5 years	over 5 years	Total value	Booked value
Subordinated loan capital	693.9	328.8	1,846.0	6,326.7	11,016.9	20,212.3	10,354.8
Liabilities to credit institutions	1,139.4	773.4	6,995.4	337.1		9,245.3	8,677.4
Deposits from banking customers	18,171.2	120.3				18,291.5	18,291.5
Securities issued	2,661.4	4,709.2	14,556.4	2,264.7	2,761.5	26,953.2	18,411.4
Other current liabilities	9,982.5					9,982.5	9,942.8
Uncalled residual liabilities concerning Limited Partnership Limited Partnership	5,795.1					5,795.1	
Undrawn amounts of committed lending facilities	4,334.2					4,334.2	
Lending commitments	418.9					418.9	
Total financial obligations	**43,196.6**	**5,931.7**	**23,397.8**	**8,928.5**	**13,778.4**	**95,233.0**	**65,677.9**

45 Currency exposure

Financial assets and liabilities in foreign currencies	Balance sheet items excl. currency derivatives	Currency forwards	Net position		
NOK million	Net on Balance sheet	Net Sales	in currency	in NOK	Of which SPP in NOK
AUD	75.7	-195.0	-119.3	-582.5	8.1
CAD	130.0	-109.2	20.8	118.4	14.4
CHF	140.7	-44.0	96.7	636.3	28.5
DKK	1,519.3	-70.0	1,449.2	1,895.1	-0.5
EUR	2,179.2	-2,252.2	-72.9	-710.4	17.2
GBP	260.2	-203.5	56.7	573.4	34.8
HKD	162.6	-51.0	111.6	100.7	2.2
IDR	2,133.4		2,133.4	1.4	
INR	167.6		167.6	0.6	
JPY	39,980.6	-38,262.8	1,717.8	132.3	53.1
LYD	3.3		3.3	1.6	
KRW	2,110.0		2,110.0	11.7	
MYR	-0.4		-0.4	-0.8	
OMR	17.6	-17.6	0.0		
NZD	159.1	-1.2	157.9	646.1	-1.7
PHP	0.4		0.4	0.1	
PLN	0.2		0.2	0.4	
SEK	93,872.7	8,801.4	102,674.3	90,911.3	89,581.3
SGD	15.5	-4.6	10.9	52.6	4.7
TWD	60.5		60.5	12.9	
USD	3,237.7	-3,353.6	-115.8	-809.3	471.2
ZAR	0.1		0.1	0.6	
Other	10.0		10.0	2.0	
Total short-term foreign currency				**92,994.6**	**90,213.3**
DKK	1.8			5.0	
EUR	-645.6	627.5	1.8	-176.4	
SEK	12,790.1	-14,167.4		-1,366.1	
Total foreign currency long-term				**-1,537.5**	
Insurance liabilities SPP and Nordben				**-92,344.7**	**-85,217.1**
Total foreign currency long-term				**-93,882.2**	**-85,217.1**
Total net position foreign currency 2008				**-887.6**	**4,996.2**
Total net position foreign currency 2007				-376.1	-2,395.3

Foreign currency

Storebrand exclusive SPP

The group actively hedges the major part of its foreign currency risk. Currency risk arises from investments in international securities, and to a lesser extent from subordinated loans denominated in foreign currencies. Currency risk is hedged through forward foreign exchange contracts at the portfolio level, and currency positions are regularly monitored within specified total limits Short positions are closed no later than the business day following the date on which they arise. In addition, there are separate limits for creating active currency positions. These positions are included in the note relating to short-term debt instruments and bonds. The currency positions outstanding at 31 December 2008 are typical of the group’s small limits for currency positions.

SPP

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

46 Sensitivity analyses

For changes in market risk that arise during the course of 1 year, the effect on the profits and equity will be as presented below, based on the balance sheet as per 31.12.2008:

The asset side of Storebrand (excluding SPP) has been stress tested in order to estimate how much this in given situations can affect the owners' result in relation to the expectations for 2009. The estimates have been applied to the investment portfolio as per 31 December 2008 and the outcome shows the estimated effect on profits for the year as a whole. The stresses that have been applied are equities +/- 20 percent, interest +/-150 basis points and property +/- 12 percent. With respect to currency risks, the investment portfolios are nearly 100 percent currency hedged,
and changes in exchanges rates will only affect the expected result for 2009 to a minor extent.

Storebrand Livsforsikring AS
The stress tests have been done for all investment profiles and the effects of each stress test reduce or increase the expected return for each profile. For the negative stress tests (equities down, interest up and property down) the return in some individual profiles fall under the guarantee. The buffer situation for each contract will then determine how much equity capital the company will possibly have to use if the return stays at this level for 2009. Beyond the need for utilising equity capital to cover returns below the guarantee, it is changes in the profit sharing for paid-up policies and for the profiles with old individual contracts, as well as returns and interest expenses in the company portfolio that affect the expected result for 2009 to the greatest extent.

The stresses were applied individually. If several of the negative stress tests were to occur simultaneously, the negative effect would be greater than simply the sum of the two individual effects alone.

SPP
In the note, the effect on SPP Livförsäkring's financial result (excluding sharing of the return) is shown for some selected market changes based upon the company's financial positions and actions as per 31 December 2008. Because it is market changes that are shown in the note above, the dynamic risk management will not affect the outcome. If it is assumed that the market changes will occur over a period of time, then the dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive.

All changes in market value do not affect the financial result of SPP. The part of a change in market value that affects the result is the part that cannot be offset against the conditional bonus.

Effects on revenues

NOK million	Amount
Equities -20%	-2,960
Equities +20%	2,960
Interest -1.5%	11,549
Interest +1.5%	-10,314
Property -12%	-3,444
Property +12%	3,444

Effects on result/equity

NOK million	Amount
Equities -20%	-547
Equities +20%	238
Interest -1.5%	1,180
Interest +1.5%	-2,026
Property -12%	-660
Property +12%	317

The note concerns the following companies: Storebrand Livsforsikring AS, SPP, Storebrand Bank, Storebrand Skadeforsikring and Storebrand ASA.

47 Storebrand Group – Reconciliation of changes in equity

	Majority's share of equity									
						Other equity				
NOK million	Share capital [1]	Own shares	Share premium reserve	Total paid-in equity	Value adjustment fund	Revenue and costs applied to equity	Other equity [2]	Total other equity	Minority interests	Total equity
Equity at 31.12.2006	**1,249.1**	**-22.5**	**1,818.6**	**3,045.2**	**24.0**	**-459.8**	**6,276.9**	**5,817.1**	**13.5**	**8,899.8**
Profit and loss items applied directly to equity:										
Change in pension experience adjustments						143.8		143.8		143.8
Revaluation of properties for own use					20.6	8.0		8.0		28.6
Re-statement differences						-30.1		-30.1		-30.1
Hedging applied directly to equity						-25.6		-25.6		-25.6
Profit for the period						215.0	1,790.7	2,005.7	3.1	2,008.8
Total revenue and costs for the period					**20.6**	**311.1**	**1,790.7**	**2,101.8**	**3.1**	**2,125.5**
Equity transactions with owners:										
Own shares		-3.8		-3.8			-72.2	-72.2		-76.0
Share issue	1,000.4		8,003.6	9,004.0						9,004.0
Issue costs			-333.7	-333.7						-333.7
Dividend paid							-442.0	-442.0	-9.0	-451.0
Purchase/sale of minority interests							-56.4	-56.4	114.3	57.9
Other							13.8	13.8	0.3	14.1
Equity at 31.12.2007	**2,249.5**	**-26.3**	**9,488.5**	**11,711.7**	**44.6**	**-148.7**	**7,510.8**	**7,362.1**	**122.2**	**19,240.6**

	Majority's share of equity									
						Other equity				
NOK million	Share capital [1]	Own shares	Share premium reserve	Total paid-in equity	Value adjustment fund	Revenue and costs applied to equity	Other equity [2]	Total other equity	Minority interests	Total equity
Profit and loss items applied directly to equity:										
Change in pension experience adjustments						-494.7		-494.7		-494.7
Revaluation of properties for own use					3.0					3.0
Re-statement differences						116.2		116.2	4.2	120.4
Hedging applied directly to equity						-15.6		-15.6		-15.6
Gains available-for-sale bonds						1,779.0		1,779.0		1,779.0
Provisions for insurance liabilities re gains available-for-sale						-1,779.0		-1,779.0		-1,779.0
Profit for the period							-2,228.0	-2,228.0	7.3	-2,220.7
Total revenue and costs for the period					**3.0**	**-394.1**	**-2,228.0**	**-2,622.1**	**11.5**	**-2,607.6**
Equity transactions with owners:										
Own shares		3.4		3.4			42.9	42.9		46.3
Share issue									35.4	35.4
Issue costs			-4.0	-4.0						-4.0
Dividend paid							-534.1	-534.1		-534.1
Purchase/sale of minority interests							-1.1	-1.1	2.9	1.8
Other							-18.2	-18.2	-2.1	-20.3
Equity at 31.12.2008	**2,249.5**	**-22.9**	**9,484.5**	**11,711.1**	**47.6**	**-542.8**	**4,772.3**	**4,229.5**	**169.9**	**16,158.1**

1 449 909 891 shares of NOK 5.
2 Includes risk equalisation fund which is undistributable funds of NOK 153 million.

The equity changes with the result for the individual period, equity capital transactions with the owners and items that are entered directly on the balance sheet. Share capital, the share premium fund and other equity capital is evaluated and managed as a whole. The share premium fund may be used to cover a loss, and other equity capital may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

Storebrand pays particular attention to the active management of the equity in the group. This management is tailored to the business-related financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the group's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new equity capital, such must be procured by the holding company Storebrand ASA, which is exchange-listed and the core of the group.

Storebrand is a financial group and has legally mandated requirements for primary capital under both the capital adequacy regulations and the solvency margin regulations. Primary capital encompasses both equity capital and subordinated loans. For Storebrand, these legal requirements carry the greatest significance in its capital management.

The group has set long-term targets for the capital ratio of its banking activities to be 10 percent and the life insurance solvency margin to be at least 150 percent. In general, the equity of the group is managed without material restrictions if the capital requirements are met and the respective legal entities have adequate solidity. Transfer of capital from foreign legal entities is possible with the consent of local supervisory authorities. Under the approval connected with the acquisition of the SPP Group, conditions were stipulated to the effect that if the core capital adequacy for the Storebrand ASA Group and for the Storebrand Livsforsikring AS Group at the end of 2007 and 2008 is not at least 6 percent or the solvency margin is not at least 150 percent, then Kredittilsynet may set conditions to limit the disbursement of dividends from Storebrand ASA and Storebrand Livsforsikring AS.

For further information on the group's fulfilment of the capital requirements, see note 26.

48 Technical insurance information

Technical insurance reserves Life Insurance

Specification of balance sheet items in respect of life insurance

NOK million	Group defined benefit fee-based	Group investment choice and unit linked fee-based	Risk products	Individual and paid-up policies profit sharing	SPP group and Nordben Life & Pension	TOTAL group 2008	TOTAL group 2007
Premium reserve	67,258.5	10,797.5	1,330.5	74,183.9	105,321.2	258,891.6	252,765.8
- of which RBNS	338.9		99.1	18.9		456.9	383.7
- of which IBNR	8.9		242.4	35.2		286.5	239.7
- of which premium income received in advance	681.0		87.4	51.2		819.6	808.5
Additional statutory reserves	1,856.1	78.1		1,503.8	371.5	3,809.5	5,757.3
Conditional bonus					7,499.2	7,499.2	13,699.4
Pensioners' surplus reserve	130.4					130.4	62.9
Premium reserve/deposit reserve	5,586.4	468.6		47.4		6,102.4	6,500.2
Other technical reserves							
Claims reserve	53.7	0.6	270.6	169.8	62.3	557.0	1,969.8
- of which RBNS	52.9		199.1	84.8		336.8	303.0
- of which IBNR	0.8		71.4	85.7	62.3	220.2	153.3
Additional statutory reserves		0.5				0.5	
Security reserve life insurance							197.4
Total insurance liabilities life insurance	**74,885.1**	**11,345.3**	**1,601.1**	**75,904.8**	**113,254.2**	**276,990.6**	**280,952.8**
Provisions after application of sufficiency test							
Reinsurance liabilities	**43.0**		**42.8**		**52.9**	**138.7**	**173.2**
Insurance liabilities	**74,928.1**	**11,345.3**	**1,643.9**	**75,904.8**	**113,307.1**	**277,129.3**	**281,126.0**

Under the item ‹Reserves – life insurance' it is assumed that NOK 9.6 billion will be paid out as claims or benefits (excl. repurchase and payment) in 2009 by Storebrand Livsforsikring AS and SEK 4.0 billion by SPP. The table below shows the anticipated compensation payments (excl. repurchase and payment). The residual balance after 5 years is equal to the obligations carried on the balance sheet of the accounts.

Trend in claims and benefits disbursed

NOK billion	Storebrand	SPP
0–1 years	9.6	4.0
1–5 years	38.4	17.0
Over 5 years	116.1	92.3

Changes in insurance liabilities – life insurance

NOK million	Premium reserve	Additional statutory reserves	Claims reserve	Premium, defined contribution pensioners' surplus fund	Total Norwegian enterprise	SPP group and Nordben Life & Pension Co. Ltd.	Total Storebrand group
Balance at 1.1.	**152,053.6**	**5,757.3**	**456.3**	**6,563.1**	**164,830.3**	**117,349.7**	**282,180.0**
Realised changes in insurance liabilities							
Net realised reserves	1,210.3	-2.459,6	38.4	150.8	-1,060.1	-3,353.2	-4,413.3
Surplus from return result	9.6			440.2	449.8		449.8
Risk result assigned insurance contracts	8.4			111.3	119.7	12.6	132.3
Other assignment of profit	85.6				85.6		85.6
Adjustment of insurance liabilities from other profit components	-2,120.0	74.0		-23.3	-2,069.3		-2,069.3
Total realised changes in insurance liabilities	*-806.1*	*-2,385.6*	*38.4*	*679.0*	*-2,474.3*	*-3,340.6*	*-5,814.9*
Non-realised changes in insurance liabilities							
Transfers between funds	240.2	27.3		-267.5			
Transfers to/from the company	2,083.2	39.0		-741.7	1,380.5	-755.0	625.5
Total non-realised changes in insurance liabilities	*2,323.4*	*66.3*		*-1,009.2*	*1,380.5*	*-755.0*	*625.5*
Balance at 31.12.	**153,570.9**	**3,438.0**	**494.7**	**6,232.9**	**163,736.5**	**113,254.1**	**276,990.6**

Market value adjustment reserve

NOK million	2008	2007	Change 2008	Change 2007
Shares		4,365.7	-4,365.7	-1,785.0
Interest-bearing		-512.0	512.0	-251.0
Market reserve's financial assets at fair value		**3,853.7**	**-3,853.7**	**-2,036.0**

Bonds that are placed in the category "loans and receivables" have an unrealised loss at the end of 2008 of NOK 0.3 billion that is not included in the booked values.

Profit and loss account items
Storebrand Livsforsikring

Analysis of net premium income - Norwegian enterprise

NOK million	2008	2007
Group defined benefits pension	13,749.8	10,422.3
Paid-up policies	605.4	597.6
Group with investment choice	2,432.4	1,728.1
Traditional individual capital and pension	1,761.4	4,957.4
Individual with investment choice	1,166.2	637.2
Risk products life insurance without profit sharing	1,159.5	1,072.8
P&C insurance[1]	476.4	328.2
Total	**21,351.1**	**19,743.6**
Of which premium reserve transferred to company	**5,019.1**	**3,139.1**

1 Also includes premiums for Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS.

Specification of claims at own expense

NOK million	Group pension private sector	Group pension public sector	Group life insurance	Individual endow-ment insurance	Individual annuity/ pension insurance	P&C insurance at Storebrand Livs-forsikring	Total Storebrand Livs-forsikring AS	SPP Group and Nordben Life & Pension Co. Ltd.	Total Storebrand Livs-forsikring Group	P&E insurance at Storebrand Skade-forsikring and Storebrand Helse-forsikring	Total claims and benefits
Claims	-5,561.4	-1,648.4	-381.5	-9,664.3	-3,524.2	-58.4	-20,838.2	-5,388.4	-26,226.6	-153.2	-26,379.8
- of which repurchase	-37.8	-571.7		-9,149.6	-1,751.7		-11,510.8	-20.1	-11 530.9		-11,530.9

Also includes claims for Storebrand Skadeforsikring AS and Storebrand Helseforsikring AS.

Profit model 2008

Description of profit sharing in 2008

NOK million	Group defined benefit fee-based	Group investment choice and unit linked fee-based U policies	Risk products	Individual and paid-up policies profit sharing	Company portfolio/ other portfolio	Total
Administration result	31.7	-97.0	-117.8	29.4		-153.7
Interest result			71.2		-59.1	12.1
Risk result	179.5		254.2	41.7		475.4
Price on interest guarantee and risk earnings	398.0					398.0
Profit sharing				-320.0		-320.0
Results from subsidiaries					11.1	11.1
Other	-30.9				-42.8	-73.6
Result before taxes Norwegian life insurance enterprise	**578.4**	**-97.0**	**207.5**	**-249.0**	**-90.7**	**349.2**

Profit distribution model 2007

NOK million	2007
-net return share capital[1]	672
-0.40% of customer fund	613
-equity capital earnings risk	50
-products without profit sharing	100
-other	187
Result to owner	**1,622**

1 *Encompasses security reserves, subordinated loan capital, booked equity and liability items.*

Profit sharing for Storebrand Livsforsikring

With the introduction of the new Insurance Act on 1 January 2008, the profit sharing at Storebrand has been changed. As previously, products both with and without profit sharing are being operated with, however for the products under the category with profit sharing three new profit sharing models have been introduced.

Products without profit sharing consist, as in previous years, of defined contribution pensions, personal insurance policies with investment choice, group life insurance, annual risk policies (including non-life cover) in the life account and annual policies in connection with group pension insurance that do not include entitlement to paid-up value. The profit or loss earned on these products is entirely for the account of the owner.

The products with profit sharing are divided up into three different categories with three different profit sharing models.

For the group pension private and group pension public products, which are often referred to as the "fee-based" portfolio, the investment results accrue to the customers. If the return is below the guaranteed interest, but positive, Storebrand will use the contract's additional statutory reserves in order to cover the lacking return. If the additional statutory reserves are not enough, the company will have to cover the lacking guaranteed interest from its equity. If the return is negative, Storebrand will, for that part of the return that is negative, also have to use equity in order to fulfil the interest rate guarantee. Any possible surplus on biometric risk accrues accrues to the customer. Storebrand can set aside up to 50% of this risk return in the risk equalisation fund. Storebrand has the intention of setting aside the maximum for the risk equalisation fund during those years in which such is possible.

In the event of any possible negative risk return, Storebrand will first make use of the risk equalisation fund where such is possible. A possible negative risk result during years in which no risk equalisation fund exists will be charged against the equity capital.

Fully paid-up policies and continuation insurance policies originating from private group pension schemes have what is designated as a modified profit sharing model. Profits to the owner consist of up to 0.60 percent of the customer fund (given that there is room for it in the return beyond the guaranteed interest). The owner's share of the profit is as per the governing rules limited to a ceiling of 20 percent. Storebrand can set aside up to 50% of the results for biometric risks in the risk equalisation fund. Storebrand's intention is to set aside the maximum for the risk equalisation fund during those years where such is possible. In the event of any possible negative risk results in years where the risk equalisation fund is empty, the investment result can be charged if the return permits such. If the risk equalisation fund or the return is not sufficient, the negative risk result is charged against the equity capital.

For the old individual products, the earlier Insurance Activities Act is followed. The profit is as a point of departure distributed between customers and owners as per the company's internal profit sharing model. The profit to the owner consists of two main elements, up to 0.40 percent of the customer fund (given that there is room for such in the return beyond the guaranteed interest). The owners' share of the profit is as per the applicable rules limited to a ceiling of 35 percent.

The proportion of profit allocated to each customer is determined on the basis of the contribution the customer's policies have made to the total profit available for sharing. The amount allocated to the individual customer therefore depends on the product group(s) to which the customer's policy/policies belongs.

For individual endowment insurance (life account) policies, profit allocations are accumulated on each policy and are paid out together with the sum assured. In the cases of traditional individual endowment insurance and individual annuity and pension insurance, the profit allocated is applied to increasing the insured benefit. Individual policies based on group schemes are handled in an equivalent manner. In the case of group pension insurance, the profit allocated is credited to the surplus on the scheme's premium reserve and pensioners' surplus reserve in accordance with the legislation on occupational pensions.

The relatively poor return in 2008 has caused the company to have used NOK 2.2 billion of the additional statutory reserves. After this, the company has additional statutory reserves of NOK 3.4 billion, which correspond to just under 0.7 year's worth of the guaranteed interest. Storebrand has as its goal to have additional statutory reserves corresponding to at least one year's worth of the interest guarantee. This means that Storebrand is intending to build up the additional statutory reserves in the coming years.

SPP incl. Euroben

Specification of net premium revenues - SPP incl Euroben

NOK million	2008
Guaranteed products	4,286.3
Unit Link	3,009.5
Total SPP	7,295.8
Nordben	357.6
Total	**7,653.4**
Of which premium reserve transferred to company	**39.8**

SPP Konsern

NOK million	2008	2007
Administration result	-103	102
Risk result	287	185
Financial result	340	-377
Other/Currency	307	284
Resultat SPP Konsern før amortisering	**831**	**194**
Amortisation of intangible assets	-476	-30
Write-down of intangible assets	-2,500	
Pre tax result SPP Group	**-2,145**	**164**

Risk result

The risk result is divided up into survival, death and disability results, as well as pooling[1] and reinsurance. Pooling and reinsurance are risk-reducing items. The risk result for SPP Livsforsäkring AB then gives the following magnitudes:

NOK million	
Survival	-95
Death	90
Disability	356
Reinsurance	-51
Pooling	-3
Other	-5

The survival result consists of the added mortality cross subsidy that is added to the policy according to the basis for calculating the premium less the assets that are released by a death. If the sum of the added mortality cross subsidy and the sum of the released assets are equally large, the risk result will be zero. If more people die than expected, the risk result will be positive. On the other hand if fewer die, the risk result will be negative.

The mortality result consists of the paid risk premiums and payments in the event of death. If the paid risk premiums equal the payments in the event of death, then the risk result will be zero. If more people die than expected, the risk result will be negative, and if fewer die then it will be positive.

The disability result consists of the number of new disability incidences as well as the run-off of the portfolio of those who are already disabled. The latter is called the run-off result. The disability result consists of the risk premiums paid in the year and the allocations to the reserve for new incidences of disability. The reserve that is allocated is a cash value that represents the expected repayments, taking into account the expected level of reactivation and mortality. If the reserve and the paid risk premium are equally large, then the disability result will be zero. If the number of new incidences of disability is higher than expected, then the risk result will be negative since the allocations will be higher than the paid risk premiums. If the number of new disability incidences is lower than expected, then the risk result will be positive since the allocations will be lower than the paid risk premiums.

The run-off result consists of the allocated reserves for disability claims and the dissolution of the reserves in the event of reactivation. If greater reactivation takes place and thus more of the reserve is released then expected, then the run-off result will be positive. If the opposite occurs, it will be negative.

The insurance company utilises reinsurance to dampen the fluctuations in the risk result. In other words to avoid larger fluctuations in the risk result than the company believes are financially justifiable. The company does not want to take some risks and these are covered partly or wholly through reinsurance.

Pooling is a form of reinsurance at a global level. In the case of larger groups with activities in multiple countries there is a possibility that the group will balance its risk result via pooling by offsetting losses in one country against gains in another country.

The risk result accrues to the company.

Financial result

In the case of unit-linked policies the customers' assets change with the return regardless of whether the return is positive or negative. The financial result from unit-linked policies equals zero. In the case of guaranteed interest there are two amounts that affect the interest result: the allocation of the return between the customers and the owner, and the capital contribution necessary to pay the guaranteed interest. If the total return exceeds the guaranteed interest, which is between 2.5 percent and 5.2 percent, the return is shared. In this case the customers receive 90 percent, though at least the guaranteed interest, and the company receives 10 percent. The company's portion of the total return is in theses circumstances recognised as income in the interest result. The customers' guaranteed capital shall at least receive the guaranteed interest on the assets. If the value of a customer's policy should be lower than the guaranteed value, the company must contribute capital up to the guaranteed value. The item other consists of return on assets not owned by the insurance customers, immaterial assets and interest rate costs on loans issued by the company.

The administration result

The administration result is the difference between the fees charged for the policies to cover the company's administration costs and the actual administration costs. The fees can be based on the policy's capital, premium or number. The administration result is for the account of the company.

Risk exposure/sensitivity

Storebrand Life Insurance

Death and disability

The following table shows the net annual risk premium for the most common types of cover. The premiums apply to persons of normal health and risk.

Net annual risk premium for an insured sum of NOK 100 000.
For disability pensions, the premium for an annual disability pension of NOK 10 000 which is disbursed until 67 years of age is attained.

	Men			Women		
	30 yr	45 yr	60 yr	30 yr	45 yr	60 yr
Risk of death, individual endowment insurance	122	324	1,416	61	162	711
Lump sum disability, individual	273	590		352	1,367	
Disability pension, individual	248	639	1,975	371	1,577	2,490
Critical illness, non-smoker, individual	171	515	1,804	171	515	1,804
Risk of death, group life insurance	55	146	821	33	88	493
Risk of death, group pension insurance	48	146	743	23	77	403
Disability pension, group pension	511	734	642	1,029	1,386	878

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

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

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

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

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

Basic interest rate

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

The following table shows the proportions of insurance fund reserves at 31 December 2007 relating to policies with various basic annual interest rates:

Interest rate guarantee	2008	2007
6%	0.3%	0.6%
5%	0.7%	0.8%
4%	59.0%	58.8%
3.4%	4.6%	4.5%
3%	31.2%	28.2%
2.75%	1.4%	2.7%
0%	2.8%	4.4%

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

The total average guaranteed interest rate for all lines of insurance comprised 3.52 percent in 2008, the same as in 2007. The guaranteed interest rate must be delivered on an annual basis. If the company's investment return in a year is lower than the guaranteed interest rate, current legislation permits the equivalent of up to one year's guaranteed return for the individual policy to be covered by transfers from the policy's additional statutory reserves. Any negative return must be met from the company's equity.

Average interest rate guarantee	2008	2007
Individual endowment insurance	3.2%	3.1%
Individual pension insurance	3.6%	3.6%
Group pension insurance	3.6%	3.6%
Group life insurance	0.6%	0.7%
Total	**3.52%**	**3.52%**

New business written in 2008 is subject to a 2.75 percent basic interest rate. In the case of policies transferred to the company, the basic interest rate is determined by the rate applied to the policy by the insurance company from which the business is transferred, subject to a maximum of 4 percent.

Premiums and reserves for pension entitlements earned in 2008 in group pension insurance are calculated on the basis of a 3 percent basic interest rate.

Insurance risk
Most of the company's lines of insurance include cover for disability through either a disability pension, exemptions from premiums or one-off payments. Individual policies and group life policies also include life cover. Group pension insurance also provides widow or widower's pensions with payment commencing on the death of the insured.

Changes to the rules for payment from the national social security scheme for disability benefits etc. may have a significant effect on insurance companies in terms of the number of claims for disability and disability reserves. This currently relates principally to group pension insurance for the public sector, where insurance benefits are fully linked to national social security scheme benefits. Future changes to occupational pensions legislation may also cause changes in this respect for private sector occupational pensions. The premium tariffs will normally be amended to take account of such changes.

In terms of death benefits, increasing life expectancy will affect future expected payments and reserves, although reserves are currently considered to be sufficient.

Right to transfer insurance between companies
The right to transfer insurance between companies, subject to two months' notice for policies where the transfer value exceeds NOK 300 million, can represent a liquidity risk for smaller life insurance companies if one or more customers elect to transfer large policies to other companies in the space of a short time. The fee that can be charged for transfers is limited to NOK 5,000. For large insurance companies, if transfers out exceed transfers in for an extended period, this will have an adverse effect on future cash flow.

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

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

Reinsurance
The company also manages its insurance risk through a variety of reinsurance programs. Through catastrophe reinsurance (excess of loss) the company covers losses (single claims and reserves provision) where a single event causes more than 3 deaths or disability. This cover is also subject to an upper limit. Surplus reinsurance on life policies covers death and disability risk that exceeds the maximum risk amount for own account the company is permitted to carry by its articles of association. The company's maximum risk amount for own account is relatively high, and the risk reassured is therefore relatively modest. The company's risk within workmen's compensation insurance is covered by both quota reinsurance and "excess of loss" cover purchased by the company. In connection with the relaunch of P&C insurance, the company purchased "excess of loss" cover for unlimited liability for motor insurance and included travel insurance in the catastrophe reinsurance cover.

Sufficiency test
Storebrand is required by IFRS 4 to carry out a sufficiency test to ensure that the company has sufficient margins in the various constituent elements that make up the company's reserves. IFRS permits two alternative methods for the sufficiency test. Where a company has an established form of analysis that demonstrate the margins in the various constituent elements, Section 16 of the standard allows this analysis to continue to be used to demonstrate that the test is satisfied. Where a company has not established such analysis, it is required to discount future cash flows to present value in accordance with IAS37. Capitalised VIF is included in the sufficiency test.

In 2008, Storebrand continued its existing practice from the year before and conducted a test pursuant to Section 16. The required analysis is carried out on the basis of Norwegian principles for premium reserves and applies conservative calculation elements. The established form of analysis is based on the assumptions used for the calculation of Embedded Value in which we use the best estimates for the future base elements based on current experience. The sufficiency test is carried out by analysing the current margins between the assumptions used for setting reserves and the assumptions in the Embedded Value analysis.

Storebrand satisfies the test, as it did in 2007. The test has no profit and loss account effects on the 2008 accounts.

SPP

The company's risk with respect to savings in life insurance partly comes from investment yield from assets under management and partly from the policyholders' life and health. The uncertainty surrounding the policyholders' life and health is called insurance risk and can be divided into the following main categories:

- death – payment to the policyholder's surviving relatives
- pension – payment for as long as the policyholder lives
- disability – payment in the event of illness or occupational disability

A policy often contains a combination of the three different insurance risks. In a mutual life insurance company it is the insurance group that is responsible for these risks since in this case the policyholder fulfils the role of both owner and customer. In a private limited company like SPP it is not the policyholders who are liable for the risk result, but the company.

Limiting insurance risk

Before a risk policy – products that ensure financial compensation in the event of death and illness/disability – is granted, SPP conducts a medical insurance risk assessment of the policyholder. The purpose of this is to determine whether and on which terms the policyholder can take out a policy based on the policyholder's health status. This is necessary in order to enable the company to offer policies with the correct level of premium in the long-term. The desired policy should satisfy the policyholder's insurance needs and debt servicing capacity. The assessment of risk therefore also includes an examination of debt servicing capacity.

Future risks

Life expectancy in Sweden is increasing sequentially (mortality is sinking). This is positive for life cover. On the other hand it may become a financial burden in the case of pension insurance (accident cover).

The Swedish Insurance Research Council (FTN), which is a sector organisation, conducted an analysis of mortality in 2006 that makes it possible to look at mortality forecasts that take account of changes in the level of change trends. Such a forecast is crucial when it comes to the setting prices for both life cover and pension insurance. Insurance products are usually designed in such a way that the premium calculation for the entire period of cover is based on mortality/life expectancy at the time the policy was taken out.

The future is unpredictable as far as disability insurance is concerned. Changes in new incidences of disability are taking place much faster than changes in mortality/life expectancy. One of the reasons for this is the problems involved with determining the causes of and the degree of disability on the ground. The quickly increasing level of disability in the first few years of 2000 resulted in premium increases within the sector. Many insurance companies were doubtful about offering voluntary disability cover in the future. However, since 2005 the number of disability incidences has fallen in a more balanced trend that resulted in SPP reducing the risk premiums for disability cover. This resulted in a lower risk result for 2007.

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

Risk exposure

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

A 20 percent fall in mortality would entail an annual risk result that was approx. SEK 130 million lower for SPP. If the probability of reactivation in the event of disability sinks by 20 percent, this would entail an annual risk result that was approx. SEK 50 million lower. SPP's cancellation risk is very small since the majority of the policy portfolio cannot be repurchased.

The insurance risk constitutes a significant proportion of the total capital requirement that results from the stress test. In total the stress test affects the risk result in the amount of SEK 180 million. With an expected risk result of approx. SEK 300 million, this means that the majority of the risk result will thus be consumed if the basis for the stress test should become a reality. The stress tests are based on a 1:200 scenario, or a confidence level of 99.5 percent.

Sufficiency test:

SPP is required by IFRS 4 to carry out a sufficiency test to ensure that the company has sufficient margins in the various constituent elements that make up the company's reserves. IFRS permits two alternative methods for the sufficiency test. Where a company has an established form of analysis that demonstrate the margins in the various constituent elements, Section 16 of the standard allows this analysis to continue to be used to demonstrate that the test is satisfied. Where a company has not established such analysis, it is required to discount future cash flows to present value in accordance with IAS37.

The sufficiency test is done on a net liability in the balance sheet. SPP satisfies the test. The test has no effects on the profits shown on the annual accounts for 2008.

Property and casualty insurance

Specification of balance sheet items concerning property and casualty insurance

NOK million	Retail insurance products: Com-bined	Motor vehicle	Other retail	Total retail	Total cor-porate	Other[1]	Run-off portf.[2]	Reserves for Oslo Re	Total 2008	Total 2007
Reserve for undischarged risk										
Non-earned gross premiums	27.8	67.2	65.5	160.5	14.2	2.8			177.5	120.3
Kredittilsynet's minimum requirement[3]	*27.8*	*67.2*	*65.5*	*160.5*	*14.2*	*2.8*			*177.5*	*120.3*
Gross claims reserves	19.1	29.2	68.2	116.5	216.6	2.0	1,137.4	171.6	1,644.1	1,865.8
Kredittilsynet's minimum requirement[3]	*12.7*	*29.2*	*66.0*	*107.9*	*202.6*	*2.0*	*1,137.4*	*29.7*	*1,479.6*	*1,633.9*
Gross claims liabilities	12.7	29.2	4.4	46.3	0.2	2.0	1,137.4	171.6	1,357.5	1,535.2
Security reserve	*8.3*	*19.7*	*25.8*	*53.8*	*0.5*			*4.4*	*58.7*	*46.1*
Kredittilsynet's minimum requirement[3]	*8.3*	*19.7*	*25.8*	*53.8*	*0.5*			*4.4*	*58.7*	*40.4*
Administration reserve	2.4	5.8	12.5	20.7	9.5		1.3	6.2	37.7	44.5
Kredittilsynet's minimum requirement[3]	*2.4*	*5.8*	*12.5*	*20.7*	*9.4*		*1.3*	*6.2*	*37.6*	*44.4*

1 Consists of natural disaster pool and the Norwegian Motor Insurance Association.

2 This consists of liabilities for insurance subscribed to before the transfer of the insurance enterprise to If in 1999 for agreements that were not renewed by If. This liability has been reinsured in its entirety at If.

3 The Financial Supervisory Authority of Norway.

NOK million	2008	2007
Reinsurance share of gross insurance obligations		
Balance 01.01	**1,501.3**	**1,828.3**
Change in premium and claims reserves	-174.8	-327.2
Exchange rate changes	34.3	0.1
Other changes		0.1
Balance 31.12	**1,360.8**	**1,501.3**
Insurance liabilities gross		
Balance 01.01	**2,030.6**	**2,338.3**
Change in premium and claims reserves	-239.2	-252.1
Change in administration reserve	-7.4	-6.4
Exchange rate changes	75.4	-49.2
Balance 31.12	**1,859.3**	**2,030.6**

The item 'Reinsurers' share of technical insurance reserves' includes NOK 365 million that the company assumes will fall due in 2009. The item 'Reserves – P&C insurance' includes NOK 287 million that the company assumes will fall due in 2009.

NOK million	2008	2007
Reinsurance share of insurance technical reserves	1,360.8	1,501.3
Receivables concerning insurance contracts	127.3	36.4
Total assets	**1,488.1**	**1,537.7**
Premium reserve	177.6	120.3
Claims reserve	1,643.9	1,865.9
- of which RBNS	568.2	1,028.5
- of which IBNR	1,075.9	837.3
Administration reserve	37.7	44.4
Liabilities concerning insurance contracts	40.0	39.7
Total liabilities	**1,899.2**	**2,070.3**

Premiums written by the newly established P&C business in 2008 totalled NOK 225 million. Of this, the premium earned was NOK 172 million and the cost of claims in 2008 was NOK 137 million. No premiums were received in respect of the run-off business which is 100 percent reinsured by If.

Technical insurance result

	Retail insurance products									
NOK million	Com-bined	Motor vehicle	Other retail	Total retail	Total cor-porate	Other[1]	Run-off portf.[2]	Reserves for Oslo Re	Total 2008	Total 2007
Gross operation										
Premiums due	55.6	140.7	272.3	468.6	96.5	5.6		0.3	571.0	427.6
Earned premiums	43.5	110.1	261.6	415.2	87.4	4.4		3.2	510.2	365.7
Accrued claims	-40.3	-76.9	-136.5	-253.7	-66.0	-3.2	210.9	84.6	-27.4	121.9
Insurance-related gross operating costs	-22.6	-57.2	-117.1	-196.9	-27.3	-2.3		-30.5	-257.1	-251.4
Technical insurance result	**-19.4**	**-24.0**	**8.0**	**-35.4**	**-6.0**	**-1.1**	**210.9**	**57.3**	**225.7**	**236.2**
Accrued claims, gross										
Incurred this year	-42.7	-78.6	-71.0	-192.3	-0.3	-1.9			-194.5	-213.6
Incurred in prior years	2.4	1.7	-7.6	-3.5		-1.3	210.9	84.6	290.7	335.5
Total for the accounts	**-40.3**	**-76.9**	**-78.6**	**-195.8**	**-0.3**	**-3.2**	**210.9**	**84.6**	**96.2**	**121.9**

1 *Consists of natural disaster pool and the Norwegian Motor Insurance Association.*
2 *This consists of liabilities for insurance subscribed to before the transfer of the insurance enterprise to If in 1999 for agreements that were not renewed by If. This liability has been reinsured in its entirety at If.*

Trend in claims disbursed

Storebrand Skadeforsikring AS eksklusive run-off

NOK million	2003	2004	2005	2006	2007	2008	Total
Calculated gross cost of claims							
At end of the policy year			21.3	28.6	79.2	197.1	
- one year later		16.4	26.1	31.1	87.5		
- two years later	9.3	18.2	26.1	32.4			
- three years later	10.0	17.8	26.5				
- four years later	9.7	18.4					
- five years later							
Calculated amount as 31.12.2008	10.2	18.4	26.5	32.4	87.5	197.1	372.2
Total disbursed to present	-10.1	-18.2	-26.1	-31.3	-78.3	-125.4	-289.3
Claims reserve	0.1	0.2	0.4	1.1	9.2	71.7	82.9
Claims reserve for claims from prior years (before 2003)	0.1						0.1
Total							**165.8**

Risk exposure and insurance risk – Storebrand Skadeforsikring AS
The main risk for the newly established P&C business is that it will initially have a small portfolio to absorb claims. This can mean that single large claims may have a disproportionate impact on profit. The largest claims will typically arise from liability and motor insurance. In order to offset this risk, Storebrand has arranged reinsurance with a deductible of NOK 5 million per loss and unlimited capacity. For 2008, an XL cover was taken out that is intended to cover claims in all sectors apart from liability. This involves an excess amount of NOK 5 million. The cover has a capacity of NOK 25 million.

In addition, the risk exposure arising from travel insurance may increase sharply in the event of possible catastrophes such as the tsunami in South East Asia in 2004. Travel insurance is therefore now also included in the group's catastrophe reinsurance. We will monitor this portfolio carefully in 2009, and may consider laying off cumulative risk with reinsurers.

In 2000, Storebrand Skadeforsikring transferred all its run-off land-based Norwegian non-life insurance and all direct marine insurance to If through a 100 percent reinsurance arrangement. The result is that the company has retained fronting responsibility, but has no commercial responsibility for the business transferred unless If becomes insolvent. This risk is therefore limited to a credit exposure to If. If has a Standard & Poor's rating of 'A', which suggests that this represents a very limited risk exposure for Storebrand.

Risk exposure and insurance risk – Oslo Reinsurance Company
The company's commercial operations are concentrated on the run-off of its existing reinsurance portfolios, either by paying claims that are reported to the company or by seeking to extricate itself from policies by negotiating a settlement amount with the insured party (cedent) by commuting the cover.

The portfolios with the largest remaining risk exposure are liability insurance and cover for large market losses in the 1980s. In addition, certain types of claim have shown an adverse development over the last 10 years, principally claims related to asbestos and environmental damage, but also other types of health-related claims. For these types of cover, the company estimates its liabilities by evaluating each cedent's exposure for the types of claim mentioned and evaluating the claims history. The company has some degree of reinsurance for its own risks, but this cover is largely commuted and cover is not complete for asbestos, environmental and health claims.

Insurance risk
The principal source of insurance risk lies in the risk of increasing asbestos-related claims. The company has strived for some considerable time to reduce this risk by entering into commutation agreements with insured parties/cedents, and this has resulted in a significant reduction in exposure to this type of claim.

Actual claims experience compared with earlier forecasts
Storebrand Skadeforsikring AS has reinsured all its insurance risk with respect to the run-off portfolio, and its claims performance is therefore largely dependent on the requirements imposed by Kredittilsynet for the minimum level of claims reserves that must be held for the various lines of insurance. Storebrand Skadeforsikring AS' active portfolio achieved a small run-off gain in 2008 for the years 2006 and 2007.

Oslo Reinsurance Company's claims experience over recent years has largely been affected by the extent to which the company has succeeded in commuting its incoming reinsurance contracts, i.e. reaching agreement on early settlement of its liability to policyholders (cedents). The company has been particularly active in commuting policies in liability-related lines, and this has caused a reduction in exposure and IBNR requirements.

Profit and Loss Account Storebrand ASA

1 January - 31 December

NOK million	Note	2008	2007
Operating income			
Income from investments in subsidiaries	2	146.7	672.2
Net income and gains from financial assets at fair value:			
- shares and other equity investments		-58.0	97.1
- bonds and other fixed-income securities		113.6	91.3
- financial derivatives/other financial instruments		144.4	-0.4
Other financial income		32.9	23.4
Total operating income		**379.6**	**883.6**
Interest costs		-272.0	-114.1
Other financial costs		-10.6	-7.5
Operating costs:			
Salary and personnel expenses	3,4,5	-33.8	-1.1
Depreciation	12	-0.2	-0.2
Other operating costs		-76.6	-64.5
Total operating costs		**-110.6**	**-65.8**
Total costs		**-393.2**	**-187.4**
Profit before tax		**-13.6**	**696.2**
Tax	6		
Profit for the year		**-13.6**	**696.2**
Year-end appropriations			
Other equity		13.6	-162.6
Provision for dividend payment			-533.6
Total year-end appropriations		**13.6**	**-696.2**
Payments of dividend/group contribution booked as equity transaction			202.7

Balance Sheet 31 December Storebrand ASA

31 December

NOK million	Note	2008	2007
Fixed assets			
Pension assets	4	313.8	249.9
Tangible fixed assets	12	36.0	36.5
Shares in subsidiaries	7	16,725.3	15,182.8
Total fixed assets		**17,075.1**	**15,469.2**
Current assets			
Intra-group receivables	16	153.6	736.4
Lending to group companies	16	699.8	4,604.5
Other current receivables		66.3	51.5
Trading portfolio investments:			
- shares and other equity investments	8	74.1	143.9
- bonds and other fixed-income securities	9,11	758.1	1,375.8
- financial derivatives/other financial instruments	10,11	152.5	
Bank deposits		553.2	257.7
Total current assets		**2,457.6**	**7,169.8**
Total assets		**19,532.7**	**22,639.0**
Equity and liabilities			
Share capital		2,249.5	2,249.5
Own shares		-22.9	-26.3
Share premium		9,484.5	9,488.5
Total paid in equity	**13**	**11,711.1**	**11,711.7**
Other equity		3,734.1	3,727.9
Total equity capital	**13**	**15,445.2**	**15,439.6**
Long-term liabilities and commitments			
Pension liabilities	4	188.9	184.5
Liabilities to financial institutions	14	1,475.3	
Securities issued	14	753.3	1,579.6
Total long-term liabilities and commitments		**2,417.5**	**1,764.1**
Current liabilities			
Liabilities to financial institutions	14	685.0	4,588.8
Securities issued	14	834.1	
Intra-group liabilities	16	25.0	202.7
Other financial liabilities	10,11		1.6
Provision for dividend			533.6
Other provisions		33.0	20.3
Other current liabilities		92.9	88.3
Total current liabilities		**1,670.0**	**5,435.3**
Total equity capital and liabilities		**19,532.7**	**22,639.0**

Guarantees issued: see note 18

Oslo, 3 March 2009
Translation – not to be signed

Leiv L. Nergaard
Chairman of the Board

Halvor Stenstadvold | Sigurdur Einarsson | Camilla M. Grieg | Barbara Rose Milian Thoralfsson | Birgitte Nielsen

Erik Haug Hansen | Knut Dyre Haug | Ann-Mari Gjøstein | Annika Lundius | Idar Kreutzer, Chief Executive Officer

Cash flow analysis Storebrand ASA

1 January - 31 December

NOK million	2008	2007
Cash flow from operational activities		
Interest, commission and fees received from customers	310.2	115.2
Interest, commission and fees paid to customers	-285.8	-117.5
- shares and other equity investments	4.5	216.5
- bonds and other fixed-income securities	595.1	549.6
- Dividend receipts from the trading portfolio	7.3	8.0
Payments to third parties for goods and services	-31.4	-114.8
Payments to employees, pensioners, employment taxes, etc	-80.7	-48.3
Dividends received from subsidiaries	672.2	1,032.6
Net cash flow from operational activities	**1,191.4**	**1,641.3**
Cash flow from investment activities		
Net receipts from sales of subsidiaries	8.6	
Net payments on purchase/capitalisation of subsidiaries	2,339.7	-13,801.6
Net payments/receipts on purchase/sale of fixed assets, etc	-0.2	-0.9
Net cash flow from investment activities	**2,348.1**	**-13,802.5**
Cash flow from financing activities		
Repayment of long term lending	-4,609.0	-419.7
Receipts from taking up term loans	1,884.9	4,594.8
Receipts from issue of new capital	14.2	8,670.4
Payments on redemption of share capital		-75.9
Dividend/group contribution payments	-534.1	-441.6
Net cash flow from financing activities	**-3,244.0**	**12,328.0**
Net cash flow for the period	**295.5**	**166.8**
Net movement in cash and cash equivalent assets	295.5	166.8
Cash and bank deposits at start of the period	257.7	90.9
Cash and bank deposits at the end of the period	**553.2**	**257.7**

Notes to the accounts of Storebrand ASA

01 Accounting policies

The accounts of Storebrand ASA have been prepared in accordance with the Accounting Act, generally accepted accounting policies in Norway, and the Regulations relating to annual accounts, etc, for insurance companies. The company has not elected to use IFRS for the company's unconsolidated accounts.

Use of estimates and assumptions
The preparation of the annual accounts has involved the use of estimates and assumptions that have affected assets, liabilities, revenue, costs and information on potential liabilities. Future events may cause these estimates to change. Such changes will be recognised in the accounts when there is a sufficient basis for using new estimates.

Classification and valuation policies
Assets and liabilities have been valued in accordance with the general valuation rules of the Accounting Act. Assets intended for permanent ownership and use are classified as fixed assets, while assets and receivables due for payment within one year are classified as current assets. Equivalent policies have been applied to liability items.

Profit and loss account and balance sheet statements
Storebrand ASA is a holding company with subsidiaries within insurance, banking and investments. The statement in the Regulations relating to annual accounts, for insurance companies has not been used, and a statement that complies with the Accounting Act has been used.

Dividends and group contributions
In the company's unconsolidated accounts, investments in subsidiaries and associated companies are valued at acquisition cost less any write-downs. The main income of Storebrand ASA is the return on capital invested in subsidiaries. Group contributions and dividends received in respect of these investments are therefore recorded as operating income. Proposed and approved dividends and group contributions from subsidiaries are recognised in the unconsolidated accounts of Storebrand ASA as income in the accounting year.

This treatment can only be applied to income earned by subsidiaries during Storebrand's ownership. Otherwise, receipts are recognised as equity transactions, and the value of the investment in the subsidiary is reduced by the amount of the group contribution or dividend received.

Tangible fixed assets
Tangible fixed assets for own use are valued at acquisition cost less accumulated depreciation. Fixed assets are written down if the value in the balance sheet exceeds the recoverable value of the asset.

Pension liabilities in respect of own employees
The company uses the Norwegian standard for pensions accounting NRS 6A, which permits the use of IAS 19 (International Financial Reporting Standards).

The net pension cost for the period consists of the sum of pension liabilities accrued in the period (current service cost), the interest charge on the calculated liability and the expected return on pension fund assets.

Pension costs and pension liabilities for defined benefit schemes are calculated using a linear profile for the accrual of pension entitlement and expected final salary as the basis for calculating the benefit obligation, based on assumptions about discount rate, future increases in salary, pensions and social security pension benefits, the future return on pension assets and actuarial assumptions about mortality, staff turnover etc. The discount rate used is the risk-free interest rate appropriate for the remaining maturity. Where a scheme is funded, the pension assets are valued at fair value and deducted to show the net liability in the balance sheet.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions is amortised over the remaining period for accrual of pensions entitlement to the extent that it exceeds 10% of the higher of either the pension liability or pension assets (corridor approach).

The effect of changes to the pension scheme is charged to the profit and loss account as incurred, unless the change is conditional on future accrual of pension entitlement. If this is the case, the effect is allocated on a linear basis over the period until the entitlement is fully earned. The employers' national insurance contributions are included as part of the pension liability, and are included in both the balance sheet value of pension liabilities and in experience adjustments

Tax
The tax cost in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly to equity to the extent that it relates to items that are themselves directly applied to equity.

Foreign currency
Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

Financial instruments
Investments in shares in subsidiaries and associated companies are valued at cost price less any write-down of value. The need for any write-down is assessed at the end of each accounting period in the same way as for other fixed assets.

Other shares and interests are valued at their fair value. Where the share or interest in question is listed on a stock exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the date of the balance sheet.

Purchases of the company's own shares are treated as an equity transaction, and the holding of own shares is reported as a reduction in equity.

Bonds and other fixed income securities
Financial assets and liabilities are included in the balance sheet from the time Storebrand becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is first recognised in the accounts, it is valued at fair value plus, in the case of a financial asset or a financial liability that is not a financial asset or a financial liability at fair value in the profit and loss account, transaction costs directly related to the acquisition or issue of the financial asset or the financial liability.

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

Bonds and other fixed income securities are recognised at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on a stock exchange or another regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives
Financial derivatives are valued at fair value. Financial derivatives are designated as financial assets or financial liabilities at fair value in the profit and loss account.

Bond loans
Bond loans are valued at amortised cost using the effective yield method. The amortised cost includes the transaction costs on the date of issue.

Lending
Lending is recognised in the balance sheet at its face value and converted using the exchange rate on the balance sheet day.

02 Income from investments in subsidiaries

NOK million	2008	2007
Storebrand Livsforsikring AS		268.0
Storebrand Fondene AS	13.7	92.4
Storebrand Bank ASA		278.2
Storebrand Felix kurs- og konferansenter AS		4.8
Storebrand Kapitalforvaltning AS [1]	133.0	28.8
Total	**146.7**	**672.2**

1 Group contribution booked as equity transaction 22.7

03 Personnel expenses

NOK million	2008	2007
Ordinary wages and salaries	-27.0	-7.0
Employer's social security contributions	-11.3	-1.5
Pension costs	19.5	18.2
Other benefits	-15.0	-10.7
Total [1]	**-33.8**	**-1.1**

1 Personnel expenses increased in 2008 because there were more employees than in 2007, see note 17.

04 Pension costs and pension liabilities

Employees are insured through a defined benefit pension equivalent to 70 percent of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme with Storebrand Livsforsikring AS. Pension payments from this scheme come into effect from the pension age, which is 67 for employees and 65 for underwriters. Pension payments to employees between 65 and 67 and pensions linked to salaries that exceed 12 times the national insurance basic amount (G) are paid directly by the companies. A guarantee has been pledged for earned pensions for salaries that exceed 12G in the event of retirement before turning 65. As per 31 December 2008, 12 G amounts to NOK 843,000. The pension terms follow from the pension decisions in the Storebrand group.

The company is obliged to have an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions. The company's pension scheme satisfies the requirements of this act.

Reconciliation of pension assets and liabilities in the balance sheet

NOK million	2008	2007
Present value of insured pension benefit obligations	1,772.2	1,753.5
Pension assets at fair value	-1,749.2	-1,957.7
Net pension liability/surplus for the insured schemes	23.0	-204.2
Present value of uninsured pension benefit obligations including employer's social security contributions	226.3	203.2
Experience adjustments not applied to profit and loss	-374.2	-64.5
Net pension liabilities in the balance sheet	**-124.9**	**-65.4**

Booked in the balance sheet

Pension assets	313.8	249.9
Pension liabilities	188.9	184.5

Reconciliation to show the change in defined benefit pension liability in the period

NOK million	2008	2007
Net pension liability at 1 Jan including provision for employer's social security contributions	1,957.1	2,114.4
Pension cost including provision for employer's social security contributions	2.0	3.0
Interest on pension liability	86.6	82.1
Experience adjustments	132.7	-59.6
Pensions paid	-180.1	-183.2
Net pension liability at 31 Dec	**1,998.4**	**1,956.8**

Reconciliation to show the change in fair value of pension assets in the period

NOK million	2008	2007
Fair value of pension assets at 1 Jan	1,957.7	1,972.8
Expected return	110.2	105.4
Experience adjustments	-177.1	48.1
Premiums paid in	27.7	
Pensions paid	-169.3	-168.6
Net pension assets at 31 Dec	**1,749.2**	**1,957.7**

Expected premiums to be paid in (pension assets) in 2009: NOK 36 million.

Pension assets are based on the financial investments held by Storebrand Life Insurance which had the following composition as at 31 Dec

	2008	2007
Properties and real estate	14%	13%
Bonds at amortised cost	13%	23%
Secured and other lending	2%	2%
Shares and other equity participations	15%	30%
Bonds	46%	26%
Commercial paper	2%	1%
Other short-term financial assets	8%	5%
Total	**100%**	**100%**

The table shows the percentage asset allocation of pension assets managed by Storebrand Life Insurance at year-end.
The book (realised) investment return on assets managed by Storebrand Life Insurance was 2.0% in 2008 and 8.9% in 2007.

Net pension cost recognised in the profit and loss account during the period

NOK million	2008	2007
Current service cost including employer's social security contributions	4.0	5.4
Interest on pension liabilities	86.6	81.9
Expected return on pension scheme assets	-110.2	-105.4
Experience adjustments	0.1	
Net pension cost recognised in the profit and loss account during the period	**-19.5**	**-18.2**

Net pension cost is included in operating costs.

Main assumptions used when calculating net pension liability at 31 Dec

	2008	2007
Financial assumptions:		
Discount rate	4.3%	4.7%
Expected return on pension fund assets in the period	6.3%	5.8%
Expected earnings growth	4.3%	4.3%
Expected annual increase in social security pensions	4.3%	4.3%
Expected annual increase in pension payments	2.0%	1.9%
Disability table	KU	KU
Mortality table	K2005	K2005

Actuarial assumptions:
Standardised assumptions on mortality and other demographic factors as produced by the Norwegian Financial Services.
Association. Average employee turnover rate of 2-3% of entire workforce.
The disability table was produced by Storebrand Life Insurance.

Net pension liability at 31 Dec

NOK million	2008	2007
Present value of defined benefit pension obligations	1,998.4	1,956.8
Pension assets at fair value	1,749.2	1,957.7
Deficit	**249.2**	**-0.9**

05 Remuneration of the CEO and elected officers of the company

NOK ,000s	2008	2007
Chief Executive Officer		
Salary	4.176	3.602
Bonus (performance-based) [1]	4.642	2.248
Total remuneration	**8.818**	**5.850**
Other taxable benefits	282	249
Pension expenses [2]	955	675
Board of Representatives	598	592
Control Committee [3, 4]	900	801
Chairman of the Board [4]	564	475
Board of Directors including the Chairman [4]	3.198	2.466
Remuneration of the auditor		
Statutory audit	3.836	2.063
Other reporting services	350	2.644
Tax advice	346	
Other non-audit services	103	4.744

1 *In accordance with the AGM's decision. a long-term incentive scheme was established in 2008 for the group management team and other senior employees. Previously withheld bonuses earned in 2007 and earlier were paid out in connection with the establishment of the scheme. The company has also given an extra contribution that corresponds to the size of this amount. The payment is reported as pay/bonus and was taxed as income from employment. The net payment. less tax. has in its entirety been spent on buying shares with a lock-in period of 3 years.*

2 *Pension expenses relate to accrual for the year.*

3 *The Control Committee covers all the Norwegian companies in the group which are required to have a control committee. except for Storebrand Bank ASA and Storebrand Kredittforetak AS which have their own control committees. For further information on senior employees. the Board of Directors and the Control Committee. see note 17 to the accounts of the Storebrand Group.*

4 *The chairman of the board received remuneration of NOK 490,000 and the board members NOK 270,000. If the number of meetings exceeds 11, a meeting allowance of NOK 5,000 is paid to the chairman and NOK 4,000 to the board members. The chairman of the Control Committee received remuneration of NOK 230,000 and other members of the Control Committee NOK 180,000. If the number of meetings exceeds 8, the same a meeting allowance is paid as for the board.*

Idar Kreutzer is the Chief Executive Officer of Storebrand ASA and the figures provided in the notes are for total remuneration from the group. He is entitled to 24 months' salary following the expiry of the normal notice period. All forms of work-related income from other sources. including consultancy assignments. will be deducted from such payments. Kreutzer is entitled to a performance-related bonus based on the group's ordinary bonus scheme. which is linked to the group's value-based management system. The group's value creation finances the overall amount of the bonus. but individual performance determines allocation. Kreutzer's individual bonus entitlement is credited to a bonus account. and 1/3 of the balance on the bonus account is paid each year. The amount credited to the bonus bank is exposed 50% to Storebrand's share price and 50% to the best interest rate paid by Storebrand Bank. The balance of the bonus bank as per 31 December 2008 was NOK 3.0 million. The CEO is a member of the Storebrand pension scheme. The discounted present value of his pension entitlement amounts to NOK 15.6 million. The scheme is calculated linearly based on the financial assumptions applied in the accounts.

Storebrand ASA – The board of directors' statement
On fixing the salaries and other remuneration of senior employees

The Board's declaration
The Board of Storebrand ASA will submit a statement to the 2009 annual general meeting on the salaries and other remuneration of senior employees. cf. Section 6-16a of the Public Limited Liabilities Companies Act. based on the group's previously adopted guidelines concerning the remuneration of senior employees in Storebrand.

The Board's Remuneration Committe
The Board of Storebrand ASA has had a special Remuneration Committee since 2000. The Remuneration Committee is tasked with providing recommendations to the Board concerning all matters to do with the company's remuneration of the CEO. The Committee shall remain informed about and suggest guidelines for the fixing of remuneration for senior employees in the group. In addition the Committee is the advisory body for the CEO in relation to remuneration regimes that cover all employees in the Storebrand Group. including Storebrand's bonus system and pension scheme.

Guidelines for fixing the salaries and other remuneration of senior employees in Storebrand
Storebrand aims to base remuneration on competitive and stimulating principles that help to attract. develop and retain highly qualified staff. The aim is for total remuneration to move towards a lower proportion of fixed salary and a higher proportion of bonus over time. The salaries of senior employees are fixed on the basis of a position's responsibilities and complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to the sector.

Senior employees in Storebrand can. in addition to their fixed salary. receive remuneration in the form of an annual bonus. participation in the group's group pension scheme. usual benefits in the form of free newspapers. telephone. company car scheme. and other personal benefits. Senior employees may also be entitled to an arrangement in which their salary is paid after the end of their employment. This guarantees salary less other income for a specific period of up to 24 months after the end of their employment.

The bonus system
The Storebrand group's bonus scheme. which is offered in addition to basic pay. is a performance-related bonus scheme linked to the group's value-based management system. The value creation of the group finances the overall amount of the bonus. but the employees' performance determines how large a proportion of the financed bonus is awarded. The bonus entitlement is credited to a bonus account. The amount credited to the bonus bank is exposed 50 percent to Storebrand's share price and 50 percent to the bank interest rate paid. 1/3 of the balance on the bonus account is paid each year. A long-term incentive scheme has been established for members of the group management team and some other senior employees. with the exception of the CEO. In this scheme half of the paid bonus must be used to buy Storebrand shares at market price. These shares are subject to a lock-in period of 3 years meaning the participants' holdings could. based on reasonable assumptions. amount to around one year's pay in a 3-5 years perspective. The establishment of the long-term incentive scheme is described in the last section of "Management remuneration policy practised in 2008".

Share programme for employees
Like other employees in Storebrand. senior employees have an opportunity to purchase a limited number of shares in Storebrand ASA at a discount in accordance with a shares programme for employees. A lock-in period of one year is practised for this programme.

Management remuneration policy practised in 2008
Executive management remuneration in Storebrand in 2008 was fixed in accordance with the guidelines described above. On 10 June 2008. the Board of Storebrand agreed a long-term incentive scheme for senior employees (LTI) pursuant to the AGM's decision of 23 April 2008. The scheme applies to the group management team and other selected key personnel. Upon the establishment of this long-term incentive scheme the group management team and some other senior employees received a contribution from the company for the initial purchase of shares during 2008 with a lock-in period of 3 years. The contribution corresponded to an amount the individual scheme participant himself/herself paid in. Because no bonuses were awarded for 2008 the further escalation of the scheme will commence in 2010.

The executive management receive on average less than 25 percent expected variable remuneration calculated in relation to fixed remuneration. There was no basis for ordinary bonus funding in 2008. Therefore no deposits were made in the bonus bank for senior employees. 1/3 of the existing balances in the bonus bank are paid out after calculating the return from the bank interest rate and the development of the Storebrand share respectively from 1 January 2008 to 31 December 2008.

06 Tax

NOK million	2008	2007
Profit before tax	-13.6	696.2
- Dividend	-7.3	-279.0
+/- Shares realised	-4.5	-153.1
+/- Permanent differences	66.1	-246.8
+/- Changes in temporary timing differences	-69.7	-48.5
Tax base for the year	**-29.0**	**-31.2**
Payable tax		
Change in deferred tax		
Tax	**0.0**	**0.0**

Calculation of deferred tax assets and deferred tax

	2008	2007
Tax increasing timing differences		
Pre-paid pensions	318.8	249.9
Total tax increasing timing differences	**318.8**	**249.9**
Tax reducing timing differences		
Securities	-1.1	-3.3
Operating assets	-29.6	-36.2
Provisions	-2.3	-3.7
Accrued pension liabilities	-188.9	-184.5
Total tax reducing timing differences	**-221.9**	**-227.7**
Net temporary differences before losses carried forward	**91.9**	**22.2**
Losses carried forward	-1 240.2	-1 211.4
Allowances carried forward	-546.3	-660.1
Write-down of deferred tax assets [1]	1 694.6	1 849.3
Net tax increasing/(reducing) timing differences	**0.0**	**0.0**
Deferred tax/Deferred tax assets		

1 The balance sheet value of deferred tax assets has been written down. This is because future income from subsidiaries will principally be in the form of dividends rather than taxable group contribution. Unused allowances carried forward arose in the years 1999 - 2003. and must be used within 10 years.

Reconciliation of tax charge and ordinary profit

NOK million	2008	2007
Pre-tax profit	-13.6	696.2
Expected tax at nominal rate (28%)	3.8	-194.9
Tax effect of:		
- dividends received	2.0	78.1
- gains on shares	1.3	42.9
- permanent differences	-18.5	69.1
- write-down of deferred tax assets	11.5	4.8
Tax	**0.0**	**0.0**
Effective tax rate	0%	0%

07 Holding company's shares in subsidiaries and associated companies

NOK million	Registered officer	Share capital	No. (1.000s)	Par value (NOK)	Interest/ votes in %	Book value 2008	2009
Subsidiaries							
Storebrand Livsforsikring AS	Oslo	3.430.4	34.304	100	100.0%	13.153.1	11.703.2
Storebrand Bank ASA	Oslo	916.6	64.037	14	100.0%	2.866.4	2.866.4
Storebrand Kapitalforvaltning AS [1]	Oslo	4.1	203	20	100.0%	177.4	38.2
Storebrand Fondene AS [2]	Oslo	0.3	1	283	100.0%	124.3	162.4
Storebrand Skadeforsikring AS	Oslo	7.7	13.807	0.56	100.0%	324.0	324.0
Storebrand Leieforvaltning AS	Oslo	10.0	100	100	100.0%	10.0	10.0
Storebrand Felix kurs og konferanse AS	Oslo						8.6
Associated/jointly controlled companies							
Storebrand Helseforsikring AS	Oslo	32.0	16	1.000	50.0%	70.0	70.0
AS Værdalsbruket [3]	Værdal	4.8	2	625	24.9%		
Total						**16.725.3**	**15.182.8**

1 Changed name from Storebrand Alternative Investments AS. Storebrand ASA has made a group contribution of NOK 25 million as a capital injection.
2 Changed name from Storebrand Kapitalforvaltning AS.
3 74.9% is owned by Storebrand Livsforsikring AS. The minority interest amounts to 0.2%.

08 Shares and other equity investments

	2008		2007	
NOK million	Aquisition cost	Fair value	Aquisition cost	Fair value
Listed Norwegian shares	86.2	73.7	86.2	143.6
Unlisted shares outside the EEA	0.9	0.4	0.9	0.3
Total shares	**87.1**	**74.1**	**87.0**	**143.9**

09 Bonds and other fixed-income securities

NOK million	Commercial paper	Bonds	Total 2008	Total 2007
Commercial paper and bonds	223.8	534.3	758.1	1 375.8
Of which listed	198.6	362.5	561.1	859.7
Base figure for allocation by currency	**223.8**	**534.3**	**758.1**	**1 375.8**
NOK	223.8	534.3	758.1	1 375.8
Modified duration	**0.77**	**0.21**	**0.37**	**0.22**
Average effective yield	**2.42**	**5.56**	**3.84**	**6.21**

10 Derivatives

NOK million	Gross nominell volume	Average nominell volume	Net nominell volume	Fair value Asset	Fair value Liability
Forward rate agreements	650.0	2.769.7	250.0	4.2	
Interest rate swaps	550.0	773.4	250.0	9.2	
Forward foreign exchange contracts	1.479.8	283.2	1.479.8	139.0	
Total derivatives 2008	**2.679.8**	**3.826.3**	**1.979.8**	**152.5**	
Total derivatives 2007	4.925.0	2.566.7	625.0		1.6

11 Financial risk

Credit risk by rating

Short-term holdings of interest-bearing securities Category of issuer or guarantor NOK million	AAA Fair value	AA Fair value	A Fair value	Total Fair value
State and state guaranteed	198.5			198.5
Company bonds			14.9	14.9
Finance. banking and insurance	16.9	123.4	238.2	378.5
Covered bonds	140.9			140.9
Local authority. county		25.3		25.3
Total 2008	**356.3**	**148.7**	**253.1**	**758.1**
Total 2007	461.9	290.2	561.3	1.375.8

Derivatives Counterparties NOK million	AAA Fair valuei	AA Fair value	A Fair value	Total Fair value
Norway		9.2		9.2
Sweden			1.8	1.8
Other		141.5		141.5
Total 2008		**150.7**	**1.8**	**152.5**

Interest rate risk
Interest rate sensitivity is a measure of interest rate risk based on how changes in interest rates will affect the market value of bonds and other securities. An increase/reduction of 1.5 percentage points in the interest rate will change the value of bonds and securities by NOK 22 million.

Liquidity risk

Undiscounted cash flows financial obligations NOK million	0–6 months	6–12 months	1–3 years	Total value	Book value
Liabilities to financial institutions	54.2	727.1	1.520.5	2.301.8	2.160.3
Securities issued	54.6	870.6	841.6	1.766.8	1.587.4
Total 2008	**108.8**	**1.597.7**	**2.362.1**	**4.068.6**	**3.747.7**
Total 2007	108.6	4.588.8	1.579.6	6.277.0	6.277.0

The figures for 2008 include coupon rate during the period. while the figures for 2007 only include amounts in the balance sheet as per 31 Dec 2007. Storebrand ASA had as per 31 Dec 2008 liquid assets of NOK 1.4 billion.

Currency risk

Financial assets and liabilities in foreign currency	Balance sheet item exclusiv currency derivatives	Forward exchange	Net position	
NOK million	Net in balance sheet	Net sales	in foreign currency	in NOK
USD	0.1		0.1	0.4
EUR	-150.0	151.8	1.8	17.4
Total foreign currency				**17.8**

Storebrand ASA has a loan of EUR 70 million that has been given as a subordinated loan to Storebrand Livsforsikring AS with the same amount.

12 Real estate and tangible fixed assets

NOK million	Real estate	Equipment. vehicles. fixtures and fittings	Total 2008	Total 2007
Acquisition cost as per 1 Jan	34.5	282.7	317.2	316.3
Accumulated depreciation	-22.7	-258.0	-280.7	-280.1
Book value as per 1 Jan	11.8	24.7	36.5	36.3
Additions		1.4	1.4	0.9
Disposals		-1.2	-1.2	
Depreciation/write-down for the year	-0.5	-0.2	-0.7	-0.7
Book value as per 31 Dec	**11.3**	**24.7**	**36.0**	**36.5**

Straight line depreciation periods for tangible fixed assets are as follows

Equipment. fixtures and fittings	4 years
Vehicles	6 years
IT systems	3 years

13 Equity

NOK million	Share capital [1]	Own shares	Share premium	Other equity	Equity 2008	Equity 2007
Equity as per 1 Jan	**2.249.5**	**-26.3**	**9.488.5**	**3.727.9**	**15.439.6**	**6.681.2**
Profit for the year				-13.6	-13.6	696.2
Share issue/issue costs			-4.0		-4.0	8.670.3
Own shares bought back [2]		3.4		42.9	46.3	-93.0
Over/under provision for dividend				-0.5	-0.5	-0.4
Allocated to dividend						-533.6
Employee share issue [2]				-22.6	-22.6	18.9
Equity as per 31 Dec	**2.249.5**	**-22.9**	**9.484.5**	**3.734.1**	**15.445.2**	**15.439.6**

1 449.909.891 shares with a nominal value of NOK 5.
2 686.460 of our own shares were used in 2008 which were sold to our own employees. Holding of own shares as per 31 Dec 2008 was 4.577.240.

14 Bonds issued and bank loans

NOK million	Interest	Currency		2008	2007
Bond loan 2005/2009	Variable	NOK		834.1	830.0
Bond loan 2005/2011	Variable	NOK		753.3	749.6
Bank loan 2007/2008	Variable	EUR	580		4,588.8
Bank loan 2008/2009	Variable	EUR	70	685.0	
Bank loan 2008/2010	Variable	EUR	150	1,475.3	
Total [1]				**3,747.7**	**6,168.4**

1 Loans are booked at amortised cost. The figures for 2008 include earned not due interest.

Standard covenant requirements are linked to sign loan agreements. The terms and conditions for sign loan agreements have been fulfilled for all loans. Storebrand ASA has an undrawn committed credit facility of EUR 75 million.

15 Shareholders

20 largest shareholders

	Holding in %
Gjensidige Forsikring	24.33
Arctic Securities	5.49
Arion Custody	4.53
Folketrygdfondet	4.47
Fidelity Funds - Europe	3.95
Bank of New York	3.33
Clearstream Banking Cid Dept	1.95
Citibank N.A.	1.90
Citibank N.A.	1.83
State Street Bank	1.80
HSBC Bank PLC	1.61
Citibank N.A.	1.13
Oslo Pensjonsforsikring	1.11
J.P. Morgan Bank LUX	1.10
Storebrand ASA	1.02
J.P. Morgan Chase Bank	1.00
UBS AG London Branch	0.92
The Northern Trust Co	0.86
HSBC Securities Services	0.81
State Street Bank	0.81

Foreign ownership of total shares	48.5%

16 Holdings of shares in Storebrand ASA by executive management and members of corporate bodies

	Number of shares owned [1]
Senior employees	
Idar Kreutzer	91,760
Odd Arild Grefstad	24,363
Maalfrid Brath	8,431
Egil Thompson	16,404
Lars Aa. Løddesøl	26,194
Roar Thoresen	26,686
Hans Aasnæs	38,235
Anders Røed	13,447
Elin M. Myrmel-Johansen	5,471
Klaus Anders Nysteen	49,403
Sarah MCPhee	32,792
Gøran Holgerson	2,000
Board of Directors	
Leiv L. Nergaard	109,090
Halvor Stenstadvold	8,645
Sigurd Einarsson	
Annika Lundius	
Erik Haug Hansen	5,081
Barbara Rose Milian Thoralfsson	1,849
Knut Dyre Haug	10,041
Camilla Marianne Grieg	
Ann-Mari Gjøstein	258
Birgitte Nielsen	
Control Committee	
Elisabeth Wille	163
Ole Klette	
Harald Moen	595
Ida Hjort Kraby	
Erling Naper	
Board of Representatives	
Arvid Grundekjøn	50,000
Merete Egelund Valderhaug	
Terje R. Venold	2,031
Karen Helene Ulletveit -Moe	
Trond Bjørgan	
Arild Thoresen	
Olaug Svarva	
Johan H. Andresen jr.	
Roar Engeland	
Inger Lise Gjørv	
Vibeke Hammer Madsen	
Tor Haugom	2,185
Unn Kristin Johnsen	
Rune Pedersen	6,000
Marius Steen	
Lyder Gudmundsson	
Kjetil Wahl Seglen	1,100
Per-Erik Hauge	2,018

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

Transactions between group companies

NOK million	2008	2007
Profit and loss account items:		
Group contribution and dividends from subsidiaries	146.7	672.2
Purchase and sale of services (net)	62.9	-22.8
Balance sheet items:		
Subordinated loans to group companies [1]	699.8	4 604.5
Due from group companies	153.6	736.4
Payable to group companies	25.0	202.7

1 Subordinated loan to Storebrand Livsforsikring AS of EUR 70 million. The lender has the right to repay the loan with 5 days notice, and the loan is subject to an interest rate of 3 months EURIBOR + 2.5%.

17 Number of employees/full-time equivalent

	2008	2007
No. of employees as per 31 Dec	45	9
No. of full time equivalent positions as per 31 Dec	44	9
Average number of employees	27	8

18 Guarantees issued

Storebrand ASA has pledged a guarantee to the Institute of London Underwriters (ILU) for Oslo Reinsurance Company ASA's obligations vis-à-vis the correct fulfilment of insurance contracts the company has signed through ILU. Storebrand ASA has regress against Oslo Reinsurance Company ASA for any payments. The underlying liabilities the guarantees apply for have essentially been settled.

Storebrand ASA and the Storebrand Group – Declaration by the Members of the Board and the CEO

On this date, the Board and CEO have processed and approved the Board of Directors' report, the consolidated accounts and the annual accounts for Storebrand ASA and the Storebrand Group for the 2008 fiscal year and as per 31 December 2008 (the 2008 annual report).

The consolidated accounts are submitted in accordance with the EU-approved International Financial Reporting Standards (IFRS) and accompanying interpretations, as well as the other Norwegian obligations to disclose that follow from the Accounting Act and must be used as per 31 December 2008. The annual accounts for the parent company are submitted in accordance with the Accounting Act, the Annual Accounts Regulations for Insurance Companies and Norwegian supplemental requirements in the Securities Trading Act. The Board of Directors' report for the group and parent company are in compliance with the requirements of the Accounting Act and Norwegian Accounting Standard No. 16 as per 31 December 2008.

It is the best judgement of the Board and CEO that the annual accounts and consolidated accounts for 2008 have been prepared in accordance with the applicable accounting standards, and that the information in the accounts provides a true and fair picture for the parent company and the group of their assets, liabilities, financial standing and results as a whole as per 31 December 2008. It is the best judgement of the Board and CEO that the Board of Directors' report provides a true and fair overview of important events during the fiscal year and their effects on the annual accounts and consolidated accounts. It is the best judgement of the Board and CEO that the description of the most central risk and uncertainty factors the enterprise is facing during the next fiscal year, as well as the descriptions of the significant transactions by the executive management and members of corporate bodies, also provide a true and fair overview.

Oslo, 3 March 2009
The Board of Directors of Storebrand ASA
Translation – not to be signed

Leiv L. Nergaard
Chairman of the Board

Halvor Stenstadvold	Sigurdur Einarsson	Camilla M. Grieg	Barbara Rose Milian Thoralfsson	Birgitte Nielsen
Erik Haug Hansen	Knut Dyre Haug	Ann-Mari Gjøstein	Annika Lundius	Idar Kreutzer Chief Executive Officer

Auditor's report for 2008

To the Annual Shareholders' Meeting of Storebrand ASA

We have audited the annual financial statements of Storebrand ASA as of 31 December 2008, showing a loss of NOK 13,6 million for the parent company and a loss of NOK 2.220,7 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the parent company's financial statements. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of recognized income and expense and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied to prepare the group account. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion

- the parent company's financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2008, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the group accounts are prepared in accordance with law and regulations and give a true and fair view of the financial postition of the Group as of 31 December 2008, and the results of its operations and its cash flows and the recognized income and expense for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the coverage of the loss is consistent with the financial statements and complies with law and regulations.

Oslo, 3 March 2009, Deloitte AS
Ingebret G. Hisdal (signed).
State Authorised Public Accountant (Norway)

Storebrand ASA – Control Committee's Statement for 2008
At its meeting on 5 March 2009, the Control Committee of Storebrand ASA reviewed the Board of Directors' proposed company accounts, consolidated accounts and annual report for 2008 for Storebrand ASA.

With reference to the auditor's report of 3 March 2009, the Control Committee recommends that the proposed company accounts, consolidated accounts and annual report be adopted as the Annual Report and Accounts of Storebrand ASA for 2008.

Oslo, 5 March 2009
Translation – not to be signed

Elisabeth Wille (Signed)
Chair of the Control Committee

Storebrand ASA – Board of Representatives' Statement – 2008
The Board of Directors' proposed annual report and the annual accounts, together with the auditor's report and the Control Committee's statement have, in the manner required by law, been presented to the Board of Representatives. The Board of Representatives recommends that the Annual General Meeting approve the Board of Directors proposed Annual Report and Accounts of Storebrand ASA and the Storebrand Group.

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the profit for the year of Storebrand ASA.

Oslo, 10 March 2009
Translation – not to be signed

Terje Venold (Signed)
Chairman of the Board of Representatives

Status of action plan for corporate responsibility 2007–2008 and new targets for 2009–2010

	We measure our performance by	Status 2007	Target 2008	Status 2008	Target 2009–2010
Financial value creation					
Shareholders	Return on equity after tax	24%	15%	- 9%	15%
	Percentage of post-tax group profit distributed as dividend	27%	> 30%	0%	> 35%
	Total capital adequacy ratio of Storebrand Bank	10.5%	> 10%	10.8%	> 10%
	Solvency margin of Storebrand Life Insurance	136%	> 150%	160%	> 150%
	Qualifying for FTSE4Good	Qualified	Qualified	Qualified	Qualified
	Qualifying for Dow Jones Sustainability Index	Qualified	Qualified	Qualified	Qualified
Social responsibility					
Customers	Percentage of error-free queries in the internet service	98%	98%	98%	98%
	Percentage of tel. calls answered within 20 sec. (customer centre)	73%	80%	66%	Dropped
	Percentage of tel. calls answered (customer centre)	-	-	-	90%
	Percentage of tel. calls answered within 20 sec. (switchboard)	91%	90%	88%	90%
	Customer satisfaction in the business market	No. 1 in the industry	No. 1 in the industry	No. 1 in the industry	No. 1 in the industry
	Customer satisfaction in the private market	65	66	63	Dropped
	Customer satisfaction – retail customers with personal adviser	-	-	-	66
	Customer satisfaction – other retail customers	-	-	-	64
	Prosessing time for complaints	61% within 3 weeks	70% within 3 weeks	59% within 3 weeks	70% within 3 weeks
	Storebrand Life Insurance among global leaders within responsible investments [1]	Among the global leaders	Among the global leaders	Among the global leaders	Among the global leaders
	Investment return from Storebrand Global SRI relative to benchmark index [2]	-6.4%	Better than benchmark index	-33%	Dropped
	Investment in microfinance [3]	NOK 81 million	Increase, given sensible invest-ment opportu-nities	NOK 127 million	Increase, given sensible investment opportunities
Employees	Percentage of management positions held by women	37%	40%	38%	40%
	Male/female participation in internal training programmes	55% women – 45% men	Within 40–60%	54% women – 46% men	Within 40–60%
	Employee satisfaction among senior employees [4]	60%	70%	63%	70%
	Employee satisfaction among senior employees	Not measured	90%	Not measured	Dropped
	Average sick leave rate	4.6%	Max 4.8%	4.0%	4%
	Proportion of employees who believe that Storebrand is a "great place to work" [4]	84%	85%	83%	85%
	Proportion who are aware of what the ethical guidelines mean in their daily work [5]	86%	100%	79%	90%
	Proportion of employees who understand/are aware of Storebrand's corporate responsibility [5]	79%	80%	63%	80%
	Diversity: measure to increase proportion of employees with minority backgrounds/disabilities	-	-	-	Measures initiated
	Anti-corruption policy	Started	Developed and implementation started	Implementation started	Ensure all parts of the Group receive necessary info and training
	Corporate Principles (Code of conduct)	Started	Developed and implementation started	Developed and implemented	-
	Percentage of employees with authorisation to provide personal financial advice	-	-	-	100%
Suppliers	Procurement policy	Started	Implement	Adopted. Implementation started	Implement
Society	Satisfaction with Storebrand among our partners	Not measured	80%	87%	80%
	Financial support for organisations and other local measures	NOK 3.35 million	Stable	NOK 3.35 million	Dropped
	Partners: WBCSD, UNEP, Transparency International and Global Compact	Member	Member	Member	Member

	We measure our performance by	Status 2007	Target 2008	Status 2008	Target 2009–2010
Environmental issues					
Society	Energy consumption (head office) [6]	Reduced by 15.8%	Reduce by 5%	Reduced by 16%	160 kWh/m in 2010 [7]
	Energy consumption (managed properties) [6]	Reduced by 0.1%	Reduce by 5%	Reduced by 6%	Reduce by 3%
	Waste sorted by type (head office)	55%	60%	55%	60%
	Waste sorted by type (tenants of managed properties)	42%	50%	47%	50%
	Paper consumption	73.2 tonnes	Reduce by 10%	89 tonnes	Reduce by 10%
	Water consumption (head office)	26,766 m^3	Stable level	26,315 m^3	Reduce to 25 000 m^3
	Water consumption (managed properties)	94,957 m^3	Analyse trend	106,267 m^3	Stable level
	Prepared all managed properties for energy marking	-	-	-	Analyse
	Proportion of electronic equipment recycled or reused	100%	100%	100%	100%
	"Living forest" certification for Værdalsbruket	Certified	Certified	Certified	Certified
	Environmental measures within P&C insurance	Started	Produced	Environmental and safety classification of cars. Online eco-driving course.	-
	Proportion of paperless customers and customers with direct debit/eBills in Storebrand Skadeforsikring	-	-	-	60 %/50%
	Air travel	13,700 individual flights	Analyse number of flights/km	11,700 individual flights	Reduce by 10%
	CO_2 emissions (tonnes) [8]	3,235 tonnes	Analyse	2,709 tonnes	Reduce by 20%

1 Result for 2008 base don same survey used for 2007 (conducted autumn 2007)
2 Return compared to the Morgan Stanley Capital International World Index, annualised, last 5 years.
3 Storebrand has committed NOK 191 million to microfinancing, of which NOK 127 million, is invested per 31.12.2008.
4 Figures from the Great Place to Work survey.
5 Figures from internal survey conducted in February 2009.
6 Percentage reduction in relation to 2006 measurement.
7 This is a two-year reduction target and takes energy consumption as per 2008 as its starting point.
8 Calculated externally by the company CO_2-focus AS.

For more information about the indicators, including reporting principles, definitions and calculations, see www.storebrand.com (Corporate Responsibility pages).

About our reporting on the field of corporate responsibility

Storebrand has been issuing its own environmental reports since 1995. In addition, it has been reporting on the broader field of corporate responsibility since 1999. The group reports along a three-part bottom line for which financial, environmental and social responsibilities are described. The matrix of objectives (p. 142) for the corporate responsibility field is also structured around its interrelationships with the group's most important stakeholders: its owners, customers, employees, suppliers and the domestic and international societies. The goals for 2008, as described in the objectives matrix, concern the Norwegian enterprises. For 2009, SPP, the Swedish life insurance company acquired by Storebrand in 2007, will report on the same goals in a separate column. For 2009-10, SPP's goals will become fully integrated, allowing the group to report on goals that are fully shared by the Norwegian and the Swedish enterprises.

Goals and data concerning the area of corporate responsibility have been collected from all units in the group through established reporting procedures. These involve standardised reporting twice annually. In addition, the Unit for Corporate Responsibility conducts separate meetings and community gatherings for all those who are responsible for meeting the company's goals. The figures in the objectives matrix have been complied and processed with the aim of presenting the best possible overall picture of Storebrand's work with corporate responsibility. The goals have been reviewed and approved by the Storebrand Group's senior management and Board, and the measures have been anchored in and are followed up on from the company's various occupational environments. A great emphasis is being placed on ensuring that the information is completely correct, however some uncertainty may nevertheless be associated with some individual parts of the numerical data.

Storebrand desires to have openness surrounding its work with corporate responsibility and poses requirements for compliance and quality in this work. The goals and the data that have been collected in the corporate responsibility field have hence been reviewed by Deloitte. Such a review increases the credibility of the reporting and the data that is presented. In addition, better security is achieved internally in seeing to it that information that has been collected is being handled in an appropriate, correct and systematic manner.

Auditor's report on status of action plan for corporate responsibility

To the management of Storebrand ASA

We have reviewed the reporting on 2008 Corporate Responsibility Indicators presented in the "Status of Action Plan for Corporate Responsibility 2007-2008 and new targets for 2009-2010", pages 142–143 in the Annual Report 2008 Storebrand ASA. The selection of indicators and the information presented are the responsibility of and have been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews with management and employees responsible for the subject matters, as well as a review on a sample basis of supporting evidence.

We believe that our work provides an appropriate basis for us to conclude with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

Commentary
As part of an overall priority of corporate responsibility, Storebrand ASA has issued non-financial reports on corporate responsibility since 1995. Hence, the Company has obtained solid experience in such reporting and related stakeholder dialogue. As appears from the table on page 142–143 the Company transparently discloses future targets and the Company also strives for continual improvement of relevance and value of the Status of Action Plan for Corporate Responsibility and related reporting – both in terms of the selection of aspects, indicators and how such indicators are measured. In particular, we noted that the calculation of CO_2 emission is based on general benchmarks, as stated in Reporting Practice, which results in a conservative and relatively high figure for CO_2 emission. Efforts on future reduction and reporting of CO_2 emissions may require the application of more specific benchmarks, and changed benchmarks may change the reported CO_2 emission significantly.

Conclusion
In conclusion, in all material respect, nothing has come to our attention that causes us not to believe that:

- Storebrand ASA has applied procedures, as summarised on page 143, for the purpose of collecting, compiling and validating data for 2008 for the selected indicators, to be included in the presentation on pages 142–143 in the Annual Report 2008 Storebrand ASA.
- The information accumulated as a result of the procedures noted above for the selected indicators is consistent with the source documentation presented to us and appropriately reflected on the pages referred to above.

Oslo, 3 March, 2009
Deloitte AS

Translation – not to be signed
Preben J. Sørensen

Storebrand Group companies

	Reg. org. no.	Interest
Storebrand ASA		
Storebrand Livsforsikring AS	**958 995 369**	**100.0%**
Storebrand Holding AB		100.0%
SPP Livförsäkring AB		100.0%
SPP Liv Pensionstjänst AB		100.0%
SPP Fastigheter AB		100.0%
SPP Liv Fondförsäkring AB		100.0%
SPP Fonder Ab		100.0%
Euroben Life & Pension Ltd.		100.0%
Storebrand Eiendom AS	972 415 731	100.0%
Storebrand Pensjonstjenester AS	931 936 492	100.0%
Aktuar Systemer AS	968 345 540	100.0%
Storebrand Eiendom Holding AS	989 976 265	100.0%
Storebrand Finansiell Rådgivning AS	989 150 200	100.0%
Nordben Life and Pension Insurance Co. Ltd.[1]		75.0%
AS Værdalsbruket[2]	920 082 165	74.9%
Norsk Pensjon AS	890 050 212	25.0%
Foran Real Estate		88.5%
Storebrand Baltic UAB (formerly Evoco Financial Production Services UAB)		50.0%
Storebrand Bank ASA	**953 299 216**	**100.0%**
Storebrand I AS	990 645 558	100.0%
Storebrand Kredittforetak AS	990 645 515	100.0%
Filipstad Tomteselskap AS	984 133 561	100.0%
Filipstad Eiendom AS	985 710 783	100.0%
Ring Eiendomsmegling AS	987 227 575	99.6%
Seilduksgaten 25-31 AS	976 698 983	50.0%
Storebrand Baltic UAB (formerly Evoco Financial Production Services UAB)		50.0%
Hadrian Eiendom AS	976 145 364	90.9%
Start Up 102	991 742 565	100.0%
Start Up 104	991 853 634	100.0%
Storebrand Fondene AS	**930 208 868**	**100.0%**
Storebrand Luxembourg S.A.		99.8%
Storebrand Kapitalforvaltning AS	**984 331 339**	**100.0%**
Storebrand Alternative Investments AB		100.0%
Storebrand Skadeforsikring AS	**930 553 506**	**100.0%**
Oslo Reinsurance Company ASA		100.0%
Oslo Reinsurance Company (UK) Ltd.		100.0%
Storebrand Helseforsikring AS	**980 126 196**	**50,0%**
Storebrand Leieforvaltning AS	**911 236 184**	**100,0%**

1 SPP Livsförsäkring AB owns 50% and Storebrand Livsforsikring AS owns 25%.
2 Storebrand ASA owns 24.9% and Storebrand's total ownership share is 99.8%.

Terms and expressions

General

Duration

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

Earnings per ordinary share

The calculation of earnings per ordinary share is based on profit after tax adjusted for changes in statutory security reserves after tax in respect of non-life insurance. These statutory reserves include security and administration reserves, as well as the guarantee reserve. The number of shares used in the calculation is taken as the average number of ordinary shares outstanding over the course of the year. In case of new issues of shares, the new shares are included from the date of subscription.

Equity capital

Equity capital consists of share capital subscribed and accrued earnings. Share capital subscribed is recorded as share capital and share premium reserve. Accrued earnings are recorded as other equity.

Subordinated loan capital

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

Capital adequacy

Capital adequacy ratio

Eligible primary capital as a percentage of the risk-weighted balance sheet. Individual assets and off-balance sheet items are given a risk weighting based on the estimated credit risk they represent.

Primary capital

Primary capital is capital eligible to fulfil the capital requirements under the authorities' regulations. Primary capital may comprise Tier 1 capital and Tier 2 capital.

Tier 1 capital

Tier 1 capital is part of primary capital and consists of equity capital less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets and net prepaid pensions.

Tier 2 capital

Tier 2 capital is part of primary capital and consists of subordinated loan capital. In order to be eligible as primary capital, Tier 2 capital cannot exceed Tier 1 capital. Perpetual subordinated loan capital, together with other Tier 2 capital, cannot exceed 100 percent of Tier 1 capital, whilst dated subordinated loan capital cannot exceed 50 percent of Tier 1 capital. To be fully eligible as primary capital, the remaining term must be at least five years. If the remaining term is less, the eligible portion is reduced by 20 percent for each year.

Life insurance

Administration result

The difference between actual costs and those assumed for the premium tariffs.

Group life insurance

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

Return on capital

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

Endowment insurance

Individual life insurance where the insured amount is payable on either the expiry of the insurance period or the death of the insured if earlier. Such insurance can be extended to provide disability pensions or disability insurance.

Group pension insurance

A group pension insurance scheme where pensions are paid in instalments from an agreed age, during the life of the insured. Such insurance normally includes spouse, child and disability pensions.

Securities adjustment fund

The fund consists of unrealised gains in the group portfolio (contractually established obligations) of financial assets that are carried at their fair value on the income statement.

Premium reserve

Gross premium reserve comprises the cash value (insurance obligations discounted by the guaranteed interest rate) of the company's total insurance obligations with respect to the individual insurance agreements, reduced by the cash value of future premiums. This corresponds to the sum of the amounts that are entered in the accounts of the insured, as well as premium reserves set aside for contracts for which no accounts are kept (pure risk insurance policies, including group life insurance, etc.).

Annuity/pension insurance

Individual life insurance where the annuity/pension amount is paid in instalments from an agreed age during the life of the insured. Such insurance can be extended to include spouse, child and disability pensions.

Investment result
The result arising from financial income deviating from that assumed for the premium tariffs.

Risk result
The result arising from the incidence of mortality and/or disability during a period deviating from the assumptions used for the premium tariffs.

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

Supplementary provisions
In order to ensure the capital adequacy of life insurance, the companies have the ability to create supplementary provisions in the insurance fund. The supplementary provisions are a conditional provision that is assessed to customers and which is entered on the income statement as a statutory reserve, thus reducing the year's results. Supplementary provisions may be used for coverage of interest deficits for contracts with a guaranteed return. For an individual year, up to one year's interest guarantee may be covered from the contract's supplementary provisions. Any possible negative returns must be covered by the company's equity.

Unit-Linked
Life insurance offering investment choice whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested.

Conditional bonus
The conditional bonus is that part of the insurance capital in SPP that is not guaranteed. The conditional bonus increases or decreases in relation to the total yield. It can be both negative and positive. However, the bonus cannot exceed more than 15 percent of the total insurance capital. When the bonus is higher, the excess part is converted into guaranteed bonus. This applies to insurance with individually calculated bonus. Similar principles apply to other policies.

P&C insurance

Claims ratio
Claims incurred as a percentage of premiums earned.

Claims reserve (allocations for unsettled claims)
Reserve for future compensation payments for claims that have been incurred at the end of the accounting year but have not been settled with final effect. The reserve also includes an estimate of the compensation for claims that have been incurred but not yet reported to the company.

Combined ratio
The sum of the cost ratio and the claims ratio.

Cost percentage
Operating expenses as a percentage of premiums earned.

Cost portion
Operating expenses as a percentage of premiums earned.

F.o.a.
Abbreviation for the term "for own account", i.e. before additions/ deductions for reinsurance.

Incurred claims
The sum of total claims amount for losses incurred in the period regardless of whether or not they have been reported to the company and any changes in losses which occurred in earlier periods.

Insurance (technical) profit/loss:
Premium income less claims and operating costs.

Premium allocation (allocations for premium income received in advance)
That part of the premiums written that is not earned by the end of the accounting year.

Premiums earned
This is accrual accounting for premiums written and constitutes the premium for that part of the policy's agreement period that falls within the accounting year.

Premiums written
Premiums for all insurances policies signed during the course of the accounting year. The agreement falls partly within and partly outside the accounting year.

Banking

Annual percentage rate (APR)
The true interest rate calculated when all borrowing costs are expressed as an annual payment of interest in arrears. In calculating the APR, allowance must be made for whether interest is paid in advance or arrears, the number of interest periods during the year and all fees and commissions.

Instalment loan
An instalment loan is a loan on which the borrower makes regular partial repayments of principal in equal amounts throughout the repayment period. The borrower pays the sum of a fixed instalment amount and a reducing interest amount at each instalment date. Payments accordingly reduce over the life of the loan assuming a fixed interest rate.

Level repayment loan
Periodic payments (representing both capital and interest) on a level repayment loan remain constant throughout the life of the loan.

Real rate of interest
The return produced after allowing for actual or expected inflation. Preferably expressed as a nominal rate less the rate of inflation.

Net interest income
Total interest income less total interest expense. Often expressed as a percentage of average total assets (net interest margin).

Financial derivatives

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

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

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

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

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

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

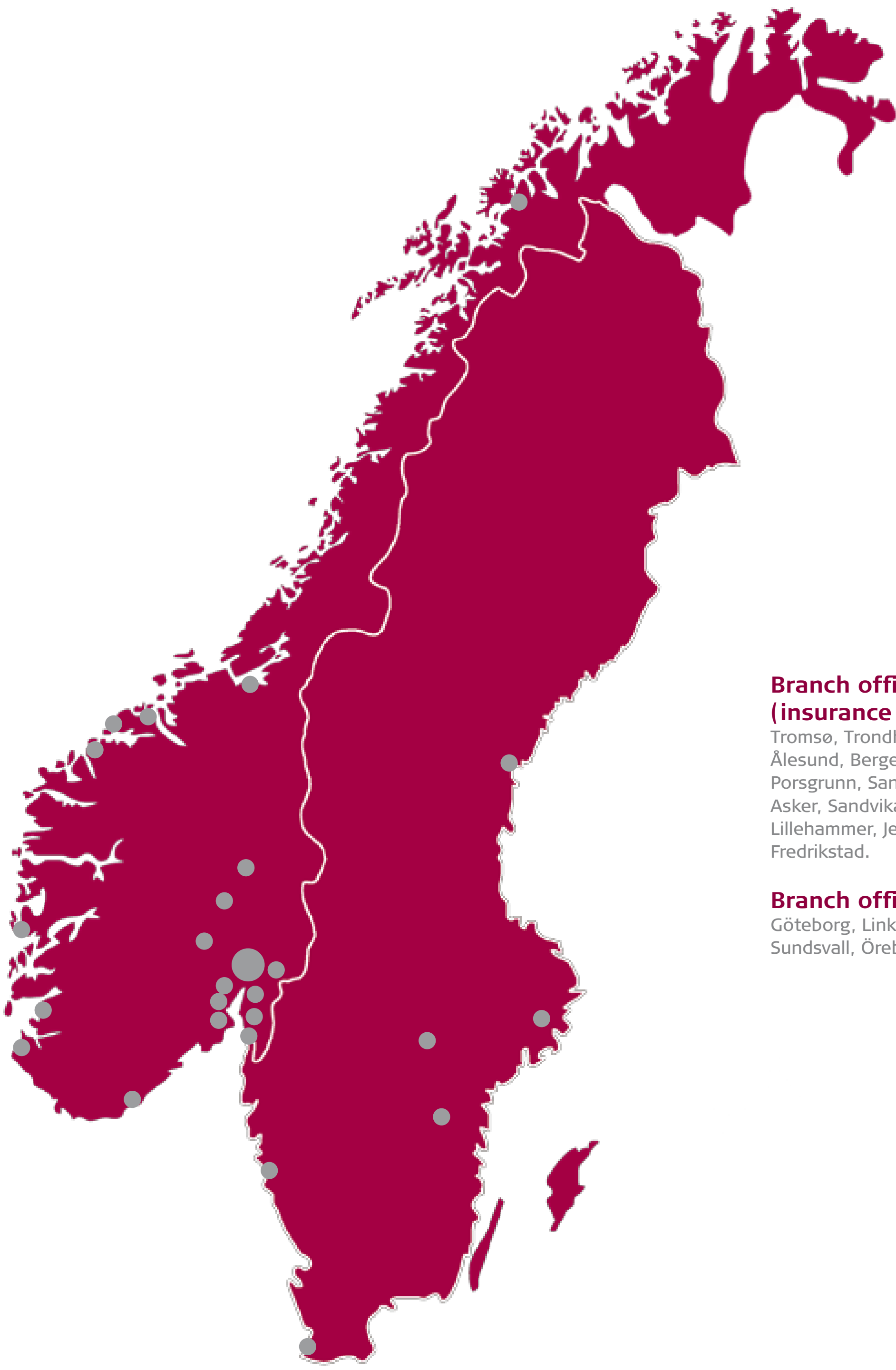
Interest rate futures
Interest rate futures contracts are related to government bond rates or short-term reference interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are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

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

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

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

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



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