Storebrand Bank Annual Report 2008

storebrand

COMPANY INFORMATION

Address:
Storebrand Bank ASA
Filipstad Brygge 1
PO Box 1693 Vika
N-0120 Oslo

Telephone:	+ 47 - 22 31 50 50
Call centre (within Norway):	08880
Website:	www.storebrand.no
E-mail address:	bank@storebrand.no

Company registration number: 953 299 216

Senior Management:

Klaus-Anders Nysteen	Managing Director
Trond Fladvad	Finance Director
Robert Fjelli	Head of Markets
Monica Kristoffersen	Head of Retail Banking
Mikkel Andreas Vogt	Head of Corporate Banking
Anne Grete T. Wardeberg	Head of Staff Functions

Board of Directors:

Idar Kreutzer	Chairman
Stein Wessel-Aas	Deputy chairman
Kristine Schei	Board Member
Ida Helliesen	Board Member
Roar Thoresen	Board Member
Maalfrid Brath	Board Member
Heidi Storruste	Board Member

Contact persons:
Klaus-Anders Nysteen. Managing Director. Tel.: + 47 - 992 65 691.
Trond Fladvad. Finance Director. Tel.: + 47 - 928 97 173.

Other sources of information:
Annual Reports and interim reports of Storebrand Bank ASA are published on www.storebrand.no.

Content

KEY FIGURES STOREBRAND BANK GROUP

NOK MILLION	2008	2007
Net interest income as % of average total assets 3)	1,17 %	1,07 %
Total other operating income as % of average total assets 4)	0,46 %	0,27 %
Costs as % of operating income	76,61 %	69,68 %
Loan losses and provisions as % of average total lending	0,32 %	-0,23 %
Loan losses and provisions as % of gross defaulted and loss-exposed loans 5)	50,46 %	83,14 %
Deposits from and due to custormers as % of gross lending	46,86 %	47,09 %
Return on equity after tax 2)	0,94 %	9,05 %
Main balance sheet figures:		
Total assets	45 645,0	41 887,4
Average total assets 1)	43 723,9	38 658,0
Total lending to customers	39 034,7	37 095,8
Equity	2 060,5	2 039,8
Capital adequacy:		
Net primary capital	2 717,7	2 736,7
Capital ratio	10,8 %	10,5 %
Core capital ratio	8,1 %	7,9 %

Definitions:

1) Average total assets is calculated on the basis of quarterly total assets
2) Profit after tax as % of average equity
3) Net interest income adjusted for one-off effects
4) Other operating income includes net fee and commission income
5) Gross defaulted loans with identified loss of value

ANNUAL REPORT 2008

Comparable figures for 2007 shown in brackets)

MAIN FEATURES

Storebrand Bank ASA is a wholly owned subsidiary of Storebrand ASA, and is one of the Storebrand Group's five business units. Storebrand Bank is a commercial bank and is authorised pursuant to the Securities Trading Act. Storebrand Bank ASA's head office is at Filipstad Brygge 1 in Oslo.

Storebrand Bank ASA's vision is to become the 'smart choice for the modern customer'. The bank wants to be seen as a bank that is easy to relate to and offer popular products at competitive prices in both the retail and corporate markets.

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.

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. At year-end 2008, the banking group had total assets of NOK 45.6 billion. Both deposit and lending volumes in the retail area increased in 2008.
On 1 January 2008, the bank took over responsibility for its own call centre and on 1 January 2009, the bank 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.

The bank holds a strong position in the corporate customer segment with respect to the professional property market, including property developers and owners. The strategy established in 2007, with its primary goal of expanding the range of services offered to corporate customers, was continued in 2008. Storebrand Bank's goal is to be a complete provider of financial services to property actors in urban regions. The trend of reversing previous write-downs of lending losses was itself reversed in 2008, and the net increase in individual and group write-downs for losses in the corporate segment amounted to NOK 114 million in 2008. This development in losses was primarily associated with various residential property development projects.

A new business area, Storebrand Markets, was established in 2007 with the objective of reinforcing the bank's focus on real estate and expanding its product range in order to increase non-interest income from this segment. The business area includes the product areas of foreign exchange, stockbroking and structured products, and extends to commercial real estate broking services through Hadrian Eiendom AS. The bank intends to add corporate finance activities with a focus on commercial real estate. In February 2008, Storebrand Bank ASA launched an online share trading service.

Storebrand Bank has provided real estate broking services to the retail market through Ring Eiendomsmegling since 2004. The severely weakened housing market in 2008 produced weak results in this business. In December it was decided to significantly restructure Ring Eiendomsmegling in order to ensure profitability even in a market with substantially lower housing turnover in the future.

Storebrand Bank ASA experienced stable growth in deposits in 2008. The market for senior loans in the bond and commercial paper market was available for most of the year, but the costs of taking out new senior loans have climbed, and the volumes available have fallen. Given the negative development of the financial markets the bank focused heavily on ensuring good liquidity and early refinancing of amounts due during the year. The bank had EUR 400 million in undrawn drawing facilities available at year-end 2008.

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.

SUBSIDIARIES AND RELATIONSHIP WITH THE STOREBRAND GROUP

Storebrand ASA owned all the 64,037,183 shares in Storebrand Bank ASA as of 31 December 2008.

In Q4 2007, Storebrand Bank acquired 90.9% of the real estate broking firm Hadrian Eiendom AS, and has an option to acquire the remaining shares. The firm operates as a commercial real estate broker. The bank also owns 80% of the shares in its sister company Hadrian Utvikling AS and also has an option to acquire the remaining shares. The company provides a range of advice services relating to the development of commercial property. The companies operate from their offices in Olav V's gt. 1, Oslo.

The bank's ownership interest in Ring Eiendomsmegling AS increased from 70% to 99.6% in 2008. The company operates from it offices in Christian Frederiks plass 4, Oslo. In 2008, Ring Eiendomsmegling AS acquired the majority of shares in 13 of the largest real estate broking offices in the Ring chain.

In Spring 2007, Storebrand Bank ASA established Evoco Financial Production Services UAB in Lithuania in collaboration with Mirror Accounting AS (formerly Lindorff Accounting AS). This company's activities have been integrated with the rest of Storebrand Bank's loan application administration organisation. In December 2008, Mirror Accounting's stake in the company was acquired by Storebrand Livsforsikring AS, meaning the company is now 100% owned by the Storebrand Group. The company has changed its name to Storebrand Baltic UAB. A new service company jointly owned by Storebrand Livsforsikring AS and Mirror Accounting AS is planned for 2009. This will provide training, recruitment and infrastructure services to Storebrand's and Mirror Accounting's operations in Lithuania.

FINANCIAL RESULTS

Storebrand Bank Group's result before losses developed positively in 2008, amounting to NOK 155.2 million compared to NOK 156.8 million in 2007. The net costs recognised from loan and guarantee losses and write-downs amounted NOK 121.8 million compared to a net write-back of NOK 78.2 million in 2007. The increase in losses and the weak development of the result in Ring Eiendomsmegling pulls the group result down. The banking group's annual result after tax amounted to NOK 19.5 million compared with NOK 169.5 million in 2007.

Storebrand Bank ASA reported a post-tax profit of NOK 57.9 million in 2008 compared with NOK 163.7 million in 2007.

Net interest income amounted to NOK 512,5 million, which represents growth of 24% compared with 2007. Net interest income as a percentage of average assets under management and amounted to 1.17% in 2008 (1.07%). Net interest income trended upwards in 2008 since the bank managed to increase lending margins despite the financial instability and increased borrowing costs.

Net fee and commission income amounted to NOK 62.0 million in 2008, compared with NOK 57.9 million in 2007.

Other income amounted to NOK 88,9 million in 2008 compared to NOK 45,9 million in 2007. Income from business acquired in 2008 is included in other income. The change in value associated with the banking group's liquidity portfolio in interest-bearing securities had a negative effect on the profit of NOK 10 million in 2008 (negative by NOK 2 million). The treasury bills swap arrangement had a positive effect on the result amounting to NOK 4.4 million, included in the overall change in value of the banking group's liquidity portfolio.

Operating expenses totalled NOK 508.1 million (NOK 360.2 million), equivalent to 76.6% of total operating income in 2008 compared to 69.7% in 2007. The increase was due to business acquired in 2008. The banking group's (Storebrand Bank ASA and Storebrand Kredittforetak AS) operating expenses are still developing positively. Efficiency processes were implemented in both the retail and corporate customer areas in banking in 2008. The banking group's operating expenses amounted to NOK 382 million (NOK 345 million), equivalent to a cost ratio of 63.1% in 2008 (69.0%).

NON-PERFORMING AND LOSS-EXPOSED LOANS

The volume of non-performing and loss-exposed loans in the banking group amounted to NOK 710 million as of 31 December 2008, 1.82% of gross lending. The volume on 31 December 2007 was NOK 448 million (1.21% of gross lending) meaning it has increased by NOK 262 million during 2008, or 0.61 percentage points in relation to gross lending.

Individual write-downs in the banking group amounted to NOK 262 million and group write-downs amounted to NOK 88 million. Total write-downs as of 31 December 2008 thus amounted to NOK 342 million. During 2008, individual write-downs increased by a net NOK 15 million, taking into account actual losses in the period. Group write-downs increased by a net NOK 30 million in 2008. 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 net costs recognised from loan and guarantee losses and write-downs amounted NOK 121.8 million in 2008.

BALANCE SHEET AND CAPITAL ADEQUACY

The Storebrand Bank Group's total assets amounted to NOK 45.6 billion as of 31 December 2008. The bank's deposit-to-loan ratio was 46.9% compared with 47.1% 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 ASA had total assets of NOK 37.9 billion at year-end 2008 compared with NOK 42.2 billion at year-end 2007. The reduction during the year relates to the sale of lending in the retail market to its subsidiary Storebrand Kredittforetak AS.

The Storebrand Bank Group and all its subsidies had sound capital adequacy and liquidity at year-end 2008.

Storebrand Bank group's net primary capital amounted to NOK 2.7 billion at year-end 2008, on a par with 2007. This represents a capital adequacy of 10.8% and a core capital adequacy of 8.1%. The Storebrand Group chose to utilise the transitional rules in connection with the new capital adequacy regulations and therefore changed to the Basel II standard method on 1 January 2008.

In the opinion of the Board the bank's equity is satisfactory and prudent in relation to its activities.

BUSINESS AREAS

Retail banking

The bank generated good growth in its retail market business in 2008 thanks to its competitive terms, product innovation, stronger presence in the market and more effective distribution. The number of retail customers and accounts again increased in 2008 and deposits grew by no less than 25%. The bank's total lending to the retail market increased by 9% in 2008. A major organisational development project has been carried out in the retail area in order to increase the customer and sales orientation, and to ensure the right competence and staffing. Further production tasks were transferred to Storebrand Baltic UAB during 2008.

Market research carried out by Norsk Finansbarometer and reported in the second quarter of 2008 shows the bank's retail customers are among the market's most satisfied and loyal.

Storebrand Kredittforetak

Kredittilsynet (the Financial Supervisory Authority of Norway) finally granted the company a licence in January 2008 to operate as a credit institution and issuer of covered bonds. The company commenced purchases of home loans from Storebrand Bank ASA in February 2008, financed by equity and an overdraft in Storebrand Bank ASA. In April and May the company issued its first covered bonds in the Norwegian and international markets. The covered bond programme was given an Aaa-rating by Moody's. The establishment of Storebrand Kredittforetak is an important part of Storebrand Bank's work on establishing a better differentiated funding platform and increasing the duration of external funding.

At year-end 2008 Storebrand Kredittforetak had 9,509 home loans and residential mortgage loans worth NOK 11.6 billion on its balance sheet. In total, the net amount issued in equivalent NOK of covered bonds amounts to NOK 11.3 billion, with durations of 2 to 7 years. Of this NOK 6.9 billion has been placed in the market, while the remaining NOK 3.5 billion has been bought by the parent company Storebrand ASA and can be used in connection with the government's confidence package for the banks ("the swap scheme"). The quality of the portfolio is very high. The average loan-to-asset value ratio for loans in Storebrand Kredittforetak at year-end 2008 was less than 50%.

Corporate banking

The bank's corporate market activities are primarily directed towards the professional property market. The most important customer group is property owners and developers, and associated investors. The bank's competitive edge comes from its competence, solution-oriented processes, service level and short decision-making processes.

The property market developed negatively in 2008 with respect to the number of completed transactions, price trends, the market and financing opportunities. The bank met these developments by launching "Eiendomshuset Storebrand Bank". Eiendomshuset represents the total competence the bank represents through Corporate, Storebrand Markets, Hadrian Eiendom AS, Hadrian Utvikling AS and Ring Eiendomsmegling AS. This competence is in demand in the challenging market situation the sector is currently experiencing.

Storebrand Markets

Storebrand Markets was established as a separate business area in Storebrand Bank ASA in 2007. The business area includes currency and interest hedging products, stockbroking, corporate advice, and the facilitation of savings products. In addition, Storebrand Markets offers commercial real estate broking through Hadrian Eiendom and property-related development services through Hadrian Utvikling AS.

Stockbroking activities focus on carrying out large transactions at low cost both on the Oslo stock exchange and a number of major international stock exchanges. The stockbroking activity does not include investment analysis services. In February 2008, the department also launched Storebrand's online share trading service.

Storebrand Markets also acts manages and administers, through Corporate, a number of the Storebrand Group's savings products such as Storebrand Eiendomsfond, Storebrand Optimér and Storebrand Infrastruktur.

Ring Eiendomsmegling AS
The real estate broking market in 2008 was characterised by a strong reduction in the number of homes sold. In the second half of the year the turnover had almost been halved in relation to 2007. In total Ring Eiendomsmegling sold 2,580 homes in 2008, compared with 4,375 homes in 2007, and had a total turnover NOK 73 million.

In December 2008, Ring Eiendomsmegling decided to collocate several self-owned offices in order to create Oslo's largest and most competent real estate agent. The 50 strong staff of "Ring-huset" will offer used sales in Norway and abroad, project sales, chain administration, an accounts department and a settlement department.

DISPUTES AND COMPLIANCE
During 2008 Storebrand Bank registered an increase in the number of cases of attempted fraud against credit cards and its bank accounts. Furthermore, there were a number of attempt to take out loans based on false information (ID theft and forged documents).

In 2008, Storebrand Bank also received a number of complaints about equity index linked bonds and the loan financing of these. The cases are being dealt with pursuant to normal procedures and a continuous assessment is made of the financial effect of the cases. The decision of the complaints board for Norwegian bank customers concerning a loan-financed EILB structure is described in more detail under the section on events after the balance sheet date.

GUARANTEES AND COLLATERAL PLEDGED
At the end of 2007, the Storebrand Bank Group's guarantee portfolio amounted to NOK 366.4 million, of which payment guarantees amounted to NOK 167 million. Most of the guarantees have been issued on behalf of customers in respect of real estate operations and property development in the Oslo and Akershus region.

At year-end, the bank had deposited securities with fair value totalling NOK 3.1 billion as collateral for access to Norges Bank's intra-day loan facility. In addition, NOK 2.0 billion had been pledged as collateral in connection with the government's confidence package, the so-called "swap scheme" as of 31 December 2008.

Hadrian Eiendom AS and the real estate broking companies in Ring Eiendomsmegling AS have, in accordance with their licences for real estate broking activities, statutory insurance and guarantees. Storebrand Bank ASA and the Storebrand Bank Group had no other collateral pledged as of 31 December 2008.

FINANCIAL RISK
The financial risks Storebrand Bank ASA and it subsidiary Storebrand Kredittforetak AS face primarily consist of credit, liquidity, interest rates and currency risks. Credit risk is regarded as the most significant of these. The board of directors emphasises that the bank should have a moderate financial risk. Storebrand Bank uses the standard method for credit risk in the capital adequacy regulations, the standard method for market risk and the basic method for operational risk. In its ICAAP process the bank has assessed the banking group's total capital requirements. In addition to credit, market and operational risks as calculated in pillar 1, the calculated capital requirement takes account of the extra capital requirement associated with concentration, liquidity, residual, market and reputation risks, etc. The bank is regarded as well capitalised in relation to its risk profile.

Credit risk
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 the 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.

The risk classification system estimates the likelihood of a borrower defaulting (ability to pay/solvency) and the likely loss in the event of 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.

Storebrand Bank has significantly upgraded its lending policies and credit approval procedures over recent years. Separate credit approval processes are now used for retail lending. Loans to personal customers are approved on the basis of credit scoring, combined with case-by-case evaluation of the borrower's ability to repay. The weighted historic loan-to-collateral value is approximately 55%, and approximately 94% of lending to retail customers is secured by mortgages with loan to value ratios not exceeding 80%. In January 2008, the bank decided stop offering lending to retail customers secured against investments in structured products.

The financial crisis became serious in autumn 2008. Combined with the fall in property values this has generally resulted in greater risk in Storebrand Bank and

Storebrand Kredittforetak's retail lending portfolio. No material increase in the volume of non-performing and loss-exposed loans has been registered. Unemployment is increasing due to the crisis, which could affect people's future ability to pay. Storebrand Bank applied a relatively conservative lending practice in relation to the customers' ability to pay during periods of economic upturn. The collateral is still regarded as good since many of the loans were granted within 60% of the value of the collateral furnished, and very few loans exceed an 80% loan-to-collateral value. The risk in the home mortgage portfolio is therefore still regarded as low. On the other hand, increasing non-performance and losses are expected in the portfolios containing unsecured credit and the credit card portfolio.

Corporate loans are a higher risk than retail loans. Throughout the year corporate loans generally migrated towards poorer risk classes. This migration reflects the developments in the market and the bank takes account of the effects of the financial crisis and low collateral values in its risk classification. Group write-downs have therefore increased. In addition, individual write-downs of NOK 87.3 million were made, before write-backs due to redemptions and actual losses amounting to NOK 79.9 million. Few new loans were granted during the year. Corporate customers are closely monitored by the customer account managers in the bank.

The collateral for corporate loans without a fall in value is regarded as acceptable in relation to the bank's exposure. The same assessment applies for non-performing loans overdue by between 1 and 90 days. In the case of corporate loans that are non-performing and have experienced a fall in value, the collateral is not regarded as good enough and these loans have therefore been written-down.

The monitoring of developments in banking's lending portfolio includes non-performance and loss-exposed reports and risk reports. Measures and focus areas are continuously assessed on the basis of the development of the figures. Non-performance and loss-exposed reports are produced for the corporate portfolio twice a month and arrears lists are reviewed weekly in the bank's credit committee meetings. Risk reports are produced every month with more detailed versions every quarter.

The bank and Storebrand Kredittforetak manage their exposure to counterparty risk when placing liquidity or through other exposure on the basis of the counterparty's credit rating and size. The counterparties' risk limits take account of both pure investments and settlement risk. The bank and Storebrand Kredittforetak have solid counterparties, and limits their exposure to any one counterparty in order to avoid losses and ensure high liquidity in its holdings of securities.

Other subsidiaries in the bank face limited credit risk beyond any outstanding fees. Age distributed customer lists are followed up regularly. In our experience the losses from claims against these companies have been very low, but the weak results in real estate broking mean that many franchise holders are under pressure, financially speaking, and losses have been incurred from former franchise holders in 2008. Developments are monitored closely and the outstanding amounts as of 31 December 2008 were small.

Liquidity risk

Liquidity risk refers to the risk of the bank and its subsidiaries being unable to meet all their financial liabilities as they fall due for payment. Storebrand Bank and Storebrand Kredittforetak maintain sufficient liquidity to support balance sheet growth and repay funding and deposits as they mature. The bank and Storebrand Kredittforetak manage their liquidity position on the basis of rolling liquidity gaps that show the mismatch between expected inward and outward cash flows on the balance sheet date, the long-term funding proportion and liquidity reserves.

The liquidity targets in Storebrand Bank and Storebrand Kredittforetak are within the internally established limits. Obtaining long-term funding in the market is challenging, and this market situation is expected to continue in 2009. Bonds with long terms to maturity were issued in 2008 through the establishment of Storebrand Kredittforetak. The Storebrand Bank Group is working to reduce the liquidity risk by increasing the average term to maturity.

The bank has established good liquidity buffers, and continuously monitors liquidity reserves against internal limits. Committed credit lines from other banks are available to the bank if necessary. Storebrand Bank ASA is rated by S&P and Moody's, and pays close attention to maintaining relationships with a number of international banks. This ensures access to the international capital market and provides greater diversity in the group's funding. In 2008, Moody's set Storebrand Bank's credit rating to 'negative outlook' at A2. Standard & Poor's maintained its rating of Storebrand Bank at BBB+, but removed 'positive outlook'.

Interest rate risk

The policy of Storebrand Bank ASA and Storebrand Kredittforetak AS is to manage their exposure to interest rate risk so they have the lowest possible sensitivity to changes in interest rates. This means that Storebrand Bank has very narrow limits for interest rate risk. Borrowing and fixed rate borrowing is largely swapped for three months' variable NIBOR. The interest rate risk is continuously monitored and risk limits are defined for the Storebrand Bank Group, Storebrand Bank ASA and Storebrand Kredittforetak AS, which are reported every month to the bank's Board. The financial hedging must have minimal accounting consequences. This is done by assessing the need for hedge accounting any use of the fair value option. The purpose of hedge accounting is that the company's profit and loss does not change in response to changes in the market value of derivative contracts in isolation, but follows changes in the market value of the underlying asset and liability items since these items are also recognised in the accounts at fair value in respect of interest rate risk.

Currency risk
Storebrand Bank ASA's policy is to fully hedge currency exposure. The policy's objective is to minimise the currency risk associated with investments, lending and funding in foreign currency. Storebrand Bank does not trade in currency on its own account. Risk limits are established. These are continuously monitored and reported to the Board every month. Financial hedging is principally carried out by rolling short-term forward foreign exchange contracts.

Financial hedging/hedge accounting
All instruments and products with an interest fixing period in excess of six months are subject to a separate hedging policy. The policy's objective is to optimise the balance between risk and return and to ensure that the derivative contracts entered into by the bank are appropriate and properly documented in order to satisfy the accounting requirements for hedge accounting, where appropriate at fair value.

The fair value of the object is hedged against interest rates. It is the basic interest rate risk that is hedged using hedge accounting and not the credit spread. In the calculations of the effectiveness of the hedging, which document that the conditions for hedge accounting are met, the credit spread is held constant.

Operational risk
Storebrand Bank ASA's structure for corporate governance (internal control) stipulates that operational risk management is an integral part of management responsibility, with reporting of risk exposure playing an integral role in the bank's ability to achieve the objectives set in its value-based management model. In 2008, the bank again applied the principles of the group's policy for risk evaluation and management that were introduced in 2005.

The objective of the group policy on risk evaluation is to achieve a common understanding of the overall risk exposure for the group's activities in order to help to provide a better basis for decision-making on important prioritisation. Risk evaluation is therefore an important part of the basis for determining the group's strategy and approving the level of risk in the group's business plan. Risk evaluation starts from the current situation and how the owners of risk exposure experience the risk based on existing internal control procedures. This is followed by an evaluation of the expected risk exposure following the implementation of recommended planned measures. This assumes that the owners of risk exposure implicitly confirm the function of internal control (cf. the internal control regulations). Risk evaluation is integrated in the group's value-based management system by linking risk evaluation to each unit's ability to achieve its commercial targets and comply with regulatory requirements as well as considering the extent to which the level of risk involved might affect Storebrand's reputation.

The bank's internal controls and procedures for evaluating, monitoring and reporting risk exposure satisfy the requirements of the Norwegian authorities in this respect.

IMPLEMENTATION OF BASEL II
With effect from 1 January 2008, Storebrand Bank ASA reports in accordance with the standard method of the new capital adequacy regulations (Basel II). The bank's ambition is to use internally developed credit models to calculate capital adequacy pursuant to Basle II, and it is currently working on developing models for its retail banking and corporate banking businesses with a view to applying to Kredittilsynet (the Financial Supervisory Authority of Norway) for IRB status at a later date.

PERSONNEL, ORGANISATION, CORPORATE BODIES AND THE ENVIRONMENT
Storebrand Bank ASA complies with Storebrand's environmental standards with respect to seeking to reduce the environmental impact of its business activities.

Organisation
2008 was characterised by the implementation of a new strategy that resulted in structural changes in the bank. These changes, in combination with a challenging financial market, have made demands on the organisation's ability to adapt. Continuous efforts are to increase the efficiency of work processes.

The bank again participated in the annual employee satisfaction surveys carried out by the Storebrand Group in 2008. The survey results for 2008 showed an improvement on 2007 and were satisfactory.

Storebrand Bank ASA also complies with the Storebrand Group's "Inclusive workplace" agreement with the Norwegian Labour and Welfare Organisation. Absence due to illness at Storebrand Bank ASA was 3.5% in 2008. This represents a decrease from 5.2% in 2007. Internal guidelines have been drawn up called "If you fall ill", which support the work on reducing absences due to illness. In addition to this, the managers' responsibility to follow up staff on sick leave is emphasised.

In 2008, Storebrand was able to offer its employees an in-house health clinic with a comprehensive and interdisciplinary treatment concept, including psychology and mastering provision. Surveys show that more than 40% of those asked report that the clinic resulted in them avoiding or shortening sick leave, and more than 80%

regard Storebrand as a more attractive place to work because of the clinic. Employees are offered courses in stopping smoking through a partnership with the Norwegian Cancer Society, subsidised membership of gyms, exercising during work hours for seniors, a subsidised staff restaurant, a new, in-house concept including cycling to work and stair use competitions. The staff can call an "800 number" for free personal assistance, the results of which Storebrand is not privy to. Storebrand Sport is a sports club for the employees and offers 18 active kinds of sports and has no less than 600 members.

Storebrand Bank ASA suffered zero reported injuries to personnel, material damage or significant accidents in 2008.

Personal
Storebrand believes employee development is very important at all levels. Managerial development was also focused on heavily in 2008. The company's managers undergo mandatory managerial training modules. In addition to this, all managers in the bank assemble for managers' meetings several times a year.

Gender equality/diversity
Storebrand is striving to increase the number of women in leading positions in the company. Storebrand Bank ASA had 162 employees as of 31 December 2008, 57% of whom were women and 43% men. The average age of employees is 44, and the average period of service is 14 years. The proportion of women on the bank's Board is 50%, while women account for 33% of the bank's executive management team. Women account for 56.8% of management positions with staff responsibility. The Storebrand Bank Group had 319 employees as of 31 December 2007.

The Board and management continue to work proactively to promote employment equality.

Ethical rules:
Special ethical rules have been drawn up for the group and its employees. Ethics are a regular topic in seminars for all new employees and have been integrated into training modules for all managers. Employees can raise questions about ethical issues directly with the chair of the Audit Committee in Storebrand ASA (so-called whistle blowing), and in 2009 we will revise and relaunch our own question and answer service on the intranet in which employees can anonymously ask questions about ethics.

The group's sales teams in Norway underwent ethics training in 2008. Working meetings were also held on ethics and customer service for key staff teams and business units. The new customer service guidelines will be implemented and integrated into the ethical guidelines in connection with the revision and relaunch of these in 2009. From 2009 the corporate responsibility unit will bear overarching responsibility for the guidelines for ethics, notification, anti-corruption and violations.

Changes in Board composition
There were no changes to the Board's composition in 2008. Maalfrid Brath will leave the Board in 2009 and Odd Arild Grefstad has been proposed as a new board member. The new composition of the Board will be approved in a meeting of the Board of Representatives on 10 March 2009.

External environment
The Storebrand Group is systematically striving to reduce the environmental impact of its business, meaning its own operations, investments, purchasing, and property management. It is doing this by measuring the group's consumption of water, reducing energy consumption and paper usage, sorting waste and recycling all electronic equipment. Storebrand became the first climate neutral financial actor in the Nordic region by purchasing climate quotas for its total CO2 emissions from air travel, energy consumption and company vehicles.

Corporate responsibility
Storebrand's ambition is to be a leader within corporate responsibility and socially responsible investments. The group has systematically built up its corporate responsibility work over 15 years, stone-by-stone, and today it is fully integrated into strategies and plans, and directly anchored in the group's executive management team. The future winners in business will be those who manage to combine sustainability with their own profitable growth. Corporate responsibility is high on the Storebrand Bank Group's agenda, especially with regard to ordinary banking and normal operations. The bank's management team continuously works to raise awareness of the bank's corporate responsibility.

The bank participates in the group's work on corporate responsibility, but has also established a separate action plan. The most important activities are associated with attitude campaigns and the requirement to comply with the ethical guidelines in mandates, projects and routines. Anti-money laundering and financial crime measures are important in the bank's work. It is also important to continuously work on raising awareness in a way that allows corporate responsibility to provide a basis for a sustainable culture in the bank. We seek to address corporate responsibility in all operations so that the right attitudes are maintained in all units and processes.

The main focus for the 2009-2012 planning period is prioritising activities associated with compliance, operational accuracy and financial crime.

The jointly controlled company Storebrand Baltic UAB complies with the same principles as the Storebrand Group. The companies in Ring Eiendomsmegling AS, Hadrian Eiendom AS and Hadrian Utvikling will work on the same principles in 2009.

GOING CONCERN COMPLIANCE STATEMENT FOR THE ANNUAL ACCOUNTS

The Board confirms that the company meets the requirements for the accounts to be prepared on a going concern basis, and the annual accounts have therefore been prepared on this basis.

EVENTS AFTER THE BALANCE SHEET DATE

Storebrand has issued equity index linked bonds (EILB) since 1996. In connection with this we have also offered loan financing for many of the structures. The decision of the complaints board for Norwegian bank customers in January 2009 concerning a complaint against DnB NOR involving a loan financed EILB may also be of principle importance for Storebrand Bank ASA. The bank had received 35 complaints as of 10 February 2009 following the decision of the complaints board for Norwegian bank customers. DnB NOR is declining to abide by the statement of the complaints board for Norwegian bank customers and it is likely that the matter will end up before the courts. Storebrand Bank ASA has found no grounds to make provisions in the annual accounts for 2008.

Apart from this, the Board is not aware of any events that have occurred after the balance sheet date that are of material importance with respect to the annual accounts and consolidated accounts.

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. Given the changed role within the Storebrand Group following the acquisition and establishment of our own distribution in the retail segment, 2009 will primarily be spent implementing the new retail market strategy. The results of these efforts are expected to make a positive contribution from 2010 and onwards.

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.

ALLOCATION OF THE RESULT FOR THE YEAR

Storebrand Bank ASA (parent bank) reported a post-tax profit of NOK 57.9 million for 2008.

The Board judges the group's capital adequacy to be sound in relation to its risk profile, and proposes the following allocation of the result for the year to the bank's Board of Representatives and the Annual General Meeting:

Million NOK	
Transferred to other equity	57.9
Total allocated	57.9

The company's free reserves amounted to NOK 547 million as of 31 December 2008.

Oslo, 10 February 2009
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Idar Kreutzer
Chairman

Stein Wessel-Aas
Deputy Chairman

Kristine Schei
Board Member

Ida Helliesen
Board Member

Maalfrid Brath
Board Member

Roar Thoresen
Board Member

Heidi Storruste
Board Member

Klaus-Anders Nysteen
Managing Director

PROFIT AND LOSS ACCOUNT STOREBRAND BANK GROUP

1 January - 31 December

NOK MILLION	NOTE	2008	2007
Interest income		2 940.5	1 992.3
Interest expense		-2 428.0	-1 579.1
Net interest income	**6**	**512.5**	**413.2**
Fee and commission income from banking services		92.8	139.8
Fee and commission expense for banking services		-30.8	-81.9
Net fee and commission income	**7**	**62.0**	**57.9**
Net gains on financial instruments at fair value	6	1.1	16.4
Net income and gains from associated companies	19	-1.6	-0.8
Other income	9	89.4	30.2
Total other operating income		**88.9**	**45.9**
Staff expenses	10, 11	-197.6	-142.0
General administration expenses	11	-114.4	-88.3
Ohter operating costs	11, 27, 28	-196.1	-129.9
Total non-interest expenses		**-508.1**	**-360.2**
Operating profit before losses and other items		**155.2**	**156.8**
Write-downs for the period / net-write back in loan losses	8	-121.8	78.2
Profit before tax		**33.3**	**234.9**
Tax	12	-13.9	-65.3
Profit for the year		**19.5**	**169.6**
Allocated to:			
Parent company		23.1	169.3
Minority interests		-3.7	0.3

BALANCE SHEET STOREBRAND BANK GROUP

31 December

NOK MILLION	NOTE	2008	2007
Assets			
Cash and deposits with central banks	14, 15, 16	672.1	1 062.0
Loans to and deposits with credit institutions	14, 17	333.7	374.1
Financial assets designated at fair value thorugh profit or loss:			
Equity instruments	14, 18, 42	1.5	2.0
Bonds and other fixed-income securities	14, 22, 23, 42, 44	3 439.5	2 491.6
Derivatives	14, 24, 42, 44	1 791.7	527.9
Other current assets	16, 30	367.6	311.5
Gross lending	14, 25	39 034.7	37 095.8
Write-down of loans	26	-350.7	-305.2
Net lending to customers	14, 44	38 684.0	36 790.7
Investment in associated companies	19	27.1	28.7
Tangible assets	28	18.5	10.5
Intangible assets	27	142.8	114.4
Deferred tax assets	12	166.6	173.9
TOTAL ASSETS		**45 645.0**	**41 887.4**

NOK MILLION	NOTE	2008	2007
Liabilities and equity			
Liabilities to credit institutions	14, 32	6 517.1	3 064.5
Deposits from and due to customers	14, 33	18 291.5	17 469.6
Other financial liabilities:			
Derivatives	14, 24, 42, 44	467.1	586.6
Commercial paper and bonds issued	14, 34	16 824.0	17 159.5
Other liabilities	14, 36, 37	422.7	470.8
Provision for accrued expenses and liabilities		19.9	13.4
Pension liabilities	10	80.1	69.5
Subordinated loan capital	14, 35	962.0	1 013.8
TOTAL LIABILITIES		**43 584.5**	**39 847.6**
Share capital		916.6	916.6
Other paid-in share capital		400.3	200.0
Retained earnings		737.5	916.1
Minority interests	13	6.1	7.1
TOTAL EQUITY	**40**	**2 060.5**	**2 039.8**
TOTAL LIABILITIES AND EQUITY		**45 645.0**	**41 887.4**

Oslo, 10 February 2009
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Idar Kreutzer Chairman	Stein Wessel-Aas Deputy Chairman	Kristine Schei Board Member	Ida Helliesen Board Member
Roar Thoresen Board Member	Maalfrid Brath Board Member	Heidi Storrukste Board Member	Klaus-Anders Nysteen Managing Director

STATEMENT OF RECOGNIZED INCOME AND EXPENSE

NOK MILLION	2008	2007
Pension experience adjustments	-3.4	7.1
Profit and loss account items applied directly to equity	-3.4	7.1
Profit for the period	19.5	169.6
Total income and costs for the period	**16.1**	**176.7**
Allocated to:		
Shareholders	19.8	176.4
Minority interests	-3.7	0.3
Total	**16.1**	**176.7**

CASH FLOW STATEMENT STOREBRAND BANK GROUP

1 January - 31 December

NOK MILLION	2008	2007
Cash flow from operating activities		
Interest, commissions and fees received from customers	3 247.7	2 065.4
Interest, commissions and fees paid to customers	-2 427.2	-1 607.7
Net receipts/payments - lending to customers	-2 001.5	-5 972.3
Net receipts/payments - loans to and claims on other financial institutions	40.4	-259.3
Net receipts/payments - deposits from banking customers	814.3	3 962.9
Net receipts/payments - deposits from central bank and other financiel institutions	3 436.7	278.5
Net receipts/payments -securities in the trading portfolio:		
Shares and other equity investments	2.6	9.1
Bonds and other fixed-income securities	-887.6	-791.4
Financial derivatives and other financial instruments	-36.5	86.9
Payments to third parties for goods and services	-429.7	-84.9
Payments to employees, pensioners, employment taxes etc.	-187.0	-137.8
Net cash flow from operating activities	**1 572.3**	**-2 450.6**
Cash flow from investments activities:		
Net receipts from sale of subsidiaries and associated companies	2.0	4.3
Net receipts/payments on sales/purchases of fixed assets etc.	-40.1	-38.9
Net cash flow from investment activities	**-38.0**	**-34.6**
Cash flow from financing activities:		
Net receipts/payments from issue of commercial paper/short-term loans	-3 948.9	743.8
Net receipts/payments from subordinated loan capital	-55.9	256.0
Interest payments on subordinated loans	-68.2	-53.3
Net receipts/payments from issue of bond loans and other long term funding	2 226.8	2 006.2
Group contribution received	200.3	200.0
Dividend/group contribution payments	-278.2	
Net cashl flow from financing activities	**-1 924.1**	**3 152.8**
Net cash flow for the period	**-389.9**	**667.5**
Net movement in cash and cash equivalent assets	-389.9	667.5
Cash and cash equivalent assets at the start of the period	1 062.0	394.4
Cash and cash equivalent assets at the end of the period	**672.1**	**1 062.0**

NOTES TO THE ACCOUNTS

Note 0: Accounting policies

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

Basic principles
- The consolidated accounts of Storebrand Bank ASA are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as the additional Norwegian informational requirements that follow from the Accounting Act, Stock Exchange Regulations and Stock Exchange Rules.
- The unconsolidated accounts for Storebrand Bank ASA are presented in accordance with the annual accounts regulations for banks, financial undertakings, etc. and IFRS and associated interpretations, as well as the additional Norwegian informational requirements that follow from the Accounting Act, Stock Exchange Regulations and Stock Exchange Rules. The company has chosen to apply section 1-5 of the annual accounts regulations for banks, financial undertakings, etc, that deal with the "Simplified application of international accounting standards" (hereafter referred to as simplified IFRS).
- The accounts have been prepared in accordance with the historical cost principle, with the exception of some financial instruments, which have been valued at fair value.

Use of estimates in preparing the annual accounts
The preparation of the accounts in accordance with simplified 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 actual figures may deviate from the estimates used.

Changes to accounting principles
No changes to the accounting policies have been made in 2008.

Standards and interpretations of existing standards, and where Storebrand has not elected early implementation
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 include Storebrand Bank ASA and companies where Storebrand Bank 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% 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% and 50% of the associated company's equity capital) where the group exercises significant influence are consolidated in accordance with the equity method. Stakes in jointly controlled companies are booked on the consolidated accounts using the gross method, in other words by including the share of the revenues, costs, assets and liabilities on the associated lines in the financial statements.

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

Company integration
For takeovers of companies, the acquisition method is used. Acquisition cost is measured at fair value with regard paid to any possible equity instruments in addition to the direct expenses of the acquisition. Any possible share issue expenses are not included in the acquisition cost, but rather are entered as a deduction to equity.

The identified tangible and intangible assets and liabilities taken over will be valued at fair value at the point in time of the takeover. If the acquisition cost exceeds the value of identified assets and liabilities, the difference is booked to the balance sheet as goodwill. If the acquisition cost is lower than the identified assets and liabilities, the difference is realized on the profit and loss statement at the point in time of the transaction. Upon the purchase of less than 100 percent of an enterprise, 100 percent of the excess values and undervalues and booked on the balance sheet, with the exception of goodwill, which is only included for Storebrand's stake.

Segment reporting
The group is organised into the areas of commercial, retail, markets and Ring Eiendomsmegling AS. Segment information is presented for areas of activity. Areas of activity comprise the group's primary segment reporting. Financial information concerning segments is presented in Note 3.

Tangible fixed assets
The tangible fixed assets of the company and the group comprise equipment, fixtures and fittings, vehicles, and IT systems used by the group for its own activities.

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

Straight-line depreciation is applied over the following periods:

Equipment, fixtures and fittings	Up to 4 years
IT equipment	Up to 4 years
Vehicles	Up to 6 years
Cabins	Up to 20 years

The depreciation period and the method of depreciation are reviewed annually to ensure that the method and period used correspond with the commercial lifetime of the asset in question. This also applies to the disposal value.

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.

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 company 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.

Straight-line depreciation is applied over the following periods:

IT systems	3-8 years
Order backlog	1 month – 2 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 from the purchase of an enterprise that cannot be allocated to equity or liability items on the date of the acquisition is classified on the balance sheet as goodwill. Goodwill is assessed at acquisition cost at the point in time of the acquisition. Goodwill from the purchase of subsidiaries is classified as intangible assets. Goodwill from the purchase of stakes in associated companies is included in the investment in the associated company, and tested for impairment as a part of the balance sheet value of the writedown.

Goodwill is not subject to depreciation, but is tested annually for impairment. If the relevant discounted cash flow stream is lower than the booked value, goodwill will be written down to its fair value. A write-down of goodwill is not reversed even if in subsequent periods information should become available to the effect that the need for the write-down no longer exists or that the impairment has diminished. Gains or losses on the sale of companies in the group include goodwill that is related to the company.

For later testing of goodwill impairment, this will be allocated to the relevant cash flow generating units that are expected to receive benefits from the acquisition. Cash flow generating units will be identified with respect tot operating 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 the pension assets.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions are applied directly to equity in the itemisation of revenues, expenses and changes in value (SORIE) recognised to the financial statements during the period in which they arise. The effect of changes to the pension scheme are recognised to profit and loss 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 is insured with Storebrand Livsforsikring AS (Storebrand Life Insurance), a company in the Storebrand group.

The subsidiary companies of Ring Eiendomsmegling AS, Hadrian Eiendom AS and Hadrian Utvikling AS operate defined contribution pension schemes. The pension premiums paid are recognized to profit and loss as operating costs on an on-going basis.

Treatment of receivables and liabilities in foreign currency
Receivables and liabilities in foreign currency are translated using the exchange rate on the balance sheet date.

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 company will have sufficient taxable profit in the future to make use of the tax asset.

Provision for dividend/group contribution
Pursuant to IAS 10, which deals with events after the balance sheet date, the proposed dividend and group contribution shall be classified as equity in the accounts until such time as they are approved by the general meeting. Simplified IFRS allows companies to recognise the provision for dividends and group contribution as income and recognise the board's proposed dividend and group contribution as a liability on the balance sheet date. According to full IFRS, dividends and group contributions are classified as equity until the general meeting decides.

FINANCIAL INSTRUMENTS

General policies and definitions

Recognition and derecognition
Financial assets and liabilities are included in the balance sheet from such time as Storebrand becomes a 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, 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)
- loans and receivables

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.

Only derivatives come under this group.

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 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.

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.

Derivatives

Definition of a derivative

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 for 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. Due to of the unified policies for measuring hedged items and hedging instruments in the other parts of the company, this hedging reflects the group's ordinary valuation rules.

Financial liabilities

Subsequent to inception, all financial liabilities are measured at amortised cost using the effective interest method to the extent that the liability is not classified at fair value pursuant to the fair value option.

Structured products – synthetic financial instruments

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 issued. The bonds issued are simultaneously measured at amortised cost. No gain is recognised in respect of structured products at the time of issue ("day 1 gains").

Commercial paper/bonds

At the time of issue, the issued commercial paper and bonds are measured at amortised cost. No gain is recognised at the time of issue, so-called "day 1 gains". Subsequent to inception, the commercial paper and bonds are measured at amortised cost using the effective interest method if they are not classified at fair value pursuant to the fair value option.

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 and fees paid to distributors.

Note 1: Significant accounting principles and use of estimates

The preparation of the accounts in accordance with IFRS involves the use of estimates and assumptions made by management. The estimates used in preparing the accounts are based on historical experience and assumptions that management believes are prudent and reasonable and are based on factual evidence. The estimates have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. The estimates used in preparing the accounts are based on historical experience and assumptions that management believes are prudent and reasonable. Estimates and judgements are continually evaluated and are based on historical experience and other factors concerning future events. The actual figures may deviate from the estimates used. The estimates and judgements that have a significant risk of causing a material adjustment to the balance sheet values of assets and liabilities are discussed below:

- Fixed assets and intangible assets
- Actuarial calculations of pension liability
- Lending at amortised cost
- Write-downs of loans
- Capitalisation of deferred tax assets
- Calculation of fair value of derivatives and other securities
- Earn-out in respect of acquisitions
- Allocation of excess value arising from acquisitions

Fixed assets and intangible assets
Fixed assets and intangible assets, of which intangible assets mainly relate to IT systems, are reviewed annually to ensure that the depreciation period and method of depreciation used correspond with commercial reality for the asset in question. This also applies to the disposal value. The value of an asset is written down if there are indications of a fall in its value. The periods of future commercial life of specific intangible assets are tested, and some changes were made in 2008. In connection with acquisitions carried out in 2007 and 2008, the group has capitalised intangible assets in respect of a brand name. The brand name is not subject to depreciation since it is expected to have an unlimited life. The value of the brand name will be tested for impairment annually. Intangible assets associated with the order backlog have been identified, which are being amortised. The remaining order backlog will be tested at a minimum once annually for impairment. Costs for the development or maintenance of IT systems are charged to profit and loss as they are incurred.

Goodwill is tested annually for impairment. In connection with acquisitions made in the first quarter of 2008, the group's goodwill has increased. See the acquisition analysis in note 21. Goodwill is tested for impairment. The recoverable value will be calculated using discounted cash flows based on the group's rolling budget process approved by the board of directors, which covers a period of three years. In addition, the calculations will include the expected cash flows in years 4-9 based on an annual rate of growth varying between 2.5% and 3%. The discount factor applied will be determined annually based on the risk-free rate of interest at the time. The calculations assume that no tax will be payable.

Pensions
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 that they should be based on uniform expectations of future economic conditions.

The rate of discount applied represents a major assumption for the calculation of pension liabilities. Norwegian insurance companies must base their calculation of discount rate on the return on Norwegian government bonds. With the exception of pensioners of the holding company Storebrand ASA, the payment horizon for pensions paid by Storebrand is estimated to be around 25 years, and there are no Norwegian government bonds with such a long maturity. The discount rate and other commercial and demographic assumptions used to calculate pension liabilities at 31 December 2008 are based on guidance issued by the Norwegian Accounting Standards Board. The discount rate applied of 4.30% was virtually identical to the yield on 10-year government bonds. When estimating expected salary inflation, growth in income not eligible for pension benefits was also taken into account.

The calculation of pension liabilities at 31 December 2008 was carried out by an actuary. The calculation includes 163 active members and 19 pensioners. Risk Table K-2005 was applied. The following table shows an extract of the standard table for specific age groups showing the probability of mortality within one year and average life expectancy:

AGE	MORTALITY %		LIFE EXPECTANCY – YEARS	
	Men	*Women*	*Men*	*Women*
20	0.015	0.015	59.50	63.84
40	0.083	0.046	39.85	44.10
60	0.716	0.386	21.44	25.07
80	6.55	4.142	7.54	9.47

Storebrand Bank Group changed its accounting principles for the accounting recognition of actuarial gains and losses (experience adjustments) in 2006, and such adjustments are now applied directly to equity. Prior to this change, experience adjustments were amortised over the average remaining period for accrual of pensions entitlement to the extent that the effect exceeded 10%. Storebrand is of the view that this change in accounting principle will produce more reliable and relevant information. For further information, see Note 9.

Continues next page

Note 1: Significant accounting principles and use of estimates *Continues*

Earn-out payments in respect of acquisitions
In some cases, acquisitions of companies include provision for deferred settlement in the form of earn-out payments. IFRS requires that the discounted value of earn-out payments is added to the acquisition cost of the investment. The discounted value of earn-out therefore affects the size of excess value/undervalue that is allocated. The calculation of the value of earn-out is normally based on forecasts of future earnings of the business acquired. Subsequent changes in these forecasts affect the acquisition cost and therefore also the excess value/undervalue that has been allocated. A pre-tax annual discount rate of 12% was applied when calculating the discounted value of earn-out payments in the 2008 accounts. See Note 21 for further information.

Allocation of excess value arising from acquisitions
The allocation of excess value arising from acquisitions involves the exercise of judgement to allocate excess value between various intangible assets. The allocation of excess value is based on excess value/undervalue identified in connection with each acquisition. Any unallocated residual is treated as goodwill, and in accordance with IFRS such goodwill is not depreciated. See Note 21 for an analysis of excess value identified in connection with acquisitions.

Objective signs that the value of a loan or group of loans is impaired relates to observable data of which the group becomes aware in respect of one of the following events:
- the issuer or borrower has material financial difficulties
- default of the terms and conditions of a loan agreement, with failure to pay interest or instalments of principal as they fall due
- the group grants the borrower special terms as a result of the borrower's financial situation
- it is likely that the borrower will enter into negotiations for a composition with creditors or become insolvent or be subject to some other form of financial reorganisation
- the active market for a financial asset disappears as a result of financial difficulties
- observable information indicates that there has been a measurable deterioration in the estimated future cash flows of a group of financial assets since the inception of these assets.

Lending write-downs are divided into two categories:

a) Individual write-downs
Write-downs of individual loans are based on a case-by-case evaluation if there is objective evidence of impairment. In the case of corporate and retail lending, the objective criteria for impairment are judged to be correlated with default status. In addition all lending commitments are loss evaluated when it exists other information that indicates the commitment to be loss-exposed. The need for a write-down is determined on the basis of a specific evaluation of the most likely future cash flow that will be received from the borrower in connection with the loan. In making this judgement, management takes into account both previous experience with the borrower and other information considered relevant.
See also Notes 26 and 44.

b) Write-downs of groups of loans
Grouped write-downs are calculated separately for Corporate Lending and Retail Lending. (i.e. loans to commercial customers and loans to private indi¬viduals). In the case of groups of loans in Corporate Lending, the objective criteria for write-downs are considered to be closely correlated with changes in the risk classification of lending relationships. The classification model for Corporate Lending considers three factors: quality of the borrower/financial condition (debt service capacity), quality of the collateral (loan to value ratio) and commercial factors (internal/external risk). The risk classification model shows the classification against a background of the information recorded in the accounting module at the time the calculation of group write-downs is undertaken, the realisable value recorded for collateral and an evaluation of commercial factors. Consideration is also given to changes in macroeconomic factors that may have a significant impact on commercial lending, including changes in interest rates and expectations of future changes in interest rates.

The objective criteria for write-downs of the groups of loans making up Retail Lending are considered to be correlated to the default status of the loans making up the group and the historic repayment record. Default status is divided into 30-90 days and over 90 days on loans that are not subject to individual write-downs because there is objective evidence of impairment. The repayment record is updated quarterly in line with the overall performance of the portfolio.

Capitalisation of deferred tax assets
The capitalised value of deferred tax assets is reviewed regularly. The reviews take into account Storebrand Bank's likely future capacity to make use of tax reducing temporary differences, and the criteria that must be satisfied for these to be used.

Calculation of fair value of derivatives and other securities
The fair value of financial instruments that are not traded in an active market (for example OTC derivatives and unlisted shares) is determined by using valuation techniques. These valuation techniques are largely based on market conditions at the balance sheet date. Fair value excludes accrued interest (clean value). The bank's asset items are measured at

Continues next page

Note 1: Significant accounting principles and use of estimates *Continues*

observable market value where such prices are available. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Fair value of other assets is calculated as an amount equivalent to the discounted current value of the investment. The discount factor used takes into account the market interest rate at 31 December 2008 for investments judged to be equivalent to the investment being valued. Fair value of liabilities is calculated as the discounted present value of the funding transaction. As with investments, the discount factor used takes into account the bank's actual funding costs for an equivalent deposit at 31 December 2008. The fair value of lending is calculated as the discounted present value of loans considered not to be impaired. In the case of loans considered to be impaired, fair value is estimated for each individual loan or group. All financial assets and liabilities included in hedge accounting are shown at amortised cost in the notes to the accounts.

Earn-out payments in respect of acquisitions
In some cases, acquisitions of companies include provision for deferred settlement in the form of earn-out payments. IFRS requires that the discounted value of earn-out payments is added to the acquisition cost of the investment. The discounted value of earn-out therefore affects the size of excess value/undervalue that is allocated. The calculation of the value of earn-out is normally based on forecasts of future earnings of the business acquired. Subsequent changes in these forecasts affect the acquisition cost and therefore also the excess value/undervalue that has been allocated. A pre-tax annual discount rate of 12% was applied when calculating the discounted value of earn-out payments in the 2008 accounts. See Note 21 for further information.

Allocation of excess value arising from acquisitions
The allocation of excess value arising from acquisitions involves the exercise of judgement to allocate excess value between various intangible assets. The allocation of excess value is based on excess value/undervalue identified in connection with each acquisition. Any unallocated residual is treated as goodwill, and in accordance with IFRS such goodwill is not depreciated. See Note 21 for an analysis of excess value identified in connection with acquisitions.

Note 2: Calculation of fair value of financial instruments

Fair value of lendings is normally set to be approximately equal to the amortised cost. In consequence of the financial crisis, the market for portfolio sales does not exist at present. For loans where the interest rate conditions have been established on the basis of margins to reference interest rates, the Storebrand Bank Group has now only partially made use of its right to change on-going reference margins. The banking group's conditions for the loans are to a large extent a margin established administratively on an on-going basis, however for some of the loans the margin is fixed throughout the term of the loan. The banking group had at the end of the year NOK 7.3 billion for which the interest rate setting was based upon a margin to the NIBOR three-month interest rate with an expected turnover of 4 years. The portfolio, primarily commercial loans, has today on the average a margin that is approx. 100 basis points lower that what the bank would require for new loans to debtors of corresponding quality and safety. See also Note 14 in the Storebrand Bank Group and Note 13 in Storebrand Bank ASA.

Note 3: Segment information

Analysis of profit and loss account by activity:

NOK MILLION	CORPORATE 2008	CORPORATE 2007	RETAIL 2008	RETAIL 2007	MARKETS 2008	MARKETS 2007	REAL ESTATE BROKING 2008	REAL ESTATE BROKING 2007	TREASURY/OTHER 2008	TREASURY/OTHER 2007	TOTAL 2008	TOTAL 2007
Profit and loss items:												
Net external interest income	264.1	217.3	262.8	181.6	11.8	21.7	0.8	0.2	-27.0	-7.6	512.5	413.2
Net internal interest income												
Net interest income	**264.1**	**217.3**	**262.8**	**181.6**	**11.8**	**21.7**	**0.8**	**0.2**	**-27.0**	**-7.6**	**512.5**	**413.2**
Net external fee and commission income	12.0	9.5	22.1	0.7	26.4	48.1			1.5	-0.4	62.0	57.9
Net internal fee and commission income												
Net fee and commission income	**12.0**	**9.5**	**22.1**	**0.7**	**26.4**	**48.1**	**0.0**	**0.0**	**1.5**	**-0.4**	**62.0**	**57.9**
Other external operating income	12.4	22.1	4.2	3.1	39.4	16.8	71.8	15.6	-38.9	-11.7	88.9	45.9
Other internal operating income												
Total other operating income	**12.4**	**22.1**	**4.2**	**3.1**	**39.4**	**16.8**	**71.8**	**15.6**	**-38.9**	**-11.7**	**88.9**	**45.9**
Total operating costs	**-92.6**	**-114.4**	**-215.8**	**-197.8**	**-82.5**	**-32.2**	**-117.2**	**-18.5**	**0.0**	**2.6**	**-508.1**	**-360.2**
Operating profit before loan losses	**195.9**	**134.5**	**73.3**	**-12.4**	**-4.9**	**54.4**	**-44.6**	**-2.7**	**-64.4**	**-17.1**	**155.2**	**156.8**
Loan losses and write-downs	-113.5	84.0	-8.3	-5.8							-121.8	78.2
Ordinary profit from continuing operations	**82.3**	**218.5**	**65.0**	**-18.3**	**-4.9**	**54.4**	**-44.6**	**-2.7**	**-64.4**	**-17.1**	**33.3**	**234.9**
Ordinary profit from businesses discontinued	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Balance sheet items:												
Gross lending	11 973.4	12 115.5	27 032.1	24 937.3					29.2	43.0	39 034.7	37 095.8
Lendring write-downs	-281.6	-241.2	-69.1	-64.0							-350.7	-305.2
Net customer lending	**11 691.8**	**11 874.3**	**26 963.0**	**24 873.3**	**0.0**	**0.0**	**0.0**	**0.0**	**29.2**	**43.0**	**38 684.0**	**36 790.7**
Investments in associated companies	27.1	28.7									27.1	28.7
Tangible fixed assets	3.0	4.5	4.0	4.4	0.1	1.3	4.8	0.3	6.6		18.5	10.5
Intangible fixed assets	25.0	27.1	23.0	26.7	53.1	58.5	39.0	2.1	2.7		142.8	114.4
Assets, activities held for sale												
Other assets	1 403.0	1 068.7	3 235.6	2 238.6	1 121.5	1 411.6	46.6	10.9	966.0	213.4	6 772.6	4 943.1
Total assets	**13 149.9**	**13 003.4**	**30 225.6**	**27 143.0**	**1 174.7**	**1 471.3**	**90.4**	**13.3**	**1 004.4**	**256.4**	**45 645.0**	**41 887.4**
Deposits from and due to customers	5 998.5	7 892.4	11 946.4	9 263.1	161.0	155.8			185.6	158.3	18 291.5	17 469.6
Liabilities, activities held for sale												
Other liabilities	6 155.2	4 103.0	17 309.9	17 056.4	962.2	1 300.5	67.4	2.0	795.4	-83.9	25 290.1	22 378.0
Equity	996.2	1 008.0	969.3	823.5	51.5	15.0	23.0	11.3	23.4	182.0	2 063.4	2 039.8
Total liabilities and equity	**13 149.9**	**13 003.4**	**30 225.6**	**27 143.0**	**1 174.7**	**1 471.3**	**90.4**	**13.3**	**1 004.4**	**256.4**	**45 645.0**	**41 887.4**
Key figures:												
Cost as % of income	32 %	46 %	75 %	107 %	106 %	37 %	161 %	117 %	0 %	13 %	77 %	70 %
Deposits from and due to customers as % of gross lending	50 %	65 %	44 %	37 %					636 %	368 %	47 %	47 %

Description of the segments:

Commercial Banking: This segment comprises deposits from and lending to commercial customers, principally real estate investors/developers.
The segment includes the affiliated company Seilduksgaten 25/31 AS. The bank's share is 50% and net profit for 2008 is minus NOK 1,6 million.

Retail Banking: Deposits from and lending to retail customers, including credit cards. Lending is principally mortgage lending secured against residential real estate. The segment includes the bank's share in Storebrand Baltic UAB (earlier Evoco Financial Production UAB) in Lithuaina on 50%. The ownership interest is recognised as a jointly venture. Net profit for 2008 is NOK 0,9 million.

Markets: This business area includes all the bank's activities in structured products, real estate funds, Storebrand Optimér ASA, Storebrand Infrastruktur ASA and stockbroking activities. The subsidiaries Hadrian Eiendom AS and Hadrian Utvikling AS are also included in this area, where the bank respectively had a 90.9% ownership interst and 75.4% ownership interest at the close of 4th quarter 2008. Net profit for Hadrian Eiendom AS and Hadrian Utivkling AS are respectively NOK 5.6 million and minus NOK 2.2 million in 2008.

Real estate broking: This segment solely comprises Ring Eiendomsmegling AS with subsidiaries in which the bank had a 99.6% ownership interest at the close of 4th quarter 2008.

Indirect income and indirect costs have been allocated on the basis of estimated use of resources.

Geographical segment:
No company in the group have any independent business activities outside Norway. Customers with foreign domicile are classified as part of the Norwegian activities. Operating revenue and profit are therefore solely from activities in Norway.

Note 4: Close associates

Transactions with group companies:

	2008 OTHER GROUP COMPANIES 1)	2007 OTHER GROUP COMPANIES 1)
Interest income		
Interest expense	0.6	2.4
Services sold	5.5	3.7
Services purchased	60.8	54.7
Due from	271.9	0.0
Liabilities to	41.5	32,4

Transactions with group companies are based on the principle of transactions at arm's length

1) Other group companies are companies in other sub-groups within Storebrand group.

Lending transferred to Storebrand Kredittforetak AS
Storebrand Bank shall arrange the transfer and return of loans when changes have to be made, i.e. if there is a need to increase borrowing, change from variable to fixed interest, convert to employee loan or convert to a mortgage loan. The costs form part of the contractual administration fees.
Non-performing loans in Storebrand Kredittforetak remain in the undertaking. These loans will, pursuant to the service agreement with Storebrand Bank, be treated in the same way as non-performing loans in the bank. Specific non-performance reports are prepared for non-performing loans in Storebrand Kredittforetak. These loans do not form part of the credit undertaking's total collateral.

Loans to employees can be transferred to Storebrand Kredittforetak. The difference between the market interest rate and subsidised interest rate is covered monthly by the company in which the debtor is employed.

Overview of transferred lending:

NOK MILLION	2008
To Storebrand Kredittforetak AS	15 706.1
From Storebrand Kredittforetak AS	1 762.9

Storebrand Bank has not pledged any guarantees in connection with loans to Storebrand Kredittforetak.

Transactions with related parties:
Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA. The bank has recognized NOK 8.4 million to profit in the accounts for 2008, where of NOK 4.0 million have been paid to the distributors of shares in Storebrand Optimér ASA. No new issues have been carried out in 2008. The bank has a receivable due from the company of NOK 5.5 million as of 31.12.08. The fees paid to the bank are based on the arm's length principle.
Storebrand Bank ASA also defines Storebrand Infrastruktur ASA as a related party since the general manager of Storebrand Infrastruktur ASA is an employee of Storebrand Bank ASA and the company's objective is to offer alternative savings products to the bank's customers. Storebrand Infrastruktur ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Infrastruktur ASA. The bank has recognized NOK 1.2 million to profit in the accounts for 2008, where of NOK 1.1 million have been paid to the distributors of Storebrand Infrastruktur ASA. The bank has a receivable due from the company of NOK 0.1 million as of 31.12.08. The fees paid to the bank are based on the arm's length principle.

Loans to employees:

NOK MILLION	2008	2007
Loans to employees of Storebradn Bank ASA	137.6	169.1
Loans to employees of Storebradn Bank group	1 813.4	1 575.5

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions. The bank has not provided guarantees or security for borrowing by employees.

Headaccount and personnel information:

	2008	2007
Number of employees at 31 December 1)	374	215
Number of employees expressed as full-time equivalent positions 1)	361	198

1) Figures for Storebrand Bank Group includes employees and FTEs for Storebrand Bank ASA, Ring Eiendomsmegling AS with subsidiaries, Hadrian Eiendom AS, Hadrian Utvikling AS and Storebrand Baltic UAB.

Note 5: Remuneration of the auditor

Remuneration excluding value added tax:

NOK 1000	2008	2007
Statutory audit	2 208	1 041
Other reporting duties	254	83
Taxation advice	8	28
Other non-audit services	328	13
Total	**2 799**	**1 165**
Of which remuneration to Deloitte AS (excl. VAT):		
Statutory audit	1 207	1 041
Other reporting duties	254	83
Taxation advice	5	28
Other non-audit services	91	13
Total	**1 558**	**1 165**

Note 6: Net income from financial instruments

NOK MILLION	2008	2007
Net interest income		
Interest and other income on loans to and deposits with credit institutions	66.8	46.5
Interest and other income on loans to and due from customers	2 686.9	1 825.3
Interest on commercial paper, bonds and other interest-bearing securities	175.5	112.9
Other interest income and related income	11.2	7.6
Total interest income 1)	**2 940.5**	**1 992.3**
Interest and other expenses on debt to credit institutions	-180.3	-118.5
Interest and other expense on deposits from and due to customers	-1 003.6	-588.7
Interest and other expenses on securities issued	-1 070.9	-788.5
Interest and expenses on subordinated loan capital	-68.2	-53.3
Other interest expenses and related expenses	-105.0	-30.0
Total interest expense 2)	**-2 428.0**	**-1 579.1**
Net interest income	**512.5**	**413.2**
1) *Of which total interest income on financial assets that are not at fair value through profit or loss*	*2 747.2*	*1 861.3*
2) *Of which total interest expenses on financial liabilities that are not at fair value through profit or loss*	*-2 395.8*	*-1 506.4*

Interest expense and changes in value of funding FVO:

NOK MILLION	2008	2007
Interest expense funding FVO	-63.2	-72.7
Changes in value of funding FVO	-5.9	0.0
Net expense funding FVO	**-69.0**	**-72.6**

Net income and gains from financial assets and liabilities at fair value:

NOK MILLION	2008	2007
Equity instruments		
Dividends received from equity investments		0.1
Net gains/losses on realisation of equity investments		5.4
Net change in fair value of equity investments	-0.5	-2.3
Total equity investments	**-0.5**	**3.3**
Bonds, commercial paper and other interest-bearing securities		
Commercial paper and bonds issued by the public sector	7.9	0.3
Total securities issued by the public sector	**7.9**	**0.3**
Commercial paper and bonds issued by others	-18.0	-2.6
Total securities issued others	**-18.0**	**-2.6**
Total bonds, commercial papper and other interest-bearing securities	**-10.1**	**-2.3**

Continues next page

Note 6: Net income from financial instruments *Continues*

NOK MILLION	2008	2007
Financial derivatives		
Financial derivatives, held for trading	11.7	15.5
Total financial derivatives	**11.7**	**15.5**
Net income and gains from financial assets and liabilities at fair value	**1.1**	**16.4**
Net gain/loss on financial assets at fair value through profit or loss:		
Financial assets designated at fair value upon initial recognition	-24.3	-3.1
Financial assets classified as held for trading	21.1	19.6
Net gain/loss on financial liabilities at fair value through profit or loss:		
Financial liabilities designated at fair value upon initial recognition	-4.5	
Financial liabilities classified as held for trading		

Note 7: Net commission income

NOK MILLION	2008	2007
Money transfer fees	24.4	12.6
Service charges on deposit accounts	23.7	19.8
Guarantee commissions receivable	3.9	4.0
Commissions from real estat fund	17.2	70.0
Commissions from structured products	0.8	2.4
Commissions from stockbroking	5.0	10.0
Commissions from Storebrand Optimér ASA	8.4	13.6
Commissions from Storebrand Infrastruktur ASA	1.2	
Fees from loans	1.1	0.8
Management of loan portfolios	5.6	3.8
Other commission income	1.5	2.9
Total fees and commissions receivable 1)	**92.8**	**139.8**
Money transfer fees	-13.0	-5.6
Fee on securities to Norwegian Registry of Securities	-2.1	-1.7
Commissions real estate fund	-0.3	-44.6
Commissions structured products	-0.4	-3.2
Commissions stockbroking	-4.0	-8.1
Commissions Storebrand Optimér ASA	-1.1	
Commission for distribution of the bank's products	-9.4	-17.7
Other commission expenses	-0.5	-1.0
Total fees and commissions payable 2)	**-30.8**	**-81.9**
Net fee and commission income	**62.0**	**57.9**
1) *Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through profit or loass*	*55.6*	*39.4*
2) *Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through profit or loass*	*-22.4*	*-23.3*

Other fee and commission income and fee and commission expense are related to charges on services bought and sold.

Note 8: Losses on loans and guarantees

NOK MILLION	2008	2007
Write-downs of loans and guarantees for the period		
Change in individual write-downs for the period	-15.3	113.0
Change in grouped write-downs for the period	-30.3	15.2
Other corrections to write-downs	0.7	-0.9
Change in individual write-downs on guarantees for the period 1)		4.0
Realised losses in period on commitments specifically provided for previously	-79.9	-59.6
Realised losses on commitments not specifically provided for previously	-0.6	-1.0
Recoveries on previously realised losses	3.5	7.5
Write-downs of loans and guarantees for the period	**-121.8**	**78.2**

1) Individual write-downs on guarantees are included in the item 'Provision for accrued expenses and liabilities' until such time as they are written back.

Interest recognised to profit on loans subject to write-downs	7.6	4.0

Note 9: Other income

NOK MILLION	2008	2007
Net gain/loss on sale/close down of subsidiaries	-0.1	7.2
Income from real estate broking	85.7	14.2
Income from Markets	2.4	
Gain on sale of property		5.8
Other income	1.4	3.0
Total other income	**89.4**	**30.2**

Note 10: Pensions

Employees of Storebrand Bank ASA are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pension payments from the this scheme come into effect from the pension age, which is 67. Pension payments between 65 and 67 and pensions in excess of 12G 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. Pension rights are part of the group's collective employment agreement. The company has a duty to operate an occupational pension scheme pursuant to the Act on mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK MILLION	2008	2007
Present value of insured pension liability including employer's social security contributions	116.5	107.5
Pension assets at fair value	-74.0	-78.1
Net pension liability/surplus for the insured schemes	42.5	29.3
Present value of uninsured pension liability including employer's social security contributions	37.6	40.1
Net pension liabilities in the balance sheet	**80.1**	**69.5**

Reconciliation to show the change in net defined benefit pension liability in the period:

NOK MILLION	2008	2007
Net pension liability at 1.1 including provision for employment taxes	147.6	145.0
Net pension cost recognised in the period including provision for employment taxes	13.9	15.6
Interest on pension liabilities	6.5	5.9
Experience adjustments	-11.8	-14.1
Pensions paid	-2.0	-4.8
Net pension liability at 31.12.	**154.2**	**147.6**

Continues next page

Note 10: Pensions *Continues*

Reconciliation to show the change in fair value of pension assets in the period:

NOK MILLION	2008	2007
Fair value of pension assets at 1.1	78.1	76.0
Expected return	4.5	3.5
Experience adjustments	-16.4	-5.8
Premiums paid in	9.2	5.6
Pensions paid	-1.4	-1.2
Net pension assets at 31.12.	**74.0**	**78.1**

Expected premium payments (pension assets) in 2009: NOK 10.4 million

Pension assets are based on the financial investments held by Storebrand Livsforsikring which had the following composition as at 31.12.:

NOK MILLION	2008	2007
Properties and real estate	14 %	13 %
Bonds to 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 Livsforsikring/SPP at year-end. The book (realised) investment return on assets managed by Storebrand Livsforsikring was 2.0% in 2008, 8.9% in 2007 and 7.1% in 2006.

Net pension cost in the profit and loss account, specified as follows:

NOK MILLION	2008	2007
Current service cost including employment taxes	13.1	14.6
Interest on pension liabilities	6.5	5.5
Expected return on pension assets	-4.5	-3.5
Accrued employer's social security contributions	2.1	2.3
Net pension cost booked to profit and loss in the period 1)	**17.2**	**18.9**

1) For 2007 net pension cost reported in the accounts is reduced by NOK 1.7 million due to the transfer of employees from the bank to other companies in the group. This reduction is not included in the figures shown in this note. Subsidiaries with defined contribution pension schemes have recognized NOK 0.9 million of pension cost. These pension schemes are not included in this note. Net pension cost is included in the item "Staff and general administration expenses". See note 11.

Main assumptions used when calculating net pension liability

NOK MILLION	2008	2007
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 pensions in payment	2.0 %	1.9 %
Disability table	KU	KU
Mortality table	K-2005	K-2005

Standardised assumptions on mortality/disability 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	2004
Discounted present value of defined benefit pension liability	154.2	147.6	146.1	111.7	107.6
Fair value of pension assets	74.0	78.1	76.0	58.3	51.3
Deficit/(surplus)	80.1	69.5	70.1	53.4	56.3

Experience adjustments applied to equity:

NOK MILLION	2008	2007
Experience adjustments applied to equity	-4.7	7.1
Accumulated experience adjustments applied to equity	22.4	29.1

Note 11: Operating expenses

NOK MILLION	2008	2007
Ordinary wages and salaries	145.5	102.5
Employer's social security contributions	21.3	12.9
Other staff expenses	12.8	9.2
Pension cost (ses note 10) [1]	18.1	17.4
Total staff expenses	**197.6**	**142.0**
IT costs	84.6	68.1
Printing, postage etc.	14.8	10.6
Travel, entertainment, courses, meetings	8.6	4.4
Other sales and publicity costs	6.3	5.1
Total general administration expenses	**114.4**	**88.3**
Depreciation fixed assets and intangible assets (see note 27 and 28)	38.3	21.3
Contract personnel	23.3	22.8
Operating expenses on rented premises	27.7	13.9
Inter-company charges for services	60.7	54.8
Other operating expenses	46.2	17.1
Total other operating expenses	**196.1**	**129.9**
Total operating expenses	**508.1**	**360.2**

[1]) Pension costs include NOK 0.2 million recognized by subsidiaries that operate defined contribution pension schemes.

Note 12: Tax

TAX CHARGE FOR THE YEAR

NOK MILLION	2008	2007
Tax payable for the period	8.2	77.3
Total tax charge	**8.2**	**77.3**
Changes in deferred tax/deferred tax asset		
Deferred tax caused by temporary differences/reversals of temporary differences	5.7	-12.0
Total changes in deferred tax/deferred tax asset	**5.7**	**-12.0**
Total tax cost	**13.9**	**65.3**

Reconciliation of expected and actual tax charge

NOK MILLION	2008	2007
Ordinary pre-tax profit	33.3	234.9
Expected tax on income at nominal rate	9.3	65.8
Tax effect of:		
Realised shares	-0.2	-3.8
Realised options related to equity index linked bonds	-0.2	-1.1
Associated companies	0.5	0.1
Permanent differences	4.4	4.4
Write-downs of deferred tax assets		-0.1
Tax charge	**13.9**	**65.3**
Tax payable	8.2	77.3
- tax effect of group contribution paid	-2.2	0.0
Tax payable in the balance sheet (note 37)	**6.0**	**77.3**

Continues next page

Note 12: Tax *Continues*

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

NOK MILLION	2008	2007
Tax increasing timing differences		
Lending	27.5	
Derivatives	1 451.0	
Bonds issued		64.8
Commercial paper issued		1.0
Liabilities to credit institutions	7.7	
Effect of pensions and experience adjustments applied to equity		30.6
Other	43.4	42.1
Total tax increasing timing differences	**1 529.5**	**138.5**
Tax reducing timing differences		
Pensions	-84.8	-107.1
Securities	-15.5	-1.0
Operating assets	26.8	-12.8
Derivatives		-162.6
Provisions	-10.0	-5.6
Fees and commissions	-9.0	-17.6
Equity index bonds	-558.6	-479.3
Deposits linked to stock exchange index (BMA)	-5.4	-1.0
Bonds issued	-1 230.1	
Commercial paper	-1.4	
Other	-0.4	-7.4
Total tax reducing timing differences	**-1 888.2**	**-794.5**
Losses/allowances carried forward	-246.4	-3.3
Net base for deferred tax/tax assets	-605.1	-659.2
Write-down of deferred tax asset	5.5	0.4
Net base for deferred tax and deferred tax asset	-599.6	-658.8
Net deferred asset/liability	**167.9**	**184.5**
Change in deferred tax, not applied to profit and loss	-1.3	-2.0
Deferred tax in connection with acquisition of Hadrian Eiendom AS		-8.6
Net deferred asset/liability in the balance sheet	**166.6**	**173.9**

Analysis of tax payable and deferred tax applied directly to equity:

	2008	2007
Pension experience adjustments	-1.3	-2.0
Total	**-1.3**	**-2.0**

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments. The bank produces an annual profit, and this is expected to continue in future years. Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

Note 13: Minority interests

NOK MILLION	2008	2007
Minority interests at 1.1.	7.1	3.5
Share of profits due to minority interests	-3.7	0.3
Minority share of equity at acquisition	3.7	1.2
Share issue against the minority interests in the period	2.8	
Purchase of minority interests	-4.1	
Minority interests share of intangible assets on acquisition of Hadrian Eiendom AS		2.0
Minority interests share of intangible assets on acquisition of Hadrian Utvikling AS	0.4	
Minority interests at 31.12.	**6.1**	**7.1**

Relates to minority interests in Ring Eiendomsmegling AS, Hadrian Eiendom AS, Hadrian Utvikling AS and Sørlandsbygg Holding AS where Storebrand Bank ASA held 99.6%, 90.9%, 75.4% and 70% respectively at 31.12.2008.

Note 14: Classification of financial instruments

Classification of financial assets		2008		2007	
NOK MILLION	NOTE	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Cash and deposits with central banks	15				
Cash and deposits with central banks at amortised cost, loans and receivables		672,1	672,1	1 062,0	1 062,0
Total cash and deposits with central banks		672,1	672,1	1 062,0	1 062,0
Net loans to and deposits with credit institutions	17				
Loans to and deposits with credit institut. at amortised cost, loans and receivables		333.7	333.7	374.1	374.1
Total loans to and deposits with credit institutions		333.7	333.7	374.1	374.1
Equity instruments	18				
Financial assets at fair value, FVO 1)		1.5	1.5	2.0	2.0
Total equity instruments		1.5	1.5	2.0	2.0
Bonds and other fixed income securities	22				
Commercial paper and bonds at fair value, FVO 1)		3 439.5	3 439.5	2 491.6	2 491.6
Total bonds and other fixed income securities		3 439.5	3 439.5	2 491.6	2 491.6
Derivatives	24				
Financial derivatives at fair value, held for trading		1 791.7	1 791.7	527.9	527.9
Total derivatives		1 791.7	1 791.7	527.9	527.9
Net lending to customers					
Lending to customers at fair value, FVO 1)	25	282.9	282.9	316.5	316.5
Lending to customers at amortised cost, loans and receivables 4)	25	38 751.8	38 457.8	36 779.3	36 778.2
Total lending before individual write-downs and write-downs of groups of loans		39 034.7	38 740.7	37 095.8	37 094.8
- Write-downs on individual loans	26	-262.4	-262.4	-247.1	-247.1
- Write-downs on groups of loans	26	-88.3	-88.3	-58.1	-58.1
Total net lending to customers		38 684.0	38 390.0	36 790.7	36 789.6
Other assets	30				
Other assets, amortised cost		367.6	367.6	311.5	311.5
Total other assets		367.6	367.6	311.5	311.5
Total financial assets		**45 290.1**	**44 996.1**	**41 559.8**	**41 558.7**
Financial assets summarised by classification					
Financial assets at fair value, FVO 1) 2)		3 724.0	3 724.0	2 810.2	2 810.2
Financial assets at fair value, held for trading		1 791.7	1 791.7	527.9	527.9
Financial assets at amortised cost, loans and recievables		39 774.4	39 480.4	38 221.7	38 220.7
Total financial assets		**45 290.1**	**44 996.1**	**41 559.8**	**41 558.7**

Classification of financial liabilities					
Liabilities to credit institutions	32				
Deposits from and due to credit institutions, FVO 1)		1 977.6	1 977.6		
Deposits from and due to credit institutions at amortised cost		4 539.5	4 463.8	3 064.5	3 034.7
Total liabilities to credit institutions		6 517.1	6 441.4	3 064.5	3 034.7
Deposits from and due to customers	33				
Deposits from and due to customers at fair value, FVO 1)		167.9	167.9	137.4	137.4
Deposits from and due to customers at amortised cost		18 123.6	18 123.6	17 332.2	17 332.2
Total deposits from and due to customers		18 291.5	18 291.5	17 469.6	17 469.6
Other financial liabilities					
Derivatitves, held for trading	24	467.1	467.1	586.6	586.6
Commercial paper and bonds issued at fair value, FVO 1)	34	934.1	934.1	1 118.9	1 118.9
Commercial paper and bonds issued at amortised cost	34	15 890.0	15 742.1	16 040.6	15 902.4
Other liabilities, amortised cost	37	422.7	422.7	470.8	470.8
Total other financial liabilities		17 713.9	17 566.0	18 216.9	18 078.7
Subordinated loan capital	35				
Subordinated loan capital at amortised cost		962.0	782.8	1 013.8	992.7
Total subordinated loan capital		962.0	782.8	1 013.8	992.7
Total financial liabilities		**43 484.6**	**43 081.7**	**39 764.8**	**39 575.7**
Financial liabilities summarised by classification					
Financial liabilities at fair value, FVO 1) 3)		3 079.6	3 079.6	1 256.3	1 256.3
Financial liabilities at fair value, held for trading		467.1	467.1	586.6	586.6
Financial liabilities at amortised cost, Loans and receivables		39 937.8	39 535.0	37 921.8	37 732.8
Total financial liabilities		**43 484.6**	**43 081.7**	**39 764.8**	**39 575.7**

1) FVO = Fair Value Option				
2) Of which financial assets designated at fair value upon initial recognition	3 723.8	3 723.8	2 810.2	2 810.2
Of which financial assets classified as held for tranding				
3) Of which financial liabilities designated at fair value upon initial recognition	3 079.6	3 079.6	1 256.3	1 256.3
Of which financial liabilities classified as held for tranding				

Continues next page

Note 14: Classification of financial instruments *Continues*

[4]) The market for portfolio sales is non-existent due to the financial crisis. The banking group is of the opinion that 'at amortised cost' is a good estimate of market value for most of the loans on the balance sheet, due to the group largely stipulating the continuous margins and interest rates on the loans itself. In the case of loans where the terms are stipulated on the basis of the margins in reference interest rates, the Storebrand Bank group has until now utilised the right to change ongoing reference margins. The banking group's terms for the loans are largely an administratively stipulated margin, but for some of the loans the margin is fixed for the term of the loan. At year-end the banking group had NOK 7.3 billion in which the stipulation of the interest rate is based on the NIBOR three months rate plus a margin with an expected term of 4 years. The portfolio, primarily commercial loans, currently has a margin that is around 100 base points lower than what the bank would require for new loans to debtors of equivalent quality and security. The current value of the margin difference is calculated at NOK -294 million based on the expected value of the loans and a discount rate of 3%. If the current credit spread is maintained, the banking group will increase the margin for credits in which this is possible and thus reduce the calculated underlying value significantly.

Note 15: Cash and deposits with central banks

NOK MILLION	2008	2007
Cash	4.9	4.8
Deposits with central banks at amortised cost, loans and receivables	667.2	1 057.2
Total cash and deposits with central banks	**672.1**	**1 062.0**

Note 16: Balances held for customers and liability to customers

NOK MILLION	2008	2007
Balances held for customers	456.6	33.1
Liability to customers	435.3	31.7
Over/under cover	**21.3**	**1.4**

Balances held for customers and liability to customers arise in respect of the activities of Ring Eiendomsmegling AS and Hadrian Eiendom AS, which are authorised to operate as real estate brokers. Over/under cover is included in the item 'Other current assets' and the item 'Loans to and deposits with credit institutions'.

Note 17: Loans to and deposits with credit institutions

NOK MILLION	2008	2007
Total loans to and deposits with credit institutions without fixed maturity at amortised cost [1])	333.7	374.1
Total loans to and deposits with credit institutions with fixed maturity at amortised cost		
Total loans to and deposits with creditinstitutions at amortised cost	**333.7**	**374.1**

[1]) Relates to current accounts held with other banks, principally in foreign currencies.

Note 18: Shares and other equity instruments

NOK MILLION	OWNERSHIP INTEREST	FAIR VALUE 2008	FAIR VALUE 2007
Storebrand Institusjonelle Investor ASA	5.15%	0.9	1.4
Others		0.5	0.5
Total		**1.5**	**2.0**
Of which			
Listed shares			
Unlisted shares		1.5	2.0

Shares and other equity instruments are classified as financial assets at fair value through profit and loss.

Note 19: Investments in associated companies and joint ventures

Associated companies
Main accounting figures for associated companies - figures shown are the share of Storebrand Bank Group.

NOK MILLION	2008	2007
Revenue:		
Seilduksgaten 25/31 AS	0.8	1.3
Utenlands megleren AS		1.2
Profit & Loss:		
Seilduksgaten 25/31 AS	-1.6	-0.6
Utenlands megleren AS		-0.1
Assets:		
Seilduksgaten 25/31 AS	12.0	12.0
Utenlands megleren AS		0.9
Liabilities:		
Seilduksgaten 25/31 AS	13.8	12.0
Utenlands megleren AS		1.1

Investments in associated companies are accounted for on the equity method.
Utenlands megeleren AS was treated as an associated company in 2007. In 2008 there has been an acquistition in the company and the company is now treated as a subsidiary of Ring Eiendomsmegling AS.

Ownership interests in associated companies

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	BALANCE SHEET VALUE AT 1.1.	ADDITIONS/ DISPOSALS	SHARE IN PROFIT	BALANCE SHEET VALUE AT 31.12.
Seilduksgaten 25/31 AS	50%	30.0	28.7		-1.6	27.1
Utenlands megleren AS	100%	0.3				
Total		**30.3**	**28.7**	**0.0**	**-1.6**	**27.1**

1) Treated as a subsidiary of Ring Eiendomsmegling AS from 1.2.2008.

Joint ventures
Overview of companies included in the accounts - figures shown are the share of Storebrand Bank Group:

NOK MILLION	2008	2007
Revenue:		
Storebrand Baltic UAB	5.6	1.5
Profit & Loss:		
Storebrand Baltic UAB	0.9	-0.5
Assets:		
Storebrand Baltic UAB	1.3	0.9
Liabilities:		
Storebrand Baltic UAB	0.5	0.8

Joint ventures are businesses the group operates together with external parts.

Storebrand Baltic UAB (former Evoco Financial Production Services UAB) was established in 2007.

Ownership interests in joint ventures

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	BOOK VALUE AS AT 31.12.08	PROFIT 2008
Storebrand Baltic UAB	50%	0.4	0.6	0.9
Total		**0.4**	**0.6**	**0.9**

The figures shown relates to the proportion owned by Storebrand Bank ASA

Note 20: Changes in the composition of the group

New companies / aquisitions
Storerand Bank ASA has purchased 76% of the share capital of Hadrian Utvikling AS (former Trajan AS), which provieds advice and broking services for commercial real estate (see note 21). The acquisition date for the shares was 15 February 2008 and the company has been consolidated into the group from the same date. Ring Eiendomsmegling AS carried out 12 purchases of shares in businesses that were formerly franchisees of Ring Eiendomsmegling AS (see note 21)

Sales of and close down of companies
The subsidiary Storebrand Infrastruktur ASA was sold in 2008. The subsidiary Filipstad Tomteselskape AS has been closed down in 2008. The accounts include a loss of NOK 0.1 million from the close down.

Other changes
Evoco Financial Production Services UAB in Lithuainia has changed its name to Storebrand Baltic UAB.

Specification of acquisitions in 2008

NOK MILLION	ACQUISITION DATE	OWNER SHIP 1)	COST PRICE 2)
Ringen Aker Brygge AS	1.1.2008	100%	1.0
Ringen Lysaker Brygge AS	1.1.2008	94%	2.7
Naper Ringen AS	1.1.2008	100%	3.2
Trygg Eiendomsmegling AS	1.2.2008	80%	4.2
Eiendomsringen Skedsmo AS	1.2.2008	80%	6.5
Værnes & Eckmann Eiendom AS	1.2.2008	84%	5.4
Bodø Eiendomsmegling AS	1.2.2008	85%	3.9
Nordre Aker Eiendomsmegling AS	1.2.2008	82%	2.5
Akershus Eiendomsmegling AS	1.3.2008	66%	13.2
GA Eiendomsmegling AS	1.3.2008	100%	3.3
Utenlands megleren AS	1.2.2008	100%	0.3
Indre Østfold Eiendomsmegling AS	1.2.2008	81%	1.4
Hadrian Utvikling AS	15.2.2008	75%	9.2

1) Ownership is determined by the number of voting shares.
2) The cost price is made up of a cash element and the discounted current value of deferred settlement related to the purchade of the shares, which is base on future earnings. A share of the deferred settlement is related to future work effort.

Note 21: Acquisitions

Analysis of goodwill and excess value by business acquisition 1)

NOK MILLION	GOODWILL 2)	EXCESS VALUE 4)
Ringen Aker Brygge AS 3)	0.3	
Ringen Lysaker Brygge AS 3)	0.9	
Naper Ringen AS	1.6	
Trygg Eiendomsmegling AS	3.3	
Eiendomsringen Skedsmo AS	5.0	
Værnes & Eckmann Eiendom AS 3)	2.7	
Bodø Eiendomsmegling AS	3.0	
Nordre Aker Eiendomsmegling AS 3)	1.0	
Akershus Eiendomsmegling AS	10.9	3.2
GA Eiendomsmegling AS 3)	3.4	
Utenlands megleren AS 3)	0.4	
Indre Østfold Eiendomsmegling AS	1.0	
Hadrian Utvikling AS	5.4	1.1
Total	**38.8**	**4.3**

1) Based on provisional acquisition analysis.
2) In connection with the revised estimate of the current value of deferred consideration, an equivalent adjustment has been made to goodwill.
3) Goodwill as at 31.12.08 is stated after write-downs and changes to the estimated discounted present value of deferred settlement.
4) Excess value as at 31.12.08 is stated after write-downs and changes to the estimated discounted present value of deferred settlement.

Total cost price of the acquistions in 2008 amounts to NOK 56.9 million, which include discounted present value of earn-out commitments NOK 43.1 million of the cost price is allocated to goodwill and intangible assets.

Continues next page

Note 21: Acquisitions *Continues*

Book values prior to the acquisitions were based on accounting principles that compiled with IFRS and that were consistent with Storebrand's accounting principles. Assets and liabilities acquired were valued at fair value. A pre-tax discount rate of 12% was used to calculate the discounted present value of earn-out commitments. In cases where agreements have been entered into for deferred consideration, a proportion of the consideration is conditonal on performance. Identified intangible assets relate to customer contracts. Amortisation of intangible assets is based on a case-by-case evaluation of the life of the contracts in respect of each acquisition.

Goodwill relates principally to market position.

The company has not prepared pro forma comparable accounting figures from 1 January fot the date of acquistion since the acquisitions are not considered to have a material effect in profit and loss account.

Analysis of goodwill by business acquisition

NOK MILLION	ACQUISITION COST 1.1.	ACCUMULATED DEPRECIATION. 1.1.	BOOK VALUE VERDI 1.1.	ADDITIONS / DISPOSALS	WRITEDOWNS	BOOK VALUE 31.12.
Hadrian Eiendom AS	20.1		20.1	-4.4		15.7
Skansen Eiendomsmegling AS	0.5		0.5	0.2	-0.5	0.2
Ringen Aker Brygge AS				0.7	-0.4	0.3
Ringen Lysaker Brygge AS				1.6	-0.7	0.9
Naper Ringen AS				1.6		1.6
Trygg Eiendomsmegling AS				3.3		3.3
Eiendomsringen Skedsmo AS				5.0		5.0
Værnes & Eckmann Eiendom AS				4.7	-2.0	2.7
Bodø Eiendomsmegling AS				3.0		3.0
Nordre Aker Eiendomsmegling AS				2.0	-1.0	1.0
Akershus Eiendomsmegling AS				10.9		10.9
GA Eiendomsmegling AS				5.4	-2.0	3.4
Utenlands megleren AS				0.9	-0.5	0.4
Indre Østfold Eiendomsmegling AS				1.0		1.0
Hadrian Utvikling AS				5.4		5.4
Total	**20.6**	**0.0**	**20.6**	**41.2**	**-7.0**	**54.7**

Note 22: Bonds and other fixed income securities at fair value through profit and loss

NOK MILLION	COMMERCIAL PAPER	BONDS	2008 TOTAL	2007 TOTAL
Commercial paper and bonds, book value	816.4	2 623.1	3 439.5	2 491.6
Of which listed	816.4	2 623.1	3 439.5	2 491.6
Nominal value	825.0	2 620.0	3 445.0	2 500.5
Analysis by sector of issuer:				
Asset backed securities	-	101.2	101.2	-
Finance, Banking and Insurance	-	1 762.0	1 762.0	1 589.2
Sovereign and Government Guaranteed	816.4	458.1	1 274.5	452.4
Local authorities	-	301.9	301.9	450.0
Total	**816.4**	**2 623.1**	**3 439.5**	**2 491.6**
Modified duration	0.42	0.17	0.23	0.17
Average effective yield per 31.12.	5.07 %	6.15 %	5.89 %	5.64 %

All securities are denominated in NOK.
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.

Note 23: Transferred financial assets (swap agreements)

NOK MILLION	2008	2007
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 39). The swap agreements are entered into through auctions that are administrated by Norges Bank. Int the swap agreement, 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.

Note 24: Financial derivatives

Nominal volum

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 amounts such as nominal principal, nominal volume, etc. Nominal volume is calculated differently for different classes of derivative, 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 derivative.

In contrast to gross nominal volume, net nominal volume also takes into account the direction of the instruments' market risk exposure 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. Average gross nominal volume is based on monthly calculations of gross nominal volume.

2008

NOK MILLION	GROSS NOM. VALUE 2)	AVERAGE NOM. VALUE 3)	NET NOM. VALUE 2)	FAIR VALUE 2) ASSET	FAIR VALUE 2) LIABILITY	FAIR VALUE-HEDGING 4) ASSET	FAIR VALUE-HEDGING 4) LIABILITY
Equity options	1 128.1	1 310.2	27.6	18.3	17.8		
Interest rate swaps 1)	29 508.9	23 629.3	6 099.2	552.8	300.5	352.5	0.9
Basis swaps	3 950.0	3 950.0	3 950.0	914.8			
Forward foreign exchange contracts	5 189.4	6 922.5	1 499.5	305.8	148.8		
Total derivatives	**39 776.4**	**35 812.0**	**11 576.3**	**1 791.7**	**467.1**	**352.5**	**0.9**

2007

NOK MILLION	GROSS NOM. VALUE 2)	AVERAGE NOM. VALUE 3)	NET NOM. VALUE 2)	FAIR VALUE 2) ASSET	FAIR VALUE 2) LIABILITY	FAIR VALUE-HEDGING 4) ASSET	FAIR VALUE-HEDGING 4) LIABILITY
Equity options	3 051.8	3 636.7	18.2	261.1	257.9		
Interest rate swaps 1)	16 236.4	16 908.6	3 023.5	249.3	233.1		91.2
Forward foreign exchange contracts	5 621.0	5 665.5	5 493.4	17.5	95.5		
Total derivatives	**24 909.2**	**26 210.8**	**8 535.1**	**527.9**	**586.6**	**0.0**	**91.2**

1) Interest rate swaps are included acrued interest.
2) Value at 31.12.
3) Average for the year.
4) Market value of derivatives included in hedge accounting are classified together wiht the underlying item hedged. See note 31.

Note 25: Analysis of loan portfolio and guarantees

NOK MILLION	LENDING TO CUSTOMERS 2008	2007
Lending to customers at amortised cost	38 751.8	36 779.3
Lending to customers at fair value	282.9	316.5
Total gross lending to customers	**39 034.7**	**37 095.8**
Write-downs on individual loans (see note 26)	-262.4	-247.1
Write-downs on groups of loans (see note 26)	-88.3	-58.1
Net lending to customers	**38 684.0**	**36 790.7**

NOK MILLION	LENDING TO CUSTOMERS 2008	2007	GUARANTEES 2008	2007
Sector and industry classification:				
Financial aid agencies	0.3	0.3		
Industry and mining	16.8	22.1	0.4	0.4
Water and power supply, building and construction	13.2	46.8	1.9	3.1
Wholesale/retail trade, hotels and restaurants	23.6	28.5	0.4	1.2
International shipping and pipelines	41.1	81.1	0.2	0.2
Other transportation and communications	25.6	64.7	1.2	1.2
Services and real estate operations	10 725.4	10 780.9	359.1	361.2
Other service industries	49.0	58.5	0.9	2.0
Retail customers	27 877.4	25 738.0	1.8	9.1
Other	0.2	1.6	0.4	0.4
Foreign	262.0	273.3		
Total	**39 034.7**	**37 095.8**	**366.4**	**378.6**
Geographic distribution:				
Eastern Norway	30 822.9	29 347.9	365.7	376.7
Western Norway	4 903.3	4 753.4	0.7	0.7
Southern Norway	564.0	534.2		
Mid-Norway	1 633.3	1 406.7		1.2
Northern Norway	849.1	780.4		
Foreign	262.0	273.3		
Total	**39 034.7**	**37 095.8**	**366.4**	**378.6**
Analysis of guarantee liabilities:				
Payment guarantees			166.6	175.9
Performance guarantees			191.9	190.4
Other guarantee liability			7.8	12.4
Total (see note 38)			**366.4**	**378.6**

Note 26: Write-downs of loans and guarantees

NOK MILLION	2008	2007
Write downs om individual loans 1.1.	247.1	360.0
Losses realised in the period on individual loans previously written down	-79.9	-59.6
Write-downs of individual loans for the period	106.8	12.0
Reversals of write-downs of individual loans for the period	-18.6	-66.1
Other corrections to write-downs [1])	7.1	0.7
Write-downs of individual loans at 31.12.	**262.4**	**247.1**
Write-downs of groups of loans and guarantees 1.1.	58.1	73.3
Grouped write-downs for the period	30.2	-15.2
Write-downs of groups of loans and guarantees etc. 31.12.	**88.3**	**58.1**
Total write-downs	**350.7**	**305.2**

[1]) Other corrections to write-downs relates to effects of amortisation.

The bank has no provision for guarantees as at 31.12.08 and as at 31.12.07.

Note 27: Intangible assets and goodwill

NOK MILLION	INTANGIBLE ASSETS						
	CURRENT PROJECTS	BRAND NAME	IT-SYSTEMS	ORDER BACKLOG	CUSTOMER LISTS	GOOD-WILL	TOTAL 2008
Acquistion cost at 1.1.	1.0	30.7	112.6			20.6	164.9
Additions in the period:			10.9				10.9
Purchased separately							
Purchased through merger, acquistion or similar				10.0	1.1	45.5	56.6
Disposals in the period						-4.4	-4.4
Acquisition cost at 31.12.	**1.0**	**30.7**	**123.4**	**10.0**	**1.1**	**61.7**	**228.0**
Accumulated depreciation and write-downs at 1.1.	0.3		50.2				50.5
Depreciation in the period	0.8		19.1	6.8	1.0		27.7
Write-downs in the period						7.0	7.0
Accumulated depreciation and write-downs at 31.12.	**1.0**	**0.0**	**69.3**	**6.8**	**1.0**	**7.0**	**85.2**
Book value at 31.12.	**0.0**	**30.7**	**54.1**	**3.2**	**0.1**	**54.7**	**142.8**

NOK MILLION	INTANGIBLE ASSETS						
	CURRENT PROJECTS	BRAND NAME	IT-SYSTEMS	ORDER BACKLOG	CUSTOMER LISTS	GOOD-WILL	TOTAL 2007
Acquistion cost at 1.1.			76.2				76.2
Additions in the period:							
Purchased separately			39.2				39.2
Purchased through merger, acquistion or similar	1.0	30.7				20.6	52.3
Disposals in the period			-2.8				-2.8
Acquisition cost at 31.12.	**1.0**	**30.7**	**112.6**	**0.0**	**0.0**	**20.6**	**164.9**
Accumulated depreciation and write-downs at 1.1.			30.1				30.1
Depreciation in the period	0.3		12.6				12.8
Write-downs in the period			7.6				7.6
Accumulated depreciation and write-downs at 31.12.	**0.3**	**0.0**	**50.2**	**0.0**	**0.0**	**0.0**	**50.5**
Book value at 31.12.	**0.8**	**30.7**	**62.3**	**0.0**	**0.0**	**20.6**	**114.4**

For each class of intangible assets:

Depreciation method	Linear method		Linear method	Linear method	Linear method
Economic life	4 months		3-8 years	2 years	2 years
Rate of depreciation	25%		12,5%-33,33%	50%	150%

Intangible assets are depreciated on a linear basis over periods from four months to eight years. The brand name identified on the acquisition of Hadrian Eiendom AS is not subject to depreciation.

Depreciation and write-downs of intangible assets are included in the line "Other operating costs" in the profit and loss account.

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc. All capitalised expenses in respect of systems development relate to work carried out by external resources. The estimate of economic liftetime are reviewed annually.

Note 28: Fixed assets

NOK MILLION	VEHICLES, FIXTURES AND FITTINGS	IT	REAL ESTATE 1)	TOTAL 2008	VEHICLES, FIXTURES AND FITTINGS	IT	REAL ESTATE 1)	TOTAL 2007
Book value at 1.1.	3.7	2.5	4.3	10.5	2.4	0.0	4.7	7.2
Additions	1.4	4.3	0.0	5.6	1.6	2.6	0.0	4.2
Additions by acquisition	5.9	0.0	0.0	5.9	0.0	0.0	0.0	0.0
Depreciation	-2.0	-1.1	-0.4	-3.6	-0.4	-0.1	-0.4	-0.9
Book value at 31.12.	**8.9**	**5.7**	**3.9**	**18.5**	**3.7**	**2.5**	**4.3**	**10.5**
Opening acquisition cost	9.4	2.6	6.8	18.7	7.4	0.0	6.8	14.2
Closing acquisition cost	16.6	6.8	6.8	30.3	9.0	2.6	6.8	18.3
Opening accumulated depreciation and write-downs	5.9	0.1	2.5	8.4	4.9	0.0	2.1	7.0
Closing accumulated depreciation and write-downs	7.9	1.2	2.9	12.0	5.3	0.1	2.5	7.9

For each class of fixed assets:

Method for measuring cost price	Acquisi-tion cost	Acquisi-tion cost	Acquisi-tion cost		Acquisi-tion cost	Acquisi-tion cost	Acquisi-tion cost	
Depreciation method	linear	linear	linear		linear	linear	linear	
Depreciation period and economic life	3-10 years	4-6 years	15 years		3-10 years	4-6 years	15 years	

1) Holiday cabins valued on the cost method.

Depreciation of fixed assets is included in the line "Other operating costs" in the profit and loss account.
There are no restrictions on rights to fixed assets. No fixed assets have been pledged as collateral for liabilities.

Note 29: Operational leasing

NOK MILLION	2008	2007
Under one year	25.4	16.7
Between one and five years	33.7	11.8
Over five years	74.0	
Total	**133.1**	**28.5**

NOK MILLION	2008	2007
Calculated cost in the profit and loss account for operational leasing contracts	26.9	15.1

Costs are included in the lines "General administration expenses" and "Other operating costs".

Lease contracts relate to copying machines with a normal lease period of 36 months, as well as a lease of motor cars and office premises with an third party external to the group that runs more than 5 years.
Lease contract related to office premises in Storebrand's new head-office at Lysaker runs to 31.10.2019.

Companies in the group also have lease contracts related to franking machine, printers, computers and projectors, but are not included in this note as the amounts are considered to have no material effect in the accounts.

Note 30: Other current assets

NOK MILLION	2008	2007
Interest accrued	178.0	262.0
Commissions accrued on real estate funds and Storebrand Optimèr ASA	5.5	14.3
Other accrued income	13.9	9.5
Due from stockbrokers	62.4	6.5
Due from customers stockbrokerage	81.6	2.3
Balances held for customers and liability to customers, real estate broking (note 16)	0.4	1.4
Other assets	25.8	15.5
Total other current assets	**367.6**	**311.5**

Note 31: Hedge accounting

The bank uses fair value hedging to hedge interest rate risk. Hedging effectiveness is monitored at the individual item level except for structured bond loans where hedging effectiveness is monitored at the portfolio level. Each portfolio comprises swaps and hedged items with maturity within the same half year period.

	2008			2007		
	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Interest rate swaps	10 497.0	351.7		3 257.0		99.1
Total interest rate derivatives	10 497.0	351.7		3 257.0		99.1
Total derivatives	10 497.0	351.7		3 257.0		99.1

	2008			2007		
	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Bond loans	8 930.0		9 191.5	2 032.0		1 988.3
Structured bond loans	877.8		857.8	1 093.8		1 000.4
Tier 1 hybrid capital	107.0		108.0	107.0		100.9
Fixed interest loans given by Norges Bank	500.0		506.8			
Total underlying items	10 414.8	0.0	10 664.0	3 232.7		3 089.5
Hedging effectiveness - prospective			98%			94%
Hedging effectiveness - retrospective			96%			108%

Gain/loss on fair value hedging: 2)

NOK MILLION	2008 GAIN / LOSS	2007 GAIN / LOSS
On hedging instruments	375.5	-24.1
On items hedged	-378.8	19.2

1) Book value at 31.12.
2) Amounts included in the line "Net interest income".

Hedging effectiveness when the hedge is created measures the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the event of a 2-percentage point interest rate shock.
Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging it is expected to be highly efficient in the period.

Note 32: Liabilites to credit institutions

NOK MILLION	2008	2007
F-loan:		
Maturity 2008		500.0
Maturity 2009	1 000.0	
Maturity 2010	505.3	
Loan with fixed interest rate:		
Maturity 2010	275.0	
Loan with floating interest rate:		
Maturity 2008		250.0
Maturity 2009		
Maturity 2010	2 022.3	1 632.0
Maturity 2011	98.7	79.6
Maturity 2012	350.0	350.0
Maturity 2013	250.0	250.0
Total liabilities to credit institutions with fixed maturity at amortised cost	**4 501.3**	**3 061.6**
Borrowings under the Norwegian Government's Swap arrangement		
Maturity 2010	994.1	
Maturity 2011	981.5	
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	**1 975.6**	**0.0**
Total liabilities to credit institutions	**6 517.1**	**3 064.5**

Undrawn credit facilities totalled EUR 400 million at 31.12.2008.

The loan agreements contain standard covenants.
Storebrand Bank ASA and Storebrand Kredittforetak AS were in compliance with all relevant terms in 2008.

Note 33: Deposits from customers

NOK MILLION	2008	2007
Deposits from customers	14 783.1	14 452.1
Term loans and deposits from customers	3 508.4	3 017.5
Total deposits from customers	**18 291.5**	**17 469.6**

Deposits with agreed maturity relate to deposits for a contractually agreed period. Deposits without agreed maturity relates to deposits with no fixed period where the customer has unrestricted access to the deposit.

Deposits from customers per sector and industry classification and geographical distribution:

NOK MILLION	2008	2007
Sector and industry classification:		
County and municipal authorities	89.2	18.5
Agriculture, forestry, fishing etc.	8.7	11.8
Oil and gas	0.3	0.4
Industry and mining	87.7	97.5
Water and power supply, building and construction	87.0	50.0
Wholesale/retail trade, hotels and restaurants	361.7	591.6
International shipping and pipelines	38.6	21.2
Other transportation and communications	74.0	40.6
Services and real estate operations	4 687.2	5 695.3
Other service industries	337.5	311.6
Retail customers	11 343.6	9 251.4
Other	692.9	608.4
Foreign	483.0	771.2
Total	**18 291.5**	**17 469.6**
Geographic distribution:		
Eastern Norway	14 227.2	13 810.9
Western Norway	2 131.6	1 786.1
Southern Norway	359.8	220.3
Mid-Norway	539.9	400.2
Northern Norway	549.9	481.0
Foreign	483.0	771.2
Total	**18 291.5**	**17 469.6**

Note 34: Securities issued

NOK MILLION	2008	2007
Commercial paper	1 907.9	4 474.6
Bond loans	14 916.1	12 684.8
Total secutities issued	**16 824.0**	**17 159.5**

Change in securities issued

NOK MILLION	BOOK VALUE 31.12.07	NEW ISSUES	REPAY-MENTS	EXCHANGE RATE CHANGE	PAPER PRICE CHANGES	AMORTI-SATION	BOOK VALUE 31.12.08
Commercial paper	4 474.6	2 278.7	-4 919.8		2.4	71.9	1 907.9
Bond loans	11 410.0	7 542.3	-5 992.8	993.4	7.2	98.1	14 058.3
Structured bond loans	1 274.8		-443.7		-2.0	28.7	857.8
Total securities issued	**17 159.5**	**9 821.1**	**-11 356.3**	**993.4**	**7.6**	**198.8**	**16 824.0**

The column Amortisation include accrued interest expenses.

Continues next page

Note 34: Securities issued *Continues*

Specification of bond loans

NOK MILLION	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY	BOOK VALUE 31.12.08
ISIN code						
NO001029117	Storebrand Bank ASA	970.0	NOK	Fixed	22.11.10	971.2
NO001029898	Storebrand Bank ASA	670.0	NOK	Fixed	20.03.09	669.1
NO001035009	Storebrand Bank ASA	425.0	NOK	Fixed	16.06.10	423.4
NO001043982	Storebrand Bank ASA	285.0	NOK	Fixed	04.06.15	285.5
NO001045553	Storebrand Bank ASA	380.0	NOK	Fixed	03.09.12	385.3
NO001025224	Storebrand Bank ASA	1 500.0	NOK	Floating	14.01.10	1 500.9
NO001032866	Storebrand Bank ASA	965.0	NOK	Floating	28.08.09	965.2
NO001047340	Storebrand Bank ASA	105.0	NOK	Floating	21.11.13	104.8
NO001036439	Storebrand Bank ASA	1 000.0	SEK	Floating	26.10.09	904.2
Accrued interest expenses						24.7
Total bond loans						**6 234.1**
Covered bonds						
XS0366475662	Storebrand Kredittforetak AS	500.0	EUR	Fixed	28.05.10	4 870.8
NO0010428584	Storebrand Kredittforetak AS	1 000.0	NOK	Fixed	06.05.15	1 001.2
NO0010428592	Storebrand Kredittforetak AS	640.0	NOK	Floating	02.05.11	636.9
NO0010466071	Storebrand Kredittforetak AS	1 250.0	NOK	Fixed	24.04.14	1 254.9
Accrued interest expenses						60.4
Total covered bonds						**7 824.2**
Structured bond loans						
NO001024352	Storebrand Bank ASA	41.4	NOK	Zero coupon	26.02.09	41.3
NO001025107	Storebrand Bank ASA	35.8	NOK	Zero coupon	03.03.09	35.6
NO001026219	Storebrand Bank ASA	54.9	NOK	Zero coupon	10.12.09	53.6
NO001026965	Storebrand Bank ASA	36.5	NOK	Zero coupon	29.05.09	36.2
NO001027993	Storebrand Bank ASA	99.2	NOK	Zero coupon	14.12.09	97.1
NO001027881	Storebrand Bank ASA	63.2	NOK	Zero coupon	27.10.09	61.8
NO001029838	Storebrand Bank ASA	97.7	NOK	Zero coupon	25.03.10	94.3
NO001030481	Storebrand Bank ASA	39.2	NOK	Zero coupon	26.11.10	37.3
NO001032252	Storebrand Bank ASA	26.3	NOK	Zero coupon	06.09.10	24.8
NO001032930	Storebrand Bank ASA	84.5	NOK	Zero coupon	27.10.10	79.4
NO001034110	Storebrand Bank ASA	62.3	NOK	Zero coupon	16.12.10	58.2
NO001034675	Storebrand Bank ASA	82.7	NOK	Zero coupon	22.12.10	77.1
NO001021943	Storebrand Bank ASA	22.9	NOK	Zero coupon	19.06.09	22.6
NO001024954	Storebrand Bank ASA	131.2	NOK	Zero coupon	15.06.09	129.6
NO001035920	Storebrand Bank ASA	17.0	NOK	Zero coupon	23.05.11	15.2
Accrued interest expenses						-6.2
Total structured bonds						**857.8**
Total bonds issued						**14 916.1**

The loan agreements contain standard covenants.
Storebrand Bank ASA and Storebrand Kredittforetak AS were in compliance with all relevants terms in 2008.

Note 35: Subordinated loan capital

NOK MILLION	2008	2007
Dated subordinated loan capital	676.8	728.9
Other subordinated loan capital	9.3	9.3
Tier 1 hybrid capital	275.9	275.6
Total subordinated loan capital	**962.0**	**1 013.8**

Changes in subordinated loan capital

NOK MILLION	BOOK VALUE 31.12.07	NEW ISSUES	REPAY-MENTS	EXCHANGE RATE CHANGE	PAPER PRICE CHANGES	AMORTI-SATION	BOOK VALUE 31.12.08
Dated subordinated loan capital	728.9		-55.0			2.9	676.8
Other subordinated loan capital	9.3						9.3
Tier 1 hybrid capital	275.6				-1.4	1.7	275.9
Total subordinated loan capital	**1 013.8**	**0.0**	**-55.0**	**0.0**	**-1.4**	**4.6**	**962.0**

The column Amortisation include accrued interest expenses.

Specification of subordinated loan capital

NOK MILLION	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	CALL-DATE	BOOK VALUE 31.12.08
ISIN code						
Dated subordinated loan capital						
NO001027568	Storebrand Bank ASA	175.0	NOK	Floating	15.07.10	175.0
NO001034566	Storebrand Bank ASA	100.0	NOK	Floating	21.12.11	99.9
NO001036427	Storebrand Bank ASA	250.0	NOK	Floating	08.05.12	249.7
NO001040278	Storebrand Bank ASA	150.0	NOK	Floating	19.12.12	150.0
Dated subordinated loan capital						
	Storebrand Bank ASA	9.3	NOK	Fixed		9.3
Tier 1 hybrid capital						
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.14	107.4
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.14	167.0
Accrued interest expenses						3.8
Total subordinated loan capital						**962.0**

NOK MILLION	2008	2007
Subordinated loan capital included in capital adequacy calculation	962.0	959.3
Interest expense		
Interest expense booked in respect of subordinated loan capital	68.2	53.3

All subordinated loans are denominated in NOK

Note 36: Provisions

NOK MILLION	PROVISIONS FOR RESTRUCTURING 2008
Provisions 1 January	
Provisions during the period	7,1
Provisions using during the period	
Total provisions 31 December	**7,1**
Classified as:	
Other equity	7,1

The provisions are for restructuring in Storebrand Bank ASA and in the Ring Eiendomsmegling group conducted in the autumn of 2008.

Note 37: Other liabilities

NOK MILLION	2008	2007
Payable to Storebrand group companies	31.9	14.2
Money transfers	27.9	31.8
Accrued interest expenses securities issued	84.7	219.5
Other accrued expenses and prepaid income	66.9	98.1
Payable to stockbrokers	21.9	0.0
Payable to customers stockbrokerage	120.3	9.0
Tax payable 1)	9.9	77.3
Other debt	59.2	20.9
Total other debt	**422.7**	**470.8**

1) See also note 12.

Note 38: Off balance sheet liabilities and contingent liabilities

NOK MILLION	2008	2007
Guarantees	366.4	378.6
Undrawn credit limits	3 345.0	2 241.9
Other contingent liabilities		46.0
Total contingent liabilities	**3 711.4**	**2 666.5**

Guarantees are mainly payment guarantees and contract guarantees. See also note 25. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on residential mortgage loans.

Note 39: Collateral pledged

Received and pledged collateral
The subsidiary Hadrian Eiendom AS has concluded an agreement concerning the pledging of collateral via the Norwegian Association of Real Estate Agents and TrygVesta amounting to NOK 30 million with a limit of NOK 10 million per channelling per claimant. Otherwise, the banking group has not received or pledged any collateral except securities pledged as collateral for F loans in Norges Bank and securities pledged as collateral in connection with the scheme for swapping covered bonds for government papers (see table below).

Collateral and security pledged

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 agreement 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 a 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 to conditions and terms for a swap agreement 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 of 15 December 2008, with settlement on 17 December 2008 and term expiring on 21 December 2011.

Interest rate conditions are Nibor minus 20 bp.

Note 40: Changes in equity

2008
Majority's share of equity

NOK MILLION	PAID-IN EQUITY			OTHER EQUITY				
	SHARE CAPITAL	OTHER PAID-IN EQUITY	TOTAL PAID-IN EQUITY	REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	MINORITY INTERESTS 1)	TOTAL EQUITY
Equity at 1.1.	916.6	200.0	1 116.6	29.1	887.0	916.1	7.1	2 039.8
Profit and loss items applied directly to equity:								
Pension experience adjustments (the year's change after tax)				-3.4		-3.4		-3.4
Profit for the period					23.1	23.1	-3.7	19.5
Total revenue and costs for the period	**0.0**	**0.0**	**0.0**	**-3.4**	**23.1**	**19.8**	**-3.7**	**16.1**
Equity transactions with owners:								
Acquisitions							4.1	4.1
Purchase of minority interests							-3.9	-3.9
Dividend paid							2.7	2.7
Receipts of group contribution		200.3	200.3					200.3
Group contribution paid					-200.3	-200.3		-200.3
Other changes / changes in minority interests					2.1	2.1	-0.2	1.8
Equity at 31.12.	**916.6**	**400.3**	**1 316.8**	**25.7**	**711.9**	**737.6**	**6.1**	**2 060.5**

1) See note 13 Minority interests and note 21 Acquisition.

2007
Majority's share of equity

NOK MILLION	PAID-IN EQUITY			OTHER EQUITY				
	SHARE CAPITAL	OTHER PAID-IN EQUITY	TOTAL PAID-IN EQUITY	REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	MINORITY INTERESTS 1)	TOTAL EQUITY
Egenkapital 1.1.	916.6		916.6	22.0	717.6	739.6	3.5	1 659.6
Profit and loss items applied directly to equity:								
Pension experience adjustments (the year's change after tax)				7.1		7.1		7.1
Profit for the period					169.3	169.3	0.3	169.6
Total revenue and costs for the period				**7.1**	**169.3**	**176.4**	**0.3**	**176.7**
Equity transactions with owners:								
Acquisitions							3.2	3.2
Receipts of group contribution		200.0	200.0					200.0
Other changes					0.1	0.1		0.1
Equity at 31.12.	**916.6**	**200.0**	**1 116.6**	**29.1**	**887.1**	**916.2**	**7.1**	**2 039.8**

1) See note 13 Minority interests and note 21 Acquisition.

Note 41: Capital adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the Regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies.
The valuation rules used in the company's accounts form the basis for consolidation. Consolidation is, in the main, carried out in accordance with the same principles as used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. Companies in which the group has a minority interest are included on a proportional basis applying the percentage interest held by the group at 31 December 2008.
The figure for primary capital includes profit for the year.

Net primary capital

NOK MILLION	2008	2007
Share capital	916.6	916.6
Other equity	1 143.9	1 123.2
Total equity	**2 060.5**	**2 039.8**
Deductions:		
Minority's share of equity	-6.1	
Goodwill	-54.7	-20.6
Intangible assets	-88.1	-93.8
Deferred tax asset	-166.6	-173.9
Addition:		
Perpetual subordinated bonds	275.9	275.6
Proportion of pension experience adjustments not amortised	13.0	25.9
Core capital	**2 033.8**	**2 053.0**
Supplementary capital	683.9	683.7
Deductions		
Net primary capital	**2 717.7**	**2 736.7**

Minimum capital requirement

NOK MILLION	2008
Credit risk	1 935.8
Of which:	
Local and regional authorities	1.6
Institutions	50.8
Corporates	838.0
Loans secured on real estate	777.0
Retail market	133.6
Loans past-due	32.9
Covered bonds	4.0
Other	97.8
Total minimum requirement for credit risk	**1 935.8**
Total minimum requirement for market risk	**0.0**
Operational risk	84.0
Deductions	
Write-downs of groups of loans	-7.0
Minimum requirement for capital base	**2 012.8**

Capital adequacy

	2008	2007
Capital ratio	10.8 %	10.5 %
Core capital ratio	8.1 %	7.9 %

Capital adequacy is calculated in accordance with the new capital adequacy regulation (Basel II). The company uses the standard method for credit risk and market risk, and the basic method for operational risk. The minimum requirement for the capital ratio is 8%.

Basel II is divided into three pillars (areas). Pillar 1 deals with the minimum requirement for capital adequacy and represents a continuation of the former regulations pursuant to Basel I. Pillar 2 deals with supervisory evaluation of capital requirement and supervisory monitoring (ICAAP), while Pillar 3 deals with the requirements for publication of financial information. The introduction of the new regulatory framework has caused changes to the calculation base for capital adequacy. Calculation of operational risk is a new element of the Basel II regulations.
Management of market risk is only affected by the transition to the Basel II regulations to a minor extent.

Note 42: Valuation

Specification of financial assets to fair value

Shares

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Shares	1.5		1.5
Total	**1.5**	**0.0**	**1.5**

Lending to customers

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Lending to customers	282.9		282.9
Total	**282.9**	**0.0**	**282.9**

Bonds and other fixed-income securities

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Asset backed securities	101.1		101.1
Finance, Banking and Insurance	1 762.4		1 762.4
Sovereign and Government Guaranteed	1 274.1		1 274.1
Local authorities	301.9		301.9
Total	**3 439.5**	**0.0**	**3 439.5**

Derivatives

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Equity options	0.5		0.5
Forward foreign exchange contracts	157.0		157.0
Basis swaps	914.8		914.8
Interst rate swaps	603.9		603.9
Total derivatives			**1 676.2**
- Derivatives designated to hedge accounting			351.6
Total derivatives excl. hedge accounting			**1 324.6**
Derivatives with a positive fair value			1 791.7
Derivatives with a negative fair value			-467.1
Total			**1 324.6**

Specification of financial liabilities to fair value

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Liabilities to credit institutions	1 977.6		1 977.6
Deposits from and due to customers	167.9		167.9
Commercial paper and bonds issued	934.1		934.1
Total	**3 079.6**	**0.0**	**3 079.6**

Below follows a description of the financial instruments booked in the balance sheet as per 31 December 2008 and the basis for measuring their fair value.

Shares
Other unlisted shares and units are measured at their fair value on the basis of valuation techniques.

Lending to customers classified at FVO
Lending to custormers are measured at their falue on the basis of valuation techniques.

Bonds and other fixed-income securities
Norwegian bonds and other fixed-income securities are measured at their fair value on the basis of valuation techniques. The valuation techniques utilise interest rate curves and credit spreads from external providers and have been quality assured using price checks at the close of the year, primarily by comparing prices delivered by various price providers. The liquidity in the Norwegian credit market has significantly declined in relation to previous periods.

Derivatives
OTC derivatives are measured at their fair value on the basis of valuation techniques. The valuation techniques utilise interest rate curves from external providers.

Financial liabilities
Financial liabilites are measured at their fair value on the basis of valuation techniques. The valuation techniques utilise interest rate curves and credit spreads from external providers.

Note 43: Risk Management

Risk management in Storebrand Bank addresses the areas of credit risk, market risk, liquidity risk and operational risk. Specific risk management policies have been approved by the Board of Directors of Storebrand Bank for the areas of credit risk, market risk and liquidity risk, and the policies are subject to annual review. The bank has established an Asset and Liability Committee that is responsible for providing efficient and rational decision-making support for the bank's management in respect of asset and liability management. The Asset and Liability Committee is an advisory organ for the bank's executive management, and meets monthly.

Credit risk/counterparty risk
Storebrand Bank is exposed to credit risk through its lending, and is exposed to counterparty risk in connection with transactions in financial instruments.

Storebrand Bank pays particular attention to maintaining close relationships with its corporate customers and routinely monitoring credit risk. The bank has standard rules for regular reviews of its exposure to corporate customers. These reviews, together with close monitoring of conditions in the real estate market in Eastern Norway, ensure that credit risk is constrained to an acceptable level. Credit approvals for corporate customers over a certain amount require the approval of either the Credit Committee chaired by the Managing Director or the Board.

Lending to retail customers is subject to a different credit approval process. Loans to private individuals are granted on the basis of credit scoring combined with case-by-case evaluation of debt service capacity. Loans are only granted against security in real estate. The bank decided in January 2008 that it would no longer offer loans to private individuals secured against structured products.

The bank's counterparty risk (i.e. its credit exposure to other financial institutions) is regulated on the basis of the counterparties' credit ratings and the amounts involved.

Market risk
Market risk is the risk that the bank suffers a loss as a result of unexpected unfavourable market movements in interest rates and exchange rates. Storebrand Bank manages its exposure to interest rate risk so that the net interest rate exposure of both assets and liabilities is as small as possible. Interest rate hedging is structured so that it has moderate accounting impact. All instruments with an interest rate fixing period in excess of six months are subject to a hedging policy for financial and accounting hedging.

The bank's total financial interest rate risk is calculated on the basis of a stress test that exposes all balance sheet items to a 2 percentage point adverse shift in the yield curve. A combination of interest rate stress tests and VaR is used to manage interest rate risk in respect of sub-portfolios, investment portfolio, commercial paper funding and fixed-rate bonds (over six months) as well lending to customers. Risk measurement of the portfolios includes the effect of hedging.

Storebrand's policy is to fully hedge currency exposure and positions must be covered continuously as they become large enough for it to be financially appropriate within fixed limits.

Derivatives
Derivatives should primarily be used to modify interest rate sensitive positions, currency positions, liquidity positions, and manage the price risks associated with structured products. Derivatives will also form an integral part of Storebrand Markets' activities. The bank thus has no trading portfolio consisting of derivatives. The derivatives that can be used in hedging situations are interest rate swaps, interest and exchange rate swaps, exchange rate swaps, future interest rate agreements, interest rate futures, repurchase agreements, interest rate options, currency options and options linked to structured products.

Storebrand Bank's exposure to market risk is therefore marginal in relation to the bank's total activities.

Market risk exposure is reported on a monthly basis to the Asset and Liability Committee and the Board.

Liquidity risk
The liquidity policy applies to the parent bank. The liquidity gap and the proportion of long-term funding are also calculated for the banking group.

Liquidity risk is the risk that the bank is not able to meet all financial commitments as they fall due for payment without this requiring any significant deviation from its normal commercial and capital budgets. It is the bank's policy to always have sufficient liquidity to support balance sheet growth as well as to repay loans and deposits as they fall due. Liquidity management is designed to ensure that sufficient funding is available to avoid liquidity problems in situations such as:

- Uncertainty among investors over the bank's customer lending and/or financial position
- Uncertainty in respect of the bank's owner/other group companies
- Unplanned reductions in deposits
- Moderate growth in lending in excess of budgeted/forecast growth
- Uncertainty among investors regarding the banking sector in general, including concerns over losses or financial crime

Continues next page

Note 43: Risk Management *Continues*

The bank pays particular attention to maintaining a diversified funding structure in terms of both sources of funding and maturities, maintaining committed and uncommitted credit lines to meet its liquidity requirements and holding liquid assets in excess of the minimum levels. The bank's measures for ensuring good liquidity include:

- Attracting a large proportion or reasonable and stable core deposits from customers.
- Maintaining a minimum holding of liquid assets in the form of short-term placements in banks and tradable securities.
- Having access to stable, long-term funding to reduce the need for continuous, short-term borrowing.
- Maintaining a diversified funding structure so as not to be too dependent on a few major sources.
- Maintaining a diversified maturity structure so as to avoid a concentration of large repayments. The repayment of new borrowing must also be planned so teat breaches of the 90 day liquidity gap do not have to be expected in any future periods.
- Securing uncommitted credit lines to cover current liquidity needs.
- Securing committed credit lines to cover unforeseen needs. The goal is for the committed credit lines to be able to cover the cessation of certificate funding and other short-term borrowing, as well as deposits.

The liquidity position is managed with the help of a number of indicators: minimum liquidity level, 90-day liquidity gap and the proportion of long-term funding.

The liquidity gap measures the surplus of liquidity over the next 90 days relative to the necessary minimum level of liquidity taking into account all funding maturities. In addition, customer deposit withdrawals are calculated on the basis of an abnormally high withdrawal rate of 25% annually. The long-term funding ratio is calculated in accordance with the liquidity risk indicators stipulated by Kredittilsynet (the Norwegian FSA).

The liquidity position, including the 90-day liquidity gap and the proportion of long-term funding, is reported monthly to the Asset and Liability Committee and the Board.

The banking group's treasury department carries out daily management of liquidity. A separate risk management system known as Quantitative Asset Management is used for the management and measurement of liquidity risk.

Operational risk

Storebrand Bank's structure for corporate governance (internal control) stipulates that operational risk management is an integral part of management responsibility, in which risk exposure assessment plays an integral role in the bank's ability to achieve the objectives set in its value-based management model. The bank applies the principles of the group policy for risk evaluation and management (introduced in 2005). The objective of the group policy on risk evaluation is to achieve a common understanding of the overall risk exposure for the group's activities in order to help to provide a better basis for decision-making on important prioritisation. Risk evaluation is therefore an important part of the basis for determining the group's strategy and approving the level of risk in the group's business plan. Risk evaluation starts from the current situation and how the owners of risk exposure experience the risk based on existing internal control procedures. This is followed by an evaluation of the expected risk exposure following the implementation of recommended planned measures. This assumes that the owners of risk exposure implicitly confirm the function of internal control (cf. the internal control regulations). Risk evaluation is integrated in the group's value-based management system by linking risk evaluation to each unit's ability to achieve its commercial targets and comply with regulatory requirements as well as considering the extent to which the level of risk involved might affect Storebrand's reputation.

The bank's internal controls and procedures for evaluating, monitoring and reporting risk exposure satisfy the requirements of the Norwegian authorities.

Note 44: Credit risk

Analysis of credit risk by type of financial instrument

	MAXIMUM CREDIT EXPOSURE	
NOK MILLION	2008	2007
Investment portfolio	3 439.3	2 491.6
Net loans to and due from customers 1)	43 114.2	39 420.6
Equity options	18.3	261.1
Interest rate swaps	904.4	249.3
Basis swaps	914.8	0.0
Forward foreign exchange contracts	305.8	17.5
Total	**48 696.8**	**42 440.1**
1) Of which net loans to and amounts due from customers measured at fair value:	282.9	316.5

The amounts stated for the various financial instruments constitute the value recognised in the balance sheet, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees. (See "Credit exposure - lending" below).

Continues next page

Note 44: Credit risk *Continues*

Investment portfolio credit risk

Credit risk per counterparty

ISSUER CATEGORY NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NON-INVESTM. GRADE FAIR VALUE	TOTALT 2008 FAIR VALUE	TOTALT 2007 FAIR VALUE
Asset backed securities	0.0	0.0	0.0	0.0	101.1	101.1	0.0
Finance, Banking and Insurance	693.5	751.2	268.2	49.5	0.0	1 762.4	1 589.2
Sovereign and Government Guaranteed	1 274.1	0.0	0.0	0.0	0.0	1 274.1	452.4
Local authorities	0.0	301.9	0.0	0.0	0.0	301.9	450.0
Total	**1 967.7**	**1 053.1**	**268.2**	**49.5**	**101.1**	**3 439.5**	**2 491.6**
Rating classes are based on Standard & Poors.							
Change in value:							
Total change in value balance sheet	-5.5	-7.7	-1.6	-0.6	0.0	-15.4	-1.5
Change in value recognised in the profit and loss during period	-9.3	-2.4	-1.6	-0.6	0.0	-13.9	-2.1

Credit exposure for lending activities
In order to identify the credit risk in its lending portfolio, Storebrand Bank classifies all corporate customers and selected retail customers (including private investors, etc.). Classification is carried out both when first establishing a credit relationship and whenever changes are made. In addition, corporate customer classifications are reviewed annually and/or whenever circumstances indicate the need for such review. Customer classification thus provides a picture of the credit risk at any time. The value of the security for commercial loans has fallen during 2008. However large parts of the loans continue to be well-secured, and more than 90 % of the loan portfolio has a loan to value ratio of under 80 %. Other new lending has essentially a loan to value ratio of under 90 %.

Retail customers are subject to the overall limits for loan to value and debt service (as defined by the bank's credit policy for the segment) that apply to this portfolio. The average weighted loan to value ratio for the parent company is around 60 % for residential loans, and 95 % of the residential loans are within an 80 % loan to value ratio Just over 50 % of the residential loans are within a 60 % loan to value ratio in the parent bank. In the credit enterprise, the weighted average loan to value ratio for all the loans is 47.9 %. The portfolio is deemed to have low credit risk.

Security for the lending portfolio takes the form, on the whole, of charges over investment/commercial property for the commercial lending portfolio and residential mortgages for the retail portfolio.

A classification model is used for borrowers in the real estate sector in order to determine their debt service capacity. The model comprises both qualitative and quantitative elements. The qualitative element systematically evaluates the qualitative factors of the project and the borrower that are considered important. The factors evaluated include management, structure, board of directors, history, market, political risk and tenants. These are the factors mentioned as internal/external factors in the bank's former/existing system. This provides a qualitative classification.

The quantitative element is evaluated differently in respect of real estate project lending and debt instrument loans. Project lending is evaluated on the basis of the contingency reserve for unexpected costs, sales buffer, off-plan sales and the quality of project management.
Debt instrument loans are evaluated quantitatively by means of cash flow analysis and various key ratios. Cash flow is calculated over the lifetime of the project. Risk classification for lending to corporate customers takes the form of credit scores, each from 1 to 5, where 1 represents the best score. The first score is for the borrower’s ability to service the borrowing (debt service capacity). The second score is for the quality of the collateral (loan to value ratio).

Retail customers are evaluated by their ability and will to pay the loan. In addition to debt service capacity, the customers are checked in connection with policy rules and they are given scores in a scoring model.

The security for non-performing loans without a drop in value for retail customers is in all essence good. These loans comprise around NOK 184 million, where loans with security comprise over NOK 170 million. The average loan to value ratio is under 65 % for the loans with security. Most of the non-performing loans have a loan to value ratio of under 80 %. The volume concerned comprises approx. NOK 155 million. The security is also good for loans that are between 1 and 90 days past due.

The security for commercial loans without a drop in value that have been non-performing for over 90 days has deteriorated during the fourth quarter, however it is assessed as being acceptable in relation to the bank's exposure. The same assessment applies for non-performing loans of between 1 and 90 days. For commercial loans that are non-performing with a drop in value, the security is not assessed as being sufficiently good. The losses that have been taken are assessed to be sufficient for the bank to at present be of the opinion that new losses will not arise from these customers.

Of the lending for "Real estate and other commercial services" the majority of the loans are instalment loans/debt instrument loans with a real estate mortgage. Of these loans, loans to housing co-operative associations comprise under 3 percent. Real estate development loans comprise approx. NOK 870 million in gross lending, and a total commitment of approx. NOK 1,480 million.
The primary portion of these development projects will be completed in 2009. The average degree of exposure for these instalment loans/debt instrument loans and real estate development loans is approx. 75 %.

The greatest risks for the instalment loans/debt instrument loans are the tenant risks. For real estate development loans, the largest risks are associated with construction costs and off-plan sales. This is closely followed up on by the bank. All commercial commitments above a certain size have been through a thorough risk assessment at the start of 2009 in addition to the annual commitment review.

Continues next page

Note 44: Credit risk *Continues*

Commitments per customer group 2008

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARAN-TEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	AVERAGE SIZE LOANS	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF IND. LOANS	NET NON-PERFORMING LOANS
Financial aid agencies	0.3			0.3	0.3			
Industry and mining	16.8	0.4		17.2	19.5			
Water and power supply, building and construction	13.2	1.9	2.1	17.2	30.0	0.2	0.3	
Wholesale/retail trade, hotels and restaurants	23.6	0.4	0.2	24.2	26.0	0.9	0.8	
International shipping and pipelines	41.1	0.2		41.3	61.1			
Other transportation and communications	25.6	1.2	0.0	26.8	45.1			
Services and real estate operations	10 725.4	359.1	656.0	11 740.5	10 776.6	328.8	117.5	211.4
Other service industries	49.0	0.9		49.9	53.7	0.9	0.9	
Retail customers	27 877.5	1.8	2 662.7	30 542.0	26 807.7	328.0	100.9	227.2
Other	0.2	0.4	3.0	3.6	0.9	26.1	17.7	8.4
Foreign	262.1		21.6	283.6	267.7	25.1	24.3	0.8
Total	**39 034.7**	**366.4**	**3 345.6**	**42 746.6**	**38 088.7**	**710.1**	**262.4**	**447.7**
- Write-downs of groups of loans	-88.3			-88.3				
+ Other changes in value	-33.6			-33.6				
Total loans to and due from customers	**38 912,8**	**366,4**	**3 345,6**	**42 624,7**	**38 088,7**	**710,1**	**262,4**	**447,7**

Commitments per customer group 2007

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARAN-TEES	UNDRAWN CREDIT LIMITS	TOTAL COMMIT-MENTS	AVERAGE SIZE LOANS	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF IND. LOANS	NET NON-PERFORMING LOANS
Financial aid agencies	0.3			0.3	0.3			
Oil and gas				0.0	0.1			
Industry and mining	22.1	0.4		22.5	27.3			
Water and power supply, building and construction	46.8	3.1	0.4	50.3	38.9	0.3	0.3	
Wholesale/retail trade, hotels and restaurants	28.5	1.2	0.4	30.1	29.8	2.3	1.1	1.2
International shipping and pipelines	81.1			81.1	92.2	57.3	61.6	-4.3
Other transportation and communications	64.7	1.2		65.9	58.9			
Services and real estate operations	10 780.9	361.2	695.4	11 837.5	10 396.3	65.3	26.2	39.1
Other service industries	58.5	2.0	0.0	60.5	58.4	1.0	0.9	
Retail customers	25 738.0	9.1	1 528.1	27 275.2	23 158.3	305.7	136.1	169.6
Other	1.6	0.4	16.8	18.8	1.2	0.1	5.8	-5.7
Foreign	273.3		10.2	283.5	277.0	16.5	15.0	1.5
Total	**37 095.8**	**378.6**	**2 251.3**	**39 725.7**	**34 138.4**	**448.4**	**247.1**	**201.3**
- Write-downs of groups of loans	-58.1			-58.1				
+ Other changes in value	58.0			58.0				
Total loans to and due from customers	**37 095.8**	**378.6**	**2 251.3**	**39 725.7**	**34 138.4**	**448.4**	**247.1**	**201.3**

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

Continues next page

Note 44: Credit risk *Continues*

Commitments per geographical area 2008

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	GROSS NONPER-FORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
Eastern Norway	30 822.9	365.7	2 640.0	33 828.5	596.3	224.4	371.9
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
Mid-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	**39 034.7**	**366.3**	**3 345.6**	**42 746.6**	**710.1**	**262.4**	**447.8**

Commitments per geographical area 2007

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	GROSS NONPER-FORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
Eastern Norway	29 347.8	376.7	1 889.7	31 614.2	292.0	152.6	139.3
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	10.3
Mid-Norway	1 406.7	1.2	38.1	1 446.0	5.1	0.2	4.9
Northern Norway	780.4	0.0	34.9	815.3	8.5	1.4	7.1
Foreign	273.3	0.0	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 engagement amount by remaining term to maturity 2008

NOK MILLION	LOAN TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	1 230.0	95.2	147.1	1 472.3
1 - 3 months	284.4	42.4	50.5	377.3
3 months - 1 year	2 186.4	27.4	434.4	2 648.2
1 - 5 years	3 442.1	193.6	385.1	4 020.8
More than 5 years	31 891.8	7.8	2 328.4	34 228.0
Total	**39 034.7**	**366.4**	**3 345.6**	**42 746.6**

Total engagement amount by remaining term to maturity 2007

NOK MILLION	LOAN TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	654.1	77.0	101.2	832.3
1 - 3 months	352.3	0.5	39.0	391.8
3 months - 1 year	2 160.9	15.3	408.3	2 584.5
1 - 5 years	4 719.2	277.8	506.3	5 503.3
More than 5 years	29 209.3	8.0	1 196.6	30 413.9
Total	**37 095.8**	**378.6**	**2 251.3**	**39 725.7**

Age distribution of overdue engagements without write-downs 2008

NOK MILLION	LOAN TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	2 272.0	6.2	6.1	2 284.3
Overdue 31 - 60 days	430.0	19.0	0.9	449.9
Overdue 61- 90 days	95.6			95.6
Overdue more than 90 days	190.2		2.3	192.5
Total	**2 987.8**	**25.3**	**9.3**	**3 022.4**
Engagements overdue by more than 90 days by geographical area:				
Eastern Norway	135.3		2.2	137.5
Western Norway	26.4			26.4
Southern Norway	2.0			2.0
Mid-Norway	11.0			11.0
Northern Norway	13.7			13.7
Foreign	1.8			1.8
Total	**190.2**	**0.0**	**2.2**	**192.4**

Continues next page

Note 44: Credit risk *Continues*

Age distribution of overdue engagements without write-downs 2007

NOK MILLION	LOAN TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	3 089.0	24.0	27.4	3 140.4
Overdue 31 - 60 days	315.8		3.4	319.2
Overdue 61- 90 days	54.7		0.1	54.8
Overdue more than 90 days	151.2		0.3	151.5
Total	**3 610.7**	**24.0**	**31.1**	**3 665.8**
Engagements overdue by more than 90 days by geographical area:				
Eastern Norway	100.2		0.2	100.5
Western Norway	34.7		0.0	34.8
Southern Norway	5.8			5.8
Mid-Norway	4.6			4.6
Northern Norway	4.9			4.9
Foreign	0.9			0.9
Total	**151.2**	**0.0**	**0.3**	**151.5**

Only non-performing and loss-exposed loans are classified by geographical area in this overview.
Engagements are considered non-performing and loss-exposed when a credit has been overdrawn for more than 90 days and when a repayment plan has arrears of more than 90 days and the amount is at least NOK 500.
The same definition is used for due commitments as the one in the capital requirements regulation, however the number of days in the definition equals the age distribution.

Credit risk by customer group 2008

NOK MILLION	TOTAL VALUE IMPAIRED ENGAGEMENTS	TOTAL DUE ENGAGEMENTS	TOTAL VALUE CHANGES	TOTAL WRITE-DOWNS	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS ACCOUNT DURING PERIOD
Water and power supply, building and construction	0.2			0.3	
Wholesale/retail trade, hotels and restaurants	0.9			0.8	
Services and real estate operations	323.3	5.5		117.5	91.0
Other service industries	0.9			0.9	
Retail customers	144.6	183.5	-33.6	100.9	6.3
Other	26.1			17.7	-6.1
Foreign	23.9	1.2		24.3	0.9
Total	**519.9**	**190.2**	**-33.6**	**262.4**	**92.0**

Credit risk by customer group 2007

NOK MILLION	TOTAL VALUE IMPAIRED ENGAGEMENTS	TOTAL DUE ENGAGEMENTS	TOTAL VALUE CHANGES	TOTAL WRITE-DOWNS	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS ACCOUNT DURING PERIOD
Oil and gas					-0.1
Water and power supply, building and construction	0.3			0.3	
Wholesale/retail trade, hotels and restaurants	2.3			1.1	-0.3
Utenriks sjøfart og og rørtransport	57.3			61.6	-34.2
Services and real estate operations	55.0	10.3		26.2	-1.6
Other service industries	1.0			0.9	
Retail customers	165.7	140.0	58.0	136.1	1.4
Other	0.1			5.8	-0.9
Foreign	15.6	0.9		15.0	1.2
Total	**297.2**	**151.2**	**58.0**	**247.1**	**-34.5**

Taken over pledged assets
Storebrand Bank Group had no taken over pledged assets at year-end 2008.

Continues next page

Note 44: Credit risk *Continues*

Financial assets at fair value through profit and loss (FVO)

	LENDING TO CUSTOMERS		INVESTMENT PORTFOLIO	
NOK MILLION	2008	2007	2008	2007
Book value	282.9	316.5	3 439.5	2 491.6
Maximum exposure to credit risk	282.9	316.5	3 439.5	2 491.6
Book value of related credit derivatives that reduce credit risk				
This year's change in fair value of financial assets due to change in credit risk			-39.3	
Accumulated change in fair value of financial assets due to change in credit risk			-39.3	
This year's change in their value of related credit derivatives				
Accumulated change in their value of related credit derivatives				

Fair value is fixed on the basis of a theoretical calculation in which the agreed cash flow is discounted by the interest rate offered for new loans of equivalent interest rate duration and credit risk. In fixing the fair value, account is taken of the bank's increased funding spread in 2008.

Financial assets are earmarked at fair value through the profit and loss account in accordance with the fair value option (FVO) the first time they are recognised in those cases another measurement would result in an inconsistency in the profit and loss account.

Financial liabilities at fair value through profit and loss (FVO)

NOK MILLION	2008	2007
The year's change in fair value of liabilities due to changes in credit risk	0.2	
Difference between book value of liabilities and contractual amount due at maturity	-1.2	-6.3
Accumulated change in fair value of liabilities due to changes in credit risk	0.2	
Difference between book value of liabilities and contractual amount due at maturity	-1.2	-6.3

Credit risk derivatives

Credit risk per counterparty

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NON-INVEST-MENT GRADE FAIR VALUE	TOTAL 2008 FAIR VALUE	TOTAL 2007 FAIR VALUE
Finance, Banking and Insurance	10.5	1 518.2	7.2			1 535.8	524.5
Real Estate					607.5	607.5	3.4
Total	**10.5**	**1 518.2**	**7.2**	**0.0**	**607.5**	**2 143.3**	**527.9**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value balance sheet	10.5	1 391.4	7.2		607.5	2 016.5	527.9
Change in value recognised in the profit and loss during period	10.5	1 227.6	7.2		607.5	1 852.8	

Equity options, interest rate swaps, basis swaps and forward foreign exchange contracts
Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 45: Liquidity risk

Non-discounted cash flows - financial obligations

NOK MILLION	0-6 MONTHS	6 -12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	TOTAL
Liabilities to credit institutions	1 085.2	46.3	5 474.9	337.1		6 943.5
Deposits from and due to customers	18 171.2	120.3				18 291.5
Commercial paper and bonds issued	2 552.6	3 111.5	12 194.3	2 264.7	2 761.5	22 884.6
Other liabilities	419.8					419.8
Subordinated loan capital	24.9	23.0	79.8	112.3	1 101.3	1 341.3
Undrawn credit limits	4 091.6					4 091.6
Lending commitments	418.9					418.9
Total financial liabilities excl. derivatives	**26 764.2**	**3 301.1**	**17 749.0**	**2 714.1**	**3 862.8**	**54 391.2**
Derivatives - remittance [1])	327.9	45.2	1 397.0	32.1	21.7	1 824.0
Derivatives - payments [1])	-17.5	-123.7	-35.6	-2.3	-3.4	-182.5
Total 2008	**27 074.6**	**3 222.6**	**19 110.4**	**2 744.0**	**3 881.1**	**56 032.7**

[1]) Remittance = derivatives with a net positive cash flow and payments = derivatives with a net negative cash flow

The due overview included interest. Implicit forward interest rates based on the yield curve on 31 December 2008 are used to calculate interest costs for lending with FRN conditions. The due overview was set up using the ORM risk management system.

Note 46: Foreign exchange risk

Financial assets and liabilities in foreign currency

	BALANCE SHEET ITEMS			NETTOPOSISJON	
NOK MILLION	ASSETS	LIABILITIES	SWAP NET	IN CUKRRENCY	IN NOK
CHF	13.1		-13.0	0.1	0.6
DKK	1.7	1.7			
EUR	42.1	219.6	177.3	-0.1	-1.3
GBP	0.1	0.1			
JPY	139.9		-140.0	-0.1	
SEK	1 087.3	1 025.2	-62.6	-0.4	-0.4
USD	11.4	19.6	8.0	-0.2	-1.4
Other					0.5
Total 2008					**-2.0**
Total 2007					-0.3

Storebrand Bank ASA hedges the net currency position in its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

Note 47: Sensitivity analyses

In the event of market risk changes that occur during the first year, the affect on the result and equity will be as shown below based on the balance sheet as of 31 December 2008:

Effect on income

	INTEREST RATE		FOREIGN EXCHANGE	
NOK MILLION	-1.5 %	+1.5 %	-12 %	+12 %
Bonds and other fixed-income securities	-67.5	67.7		
Loans to and deposits with credit institutions	-26.9	26.9	-2.1	2.1
Loans to and due from customers	-464.2	466.1	-43.0	43.0
Derivatives	531.8	-506.6	-911.0	911.0
Liabilities to credit institutions	17.0	-17.8	254.9	-254.9
Deposits from and due to customers	9.2	-9.2	8.9	-8.9
Commercial paper and bonds issued	-32.5	12.7	692.5	-692.5
Subordinated loan capital	33.1	-39.7		
Total	**0.1**	**0.1**	**0.2**	**-0.2**

Effect on net profit/equity

	INTEREST RATE		FOREIGN EXCHANGE	
NOK MILLION	-1.5 %	+1.5 %	-12 %	+12 %
Bonds and other fixed-income securities	-67.5	65.1		
Loans to and deposits with credit institutions	-26.9	26.9	-2.1	2.1
Loans to and due from customers	-464.2	320.1	-43.0	43.0
Derivatives	531.8	-168.4	-327.0	327.0
Liabilities to credit institutions	17.0	-3.6	254.9	-254.9
Deposits from and due to customers	9.2	-9.2	8.9	-8.9
Commercial paper and bonds issued	-32.5	384.4	320.9	-692.5
Subordinated loan capital	33.1	-39.7		
Total	**0.1**	**575.5**	**212.6**	**-584.2**

Specification of currency

	INCOME		NET PROFIT / EQUITY	
NOK MILLION	-12 %	+12 %	-12 %	+12 %
USD	0.2	-0.2	0.2	-0.2
EUR	0.2	-0.2	0.2	-0.2
SEK				
DKK				
JPY				
Other currencies	-0.1	0.1	-0.1	0.1
Total	**0.2**	**-0.2**	**0.2**	**-0.2**

The note demonstrates the accounting effect over a 12-month period of an immediate parallel change in interest rates of +1.5 percentage points and -1.5 percentage points. Account has been taken of the one-time effect such an immediate change in interest rates would have on the items recognised at fair value and hedging value and of the effects the change in interest rates would have on the result for the remainder of the interest rate duration period before the change in interest rate has income and cost related effects. The sensitivity calculation was carried out using the ORM risk management system.

PROFIT AND LOSS ACCOUNT STOREBRAND BANK ASA

1 January - 31 December

NOK MILLION	NOTE	2008	2007
Interest income		2 633.4	1 992.2
Interest expense		-2 146.4	-1 579.9
Net interest income	**6**	**486.9**	**412.3**
Fee and commission income from banking services		98.1	139.8
Fee and commission expense for banking services		-30.8	-81.9
Net fee and commission income	**7**	**67.2**	**57.9**
Net gains on financial instruments at fair value	6	-2.7	16.4
Net income and gains from associated companies	17	-1.6	-0.5
Other income	9	31.6	14.0
Total other operating income		**27.3**	**29.9**
Staff expenses	10, 11	-134.3	-131.2
General administration expenses	11	-97.8	-83.5
Ohter operating costs	11, 25, 26	-145.4	-130.6
Total non-interest expenses		**-377.6**	**-345.2**
Operating profit before losses and other items		**203.9**	**154.8**
Write-downs for the period / net-write back in loan losses	8	-121.2	78.2
Profit before tax		**82.7**	**233.0**
Tax	12	-24.8	-66.0
Profit for the year		**57.9**	**167.0**
Transfer and allocations:			
Other equity		-57.9	33.3
Provision for group contribution			-200.3
Total transfers and allocations		**-57.9**	**-167.0**
Payment of group contribution booked as equity transaction		13.0	

BALANCE SHEET STOREBRAND BANK ASA

31 December

NOK MILLION	NOTE	2008	2007
Assets			
Cash and deposits with central banks	13, 14	672.1	1 062.0
Loans to and deposits with credit institutions	13, 15	1 306.9	358.4
Financial assets designated at fair value thorugh profit or loss:			
Equity instruments	13, 16	1.4	1.9
Bonds and other fixed-income securities	13, 20	6 610.4	2 491.6
Derivatives	13, 22	876.9	527.9
Other assets	13, 28	1 025.6	645.3
Gross lending	13, 23	27 463.7	37 096.1
Write-down of loans	24	-350.1	-305.2
Net lending to customers	13, 41	27 113.7	36 790.9
Investment in associated companies	17	27.6	29.2
Tangible assets	26	13.3	10.0
Intangible assets	25	54.1	62.3
Deferred tax assets	12	155.9	179.4
TOTAL ASSETS		**37 858.1**	**42 159.1**

NOK MILLION	NOTE	2008	2007
Liabilities and equity			
Liabilities to credit institutions	13, 30	6 517.1	3 064.5
Deposits from and due to customers	13, 31	18 305.0	17 562.1
Other financial liabilities:			
Derivatives	13, 22	467.1	586.6
Commercial paper and bonds issued	13, 32	8 999.8	17 159.5
Other liabilities	13, 35	433.1	657.5
Provision for accrued expenses and liabilities		19.9	13.4
Pension liabilities	10	80.1	69.5
Subordinated loan capital	13, 33	962.0	1 013.8
TOTAL LIABILITIES		**35 784.2**	**40 126.8**
Share capital		916.6	916.6
Other paid-in share capital		400.3	400.3
Retained earnings		757.0	715.4
TOTAL EQUITY	**38**	**2 073.9**	**2 032.3**
TOTAL LIABILITIES AND EQUITY		**37 858.1**	**42 159.1**

Oslo, 10 February 2009
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Idar Kreutzer Chairman	Stein Wessel-Aas Deputy Chairman	Kristine Schei Board Member	Ida Helliesen Board Member
Roar Thoresen Board Member	Maalfrid Brath Board Member	Heidi Storrukste Board Member	Klaus-Anders Nysteen Managing Director

STATEMENT OF RECOGNIZED INCOME AND EXPENSE

NOK MILLION	2008	2007
Pension experience adjustments	-3.4	5.1
Profit and loss account items directly to equity	**-3.4**	**5.1**
Profit for the period	57.9	167.0
Total income and costs for the period	**54.6**	**172.1**

CASH FLOW STATEMENT STOREBRAND BANK ASA

1 January - 31 December

NOK MILLION	2008	2007
Cash flow from operating activities:		
Interest, commissions and fees received from customers	2 857.1	2 052.7
Interest, commissions and fees paid to customers	-2 109.0	-1 608.5
Net receipts/payments - lending to customers	9 569.7	-5 962.1
Net receipts/payments - loans to and claims on other financial institutions	-948.5	-243.6
Net receipts/payments - deposits from banking customers	735.3	4 042.3
Net receipts/payments - deposits from central bank and other financiel institutions	3 436.7	278.5
Net receipts/payments -securities in the trading portfolio:		
Shares and other equity investments	2.5	14.1
Bonds and other fixed-income securities	-4 058.5	-791.4
Financial derivatives and other financial instruments	-32.7	86.9
Payments to third parties for goods and services	-357.7	-52.1
Payments to employees, pensioners, employment taxes etc.	-123.6	-155.7
Net cash flow from operating activities	**8 971.3**	**-2 338.9**
Cash flow from investments activities:		
Net receipts from sale of subsidiaries and associated companies	2.0	4.3
Payments on purchase and establish of subsidiaries	-520.5	-114.3
Net receipts/payments on sales/purchases of fixed assets etc.	-16.3	-37.0
Net cash flow from investment activities	**-534.7**	**-147.0**
Cash flow from financing activities:		
Net receipts/payments from issue of commercial paper/short-term loans	-3 037.9	743.8
Net receipts/payments from subordinated loan capital	-55.9	256.0
Interest payments on subordinated loans	-68.2	-53.3
Net receipts/payments from issue of bond loans and other long term funding	-5 597.4	2 006.2
Group contribution received	212.1	200.7
Group contribution payments	-279.1	
Net cash flow from financing activities	**-8 826.5**	**3 153.5**
Net cash flow for the period	**-389.9**	**667.6**
Net movement in cash and cash equivalent assets	-389.9	667.6
Cash and cash equivalent assets at the start of the period	1 062.0	394.4
Cash and cash equivalent assets at the end of the period	**672.1**	**1 062.0**

NOTES TO THE ACCOUNT

Note 0: Accounting policies

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

Basic principles

- The consolidated accounts of Storebrand Bank ASA are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as the additional Norwegian informational requirements that follow from the Accounting Act, Stock Exchange Regulations and Stock Exchange Rules.
- The unconsolidated accounts for Storebrand Bank ASA are presented in accordance with the annual accounts regulations for banks, financial undertakings, etc. and IFRS and associated interpretations, as well as the additional Norwegian informational requirements that follow from the Accounting Act, Stock Exchange Regulations and Stock Exchange Rules. The company has chosen to apply section 1-5 of the annual accounts regulations for banks, financial undertakings, etc, that deal with the "Simplified application of international accounting standards" (hereafter referred to as simplified IFRS).
- The accounts have been prepared in accordance with the historical cost principle, with the exception of some financial instruments, which have been valued at fair value.

Use of estimates in preparing the annual accounts
The preparation of the accounts in accordance with simplified 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 actual figures may deviate from the estimates used.

Changes to accounting principles
No changes to the accounting policies have been made in 2008.

Standards and interpretations of existing standards, and where Storebrand has not elected early implementation
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 include Storebrand Bank ASA and companies where Storebrand Bank 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% 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% and 50% of the associated company's equity capital) where the group exercises significant influence are consolidated in accordance with the equity method. Stakes in jointly controlled companies are booked on the consolidated accounts using the gross method, in other words by including the share of the revenues, costs, assets and liabilities on the associated lines in the financial statements.

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

Company integration
For takeovers of companies, the acquisition method is used. Acquisition cost is measured at fair value with regard paid to any possible equity instruments in addition to the direct expenses of the acquisition. Any possible share issue expenses are not included in the acquisition cost, but rather are entered as a deduction to equity.

The identified tangible and intangible assets and liabilities taken over will be valued at fair value at the point in time of the takeover. If the acquisition cost exceeds the value of identified assets and liabilities, the difference is booked to the balance sheet as goodwill. If the acquisition cost is lower than the identified assets and liabilities, the difference is realized on the profit and loss statement at the point in time of the transaction. Upon the purchase of less than 100 percent of an enterprise, 100 percent of the excess values and undervalues and booked on the balance sheet, with the exception of goodwill, which is only included for Storebrand's stake.

Segment reporting
The group is organised into the areas of commercial, retail, markets and Ring Eiendomsmegling AS. Segment information is presented for areas of activity. Areas of activity comprise the group's primary segment reporting. Financial information concerning segments is presented in Note 3.

Tangible fixed assets
The tangible fixed assets of the company and the group comprise equipment, fixtures and fittings, vehicles, and IT systems used by the group for its own activities.

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

Straight-line depreciation is applied over the following periods:

Equipment, fixtures and fittings	Up to 4 years
IT equipment	Up to 4 years
Vehicles	Up to 6 years
Cabins	Up to 20 years

The depreciation period and the method of depreciation are reviewed annually to ensure that the method and period used

Continues next page

correspond with the commercial lifetime of the asset in question. This also applies to the disposal value.

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.

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 company 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.

Straight-line depreciation is applied over the following periods:

IT systems	3-8 years
Order backlog	1 month – 2 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 from the purchase of an enterprise that cannot be allocated to equity or liability items on the date of the acquisition is classified on the balance sheet as goodwill. Goodwill is assessed at acquisition cost at the point in time of the acquisition. Goodwill from the purchase of subsidiaries is classified as intangible assets. Goodwill from the purchase of stakes in associated companies is included in the investment in the associated company, and tested for impairment as a part of the balance sheet value of the writedown.

Goodwill is not subject to depreciation, but is tested annually for impairment. If the relevant discounted cash flow stream is lower than the booked value, goodwill will be written down to its fair value. A write-down of goodwill is not reversed even if in subsequent periods information should become available to the effect that the need for the write-down no longer exists or that the impairment has diminished. Gains or losses on the sale of companies in the group include goodwill that is related to the company.

For later testing of goodwill impairment, this will be allocated to the relevant cash flow generating units that are expected to receive benefits from the acquisition. Cash flow generating units will be identified with respect tot operating 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 the pension assets.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions are applied directly to equity in the itemisation of revenues, expenses and changes in value (SORIE) recognised to the financial statements during the period in which they arise. The effect of changes to the pension scheme are recognised to profit and loss 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 is insured with Storebrand Livsforsikring AS (Storebrand Life Insurance), a company in the Storebrand group.

The subsidiary companies of Ring Eiendomsmegling AS, Hadrian Eiendom AS and Hadrian Utvikling AS operate defined contribution pension schemes. The pension premiums paid are recognized to profit and loss as operating costs on an on-going basis.

Treatment of receivables and liabilities in foreign currency
Receivables and liabilities in foreign currency are translated using the exchange rate on the balance sheet date.

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 company will have sufficient taxable profit in the future to make use of the tax asset.

Provision for dividend/group contribution
Pursuant to IAS 10, which deals with events after the balance sheet date, the proposed dividend and group contribution shall be classified as equity in the accounts until such time as they are approved by the general meeting. Simplified IFRS allows companies to recognise the provision for dividends and group contribution as income and recognise the board's proposed dividend and group contribution as a liability on the balance sheet date. According to full IFRS, dividends and group contributions are classified as equity until the general meeting decides.

FINANCIAL INSTRUMENTS

General policies and definitions

Recognition and derecognition
Financial assets and liabilities are included in the balance sheet from such time as Storebrand becomes a 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, 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)
- loans and receivables

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.

Only derivatives come under this group.

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 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.

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.

Continues next page

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.

Derivatives

Definition of a derivative

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 for 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. Due to of the unified policies for measuring hedged items and hedging instruments in the other parts of the company, this hedging reflects the group's ordinary valuation rules.

Financial liabilities

Subsequent to inception, all financial liabilities are measured at amortised cost using the effective interest method to the extent that the liability is not classified at fair value pursuant to the fair value option.

Structured products – synthetic financial instruments

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 issued. The bonds issued are simultaneously measured at amortised cost. No gain is recognised in respect of structured products at the time of issue ("day 1 gains").

Commercial paper/bonds

At the time of issue, the issued commercial paper and bonds are measured at amortised cost. No gain is recognised at the time of issue, so-called "day 1 gains". Subsequent to inception, the commercial paper and bonds are measured at amortised cost using the effective interest method if they are not classified at fair value pursuant to the fair value option.

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 and fees paid to distributors.

Note 1: Significant accounting principles and use of estimates

The preparation of the accounts in accordance with IFRS involves the use of estimates and assumptions made by management. The estimates used in preparing the accounts are based on historical experience and assumptions that management believes are prudent and reasonable and are based on factual evidence. The estimates have an effect on assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. The estimates used in preparing the accounts are based on historical experience and assumptions that management believes are prudent and reasonable. Estimates and judgements are continually evaluated and are based on historical experience and other factors concerning future events. The actual figures may deviate from the estimates used. The estimates and judgements that have a significant risk of causing a material adjustment to the balance sheet values of assets and liabilities are discussed below:

- Fixed assets and intangible assets
- Actuarial calculations of pension liability
- Lending at amortised cost
- Write-downs of loans
- Capitalisation of deferred tax assets
- Calculation of fair value of derivatives and other securities
- Earn-out in respect of acquisitions
- Allocation of excess value arising from acquisitions

Fixed assets and intangible assets
Fixed assets and intangible assets, of which intangible assets mainly relate to IT systems, are reviewed annually to ensure that the depreciation period and method of depreciation used correspond with commercial reality for the asset in question. This also applies to the disposal value. The value of an asset is written down if there are indications of a fall in its value. The periods of future commercial life of specific intangible assets are tested, and some changes were made in 2008. In connection with acquisitions carried out in 2007 and 2008, the group has capitalised intangible assets in respect of a brand name. The brand name is not subject to depreciation since it is expected to have an unlimited life. The value of the brand name will be tested for impairment annually. Intangible assets associated with the order backlog have been identified, which are being amortised. The remaining order backlog will be tested at a minimum once annually for impairment. Costs for the development or maintenance of IT systems are charged to profit and loss as they are incurred.

Goodwill is tested annually for impairment. In connection with acquisitions made in the first quarter of 2008, the group's goodwill has increased. See the acquisition analysis in note 21. Goodwill is tested for impairment. The recoverable value will be calculated using discounted cash flows based on the group’s rolling budget process approved by the board of directors, which covers a period of three years. In addition, the calculations will include the expected cash flows in years 4-9 based on an annual rate of growth varying between 2.5% and 3%. The discount factor applied will be determined annually based on the risk-free rate of interest at the time. The calculations assume that no tax will be payable.

Pensions
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 that they should be based on uniform expectations of future economic conditions.

The rate of discount applied represents a major assumption for the calculation of pension liabilities. Norwegian insurance companies must base their calculation of discount rate on the return on Norwegian government bonds. With the exception of pensioners of the holding company Storebrand ASA, the payment horizon for pensions paid by Storebrand is estimated to be around 25 years, and there are no Norwegian government bonds with such a long maturity. The discount rate and other commercial and demographic assumptions used to calculate pension liabilities at 31 December 2008 are based on guidance issued by the Norwegian Accounting Standards Board. The discount rate applied of 4.30% was virtually identical to the yield on 10-year government bonds. When estimating expected salary inflation, growth in income not eligible for pension benefits was also taken into account.

The calculation of pension liabilities at 31 December 2008 was carried out by an actuary. The calculation includes 163 active members and 19 pensioners. Risk Table K-2005 was applied. The following table shows an extract of the standard table for specific age groups showing the probability of mortality within one year and average life expectancy:

AGE	MORTALITY %		LIFE EXPECTANCY – YEARS	
	Men	*Women*	*Men*	*Women*
20	0.015	0.015	59.50	63.84
40	0.083	0.046	39.85	44.10
60	0.716	0.386	21.44	25.07
80	6.55	4.142	7.54	9.47

Storebrand Bank Group changed its accounting principles for the accounting recognition of actuarial gains and losses (experience adjustments) in 2006, and such adjustments are now applied directly to equity. Prior to this change, experience adjustments were amortised over the average remaining period for accrual of pensions entitlement to the extent that the effect exceeded 10%. Storebrand is of the view that this change in accounting principle will produce more reliable and relevant information. For further information, see Note 9.

Continues next page

Note 1: Significant accounting principles and use of estimates *Continued*

Earn-out payments in respect of acquisitions
In some cases, acquisitions of companies include provision for deferred settlement in the form of earn-out payments. IFRS requires that the discounted value of earn-out payments is added to the acquisition cost of the investment. The discounted value of earn-out therefore affects the size of excess value/undervalue that is allocated. The calculation of the value of earn-out is normally based on forecasts of future earnings of the business acquired. Subsequent changes in these forecasts affect the acquisition cost and therefore also the excess value/undervalue that has been allocated. A pre-tax annual discount rate of 12% was applied when calculating the discounted value of earn-out payments in the 2008 accounts. See Note 21 for further information.

Allocation of excess value arising from acquisitions
The allocation of excess value arising from acquisitions involves the exercise of judgement to allocate excess value between various intangible assets. The allocation of excess value is based on excess value/undervalue identified in connection with each acquisition. Any unallocated residual is treated as goodwill, and in accordance with IFRS such goodwill is not depreciated. See Note 21 for an analysis of excess value identified in connection with acquisitions.

Objective signs that the value of a loan or group of loans is impaired relates to observable data of which the group becomes aware in respect of one of the following events:
- the issuer or borrower has material financial difficulties
- default of the terms and conditions of a loan agreement, with failure to pay interest or instalments of principal as they fall due
- the group grants the borrower special terms as a result of the borrower's financial situation
- it is likely that the borrower will enter into negotiations for a composition with creditors or become insolvent or be subject to some other form of financial reorganisation
- the active market for a financial asset disappears as a result of financial difficulties
- observable information indicates that there has been a measurable deterioration in the estimated future cash flows of a group of financial assets since the inception of these assets.

Lending write-downs are divided into two categories:

a) Individual write-downs
Write-downs of individual loans are based on a case-by-case evaluation if there is objective evidence of impairment. In the case of corporate and retail lending, the objective criteria for impairment are judged to be correlated with default status. In addition all lending commitments are loss evaluated when it exists other information that indicates the commitment to be loss-exposed. The need for a write-down is determined on the basis of a specific evaluation of the most likely future cash flow that will be received from the borrower in connection with the loan. In making this judgement, management takes into account both previous experience with the borrower and other information considered relevant.
See also Notes 24 and 42.

b) Write-downs of groups of loans
Grouped write-downs are calculated separately for Corporate Lending and Retail Lending. (i.e. loans to commercial customers and loans to private individuals). In the case of groups of loans in Corporate Lending, the objective criteria for write-downs are considered to be closely correlated with changes in the risk classification of lending relationships. The classification model for Corporate Lending considers three factors: quality of the borrower/financial condition (debt service capacity), quality of the collateral (loan to value ratio) and commercial factors (internal/external risk). The risk classification model shows the classification against a background of the information recorded in the accounting module at the time the calculation of group write-downs is undertaken, the realisable value recorded for collateral and an evaluation of commercial factors. Consideration is also given to changes in macroeconomic factors that may have a significant impact on commercial lending, including changes in interest rates and expectations of future changes in interest rates.

The objective criteria for write-downs of the groups of loans making up Retail Lending are considered to be correlated to the default status of the loans making up the group and the historic repayment record. Default status is divided into 30-90 days and over 90 days on loans that are not subject to individual write-downs because there is objective evidence of impairment. The repayment record is updated quarterly in line with the overall performance of the portfolio.

Capitalisation of deferred tax assets
The capitalised value of deferred tax assets is reviewed regularly. The reviews take into account Storebrand Bank's likely future capacity to make use of tax reducing temporary differences, and the criteria that must be satisfied for these to be used.

Continues next page

Note 1: Significant accounting principles and use of estimates *Continued*

Calculation of fair value of derivatives and other securities
The fair value of financial instruments that are not traded in an active market (for example OTC derivatives and unlisted shares) is determined by using valuation techniques. These valuation techniques are largely based on market conditions at the balance sheet date. Fair value excludes accrued interest (clean value). The bank's asset items are measured at observable market value where such prices are available. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Fair value of other assets is calculated as an amount equivalent to the discounted current value of the investment. The discount factor used takes into account the market interest rate at 31 December 2008 for investments judged to be equivalent to the investment being valued. Fair value of liabilities is calculated as the discounted present value of the funding transaction. As with investments, the discount factor used takes into account the bank's actual funding costs for an equivalent deposit at 31 December 2008. The fair value of lending is calculated as the discounted present value of loans considered not to be impaired. In the case of loans considered to be impaired, fair value is estimated for each individual loan or group. All financial assets and liabilities included in hedge accounting are shown at amortised cost in the notes to the accounts.

Earn-out payments in respect of acquisitions
In some cases, acquisitions of companies include provision for deferred settlement in the form of earn-out payments. IFRS requires that the discounted value of earn-out payments is added to the acquisition cost of the investment. The discounted value of earn-out therefore affects the size of excess value/undervalue that is allocated. The calculation of the value of earn-out is normally based on forecasts of future earnings of the business acquired. Subsequent changes in these forecasts affect the acquisition cost and therefore also the excess value/undervalue that has been allocated. A pre-tax annual discount rate of 12% was applied when calculating the discounted value of earn-out payments in the 2008 accounts. See Note 19 for further information.

Allocation of excess value arising from acquisitions
The allocation of excess value arising from acquisitions involves the exercise of judgement to allocate excess value between various intangible assets. The allocation of excess value is based on excess value/undervalue identified in connection with each acquisition. Any unallocated residual is treated as goodwill, and in accordance with IFRS such goodwill is not depreciated. See Note 19 for an analysis of excess value identified in connection with acquisitions.

Note 2: Calculation of fair value of financial instruments

Fair value of lendings is normally set to be approximately equal to the amortised cost. In consequence of the financial crisis, the market for portfolio sales does not exist at present. For loans where the interest rate conditions have been established on the basis of margins to reference interest rates, the Storebrand Bank Group has now only partially made use of its right to change on-going reference margins. The banking group's conditions for the loans are to a large extent a margin established administratively on an on-going basis, however for some of the loans the margin is fixed throughout the term of the loan. The banking group had at the end of the year NOK 7.3 billion for which the interest rate setting was based upon a margin to the NIBOR three-month interest rate with an expected turnover of 4 years. The portfolio, primarily commercial loans, has today on the average a margin that is approx. 100 basis points lower that what the bank would require for new loans to debtors of corresponding quality and safety. See also Note 14 in the Storebrand Bank Group and Note 13 in Storebrand Bank ASA.

Note 3: Segment information

Analysis of profit and loss account and balance sheet items by activity

	CORPORATE		RETAIL		MARKETS		TREASURY/OTHER		TOTAL	
NOK MILLION	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Profit and loss account:										
Net external interest income	264.1	217.3	241.8	181.6	11.8	21.7	-30.8	-8.3	486.9	412.3
Net internal interest income										
Net interest income	**264.1**	**217.3**	**241.8**	**181.6**	**11.8**	**21.7**	**-30.8**	**-8.3**	**486.9**	**412.3**
Net external fee and commission income	12.0	9.5	22.1	0.7	26.4	48.1	6.7	-0.4	67.2	57.9
Net internal fee and commission income										
Net fee and commission income	**12.0**	**9.5**	**22.1**	**0.7**	**26.4**	**48.1**	**6.7**	**-0.4**	**67.2**	**57.9**
Other external operating income	12.4	22.1	4.2	3.1	45.7	16.8	-35.0	-12.1	27.3	29.9
Other internal operating income										
Total operating income	**12.4**	**22.1**	**4.2**	**3.1**	**45.7**	**16.8**	**-35.0**	**-12.1**	**27.3**	**29.9**
Total operating costs	-92.6	-114.3	-215.8	-197.8	-68.2	-32.2	-1.0	-0.9	-377.6	-345.2
Operating profit before loan losses	**196.0**	**134.6**	**52.3**	**-12.4**	**15.7**	**54.4**	**-60.1**	**-21.7**	**203.9**	**154.9**
Loan losses and write-downs	-113.5	84.0	-8.3	-5.8			0.6		-121.2	78.2
Ordinary profit from continuing operations	**82.5**	**218.6**	**44.0**	**-18.3**	**15.7**	**54.4**	**-59.5**	**-21.7**	**82.7**	**233.0**
Ordinary profit from businesses discontinued	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.0**	**2.0**	**0.0**	**0.0**
Balance sheet items:										
Gross lending	11 973.4	12 115.5	15 432.0	24 937.3			58.3	43.3	27 463.7	37 096.1
Lending write-downs	-281.6	-241.2	-69.1	-64.0			0.6		-350.1	-305.2
Net customer lending	**11 691.8**	**11 874.3**	**15 362.9**	**24 873.3**	**0.0**	**0.0**	**58.9**	**43.3**	**27 113.7**	**36 790.9**
Investment in associated companies	27.1	28.7	0.5					0.5	27.6	29.2
Tangible fixed assets	3.0	4.5	4.0	4.4		1.3	6.3	-0.2	13.3	10.0
Intangible fixed assets	25.0	27.1	23.0	26.7	1.2	58.5	4.9	-50.0	54.1	62.3
Assets. activities held for sale										
Other assets	1 403.0	1 068.7	1 843.5	2 238.6	1 124.8	1 411.6	6 278.1	547.8	10 649.4	5 266.6
Total assets	**13 149.9**	**13 003.4**	**17 233.9**	**27 143.0**	**1 126.0**	**1 471.3**	**6 348.2**	**541.4**	**37 858.1**	**42 159.1**
Deposits from and due to customers	5 998.5	7 892.4	11 946.4	9 263.1	161.0	155.8	199.1	250.8	18 305.0	17 562.1
Liabilities, activities held for sale										
Other liabilities	6 155.2	4 103.0	4 720.5	17 056.4	955.0	1 300.5	5 648.4	104.8	17 479.2	22 564.7
Equity	996.2	1 008.0	567.0	823.5	10.0	15.0	500.7	185.8	2 073.9	2 032.3
Total liabilities and equity	**13 149.9**	**13 003.4**	**17 233.9**	**27 143.0**	**1 126.0**	**1 471.3**	**6 348.2**	**541.4**	**37 858.1**	**42 159.1**
Key figures:										
Cost as % of income	32%	46%	80%	107%	81%	37%			65%	69%
Deposits from and due to customers as % of gross lending	50%	65%	77%	37%					67%	47%

Description of the segments:
Commercial Banking: This segment comprises deposits from and lending to commercial customers, principally real estate investors/developers.
The segment includes the affiliated company Seilduksgaten 25/31 AS. The bank's share is 50% and net profit for 2008 is minus NOK 1,6 million (see note 17).
Retail Banking: Deposits from and lending to retail customers, including credit cards. Lending is principally mortgage lending secured against residential real estate.
Markets: This business area includes all the bank's activities in structured products, real estate funds, Storebrand Optimér ASA, Storebrand Infrastruktur ASA and stockbroking activities.

Indirect income and indirect costs have been allocated on the basis of estimated use of resources.

Geographical segment:
No company in the group have any independent business activities outside Norway. Customers with foreign domicile are classified as part of the Norwegian activities. Operating revenue and profit are therefore solely from activities in Norway.

Note 4: Remuneration and close associates

Remuneration of senior employees and elected officers at 31.12.08:

NOK 1000	REMUNERATION 9)	BONUS-BANK 1)	PAID BONUS 1/3 1)	POST-TERMINATION SALARY (MONTHS)	PENSION ACCRUED FOR THE YEAR	DISCOUNTED PRESENT VALUE OF PENSION	NO. OF SHARES OWNED 2)	LOAN 3)	INTEREST RATE AT 31.12.08	REPAYMENT PERIOD 4)	OUTSTANDING AMOUNT 5)
Senior employees											
Klaus-Anders Nysteen (man.dir.)	4 104		274	18	926	2 072	49 403	3 382	5.60%/6.65%	2026/2017	
Monica Kristoffersen	1 336		98		256	2 124	1 100	2 653	6.65%/6.70%	2017/2028	
Anne Grete T. Wardeberg	1 237		97		253	1 657	2 590	0			
Mikkel Andreas Vogt	1 607		133		462	682	2 137	2 063	5.60%/6.80%	2028/2013	
Trond Fladvad	1 614		105		443	812	2 024	5 828	5.60%/6.65%/7.00%	2032/2017/2017	
Robert Fjelli	1 867		206		525	707	1 100	221	6.65%	2018	
Board of Directors 6)											
Idar Kreutzer 7)	9 100	3 028	1 009	24	955	15 561	91 760	12 543	5.60%/6.79%/6.95%	2037/2025/2018	
Roar Thoresen 8)	5 875		477	18	924	6 184	26 686	1 660	5.60%	2032	
Heidi Storruste	145						1 228	2 826	5.60%/6.65%	2037/2018	
Steinar Wessel-Aas	145							1 400	7.00%	2021	
Kristine Schei	145										
Maalfrid Brath 8)	3 671				193	2 510	8 431	4 679	5.60%/6.64%	2035/2017	
Ida Helliesen	145										
Controll Committee											
Finn Myhre	155							1 303	6.79%	2014/2025	
Maria Borch Helsengreen	110										
Tone Margrethe Reierselmoen	110						1 734	627	7.00%	2021	
Jan Ljone	110										

1) *Outstanding in bonus bank at 31.12.08 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 Charirman of the Board, received an intitial 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 balance 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 with the establishment of this, the previously withheld bonuses earned from 2008 and before have been paid. Storebrand 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.*

2) *The summary shows the number of shares owned in Storebrand ASA 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) *Loans to senior employees and members of the Board of Directors are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions.*

4) *The years shown are the years in which the loans are contractually due to be repaid.*

5) *Loan payment due but not yet paid.*

6) *Remuneration paid represents remuneration paid in connection with the individual's appointment to the Board of Directors of Storebrand Bank ASA.*

7) *Idar Kreutzer, the Chairman of the Board, does not receive any remuneration from Storebrand Bank ASA for this appointment, and the company has no liability towards the Chairman of the Board in the event of termination of or change to this appointment. Idar Kreutzer is the Chief Executive Officer of Storebrand ASA. He is entitled to salary for 24 months after the expiry of the normal notice period. Such payments will be reduced by all work-related income during this period, including consultancy assignments. He is entitled to a performance-related bonus based on Storebrand's ordinary bonus scheme, payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year.*

8) *Neither Roar Thoresen nor Maalfrid Brath receives any remuneration from Storebrand Bank ASA for their appointments as members of the Board. The remuneration shown in the note relates to salary and benefits paid by Storebrand Livsforsikring AS in respect of their employment by the company.*

9) *Specification of remuneration*

NOK 1000	SALARY/FEE	BONUS	ADDITIONAL REMUNERATION	OTHER TAXABLE BENEFITS 1)	TERMINATION PAYMENT	TOTAL REMUNERATION
Senior employees						
Klaus-Anders Nysteen (man.dir.)	2 286	1 588		229		4 104
Monica Kristoffersen	1 009	213		114		1 336
Anne Grete T. Wardeberg	911	215		111		1 237
Mikkel Andreas Vogt	1 193	290		124		1 607
Trond Fladvad	1 266	229		119		1 614
Robert Fjelli	1 297	449		121		1 867

1) Comprises company car, telephone, insurance, concressionary interest rate and other contractual benefits.

Continues next page

Note 4: Remuneration and close associates *Continued*

Remuneration of senior employees and elected officers at 31.12.07:

NOK 1000	REMUNERATION 9)	BONUS-BANK 1)	POST-TERMINATION SALARY (MONTHS)	PENSION ACCRUED FOR THE YEAR	DISCOUNTED PRESENT VALUE OF PENSION	NO. OF SHARES OWNED 2)	LOAN 3)	INTEREST RATE AT 31.12.07	REPAYMENT PERIOD 4)	OUTSTANDING AMOUNT 5)
Senior employees										
Klaus-Anders Nysteen (man.dir.)	2 246	-3	18	769	984	1 813	3 446	4.75%/5.55%	2026/2017	0
Monica Kristoffersen	1 026			168	1 236	0	2 733	5.55%	2017/2036	0
Anne Grete T. Wardeberg	1 149	131		192	1 074	2 590				0
Mikkel Andreas Vogt 10)	682			237	227	1 037				
Trond Fladvad 10)	1 104			200	195	924	5 940	4.76%/5.3%/5.9%	2032/2017/2017	0
Robert Fjelli 10)	621			210	196	0				
Kristian Krogenæs 11)	1 134	188		142	1 007	310	2 396	4.76%/5.90%	2027/2017	0
Sigmund Sletvold 9)	720					160	4 200	5.69%	2029/2031	0
Ivar Qvist 11)	3 365			309	1 946	181	2 151	4.76%/5.69 %	2037/2019	0
Geir Larsen 11)	1 026			197	661	924	1 198	4.76%	2032	0
Board of Directors 6)										
Idar Kreutzer 7)	6 101	4 308	24	675	10 342	54 160	10 800	4.76%/5.59%/5.69%	2037/2017/2025	0
Roar Thoresen 8)	4 358	1 309	18	801	4 599	2 796	1 694	4.75%	2032	0
Heidi Storruste	145					1 228	2 892	4.76%/5.55%	2037/2017	0
Steinar Wessel-Aas	145						1 400	6.1%	2019	0
Kristine Schei	73									0
Maalfrid Brath 8)	3 644	1 122	18	508	6 132	4 831	4 895	4.76%/5.54%	2035/2017	0
Ida Helliesen	145					0				
Controll Committee										
Finn Myhre	125						1 418	5.69%	2014/2025	0
Maria Borch Helsengreen	43					50				
Benedicte Fasmer	14									0
Jan Ljone	85									0

1) *Amount outstanding at 31.12.2007 before the distribution for 2007. Certain senior employees are entitled to a performance-related bonus related to the group's value-based management system, payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Bonus entitlements are credited to bonus accounts, and 1/3 of the balance on an individual's bonus account is paid each year.*

2) *The summary shows the number of shares owned in Storebrand ASA 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) *Loans to senior employees and members of the Board of Directors are granted in part on the normal terms and conditions for loans to employees, i.e. loan to an individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions.*

4) *The years shown are the years in which the loans are contractually due to be repaid.*

5) *Loan payment due but not yet paid.*

6) *Remuneration paid represents remuneration paid in connection with the individual's appointment to the Board of Directors of Storebrand Bank ASA.*

7) *Idar Kreutzer, the Chairman of the Board, does not receive any remuneration from Storebrand Bank ASA for this appointment, and the company has no liability towards the Chairman of the Board in the event of termination of or change to this appointment. Idar Kreutzer is the Chief Executive Officer of Storebrand ASA and the Managing Director of Storebrand Livsforsikring AS. He is entitled to salary for 24 months after the expiry of the normal notice period. Such payments will be reduced by all work-related income during this period, including consultancy assignments. He is entitled to a performance-related bonus based on Storebrand's ordinary bonus scheme, payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year.*

8) *Neither Roar Thoresen nor Maalfrid Brath receives any remuneration from Storebrand Bank ASA for their appointments as members of the Board. The remuneration shown in the note relates to salary and benefits paid by Storebrand Livsforsikring AS in respect of their employment by the company.*

9) *Left the employment of Storebrand Bank ASA on 30 April 2007.*

10) *Mikkel Andreas Vogt joined Storebrand Bank ASA on 18 June 2007, Trond Fladvad joined on 5 February 2007 and Robert Fjelli joined on 6 August 2007. They are all members of the bonus bank scheme, but had no balances on their bonus bank accounts at 31 December 2007 that are available for distribution for the year.*

11) *Following reorganisations carried out in 2007, these individuals were no longer members of the bank's executive management team at 31 December 2007.*

Continues next page

Note 4: Remuneration and close associates *Continued*

12) Specification of remuneration

NOK 1000	SALARY/ FEE	BONUS	ADDITIONAL REMUNERATION	OTHER TAXABLE BENEFITS 1)	TERMINATION PAYMENT	TOTAL REMUNERATION
Senior employees						
Klaus-Anders Nysteen (man.dir.)	1 905	187		154		2 246
Monica Kristoffersen	815	106		105		1 026
Anne Grete T. Wardeberg	823	221		105		1 149
Mikkel Andreas Vogt	622			60		682
Trond Fladvad	1 003			101		1 104
Robert Fjelli	580			42		621
Kristian Krogenæs	842	205		87		1 134
Sigmund Sletvold	457	234		29		720
Ivar Qvist	558	2 762		45		3 365
Geir Larsen	808	83		136		1 026

1) *Comprises company car, telephone, insurance, concressionary interest rate and other contractual benefits.*

The Board of Directors' statement on the salary and other remuneration of senior executives is quoted below:

Statement by the Board
The Board of Storebrand Bank 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 Limtied Liabilities Companies Act, based on the group's previously adopted guidlines 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 senioer 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. The Remuneration Committee's mandate also comprises Storebrand Bank ASA.

Guidelines for the fixing of salary and other remuneration for senior employees in Storebrand
Storebrand aim to base remuneration on competitive and stimulating principles that help to acctract, 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 up to 24 months after the end of their employment. These guidlines also applies Storebrand Bank ASA.

The bonus system
The Storebrand group's bonus scheme, which is offered in addtion 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 shcares 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 years perspective. The establishment of the long-term incentive scheme is described in the last section "The senior employee remuneration policy practised in 2008". The bonus system also applies for Storebrand Bank ASA.

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. Employees in Storebrand Bank ASA participate the this programme.

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 hinself or herself. Because no bonuses were awarded for the 2008 income year, the scheme will be escalated at the start of 2010. CEO of Storebrand Bank ASA participate in the long-term incentive scheme.

Continues next page

Note 4: Remuneration and close associates *Continued*

There was no basis for ordinary bonus financing in the 2008 income year. Therefore noe 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.

Transactions with group companies:

	2008		2007	
NOK MILLION	SUBSIDIARIES	OTHER GROUP COMPANIES	SUBSIDIARIES	OTHER GROUP COMPANIES
Interest income	137.4		0.1	
Interest expense	2.1	0.6	1.0	2.4
Services sold	5.3	5.5	0.8	3.7
Services purchased		58.3	1.5	54.7
Due from	1 101.7	271.9	0.5	
Liabilities to	53.8	41.5	92.5	32.4

Transaction with group companies are based on the principle of transactions at arm's length.

Lending transferred to Storebrand Kredittforetak AS
Storebrand Bank shall arrange the transfer and return of loans when changes have to be made, i.e. if there is a need to increase borrowing, change from variable to fixed interest, convert to employee loan or convert to a mortgage loan. The costs form part of the contractual administration fees.

Non-performing loans in Storebrand Kredittforetak remain in the undertaking. These loans will, pursuant to the service agreement with Storebrand Bank, be treated in the same way as non-performing loans in the bank. Specific non-performance reports are prepared for non-performing loans in Storebrand Kredittforetak. These loans do not form part of the credit undertaking's total collateral.

Loans to employees can be transferred to Storebrand Kredittforetak. The difference between the market interest rate and subsidised interest rate is covered monthly by the company in which the debtor is employed.

Overview of transferred lending:

AMOUNTS IN MILLION NOK	2008
To Storebrand Kredittforetak AS	15 706.1
From Storebrand Kredittforetak AS	1 762.9

Storebrand Bank has not pledged any guarantees in connection with loans to Storebrand Kredittforetak.

Transactions with other related parties:
Storebrand Bank ASA defines Storebrand Optimér ASA as a related party as the company's objective is to offer alternative savings products to the bank's customers. Storebrand Optimér ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Optimér ASA. The bank has recognized NOK 8.4 million to profit in the accounts for 2008, where of NOK 4.0 million have been paid to the distributors of shares in Storebrand Optimér ASA. No new issues have been carried out in 2008. The bank has a receivable due from the company of NOK 5.5 million as of 31.12.08. The fees paid to the bank are based on the arm's length principle.

Storebrand Bank ASA also defines Storebrand Infrastruktur ASA as a related party since the general manager of Storebrand Infrastruktur ASA is an employee of Storebrand Bank ASA and the company's objective is to offer alternative savings products to the bank's customers. Storebrand Infrastruktur ASA has no employees and the company has entered into an agreement with Storeband Bank ASA to carry out the day-to-day operation of the company. The bank also acts as a Manager for issues of shares carried out by Storebrand Infrastruktur ASA. The bank has recognized NOK 1.2 million to profit in the accounts for 2008, where of NOK 1.1 million have been paid to the distributors of Storebrand Infrastruktur ASA. The bank has a receivable due from the company of NOK 0.1 million as of 31.12.08. The fees paid to the bank are based on the arm's length principle.

Loans to employees:

NOK MILLION	2008	2007
Loans to employees of Storebrand Bank ASA	137.6	169.1
Loans to employees of the Storebrand group	1 072.7	1 575.5

Loans to employees are granted in part on the normal terms and conditions for loans to employees, i.e. loan to and individual of up to NOK 1.7 million at 80% of normal market interest rate. Loans in excess of NOK 1.7 million are granted on normal commercial terms and conditions. The bank has not provided guarantees or security for borrowing by employees.

Headaccount and personnel information:

	2008	2007
Number of employees at 31 December	163	158
Number of employees expressed as full-time equivalent positions	159	154

Note 5: Remuneration of the auditor

Remuneration excluding value added tax:

NOK 1000	2008	2007
Statutory audit	715	856
Other reporting duties		77
Taxation advice		
Other non-audit services	40	
Total	**755**	**933**

Note 6: Net income from financial instruments

NOK MILLION	2008	2007
Net interest income		
Interest and other income on loans to and deposits with credit institutions	172.1	46.4
Interest and other income on loans to and due from customers	2 255.1	1 825.3
Interest on commercial paper, bonds and other interest-bearing securities	197.1	112.9
Other interest income and related income	9.1	7.6
Total interest income [1])	**2 633.4**	**1 992.2**
Interest and other expenses on debt to credit institutions	-180.2	-118.5
Interest and other expenss on deposits from and due to customers	-1 004,3	-589.6
Interest and other expenses on securities issued	-790.1	-788.5
Interest and expenses on subordinated loan capital	-68.2	-53.3
Other interest expenses and related expenses	-103.6	-30.0
Total interest expenses [2])	**-2 146.4**	**-1 579.9**
Net interest income	**486.9**	**412.3**
[1]) *Of which total interest income on financial assets that are not at fair value through profit or loss*	*2 418.5*	*1 861.2*
[2]) *Of which total interest expenses on financial liabilities that are not at fair value through profit or loss*	*-2 083.3*	*-1 507.2*

Interest expense and changes in value of funding FVO:

NOK MILLION	2008	2007
Interest expense funding FVO	-63.2	-72.7
Changes in value of funding FVO	-5.9	
Net expense funding FVO	**-69.0**	**-72.7**

Net income and gains from financial assets and liabilities at fair value:

NOK MILLION	2008	2007
Equity instruments		
Dividends received from equity investments		0.1
Net gains/losses on realisation of equity investments		5.4
Net change in fair value of equity investments	-0.5	-2.3
Total equity investments	**-0.5**	**3.3**
Bonds, commercial paper and other interest-bearing securities		
Commercial paper and bonds issued by the public sector	8.3	0.3
Total securities issued by the public sector	**8.3**	**0.3**
Commercial paper and bonds issued by others	-24.0	-2.6
Total securities issued others	**-24.0**	**-2.6**
Total bonds, commercial papper and other interest-bearing securities	**-15.7**	**-2.3**
Financial derivatives		
Financial derivatives, held for trading	13.5	15.5
Total financial derivatives	**13.5**	**15.5**
Net income and gains from financial assets and liabilities at fair value	**-2.7**	**16.4**
Net gain/loss on financial assets at fair value through profit or loss:		
Financial assets designated at fair value upon initial recognition	-22.4	-3.1
Financial assets classified as held for trading	22.9	19.6
Net gain/loss on financial liabilities at fair value through profit or loss:		
Financial liabilities designated at fair value upon initial recognition	-4.5	
Financial liabilities classified as held for trading		

Note 7: Net commission income

NOK MILLION	2008	2007
Money transfer fees	24.4	12.6
Service charges on deposit accounts	23.7	19.8
Guarantee commissions receivable	3.9	4.0
Commissions from real estat fund	17.2	70.0
Commissions from structured products	0.8	2.4
Commissions from stockbroking	5.0	10.0
Commissions from Storebrand Optimér ASA	8.4	13.6
Commissions from Storebrand Infrastruktur ASA	1.2	0.0
Fees from loans	1.1	0.8
Management of loan portfolios	5.6	3.8
Forvaltning av lån Storebrand Kredittforetak	5.3	
Other commission income	1.5	2.9
Total fees and commissions receivable 1)	**98.1**	**139.8**
Money transfer fees	-13.0	-5.6
Fee on securities to Norwegian Registry of Securities	-2.1	-1.7
Commissions real estate fund	-0.3	-44.6
Commissions structured products		
Commissions stockbroking	-0.4	-3.2
Commissions Storebrand Optimér ASA	-4.0	-8.1
Commissions Storebrand Infrastruktur ASA	-1.1	
Commission for distribution of the bank's products	-9.4	-17.7
Other commission expenses	-0.5	-1.0
Total fees and commissions payable 2)	**-30.8**	**-81.9**
Net fee and commission income	**67.2**	**57.9**
1) *Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through profit or loass*	*55.6*	*39.4*
2) *Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through profit or loass*	*-22.4*	*-23.3*

Other fee and commission income and fee and commission expense are related to charges on services bought and sold.

Note 8: Losses on loans and guarantees

NOK MILLION	2008	2007
Write-downs of loans and guarantees for the period		
Change in individual write-downs for the period	-15.3	113.0
Change in grouped write-downs for the period	-29.6	15.2
Other corrections to write-downs	0.7	-0.9
Change in individual write-downs on guarantees for the period 1)		4.0
Realised losses in period on commitments specifically provided for previously	-79.9	-59.6
Realised losses on commitments not specifically provided for previously	-0.6	-1.0
Recoveries on previously realised losses	3.5	7.5
Write-downs of loans and guarantees for the period	**-121.2**	**78.2**
1) Individual write-downs on guarantees are included in the item 'Provision for accrued expenses and liabilities' until such time as they are written back.		
Interest recognised to profit on loans subject to write-downs	7.6	4.0

Note 9: Other income

NOK MILLION	2008	2007
Gain on sale of subsidiaries		7.2
Loss on close down of subsidiaries	-0.1	
Receipts of group contribution	24.9	3.2
Dividend from group companies	0.8	
Income from services to Storebrand Baltic UAB	0.7	0.8
Income from Markets	4.6	
Other income	0.8	2.8
Total other income	**31.6**	**14.0**

Note 10: Pensions

Employees of Storebrand Bank ASA are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pension payments from the this scheme come into effect from the pension age, which is 67. Pension payments between 65 and 67 and pensions in excess of 12G 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 amount to NOK 843,000. Pension rights are part of the group's collective employment agreement. The company has a duty to operate an occupational pension scheme pursuant to the Act on mandatory occupational pensions. The company's pension scheme satisfies the requirements of the Act.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK MILLION	2008	2007
Present value of insured pension liability including employer's social security contributions	116.5	107.5
Pension assets at fair value	-74.0	-78.1
Net pension liability/surplus for the insured schemes	42.5	29.3
Present value of uninsured pension liability including employer's social security contributions	37.6	40.1
Net pension liabilities in the balance sheet	**80.1**	**69.5**

Reconciliation to show the change in net defined benefit pension liability in the period:

NOK MILLION	2008	2007
Net pension liability at 1.1. including provision for employment taxes	147.6	145.0
Net pension cost recognised in the period including provision for employment taxes	13.9	15.6
Interest on pension liabilities	6.5	5.9
Experience adjustments	-11.8	-14.1
Pensions paid	-2.0	-4.8
Net pension liability at 31.12.	**154.2**	**147.6**

Reconciliation to show the change in fair value of pension assets in the period:

NOK MILLION	2008	2007
Fair value of pension assets at 1.1.	78.1	76.0
Expected return	4.5	3.5
Experience adjustments	-16.4	-5.8
Premiums paid in	9.2	5.6
Pensions paid	-1.4	-1.2
Net pension assets at 31.12.	**74.0**	**78.1**

Expected premium payments (pension assets) in 2009: NOK 10.4 million.

Pension assets are based on the financial investments held by Storebrand Livsforsikring which had the following composition as at 31.12.:

NOK MILLION	2008	2007
Properties and real estate	14%	13%
Bonds to 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 Livsforsikring/SPP at year-end. The book (realised) investment return on assets managed by Storebrand Livsforsikring was 2.0% in 2008, 8.9% in 2007 and 7.1% in 2006.

Net pension cost in the profit and loss account, specified as follows:

NOK MILLION	2008	2007
Current service cost including employment taxes	13.1	14.6
Interest on pension liabilities	6.5	5.5
Expected return on pension assets	-4.5	-3.5
Accrued employer's social security contributions	2.1	2.3
Net pension cost booked to profit and loss in the period [1])	**17.2**	**18.9**

[1]) For 2007 net pension cost reported in the accounts is reduced by NOK 1.7 million due to the transfer of employees from the bank to other companies in the group. This reduction is not included in the figures shown in this note. Subsidiaries with defined contribution pension schemes have recognized NOK 0.9 million of pension cost. These pension schemes are not included in this note. Net pension cost is included in the item "Staff and general administration expenses". See note 11.

Continues next page

Note 10: Pensions *Continued*

Main assumptions used when calculating net pension liability

NOK MILLION	2008	2007
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 pensions in payment	2.0 %	1.9 %
Disability table	KU	KU
Mortality table	K-2005	K-2005

Standardised assumptions on mortality/disability 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	2004
Discounted present value of defined benefit pension liability	154.2	147.6		111.7	107.6
Fair value of pension assets	74.0	78.1	76.0	58.3	51.3
Deficit/(surplus)	80.1	69.5	-76.0	53.4	56.3

Experience adjustments applied to equity:

NOK MILLION	2008	2007
Experience adjustments applied to equity	-4.7	5.1
Accumulated experience adjustments applied to equity	22.4	27.1

Note 11: Operating expenses

NOK MILLION	2008	2007
Ordinary wages and salaries	93.1	93.2
Employer's social security contributions	13.4	11.6
Other staff expenses	10.6	9.2
Pension cost (ses note 10)	17.2	17.2
Total staff expenses	**134.3**	**131.2**
IT costs	80.7	67.4
Printing, postage etc.	11.0	10.2
Travel, entertainment, courses, meetings	4.0	3.6
Other sales and publicity costs	2.1	2.4
Total general administration expenses	**97.8**	**83.5**
Total staff expenses and general administration expenses	**232.1**	**214.7**
Depreciation fixed assets and intangible assets	21.1	20.9
Real estate operating expenses		0.1
Contract personnel	22.2	24.2
Operating expenses on rented premises	17.5	13.5
Inter-company charges for services	58.3	54.7
Other operating expenses	26.3	17.2
Total other operating expenses	**145.4**	**130.6**
Total operating expenses	**377.6**	**345.2**

Note 12: Tax

TAX CHARGE FOR THE YEAR

NOK MILLION	2008	2007
Tax payable for the period		-77.9
Total tax charge	**0.0**	**-77.9**
Tax payable on group contribution received applied against the cost price of shares		2.4
Total tax cost adjusted to earnings	**0.0**	**2.4**

Continues next page

Note 12: Tax *Continued*

NOK MILLION	2008	2007
Changes in deferred tax/deferred tax asset		
Deferred tax caused by temporary differences/reversals of temporary differences	-24.8	9.4
Total changes in deferred tax/deferred tax asset	**-24.8**	**9.4**
Total tax cost	**-24.8**	**-66.0**

Reconciliation of expected and actual tax charge

NOK MILLION	2008	2007
Ordinary pre-tax profit	82.7	233.0
Expected tax on income at nominal rate	23.2	65.2
Tax effect of:		
Realised shares	-0.2	-3.8
Realised options related to equity index linked bonds	-0.2	-1.1
Associated companies	0.5	0.1
Permanent differences	1.5	4.7
Receipts of group contribution		0.9
Tax charge	**24.8**	**66.0**
Tax payable		77.9
- tax effect of group contribution paid		77.9
Tax payable in the balance sheet	**0.0**	**0.0**

ANALYSIS OF THE TAX EFFECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

NOK MILLION	2008	2007
Tax increasing timing differences		
Lending		
Derivatives	307.6	
Bonds issued		64.8
Commercial paper issued		1.0
Liabilities to credit institutions	7.7	
Effect of pensions and experience adjustments applied to equity		30.6
Other	41.0	42.8
Total tax increasing timing differences	**356.2**	**139.3**
Tax reducing timing differences		
Pensions	-80.1	-107.1
Securities	-14.7	-1.0
Operating assets	-0.9	-12.8
Derivatives		-162.6
Provisions	-10.0	-5.6
Fees and commissions	-9.0	-17.6
Equity index bonds	-558.6	-479.3
Deposits linked to stock exchange index (BMA)	-5.4	-1.0
Bonds issued	-53.6	
Commercial paper	-1.4	
Other		
Total tax reducing timing differences	**-733.6**	**-787.1**
Losses/allowances carried forward	-179.4	
Net base for deferred tax/tax assets	**-556.9**	**-647.8**
Write-down of deferred tax asset		
Net deferred asset/liability in the balance sheet	**155.9**	**179.4**

Analysis of tax payable and deferred tax applied directly to equity:	2008	2007
Pension experience adjustments	-1.3	-2.0
Total	**-1.3**	**-2.0**

Deferred tax assets principally relate to tax reducing temporary differences on fixed assets, pension liabilities and financial instruments. The bank produces an annual profit, and this is expected to continue in future years. Deferred tax assets in respect of Storebrand Bank ASA are capitalised to the extent that it is considered likely that it will be possible to make use of the assets.

Note 13: Classification of financial instruments

Classification of financial assets		2008		2007	
NOK MILLION	NOTE	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Cash and deposits with central banks	14				
Cash and deposits with central banks at amortised cost, loans and receivables		672.1	672.1	1 062.0	1 062.0
Total cash and deposits with central banks		*672.1*	*672.1*	*1 062.0*	*1 062.0*
Net loans to and deposits with credit institutions	15				
Loans to and deposits with credit institutions at amortised cost, loans and receivables		1 306.9	1 306.9	358.4	358.4
Total loans to and deposits with credit institutions		*1 306.9*	*1 306.9*	*358.4*	*358.4*
Equity instruments	16				
Financial assets at fair value, FVO [1])		1.4	1.4	1.9	1.9
Total equity instruments		*1.4*	*1.4*	*1.9*	*1.9*
Bonds and other fixed income securities	20				
Commercial paper and bonds at fair value, FVO [1])		6 610.4	6 610.4	2 491.6	2 491.6
Total bonds and other fixed income securities		*6 610.4*	*6 610.4*	*2 491.6*	*2 491.6*
Derivatives	22				
Financial derivatives at fair value, held for trading		876.9	876.9	527.9	527.9
Total derivatives		*876.9*	*876.9*	*527.9*	*527.9*
Net lending to customers					
Lending to customers at fair value, FVO [1])	23	282.9	282.9	316.5	316.5
Lending to customers at amortised cost, loans and receivables [4])	23	27 180.8	26 886.8	36 779.5	36 778.5
Total lending before individual write-downs and write-downs of groups of loans		27 463.7	27 169.7	37 096.1	37 095.0
- Write-downs on individual loans	24	-262.4	-262.4	-247.1	-247.1
- Write-downs on groups of loans	24	-87.7	-87.7	-58.1	-58.1
Total net lending to customers		27 113.7	26 819.7	36 790.9	36 789.9
Other assets					
Other assets, amortised cost	28	372.4	372.4	511.2	511.2
Shares in subsidiaries, amortised cost	28	653.2		134.1	
Total other assets		1 025.6	372.4	645.3	511.2
Total financial assets		**37 607.1**		**41 878.1**	
Financial assets summarised by classification					
Financial assets at fair value, FVO [1]) [2])		6 894.8	6 894.8	2 810.1	2 810.1
Financial assets at fair value, held for trading		876.9	876.9	527.9	527.9
Financial assets at amortised cost, loans and recievables		29 835.4	28 888.2	38 540.2	38 404.9
Total financial assets		**37 607.1**		**41 878.1**	
Classification of financial liabilities					
Liabilities to credit institutions	30				
Deposits from and due to credit institutions, FVO [1])		1 977.6	1 977.6		
Deposits from and due to credit institutions at amortised cost		4 539.5	4 463.8	3 064.5	3 034.7
Total liabilities to credit institutions		*6 517.1*	*6 441.4*	*3 064.5*	*3 034.7*
Deposits from and due to customers	31				
Deposits from and due to customers at fair value, FVO [1])		167.9	167.9	137.4	137.4
Deposits from and due to customers at amortised cost		18 137.1	18 137.1	17 424.7	17 424.7
Total deposits from and due to customers		*18 305.0*	*18 305.0*	*17 562.1*	*17 562.1*
Other financial liabilities					
Derivatitves, held for trading	22	467.1	467.1	586.6	586.6
Commercial paper and bonds issued at fair value, FVO [1])	32	934.1	934.1	1 118.9	1 118.9
Commercial paper and bonds issued at amortised cost	32	8 065.7	7 993.4	16 040.6	15 902.4
Other liabilities, amortised cost	35	433.1	433.1	657.5	470.8
Total other financial liabilities		*9 900.0*	*9 827.7*	*18 403.5*	*18 078.7*
Subordinated loan capital	33				
Subordinated loan capital at amortised cost		962.0	782.8	1 013.8	992.7
Total subordinated loan capital		*962.0*	*782.8*	*1 013.8*	*992.7*
Total financial liabilities		**35 684.2**	**35 356.9**	**40 043.9**	**39 668.2**
Financial liabilities summarised by classification					
Financial liabilities at fair value, FVO [1]) [3])		3 079.6	3 079.6	1 256.3	1 256.3
Financial liabilities at fair value, held for trading		467.1	467.1	586.6	586.6
Financial liabilities at amortised cost, Loans and receivables		32 137.5	31 810.2	38 201.0	37 825.3
Total financial liabilities		**35 684.2**	**35 356.9**	**40 043.9**	**39 668.2**

Continues next page

Note 13: Classification of financial instruments *Continued*

NOK MILLION	NOTE	2008 BOOK VALUE	2008 FAIR VALUE	2007 BOOK VALUE	2007 FAIR VALUE
1) FVO = Fair Value Option					
2) Of which financial assets designated at fair value upon initial recognition		6 894.8	6 894.8	2 810.1	2 810.1
Of which financial assets classified as held for tranding		0.0	0.0	0.0	0.0
3) Of which financial liabilities designated at fair value upon initial recognition		3 079.6	3 079.6	1 256.3	1 256.3
Of which financial liabilities classified as held for tranding		0.0	0.0	0.0	0.0

4) The market for portfolio sales is non-existent due to the financial crisis. The banking group is of the opinion that 'at amortised cost' is a good estimate of market value for most of the loans on the balance sheet, due to the group largely stipulating the continuous margins and interest rates on the loans itself. In the case of loans where the terms are stipulated on the basis of the margins in reference interest rates, the Storebrand Bank group has until now utilised the right to change ongoing reference margins. The banking group's terms for the loans are largely an administratively stipulated margin, but for some of the loans the margin is fixed for the term of the loan. At year-end the banking group had NOK 7.3 billion in which the stipulation of the interest rate is based on the NIBOR three months rate plus a margin with an expected term of 4 years. The portfolio, primarily commercial loans, currently has a margin that is around 100 base points lower than what the bank would require for new loans to debtors of equivalent quality and security. The current value of the margin difference is calculated at NOK -294 million based on the expected value of the loans and a discount rate of 3%. If the current credit spread is maintained, the banking group will increase the margin for credits in which this is possible and thus reduce the calculated underlying value significantly.

Note 14: Cash and deposits with central banks

NOK MILLION	2008	2007
Cash	4.9	4.8
Deposits with central banks at amortised cost, loans and receivables	667.2	1 057.2
Total cash and deposits with central banks	**672.1**	**1 062.0**

Note 15: Loans to and deposits with credit institutions

NOK MILLION	2008	2007
Total loans to and deposits with credit institutions without fixed maturity at amortised cost 1)	1 306.9	358.4
Total loans to and deposits with credit institutions with fixed maturity at amortised cost		
Total loans to and deposits with creditinstitutions at amortised cost	**1 306.9**	**358.4**

1) Relates to current accounts held with other banks, principally in foreign currencies.

Note 16: Shares and other equity instruments

NOK MILLION	OWNERSHIP INTEREST	FAIR VALUE 2008	FAIR VALUE 2007
Storebrand Institusjonelle Investor ASA	5.15%	0.9	1.4
Others		0.5	0.5
Total		**1.4**	**1.9**
Of which			
Listed shares			
Unlisted shares		1.4	1.9

Shares and other equity instruments are classified as financial assets at fair value through profit and loss.

Note 17: Investments in associated companies and joint ventures

Associated companies
Main accounting figures for associated companies - figures shown are the share of Storebrand Bank ASA.

NOK MILLION	2008	2007
Revenue:		
Seilduksgaten 25/31 AS	0.8	1.3
Profit & Loss:		
Seilduksgaten 25/31 AS	-1.6	-0.6
Assets:		
Seilduksgaten 25/31 AS	12.0	12.0
Liabilities:		
Seilduksgaten 25/31 AS	13.8	12.0

Investments in associated companies are accounted for on the equity method.

Continues next page

Note 17: Investments in associated companies and joint ventures *Continued*

Ownership interests in associated companies

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	BALANCE SHEET VALUE AT 1.1.	ADDITIONS/ DISPOSALS	SHARE IN PROFIT	BALANCE SHEET VALUE AT 31.12.
Seilduksgaten 25/31 AS	50%	30.0	28.7		-1.6	27.1
Total		**30.0**	**28.7**	**0.0**	**-1.6**	**27.1**

Joint ventures

Overview of companies included in the accounts - figures shown are the share of Storebrand Bank ASA:

NOK MILLION	2008	2007
Revenue:		
Storebrand Baltic UAB	5.6	1.5
Profit & Loss:		
Storebrand Baltic UAB	0.9	-0.5
Assets:		
Storebrand Baltic UAB	1.3	0.9
Liabilities:		
Storebrand Baltic UAB	0.5	0.8

Joint ventures are businesses the group operates together with external parts.
Storebrand Baltic UAB (former Evoco Financial Production Services UAB) was established in 2007.

Ownership interests in joint ventures

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	BOOK VALUE AS AT 31.12.08	PROFIT 2008
Storebrand Baltic UAB	50%	0.4	0.6	0.9
Total		**0.4**	**0.6**	**0.9**

The figures shown relates to the proportion owned by Storebrand Bank ASA
Evoco Financial Production Services UAB has changed its name to Storebrand Baltic UAB.

Note 18: Investment in subsidiaries

NOK MILLION	REGISTERED OFFICE	OWNERSHIP INTEREST	SHARE OF VOTES	SHARE CAPITAL	COST PRICE	BOOK VALUE 31.12.08	BOOK VALUE 31.12.07
Storebrand Kredittforetak AS	Oslo	100.0%	100.0%	350.0	550.1	550.1	80.1
Ring Eiendomsmegling AS	Oslo	99.6%	99.6%	55.0	56.5	56.5	10.7
Hadrian Eiendom AS [1])	Oslo	90.9%	90.9%	0.1	36.3	36.8	40.7
Hadrian Utvikling AS	Oslo	75.4%	75.4%	0.1	9.2	9.2	0.0
Filipstad Tomteselskap AS	Oslo	100.0%	100.0%	0.1	0.1	0.1	0.1
Storebrand I AS	Oslo	100.0%	100.0%	0.2	0.2	0.2	0.2
Sørlandsbygg Holding AS	Kristiansand	70.0%	70.0%	0.3	1.5	0.2	1.5
Start Up 102 AS	Oslo	100.0%	100.0%	0.1	0.1	0.1	0.1
Start Up 104 AS	Oslo	100.0%	100.0%	0.1	0.1	0.1	0.1
Storebrand Infrastruktur AS [2])	Oslo	100.0%	100.0%			0.0	0.1
Filipstad Eiendom AS [3])	Oslo	100.0%	100.0%			0.0	0.5
Total investment in subsidiaries					**654.0**	**653.2**	**134.1**

1) Storebrand Bank ASA has a call option to acquire the remaining shares in the company that can be exercised from 30.06.2011 to 31.12.2011. The option has no market value.

2) Former Start Up 103 AS. The company was sold in 2008.

3) The company has been closed down in 2008.

Note 19: Acquisitions

Specification of acquisitions in 2008

NOK MILLION	ACQUISITION DATE	OWNERSHIP 1)	COST PRICE 2)
Hadrian Utvikling AS	15.2.2008	75%	9.2

1) Ownership is determined by the number of voting shares.
2) The cost price is made up of a cash element and the discounted current value of deferred settlement related to the purchase of the shares, which is based on the future earnings. A share of the deferred settlement is related to future work effort. The cost price include share issued of NOK 2.2 million which has been carried out in December 2008.

Analysis of goodwill and excess value by business acquisition 1)

NOK MILLION	GOODWILL 2)	EXCESS VALUE
Hadrian Utvikling AS	5.4	1.1

1) Based on provisional acquisition analysis.
2) In connection with the revised estimate of the current value of deferred consideration, an equivalent adjustment has been made to goodwill.

Book values prior to the acquisitions were based on accounting principles that compiled with IFRS and that were consistent with Storebrand's accounting principles. Assets and liabilities acquired were valued at fair value. A pre-tax discount rate of 12% was used to calculate the discounted present value of earn-out commitments. In cases where agreements have been entered into for deferred consideration, a proportion of the consideration is conditonal on performance. Identified intangible assets relate to customer contracts. Amortisation of intangible assets is based on a case-by-case evaluation of the life of the contracts in respect of each acquisition.

Goodwill relates principally to market position.

The company has not prepared pro forma comparable accounting figures from 1 January fot the date of acquistion since the acquisitions are not considered to have a material effect in profit and loss account.

Note 20: Bonds and other fixed income securities at fair value through profit and loss

NOK MILLION	COMMERCIAL PAPER	BONDS	2008 TOTAL	2007 TOTAL
Commercial paper and bonds, book value	816.4	2 623.1	3 439.5	2 491.6
Of which listed	816.4	2 623.1	3 439.5	2 491.6
Nominal value	825.0	2 620.0	3 445.0	2 500.5
Analysis by sector of issuer:				
Asset backed securities		101.2	101.2	
Finance, Banking and Insurance		1 721.8	1 721.8	1 589.2
Sovereign and Government Guaranteed	766.7	237.2	1 003.9	452.4
Local authorities		301.9	301.9	450.0
Total	**766.7**	**2 362.0**	**3 128.7**	**2 491.6**
Modified duration	0.14	0.42	0.17	0.17
Average effective yield per 31.12.	5.07%	6.30%	6.16%	5.64%

All securities are denominated in NOK.
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.

Note 21: Transferred financial assets (swap agreements)

NOK MILLION	2008	2007
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 39). The swap agreements are entered into through auctions that are administrated by Norges Bank. Int the swap agreement, 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.

Note 22: Financial derivatives

Nominal volum

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 amounts such as nominal principal, nominal volume, etc. Nominal volume is calculated differently for different classes of derivative, 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 derivative.

In contrast to gross nominal volume, net nominal volume also takes into account the direction of the instruments' market risk exposure 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.

Average gross nominal volume is based on monthly calculations of gross nominal volume.

2008

NOK MILLION	GROSS NOM.VALUE 2)	AVERAGE NOM. VALUE 3)	NET NOM. VALUE 2)	FAIR VALUE 2) ASSET	FAIR VALUE 2) LIABILITY	FAIR VALUE - HEDGING 4) ASSET	FAIR VALUE - HEDGING 4) LIABILITY
Equity options	1 128,1	1 310,2	27,6	18,3	17,8		
Interest rate swaps 1)	23 319,4	18 217,1	3 849,2	552,8	300,5	127,7	0,9
Forward foreign exchange contracts	5 189,4	6 922,5	1 499,5	305,8	148,8		
Total derivatives	**29 636,9**	**26 449,8**	**5 376,3**	**876,9**	**467,1**	**127,7**	**0,9**

2007

NOK MILLION	GROSS NOM.VALUE 2)	AVERAGE NOM. VALUE 3)	NET NOM. VALUE 2)	FAIR VALUE 2) ASSET	FAIR VALUE 2) LIABILITY	FAIR VALUE - HEDGING 4) ASSET	FAIR VALUE - HEDGING 4) LIABILITY
Equity options	3 051,8	3 636,7	18,2	261,1	257,9		
Interest rate swaps 1)	16 236,4	16 908,6	3 023,5	249,3	233,1		91,2
Forward foreign exchange contracts	5 621,0	5 665,5	5 493,4	17,5	95,5		
Total derivatives	**24 909,2**	**26 210,8**	**8 535,1**	**527,9**	**586,6**	**0,0**	**91,2**

1) Interest rate swaps are included acrued interest.
2) Value at 31.12.
3) Average for the year.
4) Market value of derivatives included in hedge accounting are classified together with the underlying item hedged. See note 29.

Note 23: Analysis of loan portfolio and guarantees

NOK MILLION	LENDING TO CUSTOMERS 2008	2007
Lending to customers at amortised cost	27 180.8	36 779.5
Lending to customers at fair value	282.9	316.5
Total gross lending to customers	**27 463.7**	**37 096.1**
Write-downs on individual loans (see note 24)	-262.4	-247.1
Write-downs on groups of loans (see note 24)	-87.7	-58.1
Net lending to customers	**27 113.7**	**36 790.9**

NOK MILLION	LENDING TO CUSTOMERS 2008	2007	GUARANTEES 2008	2007
Sector and industry classification:				
Financial aid agencies	0.3	0.3		
Industry and mining	16.8	22.1	0.4	0.4
Water and power supply, building and construction	13.2	46.8	1.9	3.1
Wholesale/retail trade, hotels and restaurants	23.6	28.5	0.4	1.2
International shipping and pipelines	41.1	81.1	0.2	0.2
Other transportation and communications	25.6	64.7	1.2	1.2
Services and real estate operations	10 772.2	10 781.1	359.1	361.2
Other service industries	49.0	58.5	0.9	2.0
Retail customers	16 348.4	25 738.0	1.8	9.1
Other	0.2	1.6	0.4	0.4
Foreign	173.3	273.3		
Total	**27 463.7**	**37 096.1**	**366.4**	**378.6**
Geographic distribution:				
Eastern Norway	22 160.7	29 348.1	365.7	376.7
Western Norway	3 142.8	4 753.4	0.7	0.7
Southern Norway	342.7	534.2		
Mid-Norway	1 187.9	1 406.7		1.2
Northern Norway	456.4	780.4		
Foreign	173.3	273.3		
Total	**27 463.7**	**37 096.1**	**366.4**	**378.6**
Analysis of guarantee liabilities:				
Payment guarantees			166.6	175.9
Performance guarantees			191.9	190.4
Other guarantee liability			7.8	12.4
Total			**366.4**	**378.6**

Note 24: Write-downs of loans and guarantees

NOK MILLION	2008	2007
Write downs om individual loans 1.1.	247.1	362.4
Losses realised in the period on individual loans previously written down	-79.9	-59.6
Write-downs of individual loans for the period	106.8	12.0
Reversals of write-downs of individual loans for the period	-18.6	-68.5
Other corrections to write-downs [1])	7.1	0.7
Write-downs of individual loans at 31.12.	**262.4**	**247.1**
Write-downs of groups of loans and guarantees 1.1.	58.1	73.3
Grouped write-downs for the period	29.6	-15.2
Write-downs of groups of loans and guarantees etc. 31.12.	**87.7**	**58.1**
Total write-downs	**350.1**	**305.2**

[1]) Other corrections to write-downs relates to effects of amortisation.

The bank has no provision for guarantees as at 31.12.08 and as at 31.12.07.

Note 25: Intangible assets

NOK MILLION	IT-SYSTEMS	TOTAL 2008	IT-SYSTEMS	TOTAL 2007
Acquistion cost at 1.1.	112.6	112.6	76.2	76.2
Additions in the period:	10.9	10.9		
Purchased separately			39.2	39.2
Disposals in the period			-2.8	-2.8
Acquisition cost at 31.12.	**123.4**	**123.4**	**112.6**	**112.6**
Accumulated depreciation and write-downs at 1.1.	50.2	50.2	30.1	30.1
Depreciation in the period	19.1	19.1	12.6	12.6
Write-downs in the period		0.0	7.6	7.6
Accumulated depreciation and write-downs at 31.12.	**69.3**	**69.3**	**50.2**	**50.2**
Book value at 31.12.	**54.1**	**54.1**	**62.3**	**62.3**

For each class of intangible assets:

	LINEAR METHOD	LINEAR METHOD
Depreciation method	linear method	linear method
Economic life	3 - 8 years	3 - 8 years
Rate of depreciation	12.5% -33.33%	12.5% -33.33%

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc. All capitalised expenses in respect of systems development relate to work carried out by external resources. The estimate of economic liftetime are reviewed annually.

Note 26: Fixed assets

NOK MILLION	VEHICLE, FIXTURE AND FITTINGS	IT	REAL ESTATE 1)	TOTAL 2008	VEHICLE, FIXTURE AND FITTINGS	IT	REAL ESTATE 1)	TOTAL 2007 1)
Book value at 1.1.	3.2	2.5	4.3	10.0	2.3		4.7	7.0
Additions	1.1	4.3		5.4	1.2	2.6		3.8
Disposals				0.0				0.0
Depreciation	-0.5	-1.1	-0.4	-2.1	-0.3	-0.1	-0.4	-0.8
Book value at 31.12.	**3.8**	**5.7**	**3.9**	**13.3**	**3.2**	**2.5**	**4.3**	**10.0**
Opening acquisition cost	8.3	2.6	6.8	17.7	7.1	0.0	6.8	13.9
Closing acquisition cost	9.5	6.8	6.8	23.1	8.3	2.6	6.8	17.7
Opening accumulated depreciation and write-downs	5.1	0.1	2.5	7.7	4.9	0.0	2.1	6.9
Closing accumulated depreciation and write-downs	5.7	1.2	2.9	9.7	5.1	0.1	2.5	7.7

For each class of fixed assets:

Method for measuring cost price	Acquisition cost	Acquisition cost	Acquisition cost		Acquisition cost	Acquisition cost	Acquisition cost
Depreciation method	linear	linear	linear		linear	linear	linear
Depreciation period and economic life	3 - 10 years	4 years	15 years		3-10 years	4 years	15 years

Depreciation of fixed assets is included in the line "Other operating costs" in the profit and loss account.
There are no restrictions on rights to fixed assets. No fixed assets have been pledged as collateral for liabilities.

1) Holiday cabins valued on the cost method.

Note 27: Operational leasing

Payments due under irrevocable operational leasing agreements fall due for payment as follows:

NOK MILLION	2008	2007
Under one year	17.9	16.7
Between one and five years	17.9	11.8
Over five years	73.7	0.0
Total	**109.5**	**28.5**

NOK MILLION	2008	2007
Calculated cost in the profit and loss account for operational leasing contracts	19.3	15.1

Costs are included in the lines "General administration expenses" and "Other operating costs".

Lease contracts relate to copying machines with a normal lease period of 36 months, as well as a lease of office premises with an third party external to the group that runs to 31.7.2011. Lease contract related to office premises in Storebrand's new head-office at Lysaker runs to 31.10.2019.

Note 28: Other assets

NOK MILLION	2008	2007
Interest accrued	144.3	262.2
Commission accrued on real estate funds and Storebrand Optimér ASA	5.5	14.3
Other accrued income	9.5	2.4
Shares in subsidiaries	653.2	134.1
Due from group companies	49.6	212.1
Due form stockbrokers	62.4	6.5
Due from customers stockbrokerage	81.6	2.3
Other assets	19.5	11.4
Total other assets	**1 025.6**	**645.3**

Note 29: Hedge accounting

The bank uses fair value hedging to hedge interest rate risk. Hedging effectiveness is monitored at the individual item level except for structured bond loans where hedging effectiveness is monitored at the portfolio level. Each portfolio comprises swaps and hedged items with maturity within the same half year period.

	2008			2007		
	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Interest rate swaps	4 297.0	126.8		3 257.0	0.0	99.1
Total interest rate derivatives	4 297.0	126.8	0.0	3 257.0	0.0	99.1
Total derivatives	4 297.0	126.8	0.0	3 257.0	0.0	99.1

	2008			2007		
	CONTRACT/	HEDGE VALUE 1))		CONTRACT/	HEDGE VALUE 1)	
NOK MILLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Bond loans	2 730.0		2 793.4	2 032.0	0.0	1 988.3
Structured bond loans	877.8		857.8	1 093.8		1 000.4
Tier 1 hybrid capital	107.0		108.0	107.0		100.9
Fixed interest loans given by Norges Bank	500.0		506.8			
Total underlying items	4 214.8		4 265.9	3 232.7	0.0	3 089.5
Hedging effectiveness - prospective			95%			94%
Hedging effectiveness - retrospective			-101%			108%

Continues next page

Note 29: Hedge accounting *Continued*

Gain/loss on fair value hedging: 2)

NOK MILLION	2008 GAIN / LOSS	2007 GAIN / LOSS
On hedging instruments	167.2	-24.1
On items hedged	-157.4	19.2

1) Book value at 31.12.
2) Amounts included in the line "Net interest income".

Hedging effectiveness when the hedge is created measures the relationship between changes in the hedged value of the interest rate hedging instrument and the item hedged in the event of a 2-percentage point interest rate shock.
Subsequently, hedging effectiveness is measured on the basis of the simple Dollar Offset method for both prospective and retrospective calculations. Hedging it is expected to be highly efficient in the period.

Note 30: Liabilites to credit institutions

NOK MILLION	2008	2007
Total liabilites to credit institutions without fixed maturity at amortised cost	**40.2**	**2.9**
F-loan:		
Maturity 2008		500.0
Maturity 2009	1 000.0	
Maturity 2010	505.3	
Loan with fixed interest rate:		
Maturity 2010	275.0	
Loan with floating interest rate:		
Maturity 2008		250.0
Maturity 2009		
Maturity 2010	2 022.3	1 632.0
Maturity 2011	98.7	79.6
Maturity 2012	350.0	350.0
Maturity 2013	250.0	250.0
Total liabilities to credit institutions with fixed maturity at amortised cost	**4 501.3**	**3 061.6**
Borrowings under the Norwegian Government's Swap arrangement:		
Maturity 2010	994.1	
Maturity 2011	981.5	
Total liabilities to credit institutions with fixed maturity at fair value (FVO)	**1 975.6**	**0.0**
Total liabilities to credit institutions	**6 517.1**	**3 064.5**

Undrawn credit facilities totalled EUR 400 million at 31.12.2008.

The loan agreements contain standard covenants.
Storebrand Bank ASA was in compliance with all relevant terms in 2008.

Note 31: Deposits from customers

NOK MILLION	2008	2007
Deposits from customers	14 796.6	14 544.6
Term loans and deposits from customers	3 508.4	3 017.5
Total deposits from customers	**18 305.0**	**17 562.1**

NOK MILLION	2008	2007
Sector and industry classification:		
County and municipal authorities	89.2	18.5
Agriculture, forestry, fishing etc.	8.7	11.8
Oil and gas	0.3	0.4
Industry and mining	87.7	97.5
Water and power supply, building and construction	87.0	50.0
Wholesale/retail trade, hotels and restaurants	361.7	591.6
International shipping and pipelines	38.6	21.2
Other transportation and communications	74.0	40.6
Services and real estate operations	4 700.7	5 787.8
Other service industries	337.5	311.6
Retail customers	11 343.6	9 251.4
Other	692.9	608.4
Foreign	483.0	771.2
Total	**18 305.0**	**17 562.1**
Geographic distribution:		
Eastern Norway	14 240.7	13 903.4
Western Norway	2 131.6	1 786.1
Southern Norway	359.8	220.3
Mid-Norway	539.9	400.2
Northern Norway	549.9	481.0
Foreign	483.0	771.2
Total	**18 305.0**	**17 562.1**

Note 32: Securities issued

NOK MILLION	2008	2007
Commercial paper	1 907.9	4 474.6
Bond loans	7 091.9	12 684.8
Total secutities issued	**8 999.8**	**17 159.5**

Change in securities issued

NOK MILLION	BOOK VALUE 31.12.2007	NEW ISSUES	REPAYMENTS	EXCHANGE RATE CHANGE	PAPER PRICE CHANGES	AMORTI-SATION	BOOK VALUE 31.12.08
Commercial paper	4 474.6	2 278.7	-4 919.8		2.4	71.9	1 907.9
Bond loans	11 410.0	727.1	-5 992.8	58.7	-9.8	40.9	6 234.1
Structured bond loans	1 274.8		-443.7		-2.0	28.7	857.8
Total securities issued	**17 159.5**	**3 005.9**	**-11 356.3**	**58.7**	**-9.4**	**141.5**	**8 999.8**

The column Amortisation include accrued interest expenses.

Specification of bond loans

NOK MILLION ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	MATURITY	BOOK VALUE 31.12.08
Bond loans						
NO001029117	Storebrand Bank ASA	970.0	NOK	Fixed	22.11.10	971.2
NO001029898	Storebrand Bank ASA	670.0	NOK	Fixed	20.03.09	669.1
NO001035009	Storebrand Bank ASA	425.0	NOK	Fixed	16.06.10	423.4
NO001043982	Storebrand Bank ASA	285.0	NOK	Fixed	04.06.15	285.5
NO001045553	Storebrand Bank ASA	380.0	NOK	Fixed	03.09.12	385.3
NO001025224	Storebrand Bank ASA	1 500.0	NOK	Floating	14.01.10	1 500.9
NO001032866	Storebrand Bank ASA	965.0	NOK	Floating	28.08.09	965.2
NO001047340	Storebrand Bank ASA	105.0	NOK	Floating	21.11.13	104.8
NO001036439	Storebrand Bank ASA	1 000.0	SEK	Floating	26.10.09	904.2
Accrued interest expenses						24.7
Total bond loans						**6 234.1**
Structured bond loans						
NO001024352	Storebrand Bank ASA	41.4	NOK	Zero coupon	26.02.09	41.3
NO001025107	Storebrand Bank ASA	35.8	NOK	Zero coupon	03.03.09	35.6
NO001026219	Storebrand Bank ASA	54.9	NOK	Zero coupon	10.12.09	53.6
NO001026965	Storebrand Bank ASA	36.5	NOK	Zero coupon	29.05.09	36.2
NO001027993	Storebrand Bank ASA	99.2	NOK	Zero coupon	14.12.09	97.1
NO001027881	Storebrand Bank ASA	63.2	NOK	Zero coupon	27.10.09	61.8
NO001029838	Storebrand Bank ASA	97.7	NOK	Zero coupon	25.03.10	94.3
NO001030481	Storebrand Bank ASA	39.2	NOK	Zero coupon	26.11.10	37.3
NO001032252	Storebrand Bank ASA	26.3	NOK	Zero coupon	06.09.10	24.8
NO001032930	Storebrand Bank ASA	84.5	NOK	Zero coupon	27.10.10	79.4
NO001034110	Storebrand Bank ASA	62.3	NOK	Zero coupon	16.12.10	58.2
NO001034675	Storebrand Bank ASA	82.7	NOK	Zero coupon	22.12.10	77.1
NO001021943	Storebrand Bank ASA	22.9	NOK	Zero coupon	19.06.09	22.6
NO001024954	Storebrand Bank ASA	131.2	NOK	Zero coupon	15.06.09	129.6
NO001035920	Storebrand Bank ASA	17.0	NOK	Zero coupon	23.05.11	15.2
Accrued interest expenses						-6.2
Total structured bonds						**857.8**
Total bonds issued						**7 091.9**

The loan agreements contain standard covenants.
Storebrand Bank ASA was in compliance with all relevant terms in 2008.

Note 33: Subordinated loan capital

NOK MILLION	2008	2007
Dated subordinated loan capital	676.8	728.9
Other subordinated loan capital	9.3	9.323
Tier 1 hybrid capital	275.9	275.6
Total subordinated loan capital	**962.0**	**1 013.8**

Changes in subordinated loan capital

NOK MILLION	BOOK VALUE 31.12.2007	NEW ISSUES	REPAYMENTS	EXCHANGE RATE CHANGE	PAPER PRICE CHANGES	AMORTI-SATION	BOOK VALUE 31.12.08
Dated subordinated loan capital	728.9		-55.0			2.9	676.8
Other subordinated loan capital	9.3						9.3
Tier 1 hybrid capital	275.6				-1.4	1.7	275.9
Sum ansvarlig lånekapital	**1 013.8**	**0.0**	**-55.0**	**0.0**	**-1.4**	**4.6**	**962.0**

The column Amortisation include accrued interest expenses.

Specification of subordinated loan capital

NOK MILLION ISIN CODE	ISSUER	NET NOMINAL VALUE	CURRENCY	INTEREST	CALL-DATE	BOOK VALUE 31.12.08
Dated subordinated loan capital						
NO001027568	Storebrand Bank ASA	175.0	NOK	Floating	15.07.10	175.0
NO001034566	Storebrand Bank ASA	100.0	NOK	Floating	21.12.11	99.9
NO001036427	Storebrand Bank ASA	250.0	NOK	Floating	08.05.12	249.7
NO001040278	Storebrand Bank ASA	150.0	NOK	Floating	19.12.12	150.0
Dated subordinated loan capital						
	Storebrand Bank ASA	9.3	NOK	Fixed		9.3
Tier 1 hybrid capital						
NO001024206	Storebrand Bank ASA	107.0	NOK	Fixed	29.10.14	107.4
NO001024207	Storebrand Bank ASA	168.0	NOK	Floating	29.10.14	167.0
Accrued interest expenses						3.8
Total subordinated loan capital						**962.0**

NOK MILLION	2008	2007
Subordinated loan capital included in capital adequacy calculation	962.0	959.3
Interest expense		
Interest expense booked in respect of subordinated loan capital	68.2	53.3

All subordinated loans are denominated in NOK.

Note 34: Provisions

AMOUNTS IN MILLION NOK	PROVISIONS FOR RESTRUCTURING 2008
Provisions 1 January	
Provisions during the period	5.3
Provisions using during the period	
Total provisions 31 December	**5.3**
Classified as:	
Other equity	5.3

The provisions are for restructuring in Storebrand Bank ASA conducted in the autumn of 2008, expected date of setlement is 31 December 2011.

Note 35: Other liabilities

NOK MILLION	2008	2007
Payable to Storebrand group companies	58.6	14.2
Money transfers	27.9	31.8
Group contribution payable to group companies	13.0	279.1
Payable to stockbrokers	21.9	0.0
Payable to customers stockbrokerage	120.3	9.0
Accrued interest expenses	84.7	252.5
Other accrued expenses and prepaid income	54.6	61.8
Other liabilities	52.1	9.2
Total other liabilities	**433.1**	**657.5**

Note 36: Off balance sheet liabilities and contingent liabilities

NOK MILLION	2008	2007
Guarantees	366.4	378.6
Undrawn credit limits	11 593.7	2 241.9
Other contingent liabilities		46.0
Total contingent liabilities	**11 960.1**	**2 666.5**

Guarantees are mainly payment guarantees and contract guarantees. See also note 25.
Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on residential mortgage loans.

Note 37: Collateral pledged

Received and pledged collateral
Storebrand Bank ASA has not received or pledged any collateral except securities pledged as collateral for F loans in Norges Bank and securities pledged as collateral in connection with the scheme for swapping covered bonds for government papers (see table below).

Collateral and security pledged

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 agreement 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 a 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 to conditions and terms for a swap agreement 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 of 15 December 2008, with settlement on 17 December 2008 and term expiring on 21 December 2011.

Interest rate conditions are Nibor minus 20 bp.

Note 38: Changes in equity

2008

NOK MILLION	PAID-IN EQUITY SHARE CAPITAL	PAID-IN EQUITY OTHER PAID-IN EQUITY	PAID-IN EQUITY TOTAL PAID-IN EQUITY	OTHER EQUITY REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY OTHER EQUITY	OTHER EQUITY TOTAL OTHER EQUITY	TOTAL EQUITY
Equity at 1.1.	916.6	400.3	1 316.9	27.1	688.3	715.4	2 032.3
Profit and loss items applied directly to equity:							
Pension experience adjustments (the year's change after tax)			0.0	-3.4		-3.4	-3.4
Profit for the period			0.0		57.9	57.9	57.9
Total revenue and costs for the period	**0.0**	**0.0**	**0.0**	**-3.4**	**57.9**	**54.6**	**54.6**
Equity transactions with owners:							
Provision for group contribution			0.0		-13.0	-13.0	-13.0
Equity at 31.12.	**916.6**	**400.3**	**1 316.9**	**23.7**	**733.3**	**757.0**	**2 073.9**

2007

NOK MILLION	PAID-IN EQUITY SHARE CAPITAL	PAID-IN EQUITY OTHER PAID-IN EQUITY	PAID-IN EQUITY TOTAL PAID-IN EQUITY	OTHER EQUITY REVENUE AND COSTS APPLIED TO EQUITY	OTHER EQUITY OTHER EQUITY	OTHER EQUITY TOTAL OTHER EQUITY	TOTAL EQUITY
Equity at 1.1.	916.6	200.0	1 116.6	22.0	722.5	744.5	1 861.1
Profit and loss items applied directly to equity:							
Pension experience adjustments (the year's change after tax)			0.0	7.1		7.1	7.1
Change in deferred tax on pensions			0.0	-2.0		-2.0	-2.0
Profit for the period			0.0		167.0	167.0	167.0
Total revenue and costs for the period	**0.0**	**0.0**	**0.0**	**5.1**	**167.0**	**172.1**	**172.1**
Equity transactions with owners:							
Receipts of group contribution		200.3	200.3			0.0	200.3
Provision for group contribution			0.0		-201.2	-201.2	-201.2
Equity at 31.12.	**916.6**	**400.3**	**1 316.9**	**27.1**	**688.3**	**715.4**	**2 032.3**

The entire share capital of NOK 916.6 million made up of 64,037,183 shares (of nominal value 14.313) is owned by Storebrand ASA.

Note 39: Capital adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the Regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. The valuation rules used in the company's accounts form the basis for consolidation. Consolidation is, in the main, carried out in accordance with the same principles as used in the accounts, with all internal transactions eliminated, including shares, loans and deposits as well as other receivables and liabilities. Companies in which the group has a minority interest are included on a proportional basis applying the percentage interest held by the group at 31 December 2008.
The figure for primary capital includes profit for the year.

Net primary capital

NOK MILLION	2008	2007
Share capital	916.6	916.6
Other equity	1 157.3	1 115.7
Total equity	**2 073.9**	**2 032.3**
Deductions:		
Positivt resultat som ikke er inkludert i beregningen		
Minoritetens andel av egenkapital		
Goodwill		
Intangible assets	-54.1	-62.3
Deferred tax asset	-155.9	-179.4
Addition:		
Perpetual subordinated bonds	275.9	275.6
Proportion of pension experience adjustments not amortised	13.0	25.9
Core capital	**2 152.7**	**2 092.1**
Supplementary capital	683.9	683.7
Deductions		
Net primary capital	**2 836.5**	**2 775.8**

Minimum capital requirement

NOK MILLION	2008
Credit risk	1 662.7
Of which:	
Local and regional authorities	1.6
Institutions	120.5
Corporates	836.5
Loans secured on real estate	453.8
Retail market	133.6
Loans past-due	32.2
Covered bonds	31.9
Other	52.5
Total minimum requirement for credit risk	**1 662.7**
Total minimum requirement for market risk	**0.0**
Operational risk	76.9
Deductions	
Write-downs of groups of loans	-7.0
Minimum requirement for capital base	**1 732.6**

Capital adequacy

	2008	2007
Capital ratio	13.1 %	10.6 %
Core capital ratio	9.9 %	8.0 %

Capital adequacy is calculated in accordance with the new capital adequacy regulation (Basel II). The company uses the standard method for credit risk and market risk, and the basic method for operational risk. The minimum requirement for the capital ratio is 8%.

Basel II is divided into three pillars (areas). Pillar 1 deals with the minimum requirement for capital adequacy and represents a continuation of the former regulations pursuant to Basel I. Pillar 2 deals with supervisory evaluation of of capital requirement and supervisory monitoring (ICAAP), while Pillar 3 deals with the requirements for publication of financial information. The introduction of the new regulatory framework has caused changes to the calculation base for capital adequacy.
Calculation of operational risk is a new element of the Basel II regulations.
Management of market risk is only affected by the transition to the Basel II regulations to a minor extent.

Note 40: Valuation

Specification of financial assets to fair value

Shares

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Shares	1.4		1.4
Total	**1.4**	**0.0**	**1.4**

Lending to customers

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Lending to customers	282.9		282.9
Total	**282.9**	**0.0**	**282.9**

Bonds and other fixed-income securities

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Asset backed securities	3 582.9		3 582.9
Finance, Banking and Insurance	1 722.3		1 722.3
Sovereign and Government Guaranteed	1 003.5		1 003.5
Local authorities	301.9		301.9
Total	**6 610.4**	**0.0**	**6 610.4**

Derivatives

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Equity options	0.5		0.5
Forward foreign exchange contracts	157.0		157.0
Interst rate swaps	379.1		379.1
Total derivatives	536.6	0.0	536.6
- Derivatives designated to hedge accounting			126.8
Total derivatives excl. hedge accounting	**536.6**	**0.0**	**409.8**
Derivatives with a positive fair value			876.9
Derivatives with a negative fair value			-467.1
Total	**0.0**	**0.0**	**409.8**

Specification of financial liabilities to fair value

NOK MILLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Liabilities to credit institutions	1 977.6		1 977.6
Deposits from and due to customers	167.9		167.9
Commercial paper and bonds issued	934.1		934.1
Total	**3 079.6**	**0.0**	**3 079.6**

Below follows a description of the financial instruments booked in the balance sheet as per 31 December 2008 and the basis for measuring their fair value.

Shares
Other unlisted shares and units are measured at their fair value on the basis of valuation techniques.

Lending to customers classified at FVO
Lending to custormers are measured at their falue on the basis of valuation techniques.

Bonds and other fixed-income securities
Norwegian bonds and other fixed-income securities are measured at their fair value on the basis of valuation techniques. The valuation techniques utilise interest rate curves and credit spreads from external providers and have been quality assured using price checks at the close of the year, primarily by comparing prices delivered by various price providers. The liquidity in the Norwegian credit market has significantly declined in relation to previous periods.

Derivatives
OTC derivatives are measured at their fair value on the basis of valuation techniques. The valuation techniques utilise interest rate curves from external providers.

Financial liabilities
Financial liabilites are measured at their fair value on the basis of valuation techniques. The valuation techniques utilise interest rate curves and credit spreads from external providers.

Note 41: Risk Management

Risk management in Storebrand Bank addresses the areas of credit risk, market risk, liquidity risk and operational risk. Specific risk management policies have been approved by the Board of Directors of Storebrand Bank for the areas of credit risk, market risk and liquidity risk, and the policies are subject to annual review. The bank has established an Asset and Liability Committee that is responsible for providing efficient and rational decision-making support for the bank's management in respect of asset and liability management. The Asset and Liability Committee is an advisory organ for the bank's executive management, and meets monthly.

Credit risk/counterparty risk
Storebrand Bank is exposed to credit risk through its lending, and is exposed to counterparty risk in connection with transactions in financial instruments.

Storebrand Bank pays particular attention to maintaining close relationships with its corporate customers and routinely monitoring credit risk. The bank has standard rules for regular reviews of its exposure to corporate customers. These reviews, together with close monitoring of conditions in the real estate market in Eastern Norway, ensure that credit risk is constrained to an acceptable level. Credit approvals for corporate customers over a certain amount require the approval of either the Credit Committee chaired by the Managing Director or the Board.

Lending to retail customers is subject to a different credit approval process. Loans to private individuals are granted on the basis of credit scoring combined with case-by-case evaluation of debt service capacity. Loans are only granted against security in real estate. The bank decided in January 2008 that it would no longer offer loans to private individuals secured against structured products.

The bank's counterparty risk (i.e. its credit exposure to other financial institutions) is regulated on the basis of the counterparties' credit ratings and the amounts involved.

Market risk
Market risk is the risk that the bank suffers a loss as a result of unexpected unfavourable market movements in interest rates and exchange rates. Storebrand Bank manages its exposure to interest rate risk so that the net interest rate exposure of both assets and liabilities is as small as possible. Interest rate hedging is structured so that it has moderate accounting impact. All instruments with an interest rate fixing period in excess of six months are subject to a hedging policy for financial and accounting hedging.

The bank's total financial interest rate risk is calculated on the basis of a stress test that exposes all balance sheet items to a 2 percentage point adverse shift in the yield curve. A combination of interest rate stress tests and VaR is used to manage interest rate risk in respect of sub-portfolios, investment portfolio, commercial paper funding and fixed-rate bonds (over six months) as well lending to customers. Risk measurement of the portfolios includes the effect of hedging.

Storebrand’s policy is to fully hedge currency exposure and positions must be covered continuously as they become large enough for it to be financially appropriate within fixed limits.

Derivatives
Derivatives should primarily be used to modify interest rate sensitive positions, currency positions, liquidity positions, and manage the price risks associated with structured products. Derivatives will also form an integral part of Storebrand Markets’ activities. The bank thus has no trading portfolio consisting of derivatives. The derivatives that can be used in hedging situations are interest rate swaps, interest and exchange rate swaps, exchange rate swaps, future interest rate agreements, interest rate futures, repurchase agreements, interest rate options, currency options and options linked to structured products.

Storebrand Bank’s exposure to market risk is therefore marginal in relation to the bank's total activities.

Market risk exposure is reported on a monthly basis to the Asset and Liability Committee and the Board.

Liquidity risk
The liquidity policy applies to the parent bank. The liquidity gap and the proportion of long-term funding are also calculated for the banking group.

Liquidity risk is the risk that the bank is not able to meet all financial commitments as they fall due for payment without this requiring any significant deviation from its normal commercial and capital budgets. It is the bank’s policy to always have sufficient liquidity to support balance sheet growth as well as to repay loans and deposits as they fall due. Liquidity management is designed to ensure that sufficient funding is available to avoid liquidity problems in situations such as:

- Uncertainty among investors over the bank's customer lending and/or financial position
- Uncertainty in respect of the bank's owner/other group companies
- Unplanned reductions in deposits
- Moderate growth in lending in excess of budgeted/forecast growth
- Uncertainty among investors regarding the banking sector in general, including concerns over losses or financial crime

Continues next page

Note 41: Risk Management *Continued*

The bank pays particular attention to maintaining a diversified funding structure in terms of both sources of funding and maturities, maintaining committed and uncommitted credit lines to meet its liquidity requirements and holding liquid assets in excess of the minimum levels.

The bank's measures for ensuring good liquidity include:

- Attracting a large proportion or reasonable and stable core deposits from customers.
- Maintaining a minimum holding of liquid assets in the form of short-term placements in banks and tradable securities.
- Having access to stable, long-term funding to reduce the need for continuous, short-term borrowing.
- Maintaining a diversified funding structure so as not to be too dependent on a few major sources.
- Maintaining a diversified maturity structure so as to avoid a concentration of large repayments. The repayment of new borrowing must also be planned so teat breaches of the 90 day liquidity gap do not have to be expected in any future periods.
- Securing uncommitted credit lines to cover current liquidity needs.
- Securing committed credit lines to cover unforeseen needs. The goal is for the committed credit lines to be able to cover the cessation of certificate funding and other short-term borrowing, as well as deposits.

The liquidity position is managed with the help of a number of indicators: minimum liquidity level, 90-day liquidity gap and the proportion of long-term funding.

The liquidity gap measures the surplus of liquidity over the next 90 days relative to the necessary minimum level of liquidity taking into account all funding maturities. In addition, customer deposit withdrawals are calculated on the basis of an abnormally high withdrawal rate of 25% annually. The long-term funding ratio is calculated in accordance with the liquidity risk indicators stipulated by Kredittilsynet (the Norwegian FSA).

The liquidity position, including the 90-day liquidity gap and the proportion of long-term funding, is reported monthly to the Asset and Liability Committee and the Board.

The banking group's treasury department carries out daily management of liquidity. A separate risk management system known as Quantitative Asset Management is used for the management and measurement of liquidity risk.

Operational risk
Storebrand Bank's structure for corporate governance (internal control) stipulates that operational risk management is an integral part of management responsibility, in which risk exposure assessment plays an integral role in the bank's ability to achieve the objectives set in its value-based management model. The bank applies the principles of the group policy for risk evaluation and management (introduced in 2005). The objective of the group policy on risk evaluation is to achieve a common understanding of the overall risk exposure for the group's activities in order to help to provide a better basis for decision-making on important prioritisation. Risk evaluation is therefore an important part of the basis for determining the group's strategy and approving the level of risk in the group's business plan. Risk evaluation starts from the current situation and how the owners of risk exposure experience the risk based on existing internal control procedures. This is followed by an evaluation of the expected risk exposure following the implementation of recommended planned measures. This assumes that the owners of risk exposure implicitly confirm the function of internal control(cf. the internal control regulations). Risk evaluation is integrated in the group's value-based management system by linking risk evaluation to each unit's ability to achieve its commercial targets and comply with regulatory requirements as well as considering the extent to which the level of risk involved might affect Storebrand's reputation.

The bank's internal controls and procedures for evaluating, monitoring and reporting risk exposure satisfy the requirements of the Norwegian authorities.

Note 42: Credit risk

Analysis of credit risk by type of financial instrument

	MAXIMUM CREDIT EXPOSURE	
NOK MILLION	2008	2007
Investment portfolio	6 610.4	2 491.6
Net loans to and due from customers [1])	30 750.4	39 420.9
Equity options	18.3	261.1
Interest rate swaps	679.6	249.3
Forward foreign exchange contracts	305.8	17.5
Total	**38 364.5**	**42 440.4**
1) Of which net loans to and amounts due from customers measured at fair value:	282.9	316.5

The amounts stated for the various financial instruments constitute the value recognised in the balance sheet, with the exception of net lending to and receivables from customers, which also includes unused drawing facility and guarantees. (See "Credit exposure - lending" below).

Continues next page

Note 42: Credit risk *Continued*

Investment portfolio credit risk

Credit risk per counterparty
Issuer category

NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NON INVESTM. GRADE FAIR VALUE	TOTAL 2008 FAIR VALUE	TOTAL 2007 FAIR VALUE
Asset backed securities	3 481.8				101.1	3 582.9	
Finance, Banking and Insurance	653.3	751.2	268.2	49.5		1 722.3	1589.2
Sovereign and Government Guaranteed	1 003.5					1 003.5	452.4
Local authorities		301.9				301.9	450
Total	**5 138.6**	**1 053.1**	**268.2**	**49.5**	**101.1**	**6 610.4**	**2 491.6**
Rating classes are based on Standard & Poors.							
Change in value:							
Total change in value balance sheet	-4.8	-7.7	-1.6	-0.6	0.0	-14.7	-1.5
Change in value recognised in the profit and loss during period	-8.6	-2.4	-1.6	-0.6	0.0	-13.2	-2.1

Credit exposure for lending activities
In order to identify the credit risk in its lending portfolio, Storebrand Bank classifies all corporate customers and selected retail customers (including private investors, etc.). Classification is carried out both when first establishing a credit relationship and whenever changes are made. In addition, corporate customer classifications are reviewed annually and/or whenever circumstances indicate the need for such review. Customer classification thus provides a picture of the credit risk at any time. The value of the security for commercial loans has fallen during 2008. However large parts of the loans continue to be well-secured, and more than 90 % of the loan portfolio has a loan to value ratio of under 80 %. Other new lending has essentially a loan to value ratio of under 90 %.

Retail customers are subject to the overall limits for loan to value and debt service (as defined by the bank's credit policy for the segment) that apply to this portfolio. The average weighted loan to value ratio for the parent company is around 60 % for residential loans, and 95 % of the residential loans are within an 80 % loan to value ratio Just over 50 % of the residential loans are within a 60 % loan to value ratio in the parent bank. In the credit enterprise, the weighted average loan to value ratio for all the loans is 47.9 %. The portfolio is deemed to have low credit risk.

Security for the lending portfolio takes the form, on the whole, of charges over investment/commercial property for the commercial lending portfolio and residential mortgages for the retail portfolio.

A classification model is used for borrowers in the real estate sector in order to determine their debt service capacity. The model comprises both qualitative and quantitative elements. The qualitative element systematically evaluates the qualitative factors of the project and the borrower that are considered important. The factors evaluated include management, structure, board of directors, history, market, political risk and tenants. These are the factors mentioned as internal/external factors in the bank's former/existing system. This provides a qualitative classification.

The quantitative element is evaluated differently in respect of real estate project lending and debt instrument loans. Project lending is evaluated on the basis of the contingency reserve for unexpected costs, sales buffer, off-plan sales and the quality of project management. Debt instrument loans are evaluated quantitatively by means of cash flow analysis and various key ratios. Cash flow is calculated over the lifetime of the project. Risk classification for lending to corporate customers takes the form of credit scores, each from 1 to 5, where 1 represents the best score. The first score is for the borrower’s ability to service the borrowing (debt service capacity). The second score is for the quality of the collateral (loan to value ratio).

Retail customers are evaluated by their ability and will to pay the loan. In addition to debt service capacity, the customers are checked in connection with policy rules and they are given scores in a scoring model.

The security for non-performing loans without a drop in value for retail customers is in all essence good. These loans comprise around NOK 184 million, where loans with security comprise over NOK 170 million. The average loan to value ratio is under 65 % for the loans with security. Most of the non-performing loans have a loan to value ratio of under 80 %. The volume concerned comprises approx. NOK 155 million. The security is also good for loans that are between 1 and 90 days past due.

The security for commercial loans without a drop in value that have been non-performing for over 90 days has deteriorated during the fourth quarter, however it is assessed as being acceptable in relation to the bank's exposure. The same assessment applies for non-performing loans of between 1 and 90 days. For commercial loans that are non-performing with a drop in value, the security is not assessed as being sufficiently good. The losses that have been taken are assessed to be sufficient for the bank to at present be of the opinion that new losses will not arise from these customers.

Of the lending for "Real estate and other commercial services" the majority of the loans are instalment loans/debt instrument loans with a real estate mortgage. Of these loans, loans to housing co-operative associations comprise under 3 percent. Real estate development loans comprise approx. NOK 870 million in gross lending, and a total commitment of approx. NOK 1,480 million. The primary portion of these development projects will be completed in 2009. The average degree of exposure for these instalment loans/debt instrument loans and real estate development loans is approx. 75 %.

The greatest risks for the instalment loans/debt instrument loans are the tenant risks. For real estate development loans, the largest risks are associated with construction costs and off-plan sales. This is closely followed up on by the bank. All commercial commitments above a certain size have been through a thorough risk assessment at the start of 2009 in addition to the annual commitment review.

Continues next page

Note 42: Credit risk *Continued*

Commitments per customer group 2008

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	AVERAGE SIZE LOANS	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
Financial aid agencies	0.3			0.3	0.3			0.0
Industry and mining	16.8	0.4		17.2	19.5			0.0
Water and power supply, building and construction	13.2	1.9	2.1	17.2	30.0	0.2	0.2	0.0
Wholesale/retail trade, hotels and restaurants	23.6	0.4	0.2	24.2	26.0	0.9	0.8	0.1
International shipping and pipelines	41.1	0.2		41.3	61.1			0.0
Other transportation and communications	25.6	1.2		26.8	45.1			0.0
Services and real estate operations	10 772.2	359.1	656.0	11 787.4	10 776.6	328.8	117.5	211.4
Other service industries	49.0	0.9		49.9	53.7	0.9	0.9	0.0
Retail customers	16 348.4	1.8	1 924.3	18 274.5	21 043.2	322.2	100.9	221.4
Other	0.2	0.4	3.0	3.6	0.9	26.1	17.7	8.4
Foreign	173.3		14.1	187.4	223.3	25.1	24.3	0.8
Total	**27 463.7**	**366.4**	**2 599.6**	**30 429.7**	**32 279.8**	**704.3**	**262.4**	**442.0**
- Write-downs of groups of loans	-87.7			-87.7				
+ Other changes in value	-33.6			-33.6				
Total loans to and due from customers	**27 342.4**	**366.4**	**2 599.6**	**30 308.4**	**32 279.8**	**704.3**	**262.4**	**442.0**

Commitments per customer group 2007

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	AVERAGE SIZE LOANS	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
Financial aid agencies	0.3	0.0	0.0	0.3	0.3	0.0	0.0	0.0
Oil and gas	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Industry and mining	22.1	0.4	0.0	22.5	27.3	0.0	0.0	0.0
Water and power supply, building and construction	46.8	3.1	0.4	50.3	38.9	0.3	0.3	0.0
Wholesale/retail trade, hotels and restaurants	28.5	1.2	0.4	30.1	29.8	2.3	1.1	1.2
International shipping and pipelines	81.1	0.0	0.0	81.1	92.2	57.3	61.6	-4.3
Other transportation and communications	64.7	1.2	0.0	65.9	58.9	0.0	0.0	0.0
Services and real estate operations	10 781.2	361.2	695.4	11 837.8	10 396.3	65.3	26.2	39.1
Other service industries	58.5	2.0	0.0	60.5	58.4	1.0	0.9	0.0
Retail customers	25 738.0	9.1	1 528.1	27 275.2	23 158.3	305.7	136.1	169.6
Other	1.6	0.4	16.8	18.8	1.2	0.1	5.8	-5.7
Foreign	273.3	0.0	10.2	283.5	277.0	16.5	15.0	1.5
Total	**37 096.1**	**378.6**	**2 251.3**	**39 726.0**	**34 138.4**	**448.4**	**247.1**	**201.3**
- Write-downs of groups of loans	-58.1			-58.1				
+ Other changes in value	58.0			58.0				
Total loans to and due from customers	**37 096.0**	**378.6**	**2 251.3**	**39 725.9**	**34 138.4**	**448.4**	**247.1**	**201.3**

The classification into customer groups is based on Statistics Norway's standard for sector and business classification.
The individual customer's classification is determined by the customer's primary activity.

Continues next page

Note 42: Credit risk *Continued*

Commitments per geographical area 2008

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
Eastern Norway	22 160.7	365.7	2 091.1	24 617.4	595.2	224.4	370.7
Western Norway	3 142.8	0.7	322.0	3 465.4	46.0	10.2	35.8
Southern Norway	342.7	0.0	57.4	400.1	6.6	0.5	6.1
Mid-Norway	1 187.9	0.0	64.7	1 252.6	8.8	0.1	8.7
Northern Norway	456.4	0.0	46.9	503.3	20.3	1.5	18.8
Foreign	173.3	0.0	17.5	190.8	27.5	25.7	1.8
Total	**27 463.7**	**366.4**	**2 599.6**	**30 429.7**	**704.3**	**262.4**	**442.0**

Commitments per geographical area 2007

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	NON-PERFORMING LOANS	DOWNS OF INDIVIDUAL LOANS	NON-PERFORMING LOANS
Eastern Norway	29 348.1	376.7	1 889.7	31 614.5	292.0	152.6	139.3
Western Norway	4 753.4	0.7	241.9	4 996.0	99.7	62.8	36.9
Southern Norway	534.2	0.0	36.2	570.4	10.9	0.7	10.3
Mid-Norway	1 406.7	1.2	38.1	1 446.0	5.1	0.2	4.9
Northern Norway	780.4	0.0	34.9	815.3	8.5	1.4	7.1
Foreign	273.3	0.0	10.5	283.8	32.2	29.4	2.8
Total	**37 096.1**	**378.6**	**2 251.3**	**39 726.0**	**448.4**	**247.1**	**201.3**

Total engagement amount by remaining term to maturity 2008

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	1 330.7	95.2	147.1	1 573.0
1 - 3 months	284.3	42.4	50.5	377.2
3 months - 1 year	2 199.9	27.4	434.4	2 661.7
1 - 5 years	3 320.2	193.6	385.1	3 898.9
more than 5 years	20 328.6	7.8	1 582.5	21 918.9
Total	**27 463.7**	**366.4**	**2 599.6**	**30 429.7**

Total engagement amount by remaining term to maturity 2007

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Up to 1 month	654.1	278.4	101.2	1 033.7
1 - 3 months	352.3	0.5	39.0	391.8
3 months - 1 year	2 160.9	15.3	408.3	2 584.5
1 - 5 years	4 719.2	76.4	506.3	5 301.9
more than 5 years	29 209.6	8.0	1 196.6	30 414.2
Total	**37 096.1**	**378.6**	**2 251.3**	**39 726.0**

Age distribution of overdue engagements without write-downs 2008

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	2 082.0	6.2	6.1	2 094.3
Overdue 31 - 60 days	403.9	19.0	0.8	423.7
Overdue 61- 90 days	95.6	0.0	0.0	95.6
Overdue more than 90 days	184.4	0.0	0.4	184.8
Total	**2 765.9**	**25.3**	**7.3**	**2 798.5**
Engagements overdue by more than 90 days by geographical area:				
Eastern Norway	134.1		0.4	134.5
Western Norway	24.4		0.0	24.4
Southern Norway	2.0			2.0
Mid-Norway	8.4			8.4
Northern Norway	13.7			13.7
Foreign	1.8			1.8
Total	**184.4**	**0.0**	**0.4**	**184.8**

Engagements overdue by more than 90 days are defined as non-performing and loss exposed loans. Only non-performing and loss-exposed loans are classified by geographical area in this overview.

Continues next page

Note 42: Credit risk *Continued*

Age distribution of overdue engagements without write-downs 2007

NOK MILLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
Overdue 1 - 30 days	3 089.00	24.00	27.38	3 140.38
Overdue 31 - 60 days	315.80		3.36	319.16
Overdue 61- 90 days	54.70		0.1	54.80
Overdue more than 90 days	151.20		0.3	151.50
Total	**3 610.7**	**24.0**	**31.1**	**3 665.8**
Engagements overdue by more than 90 days by geographical area:				
Eastern Norway	100.2		0.2	100.5
Western Norway	34.7		0.0	34.8
Southern Norway	5.8			5.8
Mid-Norway	4.6			4.6
Northern Norway	4.9			4.9
Foreign	0.9			0.9
Total	**151.2**	**0.0**	**0.3**	**151.5**

Only non-performing and loss-exposed loans are classified by geographical area in this overview.
Engagements are considered non-performing and loss-exposed when a credit has been overdrawn for more than 90 days and when a repayment plan has arrears of more than 90 days and the amount is at least NOK 500.
The same definition is used for due commitments as the one in the capital requirements regulations, however the number of days in the definition equals the age distribution.

Credit risk by customer group 2008

NOK MILLION	TOTAL VALUE IMPAIRED ENGAGEMENTS	TOTAL DUE ENGAGEMENTS	TOTAL VALUE CHANGES	TOTAL WRITE-DOWNS	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS ACCOUNT DURING PERIOD
Water and power supply. building and construction				0.2	
Wholesale/retail trade, hotels and restaurants	0.2			0.8	
International shipping and pipelines	0.9				
Services and real estate operations	323.3	5.5		117.5	91.0
Other service industries	0.9			0.9	
Retail customers	144.6	177.7	-33.6	100.9	6.3
Other	26.1			17.7	-6.1
Foreign	23.9	1.2		24.3	0.9
Total	**519.9**	**184.4**	**-33.6**	**262.4**	**92.0**

Credit risk by customer group 2007

NOK MILLION	TOTAL VALUE IMPAIRED ENGAGEMENTS	TOTAL DUE ENGAGEMENTS	TOTAL VALUE CHANGES	TOTAL WRITE-DOWNS	CHANGE RECOGNISED IN PROFIT AND LOSS ACCOUNT DURING PERIOD
Oil and gas					-0.1
Water and power supply, building and construction	0.3			0.3	
Wholesale/retail trade, hotels and restaurants	2.3			1.1	-0.3
International shipping and pipelines	57.3			61.6	-34.2
Services and real estate operations	55.0	10.3		26.2	-1.6
Other service industries	1.0			0.9	
Retail customers	165.7	140.0	58.0	136.1	1.4
Other	0.1			5.8	-0.9
Foreign	15.6	0.9		15.0	1.2
Total	**297.2**	**151.2**	**58.0**	**247.1**	**-34.5**

Continues next page

Note 42: Credit risk *Continued*

Taken over pledged assets
Storebrand Bank ASA had no taken over pledged assets at year-end 2008.

Financial assets at fair value through profit and loss (FVO)

	LENDING TO CUSTOMERS		INVESTMENT PORTFOLIO	
NOK MILLION	2008	2007	2008	2007
Book value	282.9	316.5	6 610.6	2 491.6
Maximum exposure to credit risk	282.9	316.5	6 610.6	2 491.6
Book value of related credit derivatives that reduce credit risk			0.0	
This year's change in fair value of financial assets due to change in credit risk			-37.3	
Accumulated change in fair value of financial assets due to change in credit risk			-37.3	
This year's change in their value of related credit derivatives				
Accumulated change in their value of related credit derivatives				

Fair value is fixed on the basis of a theoretical calculation in which the agreed cash flow is discounted by the interest rate offered for new loans of equivalent interest rate duration and credit risk. In fixing the fair value, account is taken of the bank's increased funding spread in 2008.

Financial assets are earmarked at fair value through the profit and loss account in accordance with the fair value option (FVO) the first time they are recognised in those cases another measurement would result in an inconsistency in the profit and loss account.

Financial liabilities at fair value through profit and loss (FVO)

NOK MILLION	2008	2007
The year's change in fair value of liabilities due to changes in credit risk	0.2	
Difference between book value of liabilities and contractual amount due at maturity	-1.2	-6.3
Accumulated change in fair value of liabilities due to changes in credit risk	0.2	
Difference between book value of liabilities and contractual amount due at maturity	-1.2	-6.3

Credit risk derivatives

Credit risk per counterparty NOK MILLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NON-INVEST-MENT GRADE FAIR VALUE	TOTALT 2008 FAIR VALUE	TOTALT 2007 FAIR VALUE
Finance, Banking and Insurance	10.5	378.6	7.2			396.2	524.5
Real Estate					607.5	607.5	3.4
Total	**10.5**	**378.6**	**7.2**	**0.0**	**607.5**	**1 003.7**	**527.9**
Rating classes are based on Standard & Poors.							
Change in value:							
Total change in value balance sheet	10.5	251.8	7.2		607.5	876.9	527.9
Change in value recognised in the profit and loss during period	10.5	88.0	7.2		607.5	876.9	

Equity options, interest rate swaps, basis swaps and forward foreign exchange contracts
Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

Note 43: Liquidity risk

Non-discounted cash flows - financial obligations

NOK MILLION	0 - 6 MONTHS	6 MONTHS - 12 MONTHS	1 - 3 YEARS	3 - 5 YEARS	OVER 5 YEARS	TOTAL
Liabilities to credit institutions	1 066.0	32.3	5 414.9	237.6		6 750.8
Deposits from and due to customers	18 171.2	120.3				18 291.5
Commercial paper and bonds issued	2 069.6	3 048.4	3 522.2	978.2	322.1	9 940.5
Other liabilities	433.1					433.1
Subordinated loan capital	24.9	23.0	79.8	112.3	1 101.3	1 341.3
Undrawn credit limits	3 345.7					3 345.7
Lending commitments	418.9					418.9
Total financial liabilities excl. derivatives	**25 529.3**	**3 224.0**	**9 016.9**	**1 328.1**	**1 423.4**	**40 521.7**
Derivatives - remittance [1])	74.9	45.2	207.7	21.9	21.7	371.4
Derivatives - payments [1])	-17.5	0.0	-35.6	-2.3	-3.4	-58.8
Total 2008	**25 586.7**	**3 269.2**	**9 189.0**	**1 347.7**	**1 441.7**	**40 834.3**

[1]) Remittance = derivatives with a net positive cash flow and payments = derivatives with a net negative cash flow

The due overview included interest. Implicit forward interest rates based on the yield curve on 31 December 2008 are used to calculate interest costs for lending with FRN conditions. The due overview was set up using the ORM risk management system.

Note 44: Foreign exchange risk

Financial assets and liabilities in foreign currency

	BALANCE SHEET ITEMS		SWAP	NETTOPOSISJON	
NOK MILLION	ASSETS	LIABILITIES	NET	IN CURRENCY	IN NOK
CHF	13.1		-13.0	0.1	0.6
DKK	1.7	1.7	0.0	0.0	0.0
EUR	42.1	219.6	177.3	-0.1	-1.3
GBP	0.1	0.1	0.0	0.0	0.0
JPY	139.9	0.0	-140.0	-0.1	0.0
SEK	1 087.3	1 025.2	-62.6	-0.4	-0.4
USD	11.4	19.6	8.0	-0.2	-1.4
Andre				0.0	0.5
Total 2008					**-2.0**
Total 2007					-0.3

Storebrand Bank ASA hedges the net currency position in its balance sheet with forward contracts, accordingly forward sales and forward purchases are not shown separately in respect of assets and liabilities.

Note 45 - Sensitivity analyses

In the event of market risk changes that occur during the first year, the affect on the result and equity will be as shown below based on the balance sheet as of 31 December 2008:

Effect on income

	INTEREST RATE		FOREIGN EXCHANGE	
NOK MILLION	-1.5 %	+1.5 %	-12 %	+12 %
Bonds and other fixed-income securities	-65.0	65.1		
Loans to and deposits with credit institutions	-26.9	26.9	-2.1	2.1
Loans to and due from customers	-318.2	320.1	-43.0	43.0
Derivatives	173.8	-168.4	-327.0	327.0
Liabilities to credit institutions	2.9	-3.6	254.9	-254.9
Deposits from and due to customers	9.2	-9.2	8.9	-8.9
Commercial paper and bonds issued	199.7	-199.7	108.5	-108.5
Subordinated loan capital	33.1	-39.7		
Total	**8.6**	**-8.5**	**0.2**	**-0.2**

Effect on net profit/equity

	INTEREST RATE		FOREIGN EXCHANGE	
NOK MILLION	-1.5 %	+1.5 %	-12 %	+12 %
Bonds and other fixed-income securities	-65.0	65.1		
Loans to and deposits with credit institutions	-26.9	26.9	-2.1	2.1
Loans to and due from customers	-318.2	320.1	-43.0	43.0
Derivatives	173.8	-168.4	-327.0	327.0
Liabilities to credit institutions	2.9	-3.6	254.9	-254.9
Deposits from and due to customers	9.2	-9.2	8.9	-8.9
Commercial paper and bonds issued	199.7	-199.7	108.5	-108.5
Subordinated loan capital	33.1	-39.7		
Total	**8.6**	**-8.5**	**0.2**	**-0.2**

Specification of currency

	INCOME		NET PROFIT / EQUITY	
NOK MILLION	-12 %	+12 %	-12 %	+12 %
USD	0.2	-0.2	0.2	-0.2
EUR	0.2	-0.2	0.2	-0.2
SEK				
DKK				
JPY				
Other currencies	-0.1	0.1	-0.1	0.1
Total	**0.2**	**-0.2**	**0.2**	**-0.2**

The note demonstrates the accounting effect over a 12-month period of an immediate parallel change in interest rates of +1.5 percentage points and -1.5 percentage points. Account has been taken of the one-time effect such an immediate change in interest rates would have on the items recognised at fair value and hedging value and of the effects the change in interest rates would have on the result for the remainder of the interest rate duration period before the change in interest rate has income and cost related effects. The sensitivity calculation was carried out using the ORM risk management system.

Storebrand Bank ASA and the Storebrand Bank Group

- Declaration by the Board of Directors and the Managing Director

The consolidated accounts have been prepared in compliance with the EU-approved IFRSs and associated statements of interpretation, as well as the additional Norwegian informational requirements pursuant to the Accounting Act and the Norwegian regulations for the annual accounts of banks and finance companies that were to be used as per 31 December 2008. The annual accounts have been prepared in compliance with the Accounting Act, the Norwegian regulations for the annual accounts of banks and finance companies and simplified IFRS as per 31 December 2008, as well as Norwegian supplemental requirements in the Securities Trading Act. The annual report for the group and the parent company are in compliance with the requirements of the Accounting Act, Norwegian Accounting Standard No. 16 and the Norwegian regulations for the annual accounts of banks and finance companies as per 31 December 2008.

Oslo, 10 February 2009
The Board of Directors of Storebrand Bank ASA

Translation – not to be signed

Idar Kreutzer Chairman	Stein Wessel-Aas Deputy Chairman	Kristine Schei Board Member
Ida Helliesen Board Member	Maalfrid Brath Board Member	Roar Thoresen Board Member
Heidi Storruste Board Member		Klaus-Anders Nysteen Managing Director

Deloitte.

Deloitte AS
Karenslyst allé 20
Postboks 347 Skøyen
0213 Oslo

Tel: 23 27 90 00
Fax: 23 27 90 01
www.deloitte.no

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Bank ASA

AUDITOR'S REPORT FOR 2008

We have audited the annual financial statements of Storebrand Bank ASA as of 31 December 2008, showing a profit of NOK 57,9 million for the parent company and a profit of NOK 19,5 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 allocation of the profit. 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, the statement of recognized income and expense and cash flows, and the accompanying notes. Simplified application in accordance with the Norwegian Accounting Act § 3-9 of International Financial Reporting Standards as adopted by the EU has 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 accounts. 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 as of 31 December 2008, and the results of its operations, the recognized income and expense and its cash flows for the year then ended, in accordance with simplified application in accordance with the Norwegian Accounting Act § 3-9 of International Financial Reporting Standards as adopted by the EU
- the group accounts are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Group as of December 31 2008, and the results of its operations, the recognized income and expense and its cash flows 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 allocation of the profit, is consistent with the financial statements and complies with law and regulations.

Oslo, 10 February 2009
Deloitte AS

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

Control Committee's Statement for 2008

At its meeting on 27 February 2009, the Control Committee of Storebrand Bank ASA reviewed the Board of Directors' proposed Annual Report and Accounts for 2008 for Storebrand Bank ASA and the Storebrand Bank Group.

With reference to the auditor's report of 10 February 2009, the Control Committee recommends that the Annual Report and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand Bank ASA and the Storebrand Bank Group for 2008.

Oslo, 27 February 2009

Translation – not to be signed

Finn Myhre
Chairman of the Control Committee

Board of Representatives' Statement 2008

The Board of Directors' proposal for the Annual Report and 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 proposal for the Annual Report and Accounts of Storebrand Bank ASA and the Storebrand Bank Group.

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the result for the year of Storebrand Bank ASA.

Oslo, 10 March 2009

Translation – not to be signed

Terje Venold
Chairman of the Board of Representatives

storebrand

Head Office:
Filipstad Brygge 1
P.O.Box 1693 Vika
N-0120 Oslo
Tel. +47 22 31 50 50
Fax: +47 22 31 53 90
E-mail: bank@storebrand.no
Internet: www.storebrand.no/bank

April 2009. Prepress/trykk: ReclameService AS