Annual Report 2003

storebrand

as a specialist in long-term savings and life insurance, Storebrand helps people to fulfil their wishes for a financially secure future:

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Financial calender 2004:

28 Apr	Annual General Meeting
29 Apr	Ex dividend
12 May	1st quarter results
18 Aug	2nd quarter results
03 Nov	3rd quarter results
February 2005	4th quarter results

financial security:
a subject that affects everyone

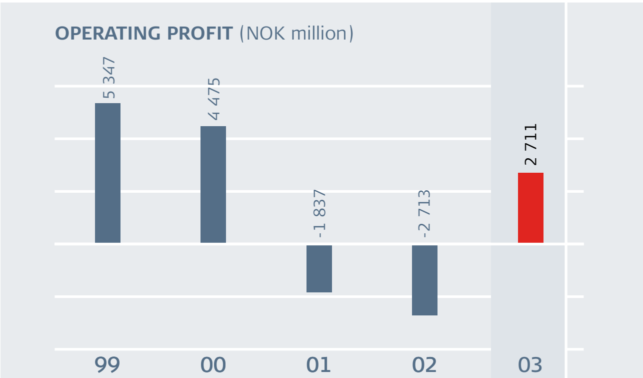
Everyone's need to think of their future provides the basis for all insurance and savings. Storebrand is a specialist in long-term savings and life insurance, and a market leader in Norway. This means that we are well positioned to meet increasing demand for products and services that help to give our customers a more secure financial future at a time when more and more people recognise the need to make their own arrangements to supplement the state system.

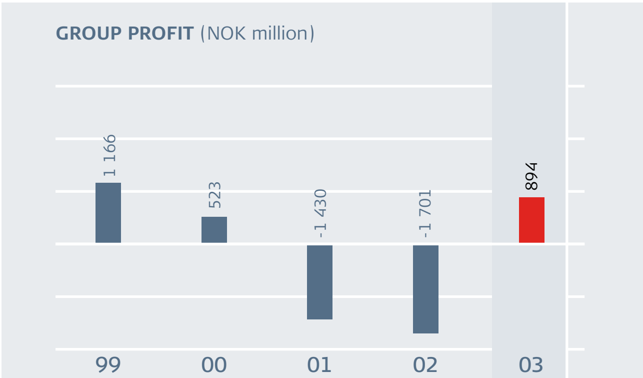
Storebrand has been a major player in Norwegian insurance and finance since 1767. After a challenging period of weak stock market conditions and restructuring, Storebrand today has a strong financial foundation as an independent company. With basis in our well-defined corporate values, commitment to corporate social responsibility and strong corporate culture Storebrand aims to play a defining role in developing tomorrow's market for long-term savings and life insurance.

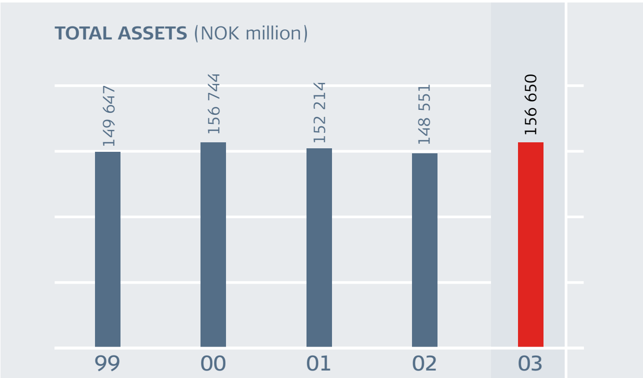
Key Figures Group

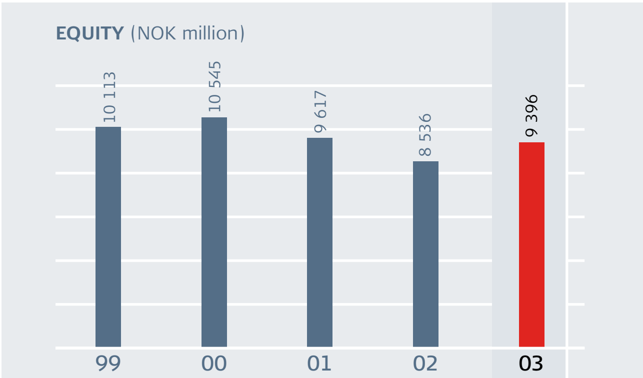
NOK million	2003	2002	2001	2000	1999
Operating profit	2 711	-2 713	-1 837	4 475	5 347
Group profit	894	-1 701	-1 430	523	1 166
Total assets	156 650	148 551	152 214	156 744	149 647
Equity capital	9 396	8 536	9 617	10 545	10 113
No. of employees (full time equivalents)	1 263	1 337	1 473	1 478	1 636
Capital ratio	14.9%	16.0%	12.9%	12.7%	14.0%
Key figures per share					
Average number of ordinary shares (000's)	277 927	277 715	277 554	277 464	277 209
Earnings per ordinary share *)	2.67	-3.73	-4.15	1.67	12.23
Dividend per ordinary share (NOK)	0.80			1.10	1.00

*) Calculation is based on profit adjusted for legally required post-tax allocations to security reserves etc. for non-life insurance for the year.









Main Events of 2003

Jan> Storebrand Life Insurance introduces stricter social responsibility criteria for its equity portfolio. Storebrand Investments awards its 'best in class' recognition to companies that qualify for investment by Storebrand Principle Funds.

The Ministry of Finance approves the merger of Storebrand Bank and Finansbanken, completing the formalities for the merger to proceed.

Mar> The German research institute Oekom Research publishes a report on the quality of corporate social responsibility practices at European insurance companies. Storebrand is recognised as one of the leading companies in Europe.

After a prolonged period of falling prices and turbulence since autumn 2000, equity markets begin to turn upwards. From March to December share prices on the Oslo Stock Exchange rise by around 70%.

Apr> Storebrand and MMI carry out a nationwide survey of savings and insurance. 3,500 Norwegians answer questions on their personal finances.

May> Storebrand Helse celebrates its fifth anniversary. The company has grown from 9 to 40 employees and has built a position as market leader with over 50% share of the Norwegian health insurance market. Storebrand Helse also reports a quarterly profit for the first time.

Storebrand launches a new plan for corporate social responsibility. The plan covers all the group's activities and sets commercial, social and environmental targets for Storebrand's activities.

The Norwegian National Insurance Administration and Storebrand sign a collaboration agreement aimed at reducing sick leave amongst Storebrand's corporate customers.

Jun> Storebrand is awarded the 'Equality' prize by the Norwegian organisation Management, Equality and Diversity. The prize recognises the high proportion of women in Storebrand's boards and management, the diversity in its recruiting and its commitment to staff training.

Aug> The Irish insurance company Euroben, jointly owned by Storebrand and the Swedish company SPP, is sold to Handelsbanken.

Storebrand announces its best quarterly results since 1999.

Sep> Storebrand achieves one of the targets in its corporate social responsibility action plan when it becomes one of five Norwegian companies included in the Dow Jones Sustainability World Index for 2004.

Storebrand Bank is upgraded by Moody's as a result of gaining control of its loan loss development and completing the merger of Finansbanken and Storebrand Bank.

Nov/Dec> Storebrand receives a prize for the group's reporting on sustainability and corporate social responsibility for the 2002 accounting year. This is a new prize, and the jury comments that Storebrand was chosen because of the exemplary way in which its report dealt with commercial, environmental and social issues.

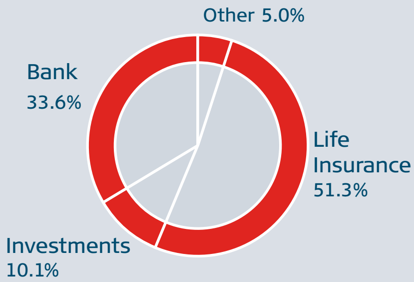
Storebrand Life Insurance sets a new record in sales of endowment policies in the retail market. 2003 premium income of NOK 2.9 billion was four times higher than in 2002.

In autumn 2003 the Norwegian government proposes changes to insurance legislation in order to encourage fairer and greater competition for the management of municipal pension schemes. The legislation is approved in December and comes into effect from 2004.

Storebrand Fondsforsikring launches Fondskonto Link, a new and flexible form of mutual fund savings with tax benefits.

EMPLOYEES | **ACTIVITIES** | **MARKET POSITION**

Storebrand Group



Number of employees

Storebrand is a leading player in the markets for long-term savings and life insurance. The group consists of three business areas; life-insurance, asset management and banking, representing a comprehensive product range for private individuals, companies, municipalities and independent public sector entities. On 11 February 2004 Storebrand signed an agreement to sell its shareholding in If.

Storebrand has a leading position in the Norwegian market for long-term savings, principally through its strong position in the pensions market. The group also has a strong position in the life insurance market for companies and private individuals, offering life insurance and insurance in case of disability or illness. Storebrand's banking activities complete the group's overall product range and service concept.

Storebrand Life Insurance

Employees Life Insurance: 51.3%
Company details page 28

Storebrand Life Insurance offers a wide range of pension and insurance products to companies, public sector entities and private individuals. New areas of focus for Storebrand Life Insurance include defined contribution pensions for the corporate market, pension schemes for Norwegian municipalities and independent public sector entities, and health insurance products. In addition the company will continue to build on its strong position for traditional group pension schemes in the corporate market and individual pension savings products for the retail market.

Storebrand Life Insurance has an overall share of 28% of the Norwegian market measured in terms of customers' funds under management. The company increased its market share in most areas in 2003. In order to strengthen its market position further, the company is working systematically to improve the quality and perception of its customer service and to further improve the advisory expertise of its employees. In addition Storebrand will strive at all times to offer customers attractive products for long-term savings and life insurance.

Storebrand Investments

Employees Investments: 10.1%
Company details page 34

Storebrand Investments manages assets totalling NOK 159 billion in mutual funds and client portfolios. The company offers a complete asset management concept with a clear socially responsible investment profile for Norwegian and international institutional investors and the Norwegian retail market. Asset management solutions include discretionary management of Norwegian and international securities, global specialist products with a target absolute return and cost-effective management of market risk.

At the close of 2003 Storebrand Investments had a 10.3% share of the Norwegian mutual funds market and a 12.4% market share for equity funds. Net inflows from new and existing customers in 2003 amounted to NOK 908 million, and at 31 December 2003 Storebrand Fondene managed assets of NOK 15.1 billion in Norwegian registered mutual funds.

79% of the mutual funds offered by Storebrand produced a better return before management fees than their benchmark in 2003.

Storebrand Bank

Employees Bank: 33.6%
Company details page 38

Storebrand's banking activities, previously carried out through the two banks Storebrand Bank AS and Finansbanken ASA, were brought together as Storebrand Bank ASA from 1 January 2003. Through this merger Storebrand has created a stronger and more efficient banking operation.

All of Storebrand's marketing, customer service and sales of financial products and services to the retail market is carried out by a separate business unit within Storebrand Bank. While this unit is legally part of the bank, it has its own management for operational purposes.

Storebrand Bank is a modern and ambitious commercial bank with total assets of NOK 25.5 billion. The bank's objective is to build a more powerful presence in the Norwegian banking market through closer collaboration with the other parts of the Storebrand group.

KEY FIGURES

Number of employees *⁾	1 273
Life insurance policyholders' funds	NOK 112.9 billion
Other funds under management	NOK 45.9 billion
Total assets of the group's banking activities	NOK 25.5 billion

*⁾ Incl. subsidiaries and 42 employees in Storebrand ASA

AMBITIONS

Storebrand shall be the leading and most respected institution in the Norwegian market for long-term savings and life insurance.

Number of employees *⁾	653
Funds under management (incl. unit linked products)	NOK 112.9 billion
Group pension schemes	7 890
Employees of companies, public sector entities and other organisations	231 000
Individual policies – early leavers from group pension schemes[1)]	256 000
Pensions in payment[2)]	145 000
Group life policies[3)]	4 000
Employees of companies, public sector entities and other organisations	348 000
Individual annuity, savings and insurance policies[4)]	311 000
Pension and annuity policies in payment	49 000

*⁾ Not including Storebrand Helseforsikring (39) and Fair Forsikring (128)

Storebrand Life Insurance shall be recognised by its customers as the most respected and customer focused life insurance company in Norway. The company will provide the best advice and offer the most attractive products for long-term savings and life insurance in both the corporate and retail markets.

1) Paid-up policies in respect of previous membership of a group pension scheme (does not include those now drawing pension benefits).
2) Pensions in payment includes those receiving retirement, disability and deferred pensions in respect of all group pension schemes, including individual policies for early leavers.
3) Group life insurance policies providing a single payment in the event of death or disability.
4) All policies with private individuals including unit linked and health insurance (but excluding annuities and pensions in payment).

Number of employees	129
Total assets under management	NOK 158.8 billion
External assets under management	NOK 42.5 billion
Market share – mutual funds	10.3%
Number of mutual funds offered	57
Number of mutual funds customers	85 280

By focusing on selected investment areas and developing our specialist expertise in the major asset management functions, Storebrand Investments shall be the preferred asset manager for long-term savings and pension assets.

Number of employees (incl. employees in Retail Distribution)	427
Number of customers: Storebrand Bank	68 000
Total assets	NOK 25.5 billion
Gross lending	NOK 22.7 billion
Customer deposits	NOK 12.4 billion

Storebrand Bank shall be seen as a bank that is easy to relate to, with competitive products and prices. The bank will principally target the retail market, but will also serve selected corporate customers and investors in Oslo and the surrounding areas.

financial security:
when it's time to enjoy life

The average working life is shrinking and people are living longer. At the same time people have higher expectations for an enjoyable and active retirement. These trends are encouraging people to pay greater attention to saving towards a larger pension than they can expect from the state system alone.

Values and Value Creation

Storebrand can look back on a year of real improvement in performance. Measures implemented have had the intended results, and conditions in the financial markets have improved. Storebrand has re-established its financial strength and improved efficiency. Customer numbers are growing, and market conditions are satisfactory.

Storebrand has played an active role in the development of the Norwegian financial sector for over 240 years. The life insurance business dates back to 1861, and following the recent sale of If, this is now Storebrand's core activity.

The market for long-term savings in Norway is growing, and Storebrand has a strong position in this market. This provides a good foundation for profitable growth. Storebrand's future development will be built on three main pillars: clear objectives, satisfied customers and highly motivated employees.

Clear objectives. Storebrand's role is to help build personal financial security, helping our customers to plan for the expected and protect against the unexpected. Our vision is to be the leading and most respected institution in the Norwegian market for long-term savings and life insurance. All business areas will work towards clear and ambitious targets over the next three years, and detailed action plans provide the basis to monitor performance and measures implemented.

Demographic trends in Norway and the western world create a need for greater saving. State pension schemes are facing increasing pressures from an ageing population, making saving for retirement all the more important. Currently around 43% of employees in the Norwegian private sector are members of group pension schemes provided by their employers, and we expect this proportion to increase. Storebrand's objective is to win a growing proportion of the Norwegian group pension market.

Until very recently municipal pension schemes in Norway were subject to regulations that restricted free competition. Municipal pension schemes represent a large market that is expected to grow by around 15% annually. As an experienced partner for Norwegian municipalities, with a leading position in the private sector group pension market, it is our ambition to increase Storebrand's share of the municipal pensions market.

People need to save more, and we expect to see a shift towards long-term savings products such as personal pensions and equity-based savings products. Building capital through home ownership will also continue to play an important role. Storebrand is committed to developing attractive and well-targeted savings products for the retail market. Our market-leading position in the corporate market means that we are already working with the most demanding customers, and this builds expertise that also benefits our retail customers.

The Norwegian population in general does not have sufficient insurance. One example of this is that fewer than 10% of Norwegian children under 18 years of age have the benefit of insurance cover against disability or illness, while over 80% of Swedish children are insured. We are also seeing rapid growth in the health insurance market in Norway.

Consumers often find the market for savings and personal insurance products complicated and confusing. This creates a need for simplification, and makes access to good financial advice all the more important. Storebrand sets high standards for the qualifications of its financial advisers, and invests heavily in targeted training programs. Our objective is to strengthen our position in the retail market going forward.

Satisfied customers. All businesses depend on satisfied customers. We must understand what the customers want and meet their expectations, and our communications about products must be clear so that their decisions are based on realistic expectations. Customer confidence is the basis for good customer relationships, and we must do what we promise and meet expectations. If we fall short we must be ready to explain openly and honestly.

Respect plays a central role in Storebrand's vision. Respect must be earned, not claimed or developed in isolation, and it will be up to our customers to determine how well we succeed.

We also believe that how we run our business matters to our customers. As a stock exchange listed company in a competitive market, Storebrand must of course make profits and generate a competitive return for its customers and owners. But how we make a profit is also important, and surveys carried out among our customers confirm that they share this view. Storebrand Life Insurance was the first life insurance company in Norway to apply ethical criteria to its investment management, and this is an integrated part of Storebrand's commitment to corporate social responsibility.

Highly motivated employees. Storebrand is one of the leading knowledge-based companies in Norway, and our employees are the most important factor in value creation. Around 70% of employees have higher education qualifications, and on average they have worked for the company for 11 years.

It is not who you are or who you know that matters at Storebrand, but what you can contribute. To help ensure employees have the same opportunities, Storebrand has developed programs in areas such as equality and the role of older employees. We strive to stimulate diversity, recognising that most problems are multi-dimensional and best understood when looked at from different perspectives. We recognise our responsibility as an employer to be willing, flexible and able to meet our employees' individual needs.

Our effectiveness depends on working relationships based on mutual respect and open, honest dialogue. We have to be result orientated, and it is important that individual members of staff both achieve their objectives and work as a team to ensure good results. It is even more important that there is good collaboration across the group, so that individual skills and resources are used in a flexible and focused way.

The markets in which we operate develop quickly, and our employees face frequent changes. Ability and willingness to manage change is therefore dependent on employees feeling secure and confident in their employment.

The value platform that underpins the group's management, activities, and our relationships with customers, colleagues and others should be reflected in everything we do, and with every Storebrand manager acting as a role model.

Our employees represent over 12,000 years of Storebrand experience, and feedback from the annual employee satisfaction survey is important for organisational development. The 2003 survey showed that 97% of employees are proud to work for the company, providing a strong foundation for the future development of a competitive Storebrand.

"IN ORDER TO SUCCEED, HIGH ETHICAL STANDARDS AND UNDERSTANDING THE NEEDS OF EVERY INDIVIDUAL MUST BE JUST AS IMPORTANT AS PROFESSIONAL EXPERTISE."

Idar Kreutzer

Report of the Board of Directors

MAIN FEATURES

Storebrand is made up of three business areas in the Norwegian market: Storebrand Life Insurance, Storebrand Investments and Storebrand Bank. The group has an ownership interest in non-life insurance through its participation in If Skadeförsäkring Holding AB.

2003 was a year of positive development for Storebrand in many areas. After several years of downturn, stock markets recovered in 2003 and share prices rose sharply over the course of the year. At the same time interest rates in Norway have fallen to historically low levels. These developments in the financial markets generated a significant improvement in earnings for Storebrand. However the Board believes that the improvement reported by the company also clearly reflects the implementation of improvement measures and active management of investment risk. The merger of Finansbanken ASA and Storebrand Bank AS has created a stronger and more efficient bank. Increased sales activity and greater emphasis on customers and communication with customers have also had a positive effect. Storebrand's sales of life insurance savings products to the retail market were at an all-time high in 2003, and transfers of corporate business between companies produced a net inflow to Storebrand. Moreover, Storebrand reduced its exposure to areas no longer defined as core activities through the sale and liquidation of some smaller group companies, the run-down of the commercial lending portfolio and the payment of an extraordinary dividend by Storebrand Skadeforsikring.

On 11 February 2004 the Board reached an agreement with Sampo Oyj for the sale of all Storebrand's shares in If Skadeforsikring to Sampo. The transaction values Storebrand's shareholding at NOK 5.2 billion. The sale of Storebrand's shares is conditional on approval by the relevant authorities, and will be completed as soon as approval is obtained. The transaction is expected to generate a pre-tax profit of NOK 1.4 billion on the basis of the book value of the shares at 31 December 2003. The sale represents a significant step forwards in Storebrand's strategy of focusing its activities on long-term savings and life insurance.

Earnings performance: Storebrand achieved an improved group profit of NOK 894 million in 2003 as compared to a loss of NOK 1,701 million in 2002. Operating profit was NOK 2,711 million as compared to a loss of NOK 2,713 million in the previous year. Earnings per share for 2003 was NOK 2.67 as compared to a loss per share of NOK 3.73 in 2002. Storebrand's risk bearing capacity strengthened significantly over the course of 2003. The Board confirms that the accounts have been prepared in accordance with the going concern assumption as required by Section 3–3 of the Accounting Act.

BUSINESS AREAS

Life insurance: 2003 was a good year for Storebrand's life insurance activities in terms of both earnings and sales. Virtually all areas met their sales targets. Storebrand Livsforsikring AS (Storebrand Life Insurance) strengthened its market position in important areas and achieved a market share of 28% in terms of customers' assets under management. In the corporate market, sales of defined contribution pension schemes doubled relative to 2002. Transfers of business between companies also showed a positive trend for Storebrand, with a net inflow of premium reserves totalling NOK 1,493 million.

Low interest rates have encouraged greater interest in the retail market for life insurance savings products. Storebrand was well positioned for sales of savings products when interest rates fell, and achieved record sales in this segment in 2003 with total premium income for individual endowment policies of NOK 2.9 billion. Sales of risk insurance products with no savings element were somewhat weaker than expected as a result of the strong emphasis on savings related products in the second half of the year. Sales of unit linked products were also somewhat weaker than expected. Storebrand Helseforsikring again reported increased sales of health insurance products in 2003, with a 63% increase in premium income.

Storebrand Life Insurance group reported a profit for the year to be allocated between its policyholders and owner of NOK 2,653 million, as compared to a loss of NOK 1,253 million in 2002. The profit allocated to policyholders of NOK 1,839 million included NOK 470 million allocated to additional statutory reserves. The profit to the owner amounted to NOK 835 million as compared to a loss of NOK 241 million in 2002. Storebrand Life Insurance achieved a satisfactory investment return. The book return was 7.2% and the value-adjusted return was 8.8%. If the unrealised gain on bonds held to maturity is included, the return for the year increases to 11.2%.

The company achieved a risk result in line with 2002, but the administration result was somewhat lower. This was mainly due to strong sales causing higher sales costs, as well as higher performance-related investment management fees as a result of investment returns exceeding the comparable benchmark indices.

Storebrand Fondsforsikring produced a good performance for sales of defined contribution group pension products and for Fondskonto Link, its new unit linked product for the retail market. However the company reported a loss for the year of NOK 36 million, which is not satisfactory, and reflects the fact that overall business volume is still at a low level. The company had a market share of 18% in terms of customers' funds under management as at year end 2003. Storebrand's 50% interest in Storebrand Helseforsikring produced a profit of NOK 3 million for 2003. This represents an improvement of NOK 13 million from 2002.

Asset management: Storebrand Investments reported improved profitability in 2003. Pre-tax profit of NOK 22 million represented an improvement of NOK 35 million from 2002. The figures for both years are affected by non-recurring items, and after adjusting for this 2003 shows an improvement of NOK 25 million. The improvement in earnings reflects good investment returns on portfolios with earnings-related fees and lower operating costs. Performance-related salary costs were higher than in 2002.

New business was moderate in 2003, with gradually increasing interest in equity investments from customers as the year progressed. Net new business amounted to NOK 3.0 billion. Total assets under management increased by NOK 19 billion to reach NOK 159 billion at the close of 2003. Storebrand Investments has for many years been a leading player in the operation of back-office functions together with related functions such as control routines and investment reporting. Storebrand intends to make use of the market advantage this represents by offering back-office functions as a separate product.

Banking: The merger of the two banks was implemented as planned, and has created significant synergy benefits and extensive cost savings. The bank group reported a profit for 2003 of NOK 103 million before loan loss provisions. The pro forma profit for 2002 before loan loss provisions was NOK 30 million. The bank recognised losses and additional provisions on lending and guarantees of NOK 174 million and a loss on securities held as fixed assets of NOK 38 million. The pre-tax result for the year was therefore a loss of NOK 109 million as compared to a pro forma loss of NOK 448 million in 2002.

Net interest margin fell over the course of the year, mainly as a result of lower lending volumes and falling interest rates combined with a shift in lending towards a lower risk profile. The net interest margin for the year was 1.85% of average total assets. Non-interest operating income showed an improvement, particularly as a result of higher sales of life insurance savings products. The gross value of customer lending fell by NOK 3.2 billion to stand at NOK 22.7 billion at year-end. The reduction in lending was in the corporate portfolio, and reflects the bank's focus on reducing its total credit risk.

Leiv L. Nergaard (59)
Executive Vice President,
Norsk Hydro
Master of Business
Administration
Member of the Board's
Remuneration Committee

Halvor Stenstadvold (59)
Executive Vice President,
Orkla ASA
Master of Political Science
Member of the Board's
Audit Committee

Knut G. Heje (53)
President and Chief Executive
Officer, Agra Gruppen
Master of Business
Administration
Member of the Board's
Audit Committee

Grace Reksten Skaugen (50)
Consultant
Master of Business Administration and Ph.D.
Member of the Board's Audit Committee

John Giverholt (52)
Chief Financial Officer, Ferd AS
Master of Business Administration, State Authorised Public Accountant
Member of the Board's Audit Committee

Mette K. Johnsen (59)
Assistant Vice President Finance, Wallenius Wilhelmsen Lines AS
Master of Business Administration

As shown in note 26 to the accounts, goodwill arising on the purchase of Finansbanken (subsequently merged with Storebrand Bank) was valued at NOK 422 million in the consolidated accounts at 31 December 2003. In view of the weak earnings reported by Storebrand Bank, the Board has considered whether there is any need to write down goodwill in respect of Storebrand Bank. However the Board expects to see a major improvement in the bank's earnings over future years, and has therefore concluded that no write-down is necessary.

Non-life insurance: Non-life insurance activities produced a total operating profit of NOK 348 million, representing an improvement of NOK 590 million from 2002. Profit for the year including transfers to profit from statutory security reserves amounted to NOK 416 million as compared to a loss of NOK 42 million in 2002.

If showed a significant improvement in profitability in 2003. This was principally due to strong underwriting results and a better investment return than in 2002. The improvement in underwriting results reflects the effect of the extensive improvement measures the company has implemented. Changes to premiums, measures to reduce claims paid and cost savings have been the major elements in this process. The combined ratio for 2003 was 100.9%, an improvement of 5.2 percentage points. Storebrand's share in If's results represented a profit of NOK 324 million in 2003 as compared to a loss of NOK 244 million for 2002. Storebrand's share in Fair Forsikring's results represented a loss of NOK 22 million for 2003. Run-off activities generated a profit of NOK 46 million.

RISK MANAGEMENT

Storebrand is exposed to risk in respect of its insurance activities, investment risk in respect of its asset allocation, liquidity risk and operational risk. Continuous active risk management is a central and integrated feature of the group's activities and organisation.

Life insurance activities: The company's exposure to investment risk is determined by the allocation of its assets between classes of asset with different risk profiles. The Board approves an Investment Policy on strategic asset allocation annually, which establishes guidelines for the active management of investment risk, including limits and guidelines for credit and counterparty exposure, foreign exchange risk and the use of derivatives. The objective of active risk management is to maintain sound risk bearing capacity and to continuously adjust financial risk exposure to the company's solidity while creating the potential for a good investment return.

The total risk capital of the life insurance activities increased by NOK 4.2 billion in 2003. The company's risk capital is made up of the market value adjustment fund, additional statutory reserves, core capital in excess of the statutory minimum and accrued earnings. Policyholders' additional statutory reserves increased by a net NOK 360 million to NOK 3.4 billion. In addition to these figures, the portfolio of bonds held to maturity showed an unrealised gain of NOK 3.4 billion at the close of 2003.

In respect of exposure to technical insurance risk, the life insurance company uses tariffs that are notified to the authorities. In 2003 Storebrand completed a three-year program to strengthen disability reserves. Over the course of the program the life company has strengthened its disability reserves by NOK 1.8 billion in total, of which NOK 1 billion was allocated in 2003.

Storebrand Bank: The bank has standard procedures for reviewing its lending, and all new lending is approved in accordance with the bank's credit approval policy. The bank monitors its credit risk through a specially developed risk classification system. Although economic conditions in Norway remained weak in 2003, the overall risk associated with the bank's lending portfolio showed an improvement. This can be seen both by a reduction in the incidence of default and by a shift in the portfolio towards retail and mortgage lending.

Loan losses and new loan loss provisions totalled NOK 174 million in 2003 as compared to NOK 412 million pro forma in 2002. The volume of loss exposed and defaulted exposures totalled NOK 1.7 billion, representing a reduction of NOK 0.6 billion over the course of the year. Total specific and general loan loss provisions amounted to NOK 0.8 billion, representing a provisioning ratio of 49% as compared to 35% in 2002. The majority of lending is to the retail market, secured by mortgages with a loan to value ratio below 80%.

Storebrand has established sound liquidity buffers in Storebrand Bank and other companies in the group, and continuously monitors liquidity relative to internal limits. In addition committed credit facilities have been established with other banks which the group companies can draw on if necessary.

The identification and management of operational risk is an integrated part of management responsibility throughout the organisation. In addition the management groups in each business area carry out an annual risk evaluation in order to produce an overall risk summary and recommendations for improvement. This summary is presented to the group's Board.

CAPITAL SITUATION

The Board considers the group's capital situation to be satisfactory relative to its risk profile and rating. The group's equity increased by NOK 860 million over the course of 2003, and amounted to NOK 9,396 million at year-end. The minimum capital ratio requirement imposed by the authorities is 8%. The group's capital ratio was 14.9% at 31 December 2003, with a core capital ratio of 9.9%

The group's capital base, which is made up of equity, subordinated loan capital, the market value adjustment reserve and statutory additional reserves in the life insurance company, amounted to NOK 17.6 billion at 31 December 2003 as compared to NOK 14.6 billion at the end of the previous year.

Storebrand ASA had total liquid assets of NOK 0.9 billion at the close of 2003, and also has available an undrawn long-term credit facility of EUR 225 million. During the course of 2003 the company repaid a bond loan of NOK 1 billion. The company reduced its overall borrowing from NOK 3.7 billion to NOK 2.8 billion over the course of 2003.

At the close of 2003 Storebrand Life Insurance was rated A- and A3 by Standard & Poor's and Moody's respectively. Storebrand Bank was rated Baa2 by Moody's and Storebrand ASA was rated Baa3 by Moody's.

In February 2004 Storebrand entered into an agreement with Sampo Oyj for the sale of Storebrand's shareholding in If Skadeforsikring. The sale will significantly strengthen Storebrand's financial condition. As a result of the agreement with Sampo, Standard & Poor's has given its rating of Storebrand Life Insurance and Storebrand ASA a positive outlook.

HUMAN RESOURCES AND ORGANISATION

Employment in the group totalled 1,263 full time equivalent positions at the end of 2003 as compared to 1,337 at the start of the year. The average age of the group's employees is 41.6 years, with an average length of service of 10.6 years. All Storebrand employees are treated equally, regardless of gender, age, disability, faith, cultural differences or sexual orientation.

The composition of the group's staff is well balanced, with a good mixture of both experienced and younger members of staff of both sexes. The group has a target for 40% of management positions to be filled by female staff by 2005. The proportion of female managers increased from 25% to 37% over the period 1999–2003. Storebrand has participated for many years in the Administrative Research Fund's mentor program for female staff, and all management development programs are required to have an equal composition of male and female participants. Storebrand was awarded the 'Equality' prize for 2003 from the Norwegian organisation Management, Equality and Diversity.

The group pays particular attention to its policy on older employees. Storebrand has for many years placed great importance on management and staff training, and runs a number of programs in this respect. Storebrand carried out an internal survey of employee satisfaction in December 2003 that showed that 95.3% of employees were happy with their employment.

On 15 February 2002 Storebrand became the first company in the financial sector to enter into a collaboration agreement with the Norwegian National Insurance authorities on a program for a 'More inclusive working life'. This arrangement is intended to

Rune Eikeland (42)
Regional manager, Retail Distribution
Norwegian Military Academy and Authorised Financial Adviser
Employee representative

Nina E. Smeby (38)
Principal employee representative
Employee representative
Member of the Board's Remuneration Committee

Arild Thoresen (43)
Customer adviser
Bachelor of Arts
Employee representative

reduce absence due to illness, reduce the incidence of disability and long-term illness and increase the average age at which employees retire. In spring 2003 Storebrand signed an expanded agreement with the National Insurance authorities. The new concept includes recognition by Storebrand for those of its 5,500 corporate customers who have already signed up to the 'More inclusive working life' program or do so in the future.

Absence due to illness for the group as a whole totalled 4.6% in 2003 as compared to 4.1% in 2002. There was some increase in long-term illness, but short-term and medium-term absence was little changed. Storebrand did not incur any reported personal injuries, damage to property or accidents of any significance in 2003.

CORPORATE SOCIAL RESPONSIBILITY

The group's commitment to corporate social responsibility represents a continuous process of monitoring and improvement. Starting with Storebrand's first Environmental Report in 1995, corporate social responsibility has become not only an important part of Storebrand's activities but also an important component in the group's public profile. Storebrand's CSR Action Plan 2003–2004 was awarded a prize for the best CSR report in 2003.

Storebrand's environmental impact. The consumption of energy and paper, waste and transport represent the main features of Storebrand's direct impact on the external environment. The company is committed to reducing its impact on the environment. Approximately 95% of Storebrand's office premises in Oslo use district heating. 50% of the heating supplied is produced by waste incineration and bio-generation plants. Storebrand intends to replace all light fittings in its buildings that use PCB capacitors with new fittings without PCB content. The cooling systems installed make use of seawater in order to reduce energy consumption. In order to reduce paper consumption the company runs an internal program to encourage more careful use of paper. All material amounts of waste are sorted by type. Used electronic equipment is either reused or sent for recycling.

BOARD OF REPRESENTATIVES AND BOARD OF DIRECTORS

The Board of Directors has on a number of occasions reviewed its own working methods and the processes involved in preparing for and conducting board meetings. The Board carried out an evaluation of its work in 2003, and the executive management team participated in this process. The Board held 16 meetings and one Board Conference in 2003. The work of the Board is subject to a specific mandate. The Board has established two advisory committees on remuneration and internal audit. Rune Bjerke and Harald Tyrdal left the Board in 2003 after having been members since 2000. Mette K. Johnsen and John Giverholt were elected as new members. CVs are available at www.storebrand.no/ir.

Erik G. Braathen, Jens P. Heyerdahl d.y., Per Øvrebø and Odd Vigmostad left the Board of Representatives in 2003. Two members elected by shareholders, Eli Sætersmoen and Arvid Grundekjøn, and five deputy members elected by shareholders, Marius Steen, Merete Egelund Valderhaug, Rune Selmar, Roar Engeland and Vibeke Hammer Madsen, joined the Board of Representatives in 2003. Trond Berg-Andreassen, who was previously a deputy representative for the members elected by shareholders was elected as a full member of the Board of Representatives. There were no changes to the membership of the Control Committee in 2003.

The Board of Directors wishes to thank the retiring members of the Board of Directors and the Board of Representatives for the valuable contribution they have made to the company.

FUTURE PROSPECTS

Over the last few years Storebrand has made significant changes to its activities in response to the fluctuating conditions seen in equity and fixed-income markets. As a result the group now has a lower risk exposure and has maintained satisfactory solidity, liquidity and capital adequacy.

A comprehensive and active approach to risk management and the implementation of improvement measures in all business areas have, in combination with improving conditions in financial markets, resulted in improved earnings in 2003.

Storebrand will continue to pay close attention to risk management and the implementation of measures to improve profitability, and the group is well prepared to cope with any return of more difficult conditions in financial markets in the future.

Storebrand's core markets are long-term savings and life insurance. This sector of the financial market is expected to show considerable growth in the future as a result of demographic trends and greater interest in and awareness of pensions and other personal finance issues. The report published by the Norwegian Pensions Commission has served to increase interest in the pensions debate.

The Commission's report demonstrates that the current level of savings in its broadest sense, i.e. through the National Insurance system, employers' pension schemes and personal savings, is not sufficient to provide the standard of living the population expects to enjoy in retirement. The Commission's focus on employers' pensions will benefit the life insurance industry, and we expect to see further growth in the group pension market. In parallel with the shortfall in savings, the overall level of life insurance currently in force is not sufficient to meet the needs of individuals and their dependants in the event of illness, disability or death. Nationwide surveys carried out by Storebrand have confirmed that growth can be expected in long-term savings and life insurance.

Storebrand will continue to improve the company's strong position in the market for long-term savings and life insurance, with the ambition to be the leading and most respected institution in Norway in this market.

APPLICATION OF STOREBRAND ASA'S RESULT FOR THE YEAR

Storebrand ASA recorded a profit for the year of NOK 378.3 million. The dividend policy approved by the Board states that the company will endeavour to ensure stable growth in dividend per share over time. Moreover, the dividend policy shall give shareholders a competitive return and contribute towards optimising the company's capital structure. The company has also stated that dividend to shareholders will normally be in the order of 15–30% of profit after tax. The Board proposes that the profit for the year be applied as follows:

Amounts in NOK million:	
To other equity	155.8
Provision for dividend	222.5

Distributable reserves amounted to NOK 4,894 million at 31 December 2003.

Oslo, 17 February 2004
Translation – not to be signed

Leiv L. Nergaard
Chairman

Halvor Stenstadvold	Grace Reksten Skaugen	Mette K. Johnsen
Knut G. Heje	John Giverholt	Rune Eikeland
Arild Thoresen	Nina E. Smeby	Idar Kreutzer *Chief Executive Officer*

financial security: when it's time to retire

Group pension schemes are becoming an ever more important factor in employment. New opportunities have opened up now that companies can choose between defined benefit and defined contribution schemes. At the same time the debate over the future of the national insurance system has put the spotlight on group pension schemes as a way to ensure a more comfortable retirement for employees.

Highlights – Financial performance and Business Development

After two years of weak results Storebrand reported a marked improvement in earnings in 2003. The main factors behind this improvement were the positive development seen in financial markets and profit enhancing measures implemented. Below follows a brief description highlighting the group's financial performance and business development.

SUCCESS FACTORS AND FINANCIAL PERFORMANCE

The group reported a strong improvement in its performance in 2003, both in terms of financial earnings and underlying operations. At the close of 2003 Storebrand is a financially sound group, well positioned in the attractive market for long-term savings and life insurance and with a banking operation focused on the retail market and selected segments of the corporate market.

The table at the bottom provides a summary of some important factors for Storebrand to succeed in achieving satisfactory growth and profitability. Storebrand is working systematically to ensure the satisfactory development of these success factors. The following paragraphs provide a description of major measures implemented in 2003.

Stable return, active risk management, protect and grow risk capital. Strong and stable financial return is important for the life insurance company's profitability and competitive position. Storebrand Life Insurance started 2003 with a significantly changed asset profile. This ensured that the company could protect a significant proportion of its risk capital while at the same time locking in around 40% of its investment portfolio at relatively high interest rates. Over the course of 2003 risk capital grew by NOK 4.2 billion to NOK 8.9 billion, and the investment return generated for the year was sufficient to provide a sound profit for both policyholders and the owner.

Increased business volumes in the corporate market. Storebrand launched defined contribution pension products in 2001. By the start of 2004 almost 20,000 employees were members of defined contribution pension schemes run by Storebrand. In 2003 a handful of major industrial groups decided to convert their pension arrangements from defined benefit to defined contribution schemes, and this trend is expected to continue. In parallel with these developments, Storebrand's performance in the market for transfers of traditional defined benefit pension schemes has improved. A positive net inflow of premium reserves in 2003 of NOK 1.6 billion demonstrates that Storebrand is improving its position in the traditional pension market as well as for new pension products.

Retail Distribution improves sales efficiency. The Retail Distribution unit worked to improve sales efficiency in 2003 by fine-tuning the organisation and its expertise, finding more efficient work processes, and introducing and monitoring clear objectives. Sales results improved in 2003, and the year saw an all-time high for sales of life insurance savings products to the retail market.

Cost saving measures implemented. Measures to reduce the cost base and improve cost efficiency continued throughout 2003. Storebrand Bank has realised synergies as a result of the merger, with a 15% reduction in total cost base compared to 2002. The measures implemented by the bank will generate further savings in 2004. The holding company and Storebrand Investments also reduced costs in 2003.

Improved quality in loan book. Storebrand Bank has focused on protecting the value of its lending portfolio and building down its weaker lending exposure, achieving a reduction in corporate loans outstanding. Total volume of non-performing and loss-exposed loans was reduced by NOK 645 million in 2003.

The group has also worked actively to reduce exposure and increase profitability for non-core activities. Storebrand Skadeforsikring paid an extraordinary dividend of NOK 250 million,

Success factor	Indicators/value drivers
Strong and stable investment return	Investment return and growth in risk capital
Stronger position in the growing savings market	Net transfers of customers and sales of savings products
Take advantage of the shortfall in life insurance cover	Development in premium income
Improved efficiency	Costs development
Improved profitability and quality of bank's balance sheet	Volume of non-performing loans and (risk adjusted) net interest income

reducing the group's exposure to non-life insurance further. The group sold a number of non-core investments in 2003, including Euroben, Finansbanken Formuesforvaltning, parts of Adviso and some smaller real estate investments.

If has carried out an extensive two-year turnaround operation aimed at improving profitability. The company's financial condition at the close of 2003 confirms the success of this operation, and If reported a sound underwriting result for 2003 with a combined ratio of 100.9%. Storebrand entered into an agreement in February 2004 for the sale of its shareholding in If.

The following table provides key figures underlining the progress the group made in 2003:

Profitability and shareholder value	2003	2002	Change
Group profit (NOK bn)	0.9	-1.7	+2.6
Embedded value – Life (NOK bn)	8.4	7.4	+0.9
Return to shareholders (%)	67	-50	+117
Business volumes			
Premiums and net transfers – Life (NOK bn)	11.6	8.6	+3.0
Total assets under management (NOK bn)	159	140	+19
Total assets banking (NOK bn)	25.5	28.5	-3.0
Efficiency			
Operating costs excluding Life (NOK bn)	1.1	1.3	-0.2
Life insurance company cost ratio (%)*)	0.96	0.92	+0.04
Number of employees	1 263	1 361	-98
Solidity			
Risk capital – Life (NOK bn)	8.9	4.7	+4.2
Net debt/equity ratio – Holding company (%)	15	15	0
Consolidated capital ratio – Group (%)	14.9	16.0	-1.1

*) Cost increase in 2003 mainly caused by increased sales and management costs due to strong sales and good relative return.

OPPORTUNITIES GOING FORWARD

Storebrand concentrates its activities on the market for long-term savings and life insurance. Long-term saving is to a large extent linked to pension savings, and this market is seeing substantial changes and strong growth. Interest in group pension schemes is growing as a result of public focus on pension savings and the fact that 57% of private sector employees do not have group pension schemes today. Traditionally these have been defined benefit schemes, but since the introduction of defined contribution schemes in 2001, many small and medium sized businesses have chosen this product. Several larger companies have also chosen defined contribution pension schemes in 2003. Storebrand expects defined contribution and defined benefit schemes to co-exist for many years going forward. In the public sector the opening up of the market for municipal pension schemes will provide considerable growth opportunities for Storebrand. Storebrand also expects personal savings to increase in the years to come as a result of demographic changes and the need for pension savings to supplement the state pension scheme. Storebrand offers a broad range of life insurance, mutual funds, bank and structured savings products.

Storebrand also aims to grow the risk area of its life insurance business. Personal risk insurance products provide various forms of cover for illness, disability or death. The Norwegian market currently buys relatively little personal risk insurance, but the 60% increase in premiums for Storebrand's health insurance products in 2003 demonstrate that this type of cover is becoming increasingly popular.

In order to offer retail customers a satisfactory overall range of financial products and services, Storebrand Bank provides standardised banking products such as accounts, residential mortgages and card products. The bank's objective is to build a stronger market position, limiting its corporate market exposure to selected segments.

IMPROVING PROFITABILITY

The earnings reported by Storebrand for 2003 show that the group has taken a major step towards satisfactory profitability. However if the group is to generate acceptable sustained profitability, it is essential that satisfactory progress is seen for the success factors described above. The areas in the group that reported modest profitability in 2003 are all dependent on the group taking advantage of the growth expected in long-term savings over the coming years: Storebrand Investments and Storebrand Fondsforsikring will benefit from growth in assets under management, while Storebrand Bank will benefit from higher commission income from growth in sales of savings and life insurance products.

Additionally it will be important for Storebrand Bank that the work on protecting the value of its lending portfolio and building down the weaker aspects of the portfolio continues. The group's other business areas generated satisfactory profitability in 2003. In the future Storebrand will concentrate on maintaining profit margins and continuing growth in sales of traditional life insurance products.

Financial Risk Management

Storebrand assumes risk in the ordinary course of its business activities. Good risk management and the control of risk exposure are essential to the group's profitability and to ensuring that the group has the financial strength to withstand adverse developments and limit the losses these may cause. Risk management is integrated throughout Storebrand's activities and organisation and is recognised as a core competency.

Risk management for life insurance. Risk exposure in respect of the group's life insurance activities is concerned with the balance between investing policyholders' assets until they are paid as benefits and the contractual commitments that Storebrand has to its policyholders. As an example, all savings-related life insurance policies are guaranteed a minimum annual return, currently 3.8% on average. This places particular demands on how the life insurance company allocates its investments between asset classes such as shares, bonds and real estate. Life insurance policies are long-term commitments, and there are risks associated with the assumptions made about life expectancy and disability. There is therefore a risk that the premiums paid by customers and the investment returns achieved may not be sufficient to meet future payments.

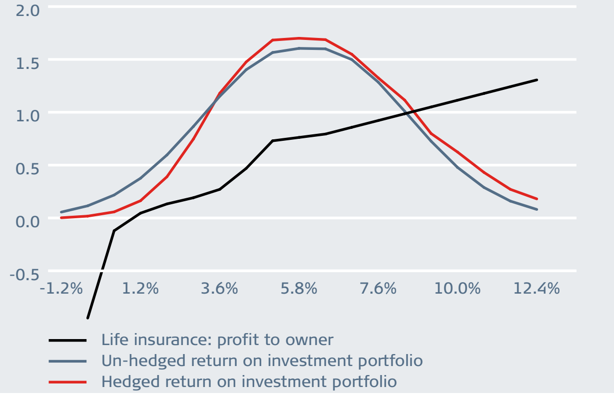
The aim of risk management is to achieve the highest possible return for customers and the owner in the long term at an acceptable risk level. The risk exposure of the investment portfolio is continuously monitored with the help of a range of statistical tools and tests. For instance, "Conditional Value at Risk" is used as a method for calculating the potential for loss in the investment portfolio on a one-year horizon, for a given proability. The method also takes into account the size of the worst-case losses. The risk of loss is evaluated in the light of the guaranteed annual return.

The company's risk capital is the total of the market value adjustment reserve, statutory additional reserves, core capital in excess of the regulatory minimum and accrued earnings. Risk exposure is monitored by using stress tests that estimate the possible loss in the event of extreme market movements. Storebrand ensures that it meets all the regulatory requirements, such as capital ratio and solvency capital ratio, by a comfortable margin. The Board of Directors approves limits for these ratios and other measures of risk. The life insurance company monitors its risk exposure and reports on this to management on a daily basis.

Financial markets can fluctuate widely in the space of a short time and so affect the company's risk exposure. Storebrand continually manages its risk exposure to keep it within predetermined limits approved by the Board of Directors. Risk exposure is managed in several ways: Firstly, considerable importance is attached to building a sufficient level of buffer capital in order to absorb any losses. Secondly, risk exposure is diversified as much as possible. This is achieved by investing in a number of different areas that are not expected to cause losses simultaneously. Thirdly, securities with different risk levels are bought and sold. Finally, financial contracts such as options are used. The combination of all these tools allows a good control of risk exposure to be maintained.

The chart below illustrates the relationship between booked investment return, profit allocated to the owner and the effect of hedging programmes in respect of the composition of the investment portfolio in 2004. The blue bell curve in the chart shows the distribution of possible investment return. The peak of the curve shows the most likely outcome, equivalent to an expected return of around 6% for 2004. The curve also shows that with the current investment portfolio the annual return will typically fluctuate between 3% and 9%. The red bell curve shows the same distribution including the effect of hedging. This shows that hedging reduces the probability of the annual return falling below 3%.

INVESTMENT RETURN AND EARNINGS (NOK bn.)



The black line shows profit allocated to the owner on the vertical axis for various levels of return on the horizontal access. The allocation of profit to the owner is subject to a 35% maximum. Because of this limitation the curve rises steeply for investment returns between the minimum guaranteed return of 3.8% and a return of just over 5%. At higher returns Storebrand will limit the proportion of profit allocated to the owner in accordance with the profit allocation model communicated to the market. If the investment return is lower than the guaranteed annual return the difference is met from risk capital. The average guaranteed annual return of 3.8% will fall in the years to come.

Risk management and control for asset management. Storebrand takes an active approach to the management of a large portion of its assets. This means that its fund managers are allowed a degree of freedom in managing investments with the objective of producing a better return than the general market. Changes have been made to the organisational structure of the group's asset management activities in order to improve active risk management. A number of specialist teams have been created, each of which works solely with active asset management in defined areas such as European corporate bonds, Norwegian short-term debt instruments and bonds, socially responsible investments, Norwegian shares and tactical asset allocation. Each specialist team is subject to limits in the form of a risk budget, and the risk exposure and investment profile of each team is continuously monitored. In addition the co-variance of the teams' exposure is monitored relative to limits on maximum total risk exposure. A separate team is responsible for managing market risk, including duties such as currency hedging, program trading, hedging transactions and liquidity transactions. The new structure permits more efficient use of resources and greater control over the active risk in the group's investment portfolio.

Credit risk in banking. Storebrand places great importance on maintaining close relationships with its corporate banking customers and monitoring credit risk closely. Storebrand Bank has policies in place for routine reviews of its credit exposure. A significant proportion of the bank's total lending to corporate customers is linked to real estate in Oslo and the surrounding area. Storebrand follows economic conditions and the real estate market in this region very closely.

Lending to corporate customers over a certain limit requires the approval of a credit committee chaired by the bank's managing director or by the Board of Directors. Credit risk is monitored through the bank's risk classification system, which ranks individual customers by ability to pay, financial condition and collateral. The risk classification system estimates the likelihood of a borrower becoming insolvent (ability to pay/financial condition) and the likely percentage loss in the event of insolvency (collateral). Multiplying these two probabilities with the total exposure produces an estimate of expected future loss. All loans on the bank's watch list are reviewed quarterly in respect both of the condition of the borrower and collateral, and of the steps to be taken. Most of the exposures that are in default or loss-exposed are among the older exposures in the portfolio. Over the last two years the bank has significantly upgraded its lending policies and credit approval procedures.

Separate credit approval processes are used for lending to retail customers. Retail lending is assessed on the basis of credit scoring, combined with individual evaluation of the borrower's ability to repay. The majority of lending is to retail customers, secured by mortgages with loan to value ratios not exceeding 80%.

The Basle Committee has proposed changes to the regulations for calculating minimum capital requirements for banks from 2007. Storebrand has initiated a project to evaluate what changes this will require. The proposed new regulations will involve changes to Storebrand's internal systems for calculating and monitoring credit risk and operational risk.

Liquidity risk. Storebrand Bank maintains sufficient liquidity to support balance sheet growth and to repay funding and deposits as they mature. The bank manages its liquidity position on the basis of a 90-day liquidity gap that shows the mismatch between expected inward and outward cash flows at the balance sheet date. Storebrand has established good liquidity buffers in Storebrand Bank and other group copmanies, and continuously monitors these liquidity reserves against internal limits. In addition, committed lines of credit have been arranged from other banks that can be used if necessary. Storebrand maintains relationships with a number of international banks, ensuring access to the international capital market and providing greater diversity in the group's funding.

Corporate Social Responsibility

Storebrand's commitment to corporate social responsibility (CSR) represents a long-term strategy that is firmly anchored in the company's corporate vision and values. Recognising our corporate social responsibility means that we strive to base the strategy and management of our activities on a combination of financial, social and environmental factors.

Storebrand publishes a CSR Action Plan every second year. This describes the group's strategy and its main areas of focus. The group's work on CSR is closely monitored, and the process of continuous improvement set out in the 2003–2004 action plan plays a central role in Storebrand's management processes. (The CSR Action Plan is available at www.storebrand.no/ir).

The CSR Action Plan and the program of work it sets out support the company's vision of being the leading and most respected institution in the Norwegian market for long-term savings and life insurance. Working on the CSR Action Plan helps to give employees and management a broader perspective and encourages greater commitment and motivation as well as building skills. Storebrand's commitment to CSR helps to give the Storebrand brand a distinct message, and addresses issues of importance to our customers. Surveys carried out among both customers and employees show that Storebrand's focus on CSR is recognised as meaningful and important. An employee satisfaction survey carried out in autumn 2003 found that 96% of employees consider it valuable that Storebrand seeks to play a leading role in CSR. External surveys carried out at the same time showed that 80% of respondents think it important for companies to demonstrate a commitment to CSR.

Storebrands work on CSR started with a commitment to the environment. The first environmental report was published in 1995, and gradually the perspective was broadened to also include social and economic factors.

Storebrand's commitment to CSR involves a range of measures right across the group's activities. One example is that Storebrand was the first financial institution in Norway to commit itself to the "More inclusive working life" scheme promoted by the Norwegian National Insurance Administration. As part of this Storebrand Life Insurance has committed itself to providing the best possible customer service.

However the most extensive aspect of Storebrand's commitment to CSR is its involvement in socially responsible investment (SRI). Storebrand Life Insurance was the first life insurance company in Norway to introduce SRI criteria for the management of its policyholders' assets. All the life insurance company's equity portfolios are now subject to SRI criteria, representing 56.4% of all the equity portfolios managed by Storebrand at year-end.

The German research institute Oekom Research has published a report on the quality of CSR practices at European insurance companies. Storebrand is recognised as one of the leading companies in Europe in terms of the proportion of total investment that is subject to SRI criteria.

Storebrand has made significant contributions to charitable work over the past decade, and currently collaborates with the Norwegian Red Cross and the MOT Foundation. The collaboration agreements with these charities both provide financial assistance and establish a platform for internal and external measures to promote their work.

Participation in international organisations that promote sustainable development helps to bring new expertise to Storebrand's work on CSR. Storebrand's nternational involvement is principally through the United Nations' environmental organisation UNEP and the World Business Council for Sustainable Development. In addition Storebrand has signed up to the Global Compact's nine principles for sustainable development, and is a member of Transparency International Norway.

The environmental measures implemented by Storebrand for its own activities principally relate to the management of its real estate holdings, and the standards applied to suppliers. Measures include both ensuring environmentally friendly procedures and implementing suitable technical solutions.

In order to create a good working environment and cater for the needs of its employees, Storebrand has established policies on training, older employees and equality. The Norwegian organisation 'Equality, Management and Diversity' recognised Storebrand as one of the top three companies in Norway for equality issues in 2003, commenting that:

"Storebrand is recognised in particular for its strong commitment to improving the representation of female staff in management roles and for its documented strategy on diversity."

The prize for the best sustainability reporting in 2003. Storebrand's CSR Action Plan 2003–2004 was awarded a prize in 2003 for the best reporting on sustainability issues. The jury awarding the prize commented that:

"The report is very thorough and describes the main aspects of the company's activities, namely life insurance and asset management. Many international financial institutions have established specialised ethical funds, but Storebrand instead applies elements of these criteria to all its investment activities. The detailed reporting on socially responsible investment did not preclude providing information on other activities such as real estate and office management. Storebrand reports on its progress with a comprehensive range of measures in the environmental area. The Storebrand report stands out as a model of its kind when compared with the quality of CSR reporting by other companies in the financial sector."

Progress on the CSR Action Plan is assessed every six months, and the following tables present the results of the assessment carried out at year-end 2003. The information summarised in the table shows that progress is being made, although further improvement is needed in some areas. Measures will be put in place for areas that do not yet show satisfactory progress. It should be noted that the figures for absence due to illness are not entirely comparable due to a change in record-keeping methods that has caused an increase in reported absence.

We measure our performance on:		Status 2002	Status 2003
1. BUILDING FINANCIAL WORTH			
Shareholders	Return on capital employed	-9.8%	8.8%
	Overall return for shareholders	-50.0%	+67.0%
	Inclusion in the Dow Jones Sustainability Index and FTSE4Good	Included	Included
Customers	Internet banking availability	99.4%	99.7%
	Customer satisfaction retail market (Score from 1–100)	59	New survey 2004
Employees	Satisfaction with career development opportunities	79.0%	79.7%
	Rating of graduate trainee program	No. 2	No. 3
	Percentage of management positions held by female staff	36.0%	37.0%
2. SOCIAL RESPONSIBILITY			
Employees and their families	Absence due to illness (record-keeping changed in 2003)	3.6%	4.6%
	Satisfaction with Storebrand as an employer	94.0%	95.3%
	Employees understanding Storebrand's ethical guidelines	91.0%	94.5%
Customers	Financial return on SRI funds	-32.1%	11.8%
		MSCI-Index: -32.0%	MSCI-index: 10.7%
	Customer funds under management with SRI	40.0%	56.4%
	Environmental gains and social benefit of SRI	Positive	Positive
	Customer satisfaction with co-ordinated consultation and advice service (Scale 1–5)	4.7	No new survey
Society	Financial support for charitable organisations etc.	NOK 3.8 million	NOK 3.8 million
	Employee satisfaction with choice of charity partners	New target	79.1%
3. ENVIRONMENTAL ISSUES			
Keeping our own house in order	Head office energy consumption per m^2	266 kwh/m^2	304 kwh/m^2
	Living Forest certification	In place	In place
Suppliers	Environmental standards for suppliers	New target	In place
	Attitude of suppliers to Storebrand and its environmental requirements	New target	Survey in 2004
Premises management	Customer satisfaction with environmental aspects of Storebrand Eiendom's premises management (Scale 1–7)	4.6	5.0
	Quantity of waste sorted by type	New target	Implemented

financial security: if the unexpected happens

Most people insure the things they own, but underestimate the need to insure themselves and their family. Many people have little real understanding of the financial reality they would face in the event of serious illness, disability or chronic medical problems. Increasing awareness of these issues will create greater demand for insurance products that protect people's future financial security.

Increasing the Pension age – a Shared Responsibility

"Work and the income it generates form the foundation for our prosperity", writes the Norwegian Pension Commission. It is therefore essential to consider changes that make it financially attractive to work to a greater age. However it is not enough just to make staying in work attractive in financial terms, employers must also ensure that people have the opportunity to stay in work and that this is attractive.

The central conclusion of the Pension Commission's report is that we must stay in employment to a greater age than is currently the case. The average actual retirement age, including people who take disability pensions, is now 58. It is very much the exception for anyone to still be in work by the official retirement age of 67. Given that the population is also living significantly longer, it should come as no surprise that the cost of providing pensions is growing rapidly.

People are working for fewer years not only because of the lower retirement age, but also because they stay in higher education longer and start their working life later. These changes in working life, combined with increasing life expectancy and other demographic trends, mean that a shrinking working population has to support a growing retired population. When the Norwegian state pension was first introduced in 1967 there were 3.9 people in work for every old-age pensioner or disability pensioner. The ratio has now fallen to 2.6, and forecasts suggest a further reduction to 1.6 people in work for every pensioner by 2050.

The most efficient way of making the pension system more sustainable is for everyone to stay in work longer. This will increase the number of people in work despite the trend of an ageing population, increase contributions to the national insurance system, and give individuals a better opportunity to make their own savings for retirement over a longer period of paid employment.

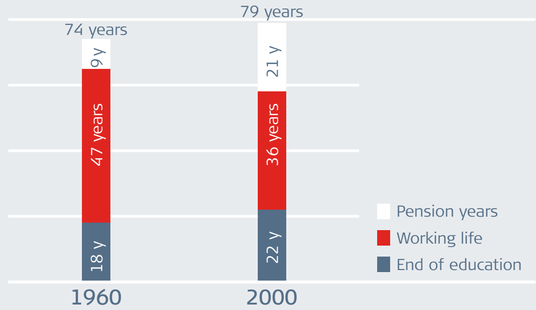
It is clearly not possible for everyone to retire early and still expect a good pension income – unless the working population is prepared to save significantly more than is currently the case.

What can employers do? Employment forms the basis for society's prosperity. The fact that one in five of the working population does not work because of illness, disability or related reasons is a major problem for society. It is also a cost problem for companies, and not least a problem for the people who are excluded from working life.

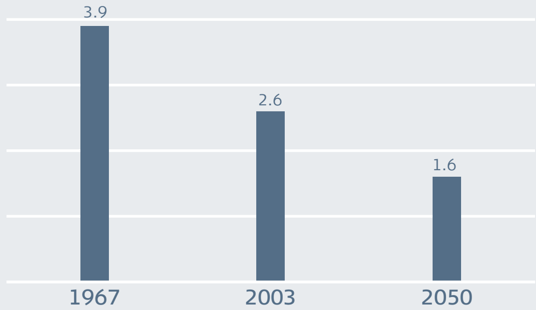
Three factors determine whether we can actually work to a greater age: We must retain our ability to work, we must want to work and, not least, we must have access to employment.

Ability to work. If people are to stay healthy, it is important that their work does not cause health problems. Storebrand, as a provider of life insurance and savings products, seeks to collaborate with its corporate customers in this area. Working together with the Norwegian National Insurance Administration, Storebrand offers a concept to encourage more of its 5,000 corporate customers to sign up for the "More inclusive working life" scheme. Through its partnership with the National

THE AVERAGE WORKING LIFE HAS SHORTENED APPRECIABLY SINCE STATE PENSIONS WERE INTRODUCED.



FALLING RATIO OF WORKING POPULTION TO PENSIONERS



Insurance Administration, Storebrand provides training and expertise to help its customers achieve this.

Storebrand also operates the co-ordinated consultation and advice service (CCA). CCA was first launched in 1997 in collaboration with the Omnia hospital, and provides a service to employees on sick leave with muscular or skeletal problems or undiagnosed complaints. One of the current problems with the public health service is that it takes too long to complete investigations and identify conditions so that treatment can commence. The CCA scheme arranges the necessary investigations in a much shorter time.

Storebrand's overall objective for its collaboration with the National Insurance Administration and Omnia is to contribute to reducing sick leave and the incidence of disability among the employees of its corporate customers.

Ability to work however is not just about personal health. It is also important to ensure that people retain their expertise and continue to learn new skills – regardless of age.

"EMPLOYERS MUST MAKE IT BOTH POSSIBLE AND ATTRACTIVE FOR EMPLOYEES TO RETIRE LATER."

Willingness to work. The Pension Commission wants to see greater financial incentives for people to retire later. However whether or not people want to work longer depends on factors other than just money. Research carried out by the Fafo Institute of Applied Social Science shows that the single most important reason for people choosing to stay in work until they are 67 is the social relationships they enjoy at work. Key factors to maintaining motivation are that people get on well with their colleagues, have an interesting job and feel appreciated by their employer. The same research showed that a quarter of people taking early retirement chose to leave because they did not find their work enjoyable or worthwhile.

Employers need to see their older employees as valuable members of the team, and this must be a real appreciation rather than just paying lip service to the idea. This will involve ensuring that people's jobs make it attractive to stay on. Employees who are happy in their work take less sick leave, and less sick leave helps to reduce the incidence of longer-term health problems. A combination of attractive employment and financial incentives to stay in employment longer will help to increase the average pension age.

A further approach to encouraging people to want to work longer is to offer greater flexibility to combine part-time work and retirement. The Pension Commission included this in its proposals on pension reform, and employers need to work towards making this a real alternative in the future.

Access to employment. There is little point in being able and willing to work if employers are unwilling to employ older workers. The Fafo research found that one in three people who had retired early would have liked to work for a few years more if this alternative had been available. However it seems that when companies reorganise and shed staff it has become more socially acceptable to rely on early retirement rather than compulsory redundancies.

Access to employment is a particularly important question for people with impaired abilities. An important sub-target for the "More inclusive working life" program is to help ensure that more people with impaired ability are able to find employment. There are currently some 300,000 people with impaired ability in Norway, and making use of the skills offered by those interested in employment is a major challenge. It is also important that employers help ensure access to work for those that can contribute – even if only at a reduced level.

Shared respnsibility. In conclusion it is clear that if we are to encourage more people to stay in work longer as the Pension Commission recommends, we need to do more than simply create financial incentives. Employers must also play their part by creating a working environment that makes it both possible and attractive for people to stay in their jobs longer. And as employees we must come to accept that retirement age will no longer be inversely linked to life expectancy.

Life Insurance

Building on a strong position

2003 was a successful year for Storebrand's life insurance business. At the same time as strengthening its position through higher sales of traditional pension and life insurance products, the company also continued to expand in new product areas such as defined contribution pensions, public sector pension schemes and health insurance. The Norwegian pensions market is changing rapidly, and the imminent reform of the state pension system will create new market opportunities and challenges. Storebrand Life Insurance intends to build on its already strong position through increased focus on customer information, financial advice and attractive products.

PRODUCTS

LONG-TERM LIFE INSURANCE SAVINGS – THE MOST COMMON PRODUCTS	
Employer's defined benefit pension	Agreed retirement pension linked to final salary. Guaranteed annual return.
Employer's defined contribution pension	Agreed annual savings contribution to a retirement pension. Investment in mutual funds.
Individual pension agreement (IPA)	Savings contributions to a retirement pension with either a guaranteed annual return or investment in mutual funds.
Annuity	Long-term savings with a guaranteed return or investment in mutual funds (produces a regular income).
Endowment policy	Flexible long-term savings with a guaranteed return or investment in mutual funds (produces a single payment at maturity).

LIFE-INSURANCE – THE MOST USUAL FORMS OF COVER	
Disability [1]	Annual pension or one-off payment.
Death [1]	Annual pension or one-off payment to widow/widower/partner and/or children.
Illness [1]	One-off payment in the event of serious illness.
Medical treatment [1]	Guarantee of medical treatment within 28 days and payment of cost of treatment.
Child insurance	Payment in respect of events such as disability, invalidity, serious illness, hospitalisation or death.

[1] Offered both as group policies and individual policies

Long traditions. Storebrand can trace the origins of its life insurance activities back to 1861. Almost 5,000 companies with over 230,000 employees rely on Storebrand for their group pension schemes. In addition almost 130,000 Norwegians have private pension policies with Storebrand. Around 190,000 pensioners who arranged private policies or are members of company pension schemes currently receive pensions from Storebrand.

STRATEGY

Respected and customer focused. Storebrand Life Insurance's core areas are pensions and life insurance. The company's objective is to be recognised by its customers as the most respected and customer focused life insurance provider in Norway.

In order to achieve this objective, Storebrand will continue to work systematically to improve the quality of its customer service and further develop the expertise of its staff as financial advisers. In addition Storebrand will ensure that it always offers its customers attractive products for long-term savings and life insurance.

Norwegian pension system in the melting pot. The Norwegian Pensions Commission published its recommendations for the reform of the pension system on 13 January 2004. The debate on how a sustainable pension system should be structured is expected to continue throughout 2004. A central issue is the question of pensions for the almost 900,000 private sector employees who are currently not members of a group pension scheme.

The focus on individuals' savings – whether through personal savings products or membership of a group pension scheme – creates both opportunities and challenges for pension providers. Storebrand expects that greater public awareness of the need to build savings will lead to significant growth in pension savings in the private sector. This will place particular demands on Storebrand's product development and the expansion of its financial advisory services in a growing market.

Storebrand expects the current debate on the pension system and the question of whether to make it compulsory for employers to provide pensions will make the pension issue a more important part of collective wage bargaining. There is also a clear trend in the group pensions market for an increasing number of trade bodies and associations to negotiate standardised pension schemes with insurance providers for the benefit of their member firms. At the start of 2004 Storebrand Life Insurance managed pensions for 2,200 private sector companies with 111,000 employees through such trade association arrangements.

Strong growth in defined contribution pensions. 2003 saw a definite change in the market for defined contribution pensions. For the first two years after defined contribution pensions schemes were granted the same tax advantages as defined benefit schemes in 2001, interest in the new schemes was mainly limited to small companies with no existing pension arrangements. However in 2003 a number of larger companies elected to convert their existing defined benefit pension schemes to defined contribution schemes. Storebrand expects defined contribution pensions to account for a significant part of future growth in the pension market.

Strengthened distribution to the retail market. The debate on the future of pensions in Norway is making people more aware not only of the need to save for their retirement but also of the benefits of life insurance and health insurance. The overall level of life insurance and health insurance cover in Norway is still low, and Storebrand will continue its targeted development in these areas.

The major part of Storebrand's sales to the retail market take place through the company's own financial advisers. However sales through external distribution channels and direct sales to employees of companies that use Storebrand for their group pension schemes are on the increase. These channels will play an increasingly important role in product distribution alongside Storebrand's own financial advisers, customer centres and direct sales channels.

MARKETS

Best-ever sales of life insurance savings products. 2003 was the best year ever for Storebrand's sales of life insurance savings products to the retail market (individual endowment policies). Premiums received on existing and new insurance policies totalled approximately NOK 3 billion. Both direct sales and sales through external channels contributed to this strong growth. The low level of interest rates was the main reason for increased interest in life insurance savings products. In addition Storebrand's targeted commitment to this market meant that it was well positioned to cope with increased demand for savings-related products when interest rates started to fall. Storebrand expects sales of savings products to the retail market to remain strong while interest rates remain at their current low levels.

Sales of risk insurance products with no savings element were somewhat weaker than expected as a result of the strong emphasis on savings-related products in the second half of the year. Sales of unit linked products were also weaker than expected. This was to some extent expected in the wake of the falls seen in stock markets in 2001 and 2002. Sales of unit linked products should recover in 2004, helped both by the launch of Storebrand's new product Fondskonto Link and by sustained improvement in stock markets.

Storebrand Helseforsikring again reported increased sales of health insurance products in 2003. Following an increase in premium income of 64% in 2002, the company reported a further 63% increase in 2003. Storebrand expects strong sales of health insurance products to continue in 2004.

Very strong sales to the corporate market. Defined contribution pension schemes represent an increasing proportion of sales to the corporate market, and more than doubled relative to 2002. The increasing trend for companies to switch from defined benefit to defined contribution schemes, together with the further growth expected in sales of pension schemes to companies that currently have no pension arrangements, point to good prospects for 2004.

Municipalities on the sidelines. 2003 was an election year for Norwegian municipalities, but despite the extensive changes in political representation that took place a total of 26 municipalities made the decision to review their contracts with KLP. In autumn 2003, following two further debates in parliament and a report by the Banking Act Commission, the Norwegian government finally proposed changes to the Insurance Activities Act aimed at creating greater and fairer competition for the management of municipal pension schemes. The legislation was passed in December 2003 and comes into force with effect from 2004. This legislation does not include changes to the public sector transfer agreement. This means that in practice insurance companies are still at a disadvantage when competing for the pension business of independent state entities and health authorities. The necessary changes to the transfer agreement are expected during the first half of 2004.

Many municipalities have deferred a decision on changing their pension provider in view of the anticipated conversion of KLP into a joint stock company. However six municipalities decided to transfer their pension schemes away from KLP with effect from 2004. Two of these, Nøtterøy and Ørskog, elected to transfer to Storebrand, which now has 26 municipalities as customers. In addition 20 independent state entities decided to transfer their pension schemes to Storebrand. These transfers represent a total of NOK 425 million of premium reserves.

RESULTS

Operating profit. Storebrand Life Insurance reported an operating profit for the year of NOK 2,653 million, as compared to a loss of NOK 1,253 million in 2002. The profit allocated to policyholders was NOK 1,839 million (including NOK 470 million allocated to and NOK 21 million drawn from additional statutory reserves) and the profit to the owner was NOK 835 million. Profit to the owner includes NOK 98 million from products not subject to profit sharing with policyholders. The allocation of profit to policyholders also means that pensions currently in payment and fully paid-up pension policies will be regulated.

Storebrand Life Insurance completed its three-year program to strengthen disability reserves with a final allocation of NOK 999 million in 2003. Over the course of the program disability reserves have been strengthened by NOK 1.8 billion in total.

Premium income and transfers. Storebrand Life Insurance's total premium income for 2003 (excluding policy transfers), was NOK 9,527 million, representing an increase of 35% from 2002. Premium income from retail market life insurance savings products totalled NOK 3,520 million in 2003, an increase of 208% from 2002. Group life insurance business produced a 22% increase in premium income in 2003, while premium income for group pension business was little changed from 2002.

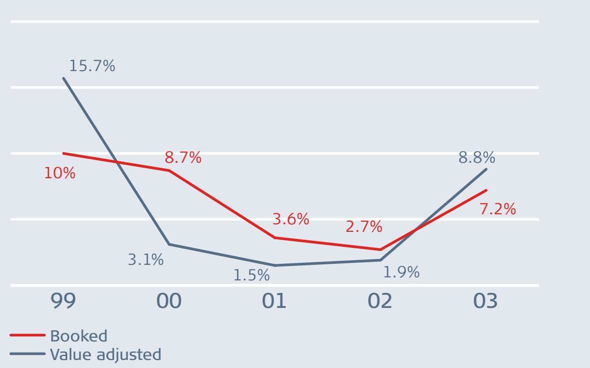
The inflow of premium reserves to Storebrand from transfers of group pension business between companies was very satisfactory in 2003. Storebrand Life Insurance recorded its highest ever gross inflow of group pension premium reserves at NOK 3,173 million for the year. The net inflow for group pension business was NOK 1,622 million. Life insurance business as a whole produced a net inflow of NOK 1,493 million in 2003.

Use of additional statutory reserves/allocation of profit. Additional statutory reserves are conditionally allocated policyholders' funds that act as buffer capital to absorb fluctuations in the investment portfolio. These reserves were strengthened by NOK 470 million in 2003 to stand at NOK 3,393 million at the start of 2004.

Investment return, solidity and risk capital. Storebrand Life Insurance produced a satisfactory investment return in 2003. The booked investment return for 2003 was 7.2%, representing a marked improvement from the return of 2.7% reported for 2002. The value-adjusted return on current asset investments was 8.8% as compared to 1.9% in 2002. The value-adjusted return including bonds held to maturity was 11.2% in 2003 as compared to 2.6% in 2002. At the close of 2003 unrealised gains on current asset investments totalled NOK 1,690 million, while unrealised gains on hold to maturity bonds totalled NOK 3,394 million. The overall increase in the market value adjustment reserve in 2003 was NOK 1,690 million.

The life insurance company's risk bearing capacity was satisfactory at the close of 2003. The solvency margin was 159% and the company's capital ratio was 15.7%.

INVESTMENT RETURN (PRE-TAX) 1999–2003



Risk result. The risk result for 2003 was NOK 198 million as compared to NOK 194 million in 2002. The overall increase of NOK 4 million reflects increases of NOK 62 million for group pensions and NOK 10 million for non-life insurance and falls of NOK 38 million for individual endowment policies and NOK 30 million for individual pension policies. The risk result for group life insurance business was unchanged from 2002.

Costs. Operating costs for Storebrand Life Insurance totalled NOK 995 million in 2003 as compared to NOK 917 million in 2002. The increase of NOK 78 million was caused mainly by increased commission payments on a higher volume of sales to the retail market, additional premises management costs in connection with change of tenants and higher performance related asset management fees to Storebrand Investments as a result of a strong investment return.

While Storebrand reported very strong sales in 2003, the ratio of operating costs to average policyholders' funds was higher than in 2002 at 0.96%. An important factor behind this increase is the higher sales costs incurred in the first year of a life insurance policy. In terms of costs relative to average policyholders' funds, Storebrand achieved a continuous improvement in 1999–2001 from 0.96% in 1999 to 0.94% in 2000 and 0.88% in 2001. The equivalent figure for 2002 was 0.92%.

Storebrand has worked hard over recent years to reduce its operating costs. A salary freeze for senior and middle managers and the suspension of individual salary appraisals for employees contributed to the reduction in costs achieved in 2003. Measures have been implemented to pave the way for further cost savings in 2004.

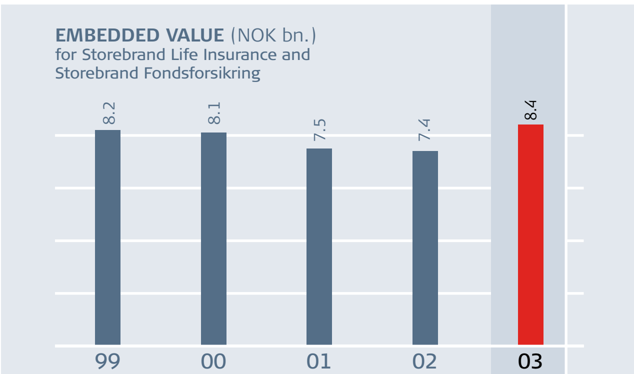
PROFIT ALLOCATED TO THE OWNER
OF STOREBRAND LIVSFORSIKRING AS

NOK million	2003	2002	2001	2000	1999
Return on owner's equity	334			364	407
Return to owner on policyholders' funds	414			376	387
Risk margin earned by owner	46			55	
Extraordinary items					105
Other	41	-242	-17	41	
Total profit allocated to owner	**835**	**-242**	**-17**	**836**	**899**
Return on equity	**26%**	**-8%**	**-1%**	**28%**	**31%**

Analysis of results – explanatory notes. Interest result is the difference between the booked return and the guaranteed return on policies. The average guaranteed return on insurance policies in 2003 was 3.8%. Risk result arises as a consequence of the incidence of mortality and disability during the period differing from that assumed for the premium tariffs. Administration result shows the difference between the costs assumed for the premium tariffs and actual operating costs. (See table page 33).

Embedded Value. Embedded Value is defined as the net present value of future post-tax profits for the company's owner. Embedded value is based on the best possible forecast of the expected post-tax profits from existing business that will be allocated to the company's owner plus the value of unrestricted equity. Calculations of embedded value are based on international standards and are used as an analytical tool for the valuation of life insurance companies. The embedded value of Storebrand Life Insurance and Storebrand Fondsforsikring was NOK 8,357 million at the close of 2003. This represents an increase of NOK 912 million from 2002.

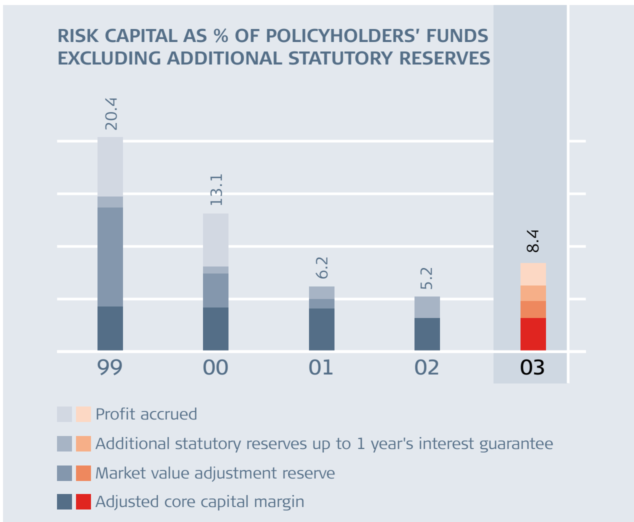
Dividend paid, net of equity paid in, was NOK 349 million, giving a total increase in embedded value of NOK 1,261 million. The value of new business written was NOK 250 million as compared to NOK 173 million in 2002. The value created of rolling existing business forward, based on the embedded value model's assumtions, was NOK 628 million. The remainder of the increase in embedded value can principally be attributed to a higher than expected return on Storebrand Life Insurance's assets and the shift from interest rate to equity funds at Storebrand Fondsforsikring. The total effect of changes to underlying assumptions, including the fall in interest rates, was very limited.



Increased exposure to equities. Storebrand Life Insurance made some moderate changes to its investment portfolio over the course of 2003. In accordance with the risk management principles described in a separate section of this annual report (see page 20–21) the portfolio's exposure to equities was increased from 9% to 13%. A hedging program was in place for the equity portfolio in 2003 and into 2004 to ensure that buffer capital is not affected to an unnecessarily large extent in the event of a sudden and sharp fall in share prices.

The proportion of the portfolio invested in current asset bonds remained low throughout 2003 and into 2004. This reflects the expectation that long-term interest rates will rise to more normal levels in due course, and the proportion held in money market instruments is therefore relatively high. With effect from mid-2004 part of the money market holdings are hedged against producing a return below the minimum guaranteed to policyholders. The money market portfolio will respond relatively quickly if short-term interest rates begin to rise. In total the company's money market and bond investments are well positioned for an economic upturn and higher interest rates.

A large proportion of the company's unrealised gains on bonds arise from the hold to maturity portfolio of government and government guaranteed bonds. The hold to maturity portfolio represented approximately 38% of total investment assets at the close of 2003. The hold to maturity profile has an average duration of around 5 years and an average effective yield of 6.1% on book value. This high stable return generated by the hold to maturity portfolio ensures that the expected return of Storebrand Life insurance is relatively robust to a continued low level of interest rates.



ANALYSIS OF RESULTS BY CLASS OF INSURANCE STOREBRAND LIVSFORSIKRING AS

NOK million	Group pension insurance	Group life insurance	Individual endowment insurance	Individual pension insurance	Non-life insurance	Totalt 2003	Totalt 2002	Totalt 2001
Financial income	5 772.1	40.5	396.1	1 336.4	4.8	7 549.9	2 626.1	3 364.0
Guaranteed yield	-2 994.9	-4.2	-198.7	-738.8		-3 936.6	-3 719.8	-3 899.2
– of which transferred to premium reserve	-117.0			-9.6		-126.6	-161.5	-217.3
Interest result	**2 777.2**	**36.3**	**197.4**	**597.6**	**4.8**	**3 613.3**	**-1 093.7**	**-535.2**
Subsidiaries' admin. expenses [a)]	13.5	0.1	0.9	2.9		17.4	13.5	11.0
Risk premium	454.6	402.6	337.6	-77.0	55.6	1 173.4	1 154.1	1 065.7
Risk bonus	-312.9	-345.8	-295.1	79.4	-32.2	-906.6	-907.3	-789.9
Net reinsurance etc.	-49.0	-19.0	0.5	-0.9	-0.4	-68.8	-53.3	-37.8
Risk result	**92.7**	**37.8**	**43.0**	**1.5**	**23.0**	**198.0**	**193.5**	**238.0**
Administration premium	496.9	74.0	140.3	122.1	12.0	845.3	804.6	772.9
Operating expenses	-531.1	-79.3	-211.1	-149.4	-23.6	-994.5	-916.7	-875.1
Administration result	**-34.2**	**-5.3**	**-70.8**	**-27.3**	**-11.6**	**-149.2**	**-112.1**	**-102.2**
Subsidiaries' admin. expenses [a)]	-13.5	-0.1	-0.9	-2.9		-17.4	-13.5	-11.0
Change in premium reserve/sec. fund	**-1 007.8**	**-1.4**	**-0.9**	**0.3**		**-1 009.8**	**-241.1**	**-25.2**
Gross sectoral result	1 827.9	67.4	168.7	572.1	16.2	2 652.3	-1 253.4	-424.6
To(-)/from(+) owner's equity:								
-net return on share capital						-333.7		
-0.40% of policyholders' funds						-414.3		
-risk margin earned by owner's equity						-46.2		
-other						-40.3	241.8	17.0
Profit/loss for the year						**-834.5**	**241.8**	**17.0**
Write-back of additional statutory reserves	**4.7**		**6.5**	**9.9**		**21.1**	**1 011.6**	**407.6**
Policyholders' share of profit						**1 838.9**		

[a)] Adjusted to show analysis of results as if subsidiaries were recognised in the accounts by the gross method rather than the equity method.
[b)] Includes: Security reserve, subordinated loan capital, book equity and liability items.
Further details can be found in Storebrand Livsfrosikring AS's Annual Report, available at www.storebrand.no/ir

INVESTMENT RETURN AND ASSET ALLOCATION

NOK million	2003				2002	
	Return		Asset allocation		Asset allocation	
Portfolios	%	Market value	Market value	Exposure	Market value	Exposure
TOTAL INVESTED ASSETS	9.0%	115 604	100%		100%	
Securities	9.2%	102 303	89.8%	85.5%	88.6%	86.1%
Shares	28.4%	18 670	16.4%	13.0%	10.4%	8.6%
Bonds	10.1%	12 207	10.7%	10.6%	5.5%	5.0%
Money markets	5.7%	27 918	24.5%	24.3%	32.8%	33.1%
Hold to maturity bonds	6.3%	43 508	38.2%	37.6%	39.9%	39.5%
Real estate	6.9%	10 071	8.9%	8.7%	10.3%	10.2%
Loans	7.3%	1 464	1.3%	1.3%	1.1%	1.1%

Exposure is adjusted for derivative holdings in the separate portfolios.

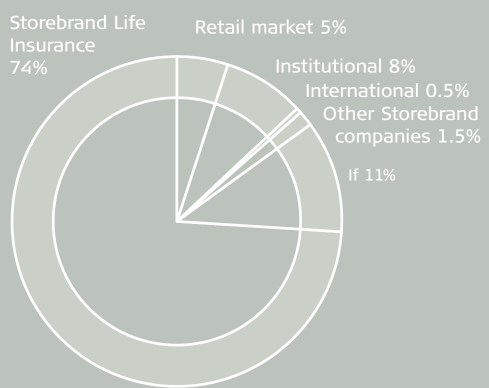
Asset management

The specialist asset manager

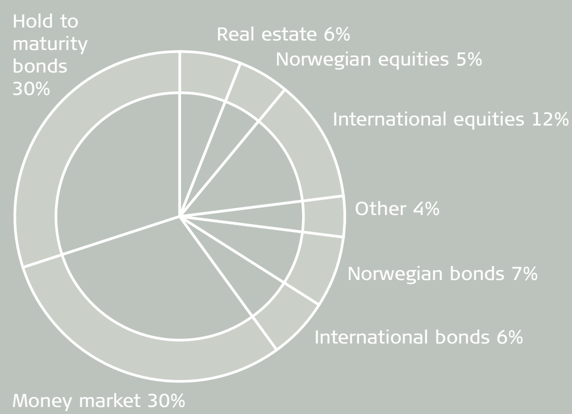
Storebrand Kapitalforvaltning (Storebrand Investments) offers a complete asset management concept with a clear socially responsible investment profile for Norwegian and international institutional investors and the Norwegian retail market. Asset management solutions include active management of Norwegian and international securities, global specialist products with a target absolute return and cost-effective management of market risk.

By focusing on selected investment areas and developing our specialist expertise in the major asset management functions, Storebrand Investments shall be the preferred asset manager for long-term savings and pension assets. Storebrand Investments manages assets totalling NOK 159 billion in mutual funds and client portfolios.

ASSETS UNDER MANAGEMENT BY SEGMENT



ASSETS UNDER MANAGEMENT BY PRODUCT



MARKETS AND STRATEGY

Upturn in global equity markets. Historically low interest rates. After three years of decline, stock markets rallied at the start of the second quarter of 2003. The Oslo market gained 48.4% in 2003, while the world index closed the year 27.8% higher in NOK terms. 2003 also saw interest rates fall to historically low levels, with the Norwegian central bank's sight deposit rate at 2.25% at year-end.

The overall size of the Norwegian asset management market is estimated at in excess of NOK 300 billion (excluding life insurance company investments). The majority of these assets are managed by institutional investors with their own asset management functions and are not open to competition. However fund managers compete for tens of billions of assets every year.

Market demand for new products. Following the prolonged stock market decline, many investors had only limited exposure to equities at the start of 2003. As interest rates are now very low, an increasing number of investors are faced with the dilemma of how to achieve sufficient returns to meet their long-term commitments while at the same time protecting their assets against short-term fluctuations.

In response to these demands, Storebrand Investments has developed new asset management products for both institutional and retail investors that make it possible to benefit from rising markets but with a limited risk of loss if markets fall.

As the main asset manager for Storebrand Life Insurance, Storebrand Investments has for many years managed active risk mandates separately from general market exposure. Experience suggests that most investors will achieve a better balance of risk and reward if management responsibility for investment portfolios is spread across several risk mandates in unrelated markets. Storebrand investments now uses a new tool for allocating risk quotas which makes it possible to advise customers on how to allocate their portfolio to make best use of their risk limits.

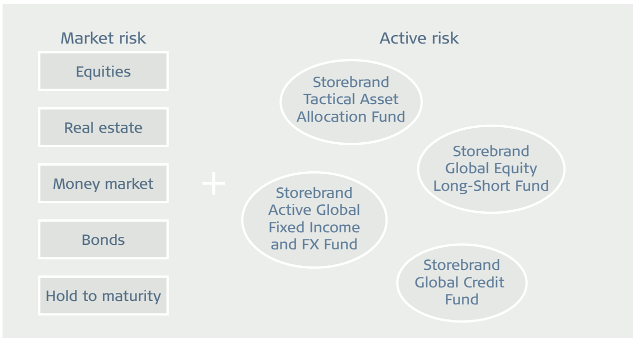
For many private investors the return they achieve is mainly dependent on making the right allocation between different asset classes and avoiding losses. However few private individuals follow the capital markets closely, and Storebrand Investments has therefore launched an active asset allocation fund known as Storebrand Aktiv Allokering. Since the start of 2003 more than 1,100 customers have chosen to invest in this fund and assets under management totalled NOK 161 million at year-end.

Specialisation. The traditional approach to asset management typically combines general market exposure and actively managed risk positions, with one investment manager responsible for both. The amount of active risk management is normally dependent on the size of the portfolio.

Storebrand Investment's asset management philosophy is based on separating the management of general market exposure from investment managers' active position taking. Ideally the amount of position taking would be based solely on the skill of the individual investment manager.

The investment objective for the active risk mandates is to generate an internationally competitive return that is higher than the risk free rate, while the objective of general market exposure mandates is to realise risk premiums through precise and cost-effective index tracking.

The difference between the two objectives illustrates the need for different expertise and the value of greater specialisation. Storebrand Investments has recognised this by centralising tasks such as global index tracking, currency management and liquidity management into a dedicated front office team, while the responsibility for active position taking is allocated to separate teams specialising in the various investment areas.



Socially responsible investments. Storebrand Investments has added a further dimension to traditional investment research by taking into account environmental and corporate social responsibility (CSR) factors. This reflects the philosophy that investing in companies that respect the environment and take CSR seriously will produce a competitive investment return.

Storebrand Investments is the only asset manager in Norway with a separate investment research function dedicated solely to analysing environmental and CSR factors.

International product quality. The Norwegian asset management market attracts international competition. Storebrand Investments is competitive, but this requires cost efficient operations and competitive investment results. Institutional investors' increased use of advisers and consultants when choosing asset managers has led to a much greater use of specific mandates rather than giving overall management responsibility to a single manager. This also serves to increase the scope for competition from well-known international firms. It is therefore essential that the investment performance generated by our managers is internationally competitive over time.

One example of the international standard of product quality that Storebrand Investments offers is the Storebrand Japan fund which recently gained five-star ratings from Morningstar in Norway and Sweden on the basis of its risk-adjusted return over the last three years. This makes the fund one of just three Japan funds with five stars in the Norwegian market out of 51 funds in this category, while in Sweden it is one of just two Japan funds with five stars out of 76 funds in total. In both Norway and Sweden, Storebrand Japan started 2004 as the best-performing fund in terms of investment return over the past three years. Japanese funds offered in Norway and Sweden include funds managed by firms from all over the world.

79% of the securities funds managed by Storebrand Investments produced a better return for 2003 than the comparable benchmark indices (before deducting management fees).

Building expertise. Specialisation and focus are key success factors for both value creation through active position taking and for the efficiency and precision in index tracking. This again demonstrates the need for highly competent specialists, and the professional challenge this represents plays an important role in making Storebrand Investments an attractive and forward-looking employer.

Innovation. Storebrand Investments has for many years been a leading player for back office trading and settlement functions as well as related areas such as control and reporting. Continuing focus on operational efficiency, combined with a commitment to quality at all stages of the value chain, has made it possible for Storebrand Investments to make use of its competitive advantage by offering trading and settlement services to external clients under the name Scandinavian Investment Operation Services.

The package of services offered focuses on supporting trading and settlement, and therefore includes securities settlement, unit holder administration and monitoring adherence to investment mandates, as well as processing transactions together with accounting and reporting. The package offers clients a complete trading and settlement functions independent of the investment manager or managers responsible for managing assets.

In practical terms this development reflects the need for back office processes to benefit from synergies, economies of scale and quality assurance. These benefits have so far only been available to larger institutions. The level of investment in expertise and infrastructure is very high, but by offering services on a "plug and play" basis to other Scandinavian investment managers greater synergies can be achieved.

RESULTS

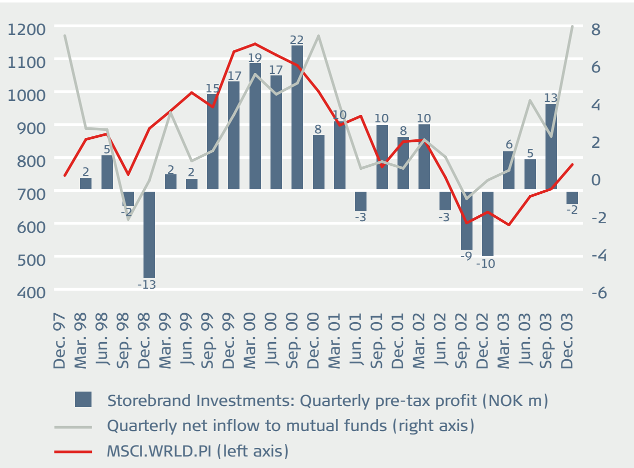
Storebrand's asset management activities produced an overall pre-tax profit of NOK 22 million in 2003 as compared to a loss of NOK 13 million in 2002. The year-on-year improvement of NOK 35 million reflects good investment returns on portfolios with performance-based fees and a lower overall cost base.

STOREBRAND INVESTMENTS

NOK million	2003	2002	2001	2000	1999
Total revenue	274	247	253	301	250
Total expenses	-261	-275	-245	-238	-221
Net financial items	6	7	6	4	6
Storebrand Alternative Investments [3]	3	8	-	-	-
Pre-tax profit	22	-12,5	14	67	35
Pre-tax profit by company					
Storebrand Investments [1]	16	-9	9	36	24
Storebrand Fondene [2]	6	-10	5	32	11
Storebrand Alternative Investments [3]	3	8	-	-	-
Goodwill depreciation	-2	-2	-	-	-
Pre-tax profit	22	-13	14	67	35

[1] Storebrand Investments includes the companies Storebrand Kapitalforvaltning ASA and Storebrand Kapitalforvaltning Holding AS.
[2] Delphi Fondsforvaltning is included in Storebrand Fondene from 01.01.2002.
[3] After adjusting for minority interests in Storebrand Alternative Investments, pre-tax profit for 2003 was NOK 21 million.

The chart below shows that global stock market performance has a major effect on total net inflows to Norwegian mutual funds and therefore also on Storebrand Investments' earnings. This reflects the positive effect that rising markets have on both new business and overall asset management volumes.



More cost efficient operations. The strategy of specialisation has helped prioritise resources, and has thus played an important role in improving the profitability of Storebrand's asset management activities. It has also permitted a reduction in total headcount, and since the start of 2002 employee numbers have reduced from 162 to 127 with no adverse effect on product quality and the pace of innovation.

Moreover specialisation has made it possible to separate areas where the value drivers are scale and efficiency from areas where investment performance is the most important success factor.

The earnings reported for 2002 and 2003 included non-recurring costs of NOK 18 million and NOK 9 million respectively. Adjusting for non-recurring items, total operating costs in 2003 were NOK 5 million lower than in 2002. However it should be noted that costs in 2003 were affected by higher performance related wage costs as a result of the strong investment results achieved. If performance-related salary costs are also excluded from the comparison, the underlying cost base shows a reduction of NOK 25 million or 11% between 2002 and 2003.

Increase in assets under management. Assets under management increased by NOK 19 billion to NOK 159 billion at the close of 2003. The year was characterised by consolidation and caution among investors, although interest in equity investments did show a gradual improvement. The net total inflow of new assets under management amounted to NOK 3 billion. In the institutional market Storebrand Investments attracted 30 new customers in 2003, mainly Norwegian municipalities. Storebrand won new mandates from pension schemes to manage both global and Norwegian equity portfolios. As equity markets recovered, sentiment towards equity investments improved, and equity funds attracted a net inflow of NOK 3.6 billion in the second half of 2003 as compared to a net outflow of NOK 2.4 billion in the same period of 2002. Storebrand's market share of mutual funds was 10.3% as compared to 10.8% in 2002. Investment portfolios' exposure to equities increased from 12% to 17% over the course of 2003. In addition the promotion of specialist products with higher margins helped to increase the earnings potential of the asset management activities.

Good investment return for Storebrand Live Insurance. Of the 9 portfolios managed for Storebrand Life Insurance, 7 produced a better return than benchmark, representing total additional income of NOK 300 million. The main contribution came from global equity investments and short-term money market placements.

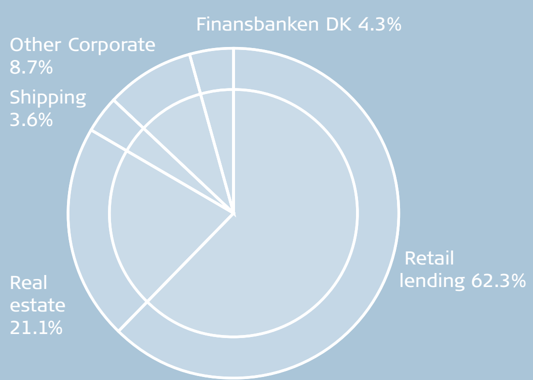
Focus on profitable growth. Storebrand Investments produced significantly stronger earnings and growth in business volumes in 2003. In addition asset management products attracted renewed interest as result of the equity market upturn and low interest rates. Storebrand Investments will continue to pursue its policy of specialisation in order to meet customers' expectations and deliver the quality of service they expect. Measures to improve efficiency will continue, and this together with the growth in business volume expected in 2004 will contribute to further improvements in earnings.

Banking

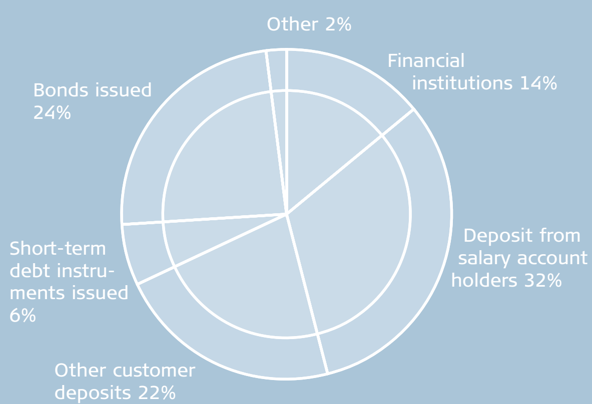
One bank – a stronger banking presence

Storebrand carries out its banking activities through Storebrand Bank ASA, a modern and ambitious commercial bank with assets of NOK 25.5 billion. Storebrand Bank's objective is to be a competitive player with a strong presence in the Norwegian banking market.

BREAKDOWN OF LENDING



BREAKDOWN OF DEPOSITS AND DEBT



MARKETS AND STRATEGY

On 1 January 2003 the group's two banking activities were merged into a single bank. Integrating these businesses brings Storebrand's banking strategy more closely into line with the group's overall strategic direction. The merger has realised cost savings by rationalising operational functions and systems. This has produced more efficient operations and a reduction in the bank's headcount.

Storebrand Bank's corporate vision is to be a modern and reliable bank for the retail banking market and for selected segments of the corporate market. The bank will be easy to relate to with attractive products and prices.

As part of its continuing development the bank aims to simplify the range of products and services it offers. The combined operation has a greater focus on the retail banking market, while continuing to serve selected segments of the corporate market, principally real estate financing in Oslo and the surrounding region.

Challenger in the retail market. Storebrand Bank competes with traditional banks in the retail market, and has a relatively small market share of lending, accounts, card services and payments. The retail banking market is dominated by large players with extensive branch networks, but this is now changing as a result of new distribution channels for banking services and consolidation of the banking market. These trends make it possible for smaller players to improve their position in the market.

Storebrand Bank's objective is to grow in the retail market. Banking products play a central role in attracting customers to the wider range of products offered by Storebrand, and are also important for developing customer relationships. Offering banking services at competitive prices encourages greater customer interest in Storebrand. These features support Storebrand's objective of being the leading player in the market for long-term savings and life insurance.

Following the merger, Storebrand Bank has built its profile in the market by offering competitive terms on lending and savings products. In addition the bank has reinforced its position for equity-based savings products. The bank is working systematically to improve its internal processes in order to ensure that it can offer customers even more efficient and flexible service.

Niche bank for the corporate market. Storebrand Bank is a niche bank for selected segments of the corporate market. The bank's objective is to be a reliable business partner for its customers, with a particular emphasis on real estate financing. The bank's corporate lending department represents a continuation of the corporate banking activities previously carried out by Finansbanken, serving selected corporate customers as well as some larger private borrowers. The department offers specialist expertise for financing real estate projects, and aims to increase its portfolio at a moderate rate from its current level.

The department's principal responsibility is to manage and develop the lending relationships that form part of the bank's long-term strategy for the corporate market. Existing exposures not considered strategic are managed separately from the other business in the corporate portfolio to ensure maximum focus on protecting the bank's position and reducing its exposure.

Storebrand Bank's strongest customer base is among property developers and owners in the commercial and residential property markets in Oslo and the surrounding area, and the bank intends to strengthen its position in these markets.

Retail Distribution as group distribution platform.
Storebrand Bank operates a separate business unit, Retail Distribution, which is responsible for the Storebrand group's sales and customer service for the retail market. The unit represents a shared distribution platform for all the group's products, and co-ordinates the Storebrand marketing strategy to ensure a unified profile towards retail customers.

The Retail Distribution unit implemented measures in 2003 to improve the effectiveness of the group's sales. This involved reorganising and streamlining the support operation and introducing a performance monitoring process for the sales operation. A combination of close attention to cost savings and improving the volume of sales per person has produced the intended results. Together with the improving conditions seen in the equity market, these were the main reasons for the better results achieved in the retail market in 2003.

FINANCIAL RESULTS

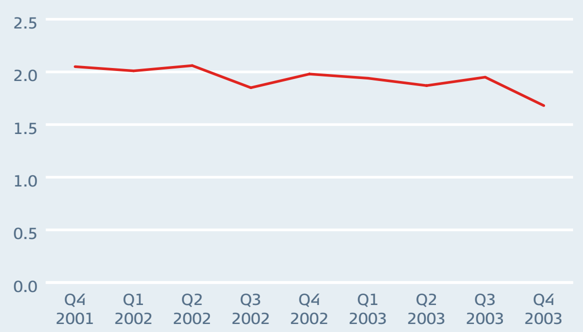
Key figures. The Storebrand Bank ASA Group reported a profit before loan loss provisions of NOK 103.1 million in 2003 (pro forma NOK 29.6 million in 2002). Losses and increases in loss provisions on loans and guarantees totalled NOK 173.8 million (pro forma loss of NOK 411.8 million in 2002). In addition the bank incurred losses on securities held as fixed assets totalling NOK 38.3 million, principally as a result of the sale of Finansbanken Formuesforvaltning ASA and the liquidation of Finansbanken Forvaltning AS and Finansbanken Plasserings-rådgivning ASA. The pre-tax result for 2003 was a loss of NOK 109.0 million, and after a tax write-back of NOK 63.1 million the group reported a net loss of NOK 45.9 million (pro forma loss of NOK 352.9 million in 2002).

NOK million	2003	2002*)	Change
Net interest income	492.7	604.7	-18.5 %
Non-interest income	319.2	255.1	25.1 %
Operating expenses	708.8	830.2	-14.6 %
Loan losses and provisions	173.8	411.8	-57.8 %
Write-down of fixed asset securities	38.3	65.9	-41.9 %
Profit/loss before tax	-109.0	-448.0	-75.7 %
Profit/loss after tax	-45.9	-352.9	-87.0 %
Net lending	21 855.8	25 034.7	-12.7 %
Customer deposits	12 362.4	13 199.0	-6.3 %
Bonds and short-term debt instruments	6 853.3	7 855.9	-12.8 %
Primary capital	421.1	524.0	-19.6 %
Total assets	25 525.3	28 520.3	-10.5 %
Capital ratio	12.28 %	11.42 %	7.5 %
Core capital ratio	9.79 %	8.75 %	11.9 %
Net interest income as % age of average total assets	1.85 %	1.96 %	-5.6 %

*) Pro forma

Net interest income amounted to NOK 492.7 million, equivalent to a net interest margin calculated on average total assets of 1.85%. Net interest income fell in 2003 mainly as a result of lower lending volumes and a shift in lending towards a lower risk profile and higher proportion of residential mortgage lending.

NET INTEREST MARGIN, pro forma for 2001 and 2002



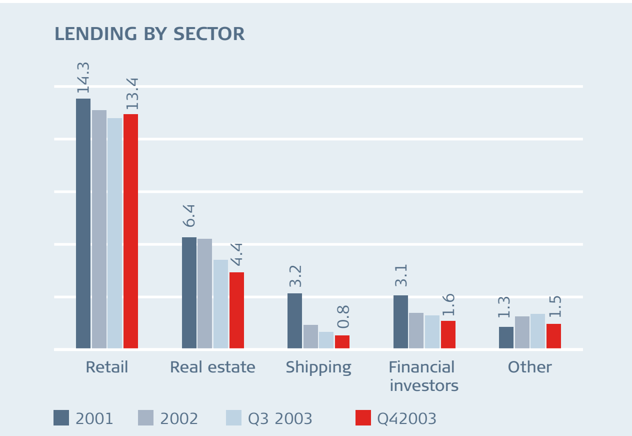
Non-interest income showed an improvement at NOK 319.2 million, helped in particular by higher sales of life insurance savings products.

Operating expenses totalled NOK 708.8 million, equivalent to 87.3% of total operating income. This represents a reduction in the overall cost base of NOK 121.4 million from 2002, equivalent to 15%. Operating expenses include non-recurring items of NOK 31.9 million in respect of property lease commitments, write-downs of fixed assets and costs incurred in reducing employee numbers. All these provisions will lead to lower costs in the future and the bank expects to further improve its cost base in 2004.

Finansbanken Formuesforvaltning ASA was sold in the fourth quarter of 2003, with an accounting loss of NOK 34.9 million before tax. In connection with this disposal, the parent company Finansbanken Forvaltning AS and fellow subsidiary Finansbanken Plasseringsrådgivning ASA were wound up. The restructuring, including the disposal, represented a pre-tax loss of NOK 35.4 million, but also realised a taxable loss for Storebrand Bank. The overall post-tax accounting effect was therefore a gain of NOK 6.4 million.

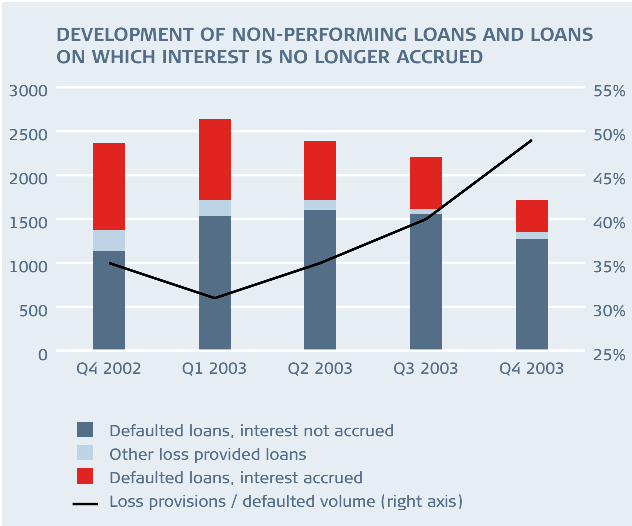
Gross customer lending fell over the course of 2003 by NOK 3,154 million, equivalent to 12%. The reduction was mainly in corporate lending, and reflects the steps taken by the bank to reduce its overall credit risk.

The bank has reduced its exposure to shipping by 41%, to real estate by 19% and to other corporate sectors by 35%. The retail lending portfolio fell by 5%. However loans totalling NOK 830 million were sold to Storebrand Life Insurance in 2003 resulting in an overall increase in retail lending for the Storebrand Group. Gross customer lending amounted to NOK 22,697 million at 31 December 2003.



Total assets fell in 2003 in line with the reduction in the lending portfolio. The deposit to loan ratio was 54% at the end of 2003, representing an improvement of three percentage points over the course of the year. The bank has a balanced funding structure, basing its funding on customer deposits, issuing securities and borrowing in the Norwegian and international markets. At the close of the year the bank had available undrawn committed credit facilities totalling NOK 3.55 billion. Total assets amounted to NOK 25.5 billion at year-end.

Non-performing loans, loan losses and assets repossessed. The volume of non-performing loans fell in 2003. Gross non-performing and loss-exposed loans totalled NOK 1,717 million at the close of the year, of which interest is no longer accrued on NOK 1,275 million. This represents an overall reduction of NOK 644 million from the start of the year. The net value of non-performing and loss-exposed loans after specific loan loss provisions amounted to NOK 1,189 million at year end, equivalent to 5.44% of net lending.



Losses and increases in provisions for loans and guarantees amounted to NOK 173.8 million in 2003. Specific loan loss provisions totalled NOK 527.9 million at year-end. In addition the bank's general loan loss provisions totalled NOK 313 million, equivalent to 1.4% of gross lending.

The bank held repossessed assets totalling NOK 169.4 million at 31 December 2003.

Primary capital and capital adequacy. Storebrand Bank group's primary capital amounted to NOK 2,077.2 million at the close of 2003, and the parent bank had primary capital of NOK 2,097.4 million. This represents a capital ratio of 12.3% (13.1% for the parent bank) and a core capital ratio of 9.8% (10.4% for the parent bank). The capital ratio improved over the course of the year due to a reduction in total lending and the shift from corporate to residential mortgage lending.

Despite reporting a loss for the year, Storebrand Bank achieved marked improvements in 2003 in the form of lower costs and greater sales efficiency. The lending portfolio developed positively, the volume of non-performing loans fell, and the bank significantly reduced its exposure to high-risk segments. Storebrand Bank has sound solidity and liquidity.

Non-life Insurance

Storebrand's involvement in non-life insurance comprises the activities of Storebrand Skadeforsikring AS (Storebrand Skade), If Skadeförsäkring AB (If) and Fair Forsikring (Fair). Storebrand ASA owns 100%, 22.47% and 50% respectively of the share capital of these companies. Storebrand Skade owns 100% of Oslo Reinsurance Company ASA (Oslo Re).

PROFIT AND LOSS ACCOUNT – NON-LIFE INSURANCE

NOK million	2003	2002
Share of profit in If	324	-244
Fair Forsikring AS (50%)	-22	-35
Direct non-life insurance operating profit	302	-279
Oslo Reinsurance Company ASA	21	17
Storebrand Skadeforsikring AS	60	20
Netting	-35	
Non-life insurance operating profit (run-off)	46	37
Total operating profit for non-life business	348	-242
Change in security reserve etc.	68	200
Pre-tax profit/loss	416	-42
Tax	-30	175
Net profit/loss from non-life insurance	386	133

KEY FINANCIAL FIGURES FOR IF

SEK million/SGAAP	2003	2002
Premiums earned	34 392	32 789
Claims paid	-27 962	-27 985
Operating costs	-6 741	-6 815
Technical result	-311	-2 011
Financial result	3 750	690
Operating profit/loss	2 702	-2 080
Claims ratio	81.3%	85.3%
Cost ratio	19.6%	20.8%
Combined ratio	100.9%	106.1%
Total assets	95,194	95 561
Investment portfolio	72,710	68 965
Net asset value	18,963	17 961

STOREBRAND'S NON-LIFE INSURANCE ACTIVITIES

Overview of non-life business. In 1999 Storebrand Skade and Skandia entered into an agreement to establish If, and both groups transferred their non-life insurance activities into If. This caused a change in the role of Storebrand Skade from being an operational non-life company principally active in the Norwegian market to becoming the owner of a 44% interest in the largest Nordic non-life insurance company.

Sampo's non-life insurance activities were merged into If from 2 January 2002. This strengthened the position of If, making it by far the largest Nordic non-life insurance company.

Storebrand Skadeforsikring AS sold its ownership interest in If to Storebrand ASA in the fourth quarter of 2002.

Shareholder structure of If at 31 December 2003:

Company	Ownership interest (%)
Sampo	38.05
Storebrand	22.47
Skandia	19.36
Varma	10.06
Skandia Liv	10.06
	100.00

On 11 February 2004 the Board of Storebrand ASA signed an agreement with Sampo Oyj for the sale of all Storebrand's shares in If Skadeforsikring. The transaction values Storebrand's shareholding at NOK 5.2 billion. The sale of Storebrand's shares is conditional on approval by the relevant authorities, and will be completed as soon as approval is obtained.

Fair operates a non-life insurance business for the retail market in Denmark. The company was incorporated in November 1998. Fair has built up a noticable presence in the Danish market over a relatively short time, and is growing strongly.

Storebrand Skadeforsikring AS operates the group's remaining run-off business (non-life insurance and reinsurance run-off), including the ownership of Oslo Re. Oslo Re is principally involved in the run-off of its own reinsurance business and managing run-off business for other companies.

Financial review. Non-life insurance activities produced a profit for the year of NOK 386 million in 2003 as compared to NOK 133 million in the previous year. 2003 produced an operating profit of NOK 348 million as compared to a loss of NOK 242 million in 2002. This reflects stronger earnings at If, Fair and Oslo Re.

Storebrand's ownership interest in If is recognised in the accounts in accordance with the equity method of accounting, and the shareholding in Fair is recognised on the proportional consolidation method.

If's results in 2002 were characterised by an improvement in the underwriting result. If reported an operating profit of SEK 2,702 million for 2003 as compared to an operating loss of SEK 2,080 million for 2002. The combined ratio was 100.9% in 2003 as compared to 106.1% in 2002. The improvement in underwriting result reflects the measures implemented in respect of premiums and costs, as well as a flattening-off in claims paid. All business areas showed an improvement. However run-off losses (claims arising from losses in earlier years) had a negative effect on the year's earnings. The investment return achieved in 2003 was 4.6%. This is a significant improvement from the investment return of 2.1% reported for 2002.

Operating profit for Storebrand Skade amounted to NOK 60 million, as compared to NOK 20 million in 2002. The increase is principally due to the receipt of dividend/group contribution of NOK 35 million from Oslo Reinsurance Company. Oslo Re reported an operating profit of NOK 21 million in 2003, representing an increase of NOK 4 million from 2002. This was mainly due to better technical insurance results. Total technical reserves were reduced by NOK 37 million to stand at NOK 386 million at the close of 2003.

Storebrand's share of the results of Fair Forsikring was a loss of NOK 22 million, representing an improvement of NOK 13 million from 2002. The improvement at Fair is due to better underwriting results thanks to higher premium income, lower claims and lower costs.

Statutory security reserves were reduced further in 2003, releasing NOK 68 million to profit and loss. These reserves amounted to NOK 216 million at the close of 2003.

Corporate Governance

As a large stock exchange listed company that plays an important role in Norway's economy and society, Storebrand is committed to building good relationships with its stakeholders. The following presents Storebrand's approach to corporate governance.

STOREBRAND'S VALUE-BASED MANAGEMENT SYSTEM

An integrated management system. The management system is intended to ensure a clear relationship between targets and actions at all levels of the group, and the overall objective of creating value for shareholders. The system provides the basis for the work of the Board of Directors and executive management in planning, monitoring and managing the group's activities The strategy and planning process is carried out annually, and produces a rolling three-year plan with targets, strategies and economic forecasts. The Board of Directors of Storebrand ASA is involved throughout, and risk evaluation and internal control reporting also form an integrated part of the process. Storebrand has developed a management reporting system known as Storebrand Kompass to provide senior management and the Board of Directors with monthly reports on financial and operational performance. The system highlights parameters that fall short of targets so that measures can be implemented.

The appraisal and remuneration of all Storebrand employees forms part of the value-based management system, and in the same way that targets are set for Storebrand and the business areas, each department and its individual staff members have targets that are consistent with and support the company's objectives. This provides the basis for bonus payments, linking them both to the overall level of the company's value creation and to individual performance.

STOREBRAND'S MANAGEMENT STRUCTURE

General meetings. Storebrand ASA holds its Annual General Meeting no later than the end of June each year. The Notice calling the meeting includes supporting papers for all resolutions to be considered by the meeting. All shareholders are entitled to attend general meetings, and arrangements are also made for proxy voting.

There are no restrictions on ownership of shares or voting rights in the company other than the general Norwegian restrictions on the ownership of shares in financial institutions, now harmonised with EEA regulations.

Board of Representatives. The Board of Representatives has 30 members, of which 20 are elected by the General Meeting and 10 by the group's employees. Members are each elected for a two-year term of office. The duties of the Board of Representatives include making recommendations to the Annual General Meeting and electing six of the nine board members, including the chairman. The Board of Representatives also determines the mandate for, and considers reports from, the Control Committee. It can approve major organisational changes and is otherwise entitled to make recommendations to the Board of Directors on any matter. The Board of Representatives met four times in 2003.

Board of Directors. The most important tasks of the Board of Directors include appointing the CEO and approving strategy and profit targets. The Board of Directors of Storebrand ASA has nine members, each elected for a two-year term of office. Three members are elected by and from among the employees. The CEO is not a member of the Board. None of the members elected by the Board of Representatives have any employment, professional or consultancy relationship with the group other than their appointment to the Board. CVs for the members of the Board can be found at www.storebrand.no/ir.

The Board meets at least nine times each year. In 2003 the Board held 16 meetings and one Board conference. The work of the Board is subject to a specific mandate. In order to ensure sound and well considered decisions, meetings of the Board are, so far as possible, well prepared with all members participating in the decision making process. The agenda for each meeting is set by the Chairman based on an approved schedule for the year.

The Board carried out an appraisal of its work in 2003 in which Storebrand's Executive Management also participated. The results were made available to the Election Committee. Details of Board members' remuneration, loans and shareholdings can be found in notes 4 and 16.

The Board has established a Remuneration Committee and an Audit Committee. The Remuneration Committee monitors the remuneration of the group's senior managers, and assists the Board in setting terms and conditions for the CEO. The Audit Committee reviews and evaluates the group's financial and operational reporting, risk management and control and auditing. The committees prepare matters for consideration, but decisions are made by the Board.

Courses are held at regular intervals for members of the Board and other corporate bodies as part of a program to improve and develop their expertise.

Control Committee. The Control Committee has five members elected by the General Meeting, each for a two-year term of office. The committee ensures that the group adheres to all relevant legislation and regulations, and that it operates in accordance with the articles of association and resolutions passed by the group's corporate bodies. The committee is entitled to look into any matter, and has access to all relevant documentation and information. The Control Committee met eight times in 2003 and submitted two reports to the Board of Representatives. Storebrand Bank has a separate Control Committee.

Election Committee. Storebrand's Articles of Association regulate the company's Election Committee. The Election Committee has four members, and is chaired by the Chairman of the Board of Representatives. The other members are elected by the General Meeting. The company's employees elect an observer to the committee, who participates as a full member in making recommendations for the election of the Chairman of the Board of Directors. The Election Committee is responsible for recommending remuneration and proposing candidates for election to the Board of Representatives, the Board of Directors, the Control Committee and the Election Committee.

External auditor. The external auditor is appointed by the General Meeting, and provides the Board of Directors with a written declaration of independence and objectivity. The external auditor participates in all meetings of the Audit Committee and the meetings of the Board of Directors that consider the interim and annual accounts, and provides views and evaluation of the company's accounting principles and risk matters. The Board has approved specific guidelines for the use of the external auditor for consultancy work.

Internal Audit. The annual program for internal audit work is determined by the Board of Directors, based on the auditor's recommendations and a risk evaluation carried out by the group's senior management teams. Internal audit produces quarterly reports for the Board of Directors. Internal audit may carry out special investigations into possible breaches of ethical guidelines, reporting to the chairman of the Audit Committee, the Group CEO and the Managing Director of the company in question. A formal mandate for internal audit was approved in 2003, based on current legislation, regulations and international standards.

Internal management bodies. The CEO of Storebrand ASA is the chairman of the board for each business area. The boards of these companies also include internal and external members with particular qualifications relevant to the business in question. The Executive Management is responsible for implementing strategy, group profitability, and ensuring optimal allocation of resources. The Executive Management team's CVs can be found on page 84. Storebrand has established cross-business area committees and group policies in respect of accounting, finance and risk management, information, branding, IT, human resources and legal support functions.

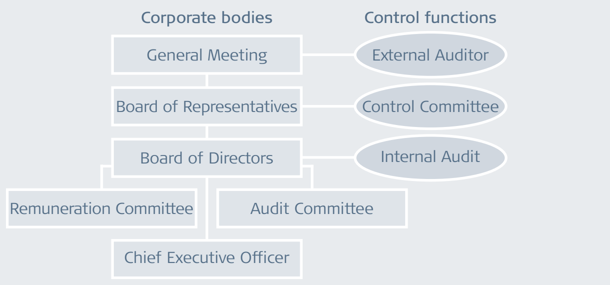
Internal guidelines. Storebrand has produced guidelines on business ethics and share trading by employees and insiders. Storebrand's intranet provides rules and guidance on information security, disaster contingency planning, money-laundering and financial crime.

Other. As one of the largest investors in the Norwegian stock market, Storebrand has considerable potential influence over listed companies in which it is a shareholder. Storebrand's web site at www.storebrand.no/ir provides information on the ownership principles it employs.

Storebrand's procedures and principles for corporate governance are in accordance with the recommendations published by the Norwegian working group in January 2004.

Storebrand's articles of association and details of the membership of the group's corporate bodies can be found at www.storebrand.no/ir.

STOREBRAND'S DECISION STRUCTURE



Shareholder Matters

Share capital and shares. Shares in Storebrand ASA are quoted on the Oslo Stock Exchange (OSE). Share capital at the start of 2003 was NOK 1,389.0 million. Following a new issue of shares to employees in March 2003, share capital at 31 December 2003 amounted to NOK 1,390.4 million, made up of 278,070,522 shares each with a face value of NOK 5. The company does not own any of its own shares and has not issued any options that could dilute share capital.

Shareholders. Changes to the Norwegian regulations on the control of ownership in financial institutions came into force on 1 January 2004, harmonising the Norwegian regulations with the EEA.

Storebrand ASA is the fifth largest company listed on the OSE by number of shareholders. The company has shareholders from 44 countries. Storebrand's ownership structure is characterised by a large number of minor shareholders (61% own 100 shares or less). The company had 39,480 shareholders at 31 December 2003. The 20 largest shareholders own 164,596,108 shares in total, representing 59% of the share capital.

THE 20 LARGEST SHAREHOLDERS AT 31.12.2003

Shareholder	Country	No. of shares	%
Folketrygdfondet	NOR	27 761 600	9.98
Skandia Life Insurance	SWE	27 698 330	9.96
Orkla ASA	NOR	27 648 956	9.94
State Street Bank & Co. (NOM*)	USA	12 186 762	4.38
Den norske Bank ASA	NOR	11 088 392	3.98
Fidelity Funds-Europe	LUX	9 459 500	3.40
Ferd Invest	NOR	7 141 895	2.56
JP Morgan Chase Bank Fidelity L. (NOM*)	USA	6 787 500	2.44
JP Morgan Chase Bank Client (NOM*)	GBR	5 684 825	2.04
Bank of New York, Brussels	USA	5 000 000	1.79
Vital Forsikring ASA	NOR	4 060 000	1.46
Euroclear Bank S.A. (NOM*)	BEL	2 927 045	1.05
Gjensidige NOR Sparebank	NOR	2 566 484	0.92
DnB Norge	NOR	2 360 113	0.84
Fidelity Funds-Nordic	LUX	2 167 250	0.77
Verdipapirfondet Avanse	NOR	2 149 499	0.77
PGGM (Fiduciary) Citibank, N.A.	NLD	2 100 000	0.75
Mellon Bank AS (NOM*)	USA	2 072 422	0.74
Odin Norge	NOR	1 949 000	0.70
The Northern Trust Co (NOM*)	GBR	1 786 535	0.64

*) Client account

Share purchase arrangements for employees. A mandate has been granted by each AGM since 1996 to involve employees more closely in value creation through employee share issues.

In March 2003 employees were offered 350 ordinary shares at a price of NOK 16.72 per share. Almost 55% of employees participated, and 268,100 shares were subscribed. Note 16 provides information on shares held by senior management. On 29 April 2003 the AGM granted a mandate to increase share capital by up to NOK 3 million through one or more issues for cash. This mandate is valid until the 2004 AGM.

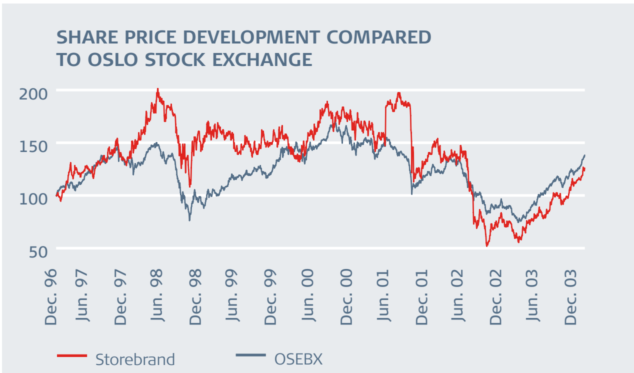
Foreign ownership. The EEA Agreement gives Norwegian and foreign investors equal rights to purchase shares. As at 31 December 2003 total foreign ownership amounted to 44.2%, as compared to 32.2% at the end of 2002.

GEOGRAPHIC DISTRIBUTION OF SHARES AT 31.12.2003

At 31.12.2003		At 31.12.2002	
Norway	55.80 %	Norway	67.80 %
Sweden	11.00 %	Sweden	11.10 %
USA	12.70 %	USA	8.30 %
Great Britain	6.70 %	Great Britain	8.00 %
Luxembourg	5.80 %	Germany	1.30 %
39 other countries	8.00 %	35 other countries	3.50 %

Turnover in the Storebrand share. Almost 373 million Storebrand shares changed hands in 2003, 23.5% more than 2002 (302 million shares traded). The value of shares traded in 2003 was NOK 12,842 million, up from NOK 11,934 million in 2002. This made Storebrand the 12th most traded share on the OSE in terms of value, with a turnover rate of 134.2%.

Share price development. Storebrand's share price was NOK 26.00 at 31 Dec 2002. The highest and lowest prices seen during 2003 were NOK 43.60 and NOK 20.50. The price on 31 December 2002 was NOK 43.30, representing a rise of 66.5% over the course of 2003. The OSE benchmark index (OSEBX) rose by 48.4% over the same period.



Dividend policy. The Board of Directors of Storebrand ASA approved a dividend policy in 1999 that seeks to provide a competitive return to shareholders whilst also ensuring that the company maintains an optimal capital structure. The dividend will normally be in the order of 15–30% of profit after tax. The Board intends to operate the policy with a long-term view, and will endeavour to ensure stable growth in dividend.

Based on the company's dividend policy and earnings reported for 2003, the Board of Storebrand ASA recommends that the Annual General Meeting approve a dividend of NOK 223 million for 2003, equivalent to NOK 0.80 per share.

RISK adjustment. (Only relevant for Norwegian shareholders.)

The RISK amounts for shares in Storebrand ASA have been set as follows:

As at	RISK amount NOK	As at	RISK amount NOK
01.01.93	-2.59	01.01.99	-0.89
01.01.94	0.12	01.01.00	0.49
01.01.95	0.84	01.01.01	1.88
01.01.96	-0.14	01.01.02	4.99
01.01.97	0.75	01.01.03	4.52
01.01.98	0.31		

On a sale of shares, the opening value/purchase price of the shares will be adjusted by the total of the RISK amounts during the period of ownership.

The RISK amount as at 1 January 2004 is estimated at minus NOK 2.39 per share.

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

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

All interim reports, press releases and presentations of interim reports can be found at www.storebrand.no/ir.

General meetings. Storebrand has one class of shares, each carrying one vote. The company holds its AGM each year before the end of June. Shareholders who wish to participate in a general meeting must notify the company no later than 16.00 hours 3 business day before the meeting. Shareholders who do not give notice of attendance will be able to attend, but not vote.

Shareholders' contact with the company. Shareholders should generally contact the administrator of their share account with queries and notice of changes. Storebrand's own shareholders' office can also provide guidance and information (tel: +47 22 31 26 20).

Storebrand share (NOK)	2003	2002	2001	2000	1999
Highest closing price	43.60	57.00	73.00	70.00	63.00
Lowest closing price	20.50	19.20	41.80	48.80	50.50
Closing price on 31.12	43.30	26.00	52.00	62.50	61.00
Market cap 31.12 (NOK million)	12 040	7 223	14 439	17 347	16 923
Dividend for the accounting year	0.80			1.10	1.00
Annual turnover (1 000 shares)	372 970	301 691	316 914	230 512	172 411
Average daily turnover (1 000 shares)	1 492	1 212	1 273	918	684
Annual turnover (NOK million)	12 842	11 934	18 798	13 837	9 815
Rate of turnover (%)	134	109	114	83	62

Profit and Loss Account 1 January–31 December Storebrand ASA

NOK million	Note	2003	2002	2001
Operating income				
Group contribution from subsidiaries	1	**220.1**		671.6
Dividends from subsidiaries	1	**316.7**	267.8	
Total operating income		**536.8**	**267.8**	**671.6**
Operating costs				
Salary and personnel costs	2, 3, 4	**-56.6**	-82.1	-63.4
Depreciation	12	**-8.7**	-17.8	-66.7
Other operating costs		**-48.0**	-104.5	-70.0
Total operating costs		**-113.3**	**-204.4**	**-200.1**
Financial income and financial expenses				
Interest income from securities		**52.6**	55.9	42.3
Other interest income		**24.9**	23.7	49.1
Dividends		**14.2**	16.7	16.5
Gain on sale of securities		**12.0**	16.0	31.8
Unrealised gain on securities		**108.7**		
Total financial income		**212.4**	**112.3**	**139.7**
Loss on sale of securities		**-25.9**	-214.1	-20.8
Unrealised loss on securities			-60.3	-143.4
Write-down of other financial assets				-174.9
Other financial expenses		**-6.5**	-27.2	-10.2
Interest costs – bonds	14	**-225.2**	-236.0	-153.0
Interest costs – other long term debt		**-17.2**	-29.7	-37.6
Total financial expense		**-274.8**	**-567.3**	**-539.9**
Net financial income and expense		**-62.4**	**-455.0**	**-400.2**
Profit before tax		**361.2**	**-391.7**	**71.3**
Tax	5	**17.1**	318.0	-151.3
Profit for the year		**378.3**	**-73.7**	**-80.0**
Allocations				
Other equity		**-155.8**	73.7	80.0
Provision for dividend payment		**-222.5**		
Total allocations	13	**-378.3**	**73.7**	**80.0**
Dividend/group contribution booked as equity transaction		**250.0**	99.6	396.4

Balance Sheet at 31 December Storebrand ASA

NOK million	Note	31.12.03	31 02	31.12.01
Assets				
Deferred tax assets	5	**231.5**	144.4	
Properties and real estate	12	**32.3**	62.4	63.4
Shares and participations in group companies	6	**8 723.5**	8 972.8	7 418.2
Subordinated loans	8	**271.5**	235.7	142.2
Shares	7, 11	**380.7**	512.3	672.6
Bonds	9, 11	**44.7**	384.2	143.4
Short-term debt instruments	9	**435.2**	1 002.6	902.7
Other financial assets	11	**161.2**	52.3	
Total financial assets		**10 049.1**	**11 222.3**	**9 342.5**
Intra-group receivables	16	**539.1**	38.9	1 119.4
Other receivables and assets		**87.1**	79.3	39.0
Fixed assets excluding real estate	12	**32.2**	35.2	71.3
Cash and bank		**109.1**	92.6	121.8
Pre-paid pensions	3	**551.8**	509.4	479.6
Total assets		**11 599.9**	**12 122.1**	**11 173.6**
Equity capital and liabilities				
Share capital		**1 390.4**	1 389.0	1 388.4
Premium reserve		**1 814.0**	1 809.8	1 804.6
Total paid in equity	13	**3 204.4**	**3 198.8**	**3 193.0**
Other equity		**4 893.5**	4 667.8	4 741.4
Total retained earnings	13	**4 893.5**	**4 667.8**	**4 741.4**
Total equity capital	13	**8 097.9**	**7 866.6**	**7 934.4**
Pension liabilities	3	**251.0**	287.3	324.0
Reserves for other risks and costs		**30.2**	30.8	47.8
Deferred tax	5			173.6
Bonds issued	10, 14	**2 832.2**	3 652.8	1 800.0
Intra-group liabilities	16	**9.2**	20.3	205.4
Other liabilities		**304.6**	146.0	556.6
Other accrued costs and deferred income		**74.8**	118.3	131.8
Total equity capital and liabilities		**11 599.9**	**12 122.1**	**11 173.6**

Guarantees issued: See note 18

Oslo, 17 February 2004
Translation – not to be signed

Leiv L. Nergaard
Chairman

Halvor Stenstadvold | Grace Reksten Skaugen | Mette K. Johnsen

Knut G. Heje | John Giverholt | Rune Eikeland

Arild Thoresen | Nina E. Smeby | Idar Kreutzer
Chief Executive Officer

Profit and Loss Account 1 January–31 December Storebrand Group

NOK million	Note	2003	2002	2001
Insurance premiums for own account		**13 805.6**	10 170.1	9 579.3
Interest and related income – banking	21	**1 803.9**	2 599.5	2 671.2
Financial income – insurance	20	**17 656.2**	20 713.3	19 280.2
Financial income – other activities	36	**238.6**	128.8	154.0
Share of profits in If	36	**324.3**	-243.7	-769.3
Other income		**406.5**	342.2	520.7
Total operating income		**34 235.1**	**33 710.2**	**31 436.1**
Insurance claims for own account		**-8 295.2**	-8 803.5	-9 647.2
Change in insurance reserves – life insurance		**-9 862.0**	-3 423.3	-2 115.8
Interest and related expense – banking	21	**-1 311.2**	-1 996.7	-2 047.8
Loan losses and provisions – banking	22	**-170.3**	-411.8	-269.3
Financial expense – insurance	20	**-7 540.0**	-19 401.2	-18 210.8
Financial expense – other activities		**-284.8**	-640.5	-209.2
Operating costs	23, 24	**-2 041.7**	-2 242.4	-2 261.2
Other costs		**-328.9**	-347.4	-666.4
Total costs		**-29 834.1**	**-37 266.8**	**-35 427.7**
To/from market value adjustment reserve		**-1 689.6**	843.9	2 154.2
Operating profit/loss		**2 711.4**	**-2 712.7**	**-1 837.4**
To/from additional statutory reserves – life insurance		**-448.9**	1 011.7	407.6
Funds allocated to policyholders – life insurance		**-1 368.9**		
Group profit/loss	19	**893.6**	**-1 701.0**	**-1 429.8**
Changes in security reserve etc. – non-life insurance		**66.1**	199.2	278.8
Profit/loss before extraordinary items		**959.7**	**-1 501.8**	**-1 151.0**
Tax payable	25	**-169.2**	611.9	199.4
Minority interests' share of profit		**-0.9**	-2.5	
Profit/loss for the period		**789.6**	**-892.4**	**-951.6**
Earnings per ordinary share		**2.67**	-3.73	-4.15

Shares are not subject to dilution (no options or other financial instruments have been issued).

Balance Sheet at 31 December Storebrand Group

NOK million	Note	31.12.03	31.12.02	31.12.01
Assets				
Deferred tax assets	25	**360.7**	650.7	51.4
Intangible assets	26	**530.6**	617.4	674.8
Properties and real estate	27, 28	**9 699.2**	9 850.2	11 357.3
Interests in associated companies	36	**4 044.6**	3 296.3	3 161.8
Shares and other equity investments – long term holdings	29	**36.9**	37.2	35.5
Bonds held to maturity	31	**42 367.9**	40 022.6	25 043.6
Net loans to and claims on customers	34	**23 327.1**	26 160.4	29 140.6
Other long term financial assets	32, 33	**536.4**	953.1	1 107.5
Shares and other equity investments	29	**19 514.3**	11 301.9	22 972.5
Bonds	30	**22 420.5**	16 579.8	29 686.0
Short-term debt instruments	30	**18 721.1**	23 465.5	14 397.1
Other financial current assets	32, 33	**8 110.4**	9 035.8	4 118.4
Total financial assets		**148 778.4**	**140 702.8**	**141 020.3**
Receivables		**1 703.2**	1 209.2	4 248.3
Other assets	28	**2 632.4**	2 275.9	3 810.0
Prepaid pensions	24	**636.8**	590.8	536.9
Prepaid expenses and accrued income		**2 008.1**	2 504.5	1 872.7
Total assets		**156 650.2**	**148 551.3**	**152 214.4**
Equity capital and liabilities				
Paid in capital	37	**3 204.4**	3 198.8	3 193.0
Retained earnings	37	**6 190.5**	5 335.7	6 423.7
Minority interests	37	**1.1**	1.1	
Total equity capital		**9 396.0**	**8 535.6**	**9 616.7**
Subordinated loan capital	38	**3 080.7**	2 994.4	3 979.6
Market value adjustment reserve		**1 689.6**		843.9
Insurance reserves – life insurance	39	**112 918.3**	102 603.3	102 615.5
Premium and claims reserves – non life insurance		**518.0**	452.3	562.1
Security reserves etc. – non life insurance		**215.6**	338.7	508.0
Total technical (insurance) reserves		**113 651.9**	**103 394.3**	**103 685.6**
Reserves for other risks and costs		**79.5**	77.8	72.1
Pension liabilities	24	**431.3**	456.1	478.6
Liabilities to other financial institutions	35	**3 211.3**	4 290.6	4 350.7
Deposits from and due to customers	35	**12 362.4**	13 198.9	13 900.2
Securities issued	35	**6 853.3**	7 895.9	10 435.7
Other liabilities		**5 394.5**	7 011.9	3 984.7
Accrued costs and deferred income		**499.7**	695.8	866.6
Total equity capital and liabilities		**156 650.2**	**148 551.3**	**152 214.4**

Oslo, 17 February 2004
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Leiv L. Nergaard
Chairman

Halvor Stenstadvold | Grace Reksten Skaugen | Mette K. Johnsen

Knut G. Heje | John Giverholt | Rune Eikeland

Arild Thoresen | Nina E. Smeby | Idar Kreutzer
Chief Executive Officer

Cash Flow Analysis Storebrand

NOK million	Storebrand ASA 2003	Storebrand ASA 2002	Storebrand ASA 2001	Storebrand Group 2003	Storebrand Group 2002	Storebrand Group 2001
Cash flow from operational activities						
Premiums received – direct insurance				8 673.1	5 128.5	4 414.9
Premiums received – insurance assumed				3.9	13.2	11.3
Premiums paid – reinsurance				-5.0	-92.3	-14.8
Claims and benefits paid – direct insurance				-5 979.9	-6 395.4	-7 447.3
Claims settlement from reinsurance in respect of claims and benefits paid				-2.9	115.7	170.1
Receipts from policy transfers				3 137.6	2 615.6	2 108.3
Payments on policy transfers				-2 078.0	-2 401.6	-3 861.4
Interest, commissions and fees received from customers				454.4	1 430.8	1 525.0
Interest, commissions and fees paid to customers				-19.1	-34.5	-42.6
Payments to third parties for goods and services	-57.5	-139.5	-44.0	-2 652.6	977.5	-521.7
Payments to employees, pensioners, employment taxes etc.	-123.6	-119.1	-146.3	-1 135.3	-1 213.1	-1 230.1
Interest paid	-286.8	-277.7	-190.6	-1 639.0	-1 952.0	-1 685.6
Interest received	72.5	84.4	91.4	6 868.4	6 463.9	6 081.8
Dividends received	17.2	16.7	16.5	608.0	396.8	424.5
Payments of tax, duties etc.				-14.5	70.1	-107.8
Net receipts from securities	-27.1	-245.6	-10.2	3 096.0	-2 965.2	-2 255.3
Net cash flow from operational activities	**-405.3**	**-680.8**	**-283.2**	**9 315.3**	**2 158.0**	**-2 430.8**
Cash flow from investment activities						
Receipts from loans to and claims on other financial institutions				-269.6	-102.3	-147.6
Receipts on claims previously written off				2.7	409.6	656.7
Loans disbursed to customers				20 850.6	18 670.6	27 531.8
Loan repayments by customers				-24 434.0	-9 787.4	-18 963.5
Receipts from sales of shares and other equity investments	553.4	14.5		20 075.5	64 724.2	40 009.6
Payments for purchase of shares and other equity investments	-100.7	-240.0	-1 227.8	-27 818.7	-63 903.4	-41 987.9
Receipts from sales of bonds	697.3	520.6	529.8	50 461.9	55 494.8	30 660.3
Payments on purchase of bonds	-342.8	-859.2	-683.2	-46 930.1	-65 269.9	-36 330.5
Receipts on sale of short-term debt instruments	4 928.4	5 874.3	3 197.3	5 217.6	9 295.8	4 828.1
Payments on purchase of short-term debt instruments	-4 302.6	-5 894.0	-3 877.6	-4 341.0	-7 792.3	-5 681.8
Receipts on sale of real estate	31.7			31.7		-189.7
Payments on purchase of real estate			-2.2		233.6	-2.2
Net cash movement on purchase/sale of other securities	21.4	23.2	7.2	-169.9	18.5	-1.6
Net payments on purchase of fixed assets etc.	-5.7	18.3	2.8	-8.4	7.1	-164.8
Net cash flow from investment activities	**1 480.4**	**-542.3**	**-2 053.7**	**-7 331.8**	**1 998.8**	**216.9**
Cash flow from financing activities						
Net deposits from customers				-837.3	-1 098.7	-504.5
Net deposits from Norges Bank and other financial institutions				-1 079.3	619.3	55.6
Repayment of long term lending	-1 063.1	-1 432.9	-130.7	-1 063.4	-1 432.9	-192.6
Receipts from taking up term loans		2 732.5	500.0		2 753.3	732.5
Receipts from issue of short-term debt instruments/loans					3 055.8	5 338.6
Repayment of short-term debt instruments/loans				-1 002.6	-5 038.8	-5 787.9
Receipts from issue of subordinated loans						86.5
Repayment of subordinated loans				-102.9	-964.8	
Receipts from issue of bond loans and other long term funding		-111.5			1 437.3	906.4
Repayment of bond loans and other long term funding					391.9	910.3
Receipts from issue of new capital	4.5	5.8	5.8	4.5	5.8	5.8
Receipts from issue of other capital						117.1
Payments on redemption of share capital					2.0	
Dividend/group contribution payments			-644.1	-5.1		-305.3
Receipts/payments of group contribution/dividend			2 598.7			
Net cash flow from financing activities	**-1 058.6**	**1 193.9**	**2 329.7**	**-4 086.1**	**-269.8**	**1 362.5**
Net cash flow for the period	**16.5**	**-29.2**	**-7.2**	**-2 102.6**	**3 887.0**	**-851.3**
Net movement in cash and cash equivalent assets	16.5	-29.2	-7.2	-2 102.6	3 887.0	-851.3
Net movement from purchase/sale of companies				-111.1	20.6	6.7
Cash and cash equivalent assets at start of the period	92.6	121.8	129.0	7 976.6	4 069.0	4 913.6
Cash and cash equivalent assets at the end of the period	**109.1**	**92.6**	**121.8**	**5 762.9**	**7 976.6**	**4 069.0**
RECONCILIATION:						
Profit before tax	364.7	-391.7	71.3	960.6	-1 501.8	-1 151.0
Tax paid in the period				-13.9	4.0	-78.2
Gains/losses on sales of fixed assets					0.5	1.7
Ordinary depreciation	8.7	17.8	66.5	70.2	131.9	106.1
Write-down of fixed assets				133.6	323.0	136.7
Other non-cash items				2 681.5	25.7	645.5
Difference between booked pension cost and payments/ receipts to pension scheme	-76.6	-64.8		-73.8	-57.2	7.8
Items classified as investment or financing activities	-145.4	17.8	325.1	-144.6	81.1	367.3
Movement in accruals	-556.7	-259.9	-746.1	5 701.8	3 150.9	-2 466.5
Net cash flow from operational activities for the year	**-405.3**	**-680.8**	**-283.2**	**9 315.3**	**2 158.0**	**-2 430.6**

To the Annual General Meeting of Storebrand ASA

Auditors' Report for 2003

Respective Responsibilities of the Directors and Auditors. We have audited the annual financial statements of Storebrand ASA as of 31 December 2003, showing a profit of NOK 378.3 million for the parent company and a profit of NOK 789.6 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 to apply the profit for the year. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion. We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway. Good auditing practice requires 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 sample 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 good accounting 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.

Opinion. In our opinion,

- the financial statements are prepared in accordance with the law and regulations and present the financial position of the company and of the group as of 31 December 2003 and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the company's management has fulfilled its duty to produce proper and clearly set out registration and documentation of accounting information in accordance with the law and good accounting practice
- the information in the Board of Directors report concerning the financial statements, the going concern assumption, and the proposal to apply the profit for the year are consistent with the financial statements and comply with the law and regulations.

Oslo, 17 February 2004
KPMG AS
Translation – not to be signed

Ole M. Klette
State Authorised Public Accountant

Arne Frogner
State Authorised Public Accountant

Control Committee's Statement – 2003

The Control Committee of Storebrand ASA has reviewed the Board of Directors' proposed Annual Report and Accounts for 2003 for the Storebrand Group.

With reference to the auditor's report of 17 February 2004 the Control Committee recommends that the Annual Report and Accounts proposed be adopted as the Annual Report and Accounts of Storebrand ASA and Storebrand Group for 2003.

Oslo, 1 March 2004
Translation – not to be signed

Nils Erik Lie
Chairman of the Control Committee

Board of Representatives' Statement – 2003

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 ASA and the Storebrand Group.

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

Oslo, 2 March 2004
Translation – not to be signed

Sven Ullring
Chairman of the Board of Representatives

Storebrand Livsforsikring Group

NOK million	2003	2002	2001
Profit and Loss Account 1 January–31 December			
Technical account			
Premiums for own account	**12 894.2**	8 916.1	8 505.6
Income from financial assets	**16 519.0**	20 381.6	18 903.4
Claims for own account	**-7 864.0**	-8 506.7	-9 474.6
Change in insurance reserves for own account	**-9 353.9**	-3 333.1	-1 905.4
– of which allocated to additional statutory reserves	**-470.0**		
Insurance related operating costs for own account	**-843.9**	-777.7	-751.9
Expenses arising from financial assets	**-7 278.7**	-18 496.8	-17 465.6
– of which operating expenses	**-150.6**	-139.1	-123.2
Other insurance related income/costs after reinsurance	**-29.3**	-41.4	-74.2
To/from market value adjustment reserve	**-1 689.6**	843.9	2 154.2
Transfer from additional statutory reserves in the policyholders' fund to meet the interest guarantee shortfall	**21.1**	1 011.7	407.6
Transfers to policyholders	**-1 368.9**		
Balance on the technical account	**1 006.0**	**-2.4**	**299.1**
Non-technical account			
Other income/costs	**-170.6**	-238.5	-313.8
Profit from ordinary activities	**835.4**	-240.9	-14.7
Tax	**-196.7**	128.6	78.0
Minority interests' share in profit	**-0.6**	-0.6	-0.4
Profit for the year	**638.1**	**-112.9**	**62.9**
Storebrand Livsforsikring AS			
Group contribution paid	**-144.0**		
Dividend	**-230.0**		
Other equity	**-264.1**	112.9	-62.9
Total allocations	**-638.1**	**112.9**	**-62.9**
Balance sheet at 31 December			
Assets			
Intangible assets	**61.9**	140.0	
Properties and real estate	**9 660.7**	9 787.0	11 293.1
Bonds held to maturity	**42 367.9**	40 022.6	25 043.6
Loans	**1 468.3**	1 118.4	1 402.1
Shares and other equity investments	**19 093.4**	10 692.3	22 060.4
Bonds and other securities – fixed yield	**20 084.4**	14 346.2	28 102.4
Short-term debt instruments	**17 382.8**	21 251.0	11 353.0
Other financial assets	**3 856.0**	5 701.3	802.4
Total financial assets	**113 913.5**	**102 918.8**	**100 057.0**
Other assets	**4 976.3**	4 782.3	7 962.3
Total assets	**118 951.7**	**107 841.1**	**108 019.3**
Equity capital and liabilities			
Equity capital	**3 360.9**	3 075.8	3 188.7
Minority interests' share in equity	**12.5**	11.7	11.3
Subordinated loan capital	**2 668.9**	2 470.4	3 435.2
Market value adjustment reserve	**1 689.6**		843.9
Insuranse related reserves for own account	**108 901.6**	99 238.9	99 326.0
Other liabilities	**2 318.2**	3 044.3	1 214.2
Insurance fund reserves for own account	**118 951.7**	**107 841.1**	**108 019.3**

*The full annual report for the Storebrand Livsforsikring Group can be found at: www.storebrand.no/ir.

Contents – Notes to the Accounts

Accounting Principles 2003

The group accounts of Storebrand ASA have been prepared in accordance with the Accounting Act and regulations for the annual accounts of insurance companies, banks and investment firms. The regulations and valuation rules for the annual accounts of insurance companies are applied to the group's insurance activities, the regulations for the accounts of banks are applied to the group's banking activities, the accounting principles for the accounts of investment firms are applied to the group's asset management activities and the general provisions of the Accounting Act are applied to all other activities. The presentation of the accounts and the information provided in the notes are based on the requirements set out in the Accounting Act and adapted for the group's activities in order to provide the best possible picture of the group's overall activities.

GENERAL

Consolidation. The Storebrand Group is made up of companies involved in life insurance, non-life insurance, asset management, banking and other activities.

The group accounts consolidate Storebrand ASA and all subsidiaries where Storebrand ASA exercises control directly or indirectly through a long-term ownership interest and owns more than 50%.

Investments in companies of strategic importance where Storebrand owns between 20% and 50% of the voting capital and exercises significant influence (associated companies), are consolidated in accordance with the equity method. In the case of investments in jointly controlled companies that are separate legal entities, the proportional consolidation method of accounting is applied.

Consolidation of subsidiaries. Elimination of shares in subsidiaries is based on the acquisition method, where capitalised value of shares in subsidiaries is eliminated against equity capital in the subsidiaries. Any excess value/deficit at the time of acquisition is allocated to the assets/liabilities in question. Any excess value not directly related to a specific item is classified as goodwill. Goodwill is depreciated in the consolidated accounts over the expected commercial life, which will not normally be longer than 20 years.

Translation of foreign companies. The profit and loss accounts of foreign companies are translated to NOK at the average exchange rates for the year, whilst balance sheets are translated at the rate ruling at year end. Any translation differences are posted against unrestricted 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. Gains and losses on internal sales to/from Storebrand Livsforsikring AS are not eliminated as the profit of the life company is to be divided between customers and shareholders.

Minority interests. Minority interests' share of the profit is stated after tax in the profit and loss account. This means that all items in the profit and loss account include minority interests. Minority interests are shown in the balance sheet as a separate item under the heading of equity capital.

Tax. The tax charge in the profit and loss account consists of tax payable and changes in deferred tax and deferred tax assets. Tax payable is calculated on the basis of taxable profit for the year. Deferred tax and deferred tax assets are calculated on the basis of timing differences between accounting and tax values and losses and unused allowances carried forward. Net deferred tax assets are recorded in the balance sheet to the extent it is considered likely that it will be possible to make use of the benefit they represent at some future date.

Pension costs. The net pension cost for the period consists of the sum of pension liabilities accrued in the period, the interest charge on the estimated liability and the expected return on the pension funds. Prepaid pensions is the difference between the actual value of pension funds and the present value of estimated pension liabilities, and is booked as a long-term asset in the balance sheet. Correspondingly a long-term liability arises in the accounts when the pension liability is greater than the pension funds. A distinction is made between insured and uninsured schemes. The uninsured scheme will always be entered as a liability since it does not have a pension fund. The effects of changes in assumptions, deviations between calculated and estimated pension liabilities and the difference between the expected and actual return achieved on pension funds are charged to profit and loss over the remaining period for pension accrual or the expected remaining life once the cumulative effect exceeds 10% of the higher of either the pension liability or pension funds at the start of the year (the 'corridor approach').

Properties and real estate.

Real estate owned by Storebrand Livsforsikring AS.
The method used to value properties and real estate in the accounts differs as between the life insurance business and the group's other businesses. The group's life insurance activities value properties and real estate at market value in accordance with Ministry of Finance guidelines. Any changes in valuation are recognised to profit and loss. Normal financial deprecation is not applied to real estate. The entry in the accounts for properties and real estate includes all types of assets, including real estate assets held through a separate limited company or through a Norwegian partnership (ANS). The accounting principle for property and real estate is that reality should take precedence over form. For the purposes of the life insurance company, these holdings are investments in property and real estate in the same way as directly owned property and real estate assets.

Method of establishing market value. Properties are individually valued by discounting estimated future net income streams by a rate corresponding to the yield requirement for the relevant property. The net income stream takes into account existing and future losses of income as a result of vacancy, necessary investments and an assessment of the future development in market rents. The yield requirement is based on the expected future risk-free interest rate and an individually determined risk premium, dependent on the letting situation and the building's location and standard.

Properties and real estate held by other companies in the group. Ordinary depreciation is applied to properties and real estate held by other companies in the group.

Tangible and intangible fixed assets. Tangible and intangible fixed assets are valued at historic cost reduced by accumulated depreciation and write-downs. Fixed assets are reviewed in respect of the need to write down their value at the end of each accounting period if indicators suggest there may have been a fall in their value. The value of an asset is written down if realisable value is lower than book value. The realisable value is equivalent to value in use calculated with the help of budget figures and discounted cash flows, unless the net sales value of the asset is higher.

Loans. Loans advanced are valued at nominal value in the balance sheet, reduced by provisions for losses calculated in accordance with the Ministry of Finance regulations.

Specific loss provisions are intended to cover calculable losses on facilities which are identified as exposed to the risk of loss at the balance sheet date. In the event that a borrower becomes insolvent, enters into a composition with its creditors or is wound up, the value of any collateral security forms the basis for estimating possible losses. In other cases of default the borrower's financial situation, including the borrower's capacity to service indebtedness, and the value of collateral security form the basis for estimating possible losses. A facility is defined as being in default if 90 days have passed since the facility went into arrears or an unauthorised overdraft arose and the arrears or overdraft have not been remedied, or if the borrower is subject to winding up or a composition with creditors. The possibility of loss is also considered when other factors such as weak liquidity, excessive gearing or weak earnings, or the value of collateral security, suggest that there is a risk of loss, with specific loan loss provisions established accordingly.

General loss provisions are booked to cover losses which, due to matters existing on the balance sheet date, must be expected to occur on facilities which have not been identified and valued in accordance with the rules for specific loss provisions. The provisions are made on the basis of past experience and sector data and by applying a risk classification system, which appraises the borrower and the value of any collateral security.

Realised losses on facilities are losses which are considered to be final. These include losses arising on the borrower's bankruptcy, insolvency or composition with creditors, or where the company considers it is very likely that the loss is final.

When a review of a facility in default identifies the need for a specific loan loss provision to be established and the collateral security available is insufficient to cover interest and commission due, the accrual of interest, commissions and fees in respect of the facility ceases. In addition all interest, commissions and fees in respect of the facility recognised to income but not paid are reversed. If a specific loan loss provision is established for a facility not in default, consideration is given to whether accrual of interest, commissions and fees should be stopped.

When a loan previously classified as bad or doubtful is brought back into good order, interest which has accrued but not been recognised to profit and loss is recognised as interest income and specific loan loss provisions in respect of the loan are reversed. Properties repossessed in respect of loans in default are valued at their estimated realisable value, but not higher than the principal outstanding plus unpaid interest. Any gains or losses upon sale, or any write-down as a result of a fall in value of such properties, are recognised as part of loan losses.

Long term funding/subordinated loans/bond loans. The direct costs involved in taking up long-term funding are capitalised and amortised to the next interest fixing date/maturity if the costs are material. Premiums/discounts on the issue of debt are recognised as income/expense by adjusting the interest expense of the bonds over the period to maturity, or the next interest fixing date. Holdings of own bonds are netted against bonds issued. Where own bonds are purchased in order to be cancelled, any losses or gains arising as a result of the purchase are recognised to the profit and loss account. The group's banking activities routinely buy back own bonds as part of their continuing funding activities. Losses or gains arising as a result of the purchase or sale of own bonds for this purpose are amortised over the remaining maturity.

Equity index bonds. The issue of equity index bonds comprises three elements: the issue of a bond loan, the issue of a call option related to a stock exchange index and the purchase of an option to fully hedge the option element of the index bond. The bond loan and the option agreements are entered into simultaneously. The discount on the bond element is amortised up to nominal value in the period to maturity as an interest expense. The option premium paid on the option bought plus commission paid are recognised to profit and loss in part at the date of issue and the balance is amortised over the life of the bonds issued. Options are shown as gross amounts under the headings “other assets” and “other liabilities” in the balance sheet on the basis of market value at 31 December.

SECURITIES

Shares held as fixed assets. Investments in shares in subsidiaries and associated companies are recorded in the companies' accounts at cost price less any write-down of value. The need for any write-down is assessed at the end of each accounting period in the same way as for other fixed assets. Shares in other companies where the investment is of a long-term and strategic nature are treated in the same way. Storebrand Livsforsikring AS applies the equity method of accounting to investments in subsidiaries and associated companies in accordance with the regulations for the annual accounts of insurance companies.

Shares held as current assets. Shares which are held as financial current assets are booked at market value. Market value is determined as the closing price on the Oslo Stock Exchange on the last trading day of the year, and the market price (last traded/bid price) in the case of shares listed on foreign stock exchanges. The market value of shares in other companies is determined on the basis of available information.

In the group's banking activities, shares held as current assets that are not intended for short-term trading are valued as a single portfolio at the lowest of purchase cost and market value.

Bonds held to maturity. Bonds owned by Storebrand Livsforsikring AS that are classified as hold to maturity are managed in accordance with the Ministry of Finance guidelines. Such bonds are booked at cost price at the time of purchase. Premiums/ discounts in relation to par value are amortised over the bonds' remaining term and recorded in the profit and loss account as an interest element. Bonds in default are valued in line with the Ministry of Finance guidelines for loans.

Bonds and short-term debt instruments held as current assets. Bonds and short-term debt instruments held as current financial assets are booked at market value, which is the last known traded price. In the case of securities where no traded price is available, a price is calculated on the basis of the yield curve for the particular sector.

In the group's banking and asset management activities, bonds held as current assets not intended for short-term trading are valued as a single portfolio at the lowest of purchase cost and market value.

Zero-coupon securities. The discount on zero-coupon securities is amortised as interest income over the period to maturity. The discount is recognised in the profit and loss account together with coupon interest as income from other financial assets and is included in the balance sheet together with the investment in question. Changes in value caused by changes in the level of interest rates are treated as unrealised gains or losses.

Financial derivatives. Financial derivatives form an integrated part of Storebrand's management of the risk and return profile of its equity and bond portfolios.

Financial derivatives are recognised as current assets and valued at market value. Storebrand undertakes routine mark-to-market valuations of all derivatives. Valuation is based on actual market values in a liquid market where these are available. If no market price is available, market value is calculated on the basis of the market price of the underlying instrument by using mathematical models generally accepted for pricing such instruments.

In the group's banking activities, only financial derivatives entered into in respect of proprietary trading (the trading portfolio) are valued at market value.

The various categories of financial derivatives are described in ‘Terms and Expressions’ on page 82.

Financial current assets denominated in foreign currency are to all practical intent currency hedged through forward foreign exchange transactions. The overall valuation of such financial current assets and the associated currency hedging transactions requires that forward foreign exchange contracts are booked at market value in order to be consistent with the use of exchange rates at 31 December in the valuation of foreign currency items.

Subordinated loans are also hedged through forward foreign exchange transactions. The accounting treatment is the same as that for currency hedging of financial current assets. Subordinated loans which have interest rates fixed for long periods are also hedged against interest rate movements through interest rate swaps. The market value surplus to the interest accrued on interest rate swaps used to hedge a subordinated loan is not capitalised in the accounts, nor is any premium or discount on the subordinated loan.

Equity, foreign exchange and interest rate options. Option premiums are capitalised at market value when an option is purchased or sold. Options are realised when they expire, are exercised or are closed out by a matching and opposite transaction.

Equity and interest rate futures. Futures contracts (including equity futures) are reconciled daily on the basis of the previous day's market prices. Changes in the values of futures contracts are recorded in the accounts as they occur as realised profit or loss.

Interest rate and asset swaps. Interest income and expense arising from interest rate and asset swaps are accrued continuously. Current assets are booked at market value.

FRA – Forward rate agreements. Forward rate agreements (FRA) are valued at market value and are settled on the first day of the period which is the subject of the agreement.

Forward foreign exchange contracts, currency swaps and basis swaps. Forward foreign exchange contracts, currency swaps and basis swaps are principally used to hedge holdings of securities, other financial instruments and insurance related entries. As part of the accounting recognition of hedging transactions, contracts entered into for hedging purposes are valued at market price in the financial accounts, and unrealised gains or losses are taken to profit and loss.

Unrealised gains or losses recognised to profit and loss do not affect the market value adjustment reserve in Storebrand Livsforsikring AS but do affect the profit available for allocation between customers and the shareholder. Profit or loss arising from active currency positions is applied to the market value adjustment reserve.

Foreign exchange. Hedged balance sheet items are recorded at the exchange rate prevailing on the balance sheet date. The currency risk arising from foreign investments and currency denominated debt is largely hedged by forward foreign exchange contracts.

Liquid assets, receivables and liabilities are converted at the exchange rate prevailing on the balance sheet date. Any other balance sheet items are recorded at the exchange rate prevailing at the acquisition date.

STOREBRAND ASA

Dividends and group contribution. The cost method of accounting is used to arrive at the value of subsidiaries in the parent company accounts. The main income of Storebrand ASA is the return on capital invested in subsidiaries. In the company's accounts group contributions and dividends received in respect of these investments are therefore recorded as operating income. This treatment can only be applied to income earned by subsidiaries during Storebrand's ownership. Otherwise receipts are recognised as equity transactions, and the value of the investment in the subsidiary is reduced by the amount of group contribution or dividend received.

LIFE INSURANCE

Premium income for own account. Premiums for own account comprise premium amounts which fall due during the year, transfers of premium reserve and premiums on reinsurance ceded. Accrual of premiums earned is made through allocations to the premium reserve in the insurance reserve.

Claims for own account. Claims for own account comprise claims settlements paid out, including reinsurance assumed, premium reserves transferred from other companies, reinsurance ceded and changes in claims reserves. Claims not settled or paid out are allocated for in the premium reserve of the insurance fund.

Income and expenses of financial assets and the market value adjustment reserve. The income and expenses arising from financial assets reflect both realised items and changes in unrealised value. Unrealised gains are applied to a market value adjustment reserve and do not affect profit and loss. Financial expenses include the administration costs associated with the financial activities.

Transfer to premium reserves. Premium reserves in the insurance fund transferred between insurance companies are booked to the profit and loss account at the date of risk transfer. The year's mandatory allocations to the premium reserve are reduced accordingly. The premium reserve transferred also includes the policy's share in the year's realised and unrealised profit.

Market value adjustment reserve. The value of the market value adjustment reserve is equivalent to unrealised gains on financial current assets. Unrealised gains or losses on foreign exchange contracts are not transferred to the market value adjustment reserve with the exception of gains or losses on forward exchange contracts in respect of open currency positions. The market value adjustment reserve can never have a negative value. Unrealised losses are recognised to profit and loss on the basis of write-downs carried out on a portfolio basis.

Insurance reserves. Insurance reserves comprise the insurance fund and the statutory security fund. The insurance fund includes premium reserve, additional statutory reserves, premium fund/pension adjustment fund and claims reserves.

Premium reserve in the insurance fund. The premium reserve represents the cash value of the company's total insurance obligations in accordance with the individual insurance agreements after deducting the cash value of future premiums. The calculation principles are set out in the Insurance Activities Act. The calculations are made by an actuary.

Additional statutory reserves in the insurance fund. Additional statutory reserves are a conditional reserve allocated to policyholders, which is booked to the profit and loss account as a mandatory reserve allocation. The maximum additional statutory reserve is set as the difference between the premium reserve, calculated on the basis of a 3.5% guaranteed return, and the actual guaranteed return in the contracts. In addition maximum limits apply in respect of individual contracts. Additional statutory reserves may be applied to meet any shortfall between actual return and the guaranteed return.

Premium fund/pension adjustment fund in the insurance fund. The premium fund contains premiums prepaid by policyholders on individual and group pension insurance as a result of taxation regulations. The pension adjustment fund consists of payments from policyholders on group pension insurance also resulting from taxation regulations. The fund is to be applied in payments of future benefit increases to pensioners.

Security fund. The security fund is a statutory reserve to cover unexpected insurance risks. The calculations are made by an actuary in accordance with regulations published by the Financial Supervisory Authority of Norway.

It is possible to increase the fund by 50% above the minimum allocation. In special situations the Financial Supervisory Authority of Norway may permit all or part of the fund's surplus to cover a fall in the value of securities. In the accounts the entire fund is shown as a mandatory fund.

UNIT LINKED/DEFINED CONTRIBUTION PENSIONS

Unit Linked and defined contribution pension products are sold through Storebrand Fondsforsikring AS. Financial assets are booked at market value. The level of technical reserves required in respect of such contracts is determined by the market value of the financial assets. The company is not exposed to any investment risk on customers' funds since it does not guarantee any minimum return, except in the event of death when the deceased's estate is entitled to a refund of premiums paid for annuity insurance.

Notes to the Accounts of Storebrand ASA

NOTE 1: Group contributions and dividends from subsidiaries

NOK million	2003	2002	2001
Group contribution received from			
Storebrand Skadeforsikring AS *⁾			671.6
Storebrand Livsforsikring AS	**200.0**		
Storebrand Kapitalforvaltning ASA	**20.1**		
Dividend received from			
Storebrand Skadeforsikring AS	**83.8**	267.8	
Storebrand Livsforsikring AS	**230.0**		
Storebrand Alternative Investment ASA (for 2002)	**2.9**		
Total	**536.8**	267.8	671.6
*⁾ Group contribution/dividend booked directly against equity	**250.0**	99.6	396.4

NOTE 2: Personnel expenses

NOK million	2003	2002	2001
Ordinary wages and salaries	**35.6**	51.1	37.7
Employer's social security contributions	**8.3**	14.2	13.7
Pension costs	**-2.1**	-1.7	-6.5
Other benefits	**14.8**	18.5	18.5
Total	**56.6**	82.1	63.4

NOTE 3: Pension costs and pension liabilities

The following assumptions were used in 2003:

Økonomiske forutsetninger:	Reflected in pension cost	Reflected in deviation at 31.12.03
Return on pension fund	8.0%	7.0%
Discount rate	7.0%	6.5%
Annual earnings growth	3.0%	3.0%
Expected adjustment of Social Security Fund's base amount (G)	3.0%	3.0%
Annual pension increase	2.5%	2.0%

Actuarial assumptions:

- Standardised assumptions on mortality/morbidity and other demographic factors as produced by the Association of Norwegian Insurance Companies.
- Average employee turnover rate of 2–3% of entire workforce.
- Linear earnings profile

The calculations apply to 38 full time equivalent positions and 2,402 pensioners.

For further details of Storebrand's pension arrangements, see note 24.

Net pension costs

	2003				
NOK million	Insured scheme	Uninsured scheme	Total	2002 Total	2001 Total
Pension liabilities accrued for the year	-8.6	-7.0	**-15.6**	-19.9	-25.7
Interest costs	-122.4	-17.3	**-139.7**	-147.2	-150.1
Expected return on pension funds	160.5		**160.5**	168.9	183.2
Effect of changed assumptions booked to P&L	-3.1		**-3.1**	-0.1	-0.9
Net pension cost	26.4	-24.3	**2.1**	1.7	6.5

In addition employers' social security contributions in respect of the uninsured scheme totalling NOK 0.2 million were charged to profit and loss in 2003. If the changed assumptions were applied to 2003, net pension cost in 2003 would be minus NOK 8.8 million.

Shown below is a reconciliation of estimated pension liabilities and pension funds with the liability booked in the company's balance sheet.

Net pension liability	2003				
NOK million	Insured schemes	Uninsured schemes	**Total**	2002 Total	2001 Total
Earned pension liability	-1 331.9	-201.0	**-1 532.9**	-1 698.1	-2 089.0
Estimated effect of future salary growth	-468.0	-62.5	**-530.5**	-503.2	-197.8
Estimated pension liability	-1 799.9	-263.5	**-2 063.4**	-2 201.3	-2 286.8
Pension funds at market value	2 094.0		**2 094.0**	2 201.7	2 396.1
Net estimated liability/surplus	**294.1**	**-263.5**	**30.6**	**0.4**	**109.3**
Effect of changed assumptions not booked to P&L	257.4	6.9	**264.3**		
Change in deviation caused by changed assumptions at 31.12	0.3	5.6	**5.9**	221.6	46.2
Net liability in the balance sheet	**551.8**	**-251.0**	**300.8**	**222.0**	**155.5**

Estimated employer's social security contributions in respect of the pension liability shown in the balance sheet amount to NOK 35.4 million and is included in the balance sheet under 'Reserves for other risks and costs'.

NOTE 4: Remuneration of the Chief Executive Officer and elected officers of the company

NOK 1 000	**2003**	2002	2001
Chief Executive Officer			
Ordinary remuneration *)	**3 335**	3 043	2 901
Other taxable benefits	**181**	211	125
Pension cost **)	**380**	341	223
Board of Representatives	**572**	726	569
Control Committee ***)	**793**	764	814
Chairman of the Board	**330**	500	300
Board of Directors including the Chairman	**1 715**	2 255	1 660
Auditor's fees for audit and related control functions	**1 786**	2 621	2 017
Auditor's fees for consultancy services	**1 510**	9 000	3 000

*) Includes in 2003 NOK 265,000 in back pay for previous years.
**) Pension cost relates to accrual for the year.
***) The Control Committee covers all the Norwegian companies in the group which are required to have a Control Committee, except for Storebrand Bank ASA and Oslo Reinsurance Company ASA which have their own Control Committees.

The terms of employment for Idar Kreutzer, Chief Executive Officer of Storebrand ASA, provide a guarantee of 24 months' salary following the expiry of the normal notice period. All forms of work-related income from other sources, including consultancy assignments, will be deducted from such payments. Kreutzer is entitled to a cash bonus scheme based on the performance of Storebrand's share price (see note 16) and a performance-related bonus based on the group's ordinary bonus scheme. The cash bonus scheme was cancelled in its entirety in February 2004 at the request of the CEO. Payments under the ordinary bonus scheme are payable in three instalments. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Kreutzer's individual bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. The payment in 2004 is estimated at NOK 0.75 million. Kreutzer is a member of the Storebrand pension scheme on normal terms including retirement at age 65. The discounted present value of his pension entitlement amounts to NOK 4.2 million, made up of NOK 0.5 million in the insured scheme and NOK 3.7 million in the uninsured scheme. These amounts represent the liability of the insured and uninsured scheme calculated on a linear basis using the financial assumptions specified in the accounts (cf. note 24).

NOTE 5: Tax

NOK million	**2003**	2002	2001
Profit before tax	**361.2**	-391.7	71.3
+Prior year dividend from subsidiaries	**267.8**		530.6
-Current year dividend from subsidiaries	**-313.8**	-267.8	
+/-RISK on shares realised	**-63.0**		
+/-Permanent differences	**5.1**	-75.8	0.6
+/-Changes in temporary timing differences	**37.5**	108.5	-347.3
Tax base for the year	**294.8**	**-626.8**	**255.2**
-Tax losses carried forward	**-294.8**		
Tax base for calculation of tax payable		**-626.8**	**255.2**
Tax payable			-71.4
-Tax allowances carried forward			336.7
Tax on group contribution paid			265.3
Change in deferred tax	**17.1**	318.0	-173.6
Tax	**17.1**	**318.0**	**91.6**

Calculation of deferred tax assets and deferred tax

NOK million	2003	2002	2001
Tax increasing timing differences			
Securities		133.4	362.9
Real estate	**0.4**	2.0	2.0
Pre-paid pensions	**551.8**	509.4	479.6
Profit and loss account	**10.0**	12.5	10.5
Other			5.1
Total tax increasing timing differences	**562.2**	657.3	860.1
Tax reducing timing differences			
Securities	**-6.3**		
Operating assets	**-58.3**	-77.8	-101.5
Provisions	**-45.3**	-53.4	-85.1
Accrued pension liabilities	**-251.0**	-287.3	-324.1
Other			-2.1
Total tax reducing timing differences	**-360.9**	-418.5	-512.8
Net timing differences before losses carried forward	**201.3**	238.8	347.3
Losses carried forward	**-366.7**	-626.8	
Allowances carried forward	**-661.3**	-127.6	-123.6
Capitalised to balance sheet			396.4
Net tax increasing/(reducing) timing differences	**-826.7**	-515.6	620.1
Deferred tax/Deferred tax assets (net) *)	**-231.5**	-144.4	173.6

*) Changes in deferred tax arising from equity transactions are applied directly to the balance sheet and not through the profit and loss account. These amount to NOK 70 million.

Reconciliation of tax charge and ordinary profit

	2003	2002	2001
Pre-tax profit	**361.2**	-391.7	71.3
Expected tax at nominal rate (28%)	**-101.1**	109.7	-20.0
Tax effect of dividends received from subsidiaries	**87.9**	75.0	
Tax effect of permanent differences	**-1.4**	21.2	-0.2
Tax adjustment for previous years	**9.7**	108.4	
Tax effect of capitalisation			-136.3
Tax effect of RISK on shares realised	**17.6**		
Tax allowances on shares	**4.5**	3.7	5.1
Tax charge	**17.1**	318.0	-151.3
Effective tax rate	**-5%**	81%	212%

NOTE 6: Holding company's shares in subsidiaries and associated companies

NOK million	Registered office	Share capital	No. of shares (1 000)	Par value NOK	Interest in %	Book value
Subsidiaries						
Storebrand Livsforsikring AS *)	Oslo	1 361.2	13 612	100	100.0%	1 701.2
Storebrand Fondsforsikring AS	Oslo	44.5	48	1 000	100.0%	179.2
Storebrand Bank ASA **)	Oslo	1 315.9	91 937	14	100.0%	2 865.4
Storebrand Kapitalforvaltning Holding AS	Oslo	50.0	50	1 000	100.0%	140.0
Storebrand Skadeforsikring AS ***)	Oslo	7.8	13 807	0.56	100.0%	436.1
Storebrand Leieforvaltning AS	Oslo	10.0	100	100	100.0%	10.0
Storebrand Felix kurs og konferansesenter AS	Oslo	1.0	1	1 000	100.0%	8.0
Storebrand ITI AS	Oslo	0.1	1	100	100.0%	0.1
Storebrand Alternative Investement ASA	Oslo		101		56.0%	1.1
Associated/jointly-controlled companies						
Storebrand Helseforsikring AS	Oslo	31.0	16	1 000	50.0%	70.0
Fair Financial Ireland plc.	Denmark				50.0%	84.4
Adviso AS	Oslo	20.5	75	100	36.5%	15.0
If Skadeförsäkring Holding AB	Sweden				22.47%	3 213.0
AS Værdalsbruket ****)	Værdal	4.8	2	625	24.9%	0.0
Total						8 723.5

*) Merged with Compensation Management AS in 2003 with accounting continuity.
**) Storebrand Bank AS and Finansbanken ASA merged with accounting effect from 1 January 2003. The merger was carried out with accounting continuity.
***) Dividend of NOK 250 million was received in 2003, and applied directly to the balance sheet as an equity capital transaction.
****) 74.9% held by Storebrand Livsforsikring AS. Minority interests amount to 0.2%.

NOTE 7: Shares and other equity investments

NOK million	No. of shares/units	Interest	Acquisition cost	Market value
Norwegian shares				
Orkla	2 041 618	0.94%	356.3	304.2
Steen & Strøm	547 809	1.96%	56.0	69.3
Other Norwegian shares				
Norwegian shares and other equity investments			**412.3**	**373.5**
International shares and fund units				
Vovi-Beteilungs (Neiv) (Germany)	13		7.5	1.5
Head Insurance Investors L.P.	91		36.4	3.5
Other international			3.6	1.9
Forward FX contracts – equities				0.2
Total shares and other current asset investments			**459.8**	**380.7**
Of which listed Norwegian shares				373.5
Of which listed international shares				

NOTE 8: Subordinated debt

NOK million	Amount NOK	Currency	Currency amount	Exchange rate gain/loss
Fair Financial Ireland plc	149.0	DKK	132.4	-3.2
If Skadeförsäkring Holding AB *)	122.5	EUR	14.6	16.0
Total	**271.5**			**12.8**

*) Loan is currency hedged.

NOTE 9: Short-term debt instruments and bonds

NOK million	Short-term debt instruments Acquisition cost	Market value	Bonds Acquisition cost	Market value	Total Acquisition cost	Market value
By debtor type						
Public sector	277.1	279.6			277.1	279.6
Financial institutions	155.5	155.6	27.4	27.4	182.9	183.0
Total	**432.6**	**435.2**	**27.4**	**27.4**	**460.0**	**462.6**
Convertible bonds						
Financial institutions *)			17.3	17.3	17.3	17.3
Short-term debt instruments and bonds held as current assets	**432.6**	**435.2**	**44.7**	**44.7**	**477.3**	**479.9**
Of which listed		279.6		3.4		283.0
Denominated in NOK		435.2		44.7		479.9

*) Convertible bonds issued by Storebrand Bank ASA.

NOTE 10: Exchangeable bond

In March 2002 Storebrand ASA issued a EUR 160 million exchangeable bond with a fixed EUR coupon of 2.25%. The bond was issued at par. Each EUR 1 000 bond carries the right of conversion to 43.54 shares in Orkla ASA. The bonds are repayable on 8 March 2006 at a price of 105.81 assuming the holder has not exercised the right to convert to Orkla shares at an earlier date. For Storebrand ASA the exchangeable bond represents a combination of a bond and the issue of a call option on Orkla shares. The option is covered partly by Storebrand ASA's own holding of Orkla shares and the balance is covered by the purchase of two call options on Orkla shares from Storebrand Livsforsikring AS and an external third party. Both at the time the bonds were issued and on subsequent reporting dates the value of the call option issued and the bonds issued are calculated separately. The difference between the original value of the bonds issued and the contractual redemption price in March 2006 will be amortised as interest expense over the period of the loan. The loan is recognised in the balance sheet at the amortised value. Both the call option issued and the call options purchased are valued at actual value calculated using generally accepted methods for this type of instrument. A fall in the price of the Orkla share in isolation represents a gain on the call option issued. The accumulated value of any such gain is limited to the value of the option when first issued. Save for this, the call option does not represent a hedge against losses on the holding of Orkla shares. An increase in the price of the Orkla share in isolation represents a loss on the call option issued which will be matched by a gain on the company's holding of Orkla shares and on the call options purchased.

The principal amount of the bond issue and the fixed rate interest payments, both denominated in EUR, have been converted through a swap transaction to a floating rate loan denominated in Norwegian krone. The foreign exchange risk arising on any premium in the event of cash redemption of the loan at final maturity has been hedged by the purchase of a EUR call option. If bonds are converted to Orkla shares, the swap transaction will in itself represent a EUR position. This possible position risk has been hedged by purchasing a EUR put option. The loan is valued at the current exchange rate. Both the swap transaction and the currency options are booked at actual value in the balance sheet, and any changes in actual value are recognised to the profit and loss account.

Financial derivatives related to bonds issued:

NOK million	Maturity date	Gross nominal value	Strike price on currency options	Acquisition cost	Book value
Current assets					
Stock option purchased	08.03.06	473.1		38.7	12.3
Stock option purchased	08.03.06	260.8		19.1	22.6
EUR/NOK put option purchased	06.03.06	1 342.6	7.685	23.6	11.8
EUR/NOK call option purchased	06.03.06	108.2	8.3	4.4	4.7
Currency basis swap	08.03.05	1 342.6			112.9
Liabilities					
Option issued: EUR – Orkla shares	08.03.06	1 038.0		84.8	27.0

Bonds issued

NOK million	**2003**
Received from the issue	**1 232.5**
-Option purchased	**-84.8**
Acquisition cost	**1 147.7**
Amortisert	**70.0**
Unrealised currency change	**114.5**
Book value 31.12	**1 332.2**

NOTE 11: Financial derivatives

	Nominal volume					
NOK million	Gross	Average	Net	Credit equivalent amount	Acquisition cost	Market value
Current assets						
Equity derivatives	1 207.0	922.1	260.8	21.3	57.8	34.9
Interest rate derivatives	300.0	213.1				0.1
Currency options	1 450.9	1 450.9	-1 234.4	17.8	28.1	16.5
Forward foreign exchange contracts	119.9	115.6	-119.9	0.2		-2.7
Currency derivatives equities *)	7.2	11.2	-7.2	0.1		0.2
Interest rate derivatives **)	1 043.6	768.1	-1 043.6	1.3		-53.0
Basis swap **)	1 342.6	1 281.2	1 342.6	42.0		165.2
Total derivatives – assets	5 471.2	4 762.2	-801.7	82.7	85.9	161.2
Liabilities						
Option issued: EUR – Orkla shares	1 038.0	896.9	-1 038.0		84.8	27.0
Total derivatives – liabilities	1 038.0	896.9	-1 038.0		84.8	27.0

*) Included in the balance sheet under shares, see note 7.
**) Actual value including accrued interest.

NOTE 12: Real estate and other operating assets

NOK million	Real estate	Equipment, cars, inventory
Acquisition cost at 01.01	64.6	283.4
Accumulated depreciation	-2.2	-248.2
Book value at 01.01	62.4	35.3
Additions		6.1
Disposals	-29.1	-0.4
Depreciation for the year	-1.0	-8.8
Book value at 31.12	32.3	32.2

Straight line depreciation periods for operating assets are as follows:

Equipment and inventory: 4 years
Motor cars: 5 years
Computer systems: 3 years

NOTE 13: Equity capital

NOK million	Share capital *)	Share premium	Other equity	Equity 2003	2002	2001
Equity at 01.01	1 389.0	1 809.8	4 667.8	**7 866.6**	7 934.4	8 008.6
Profit for the year			378.3	**378.3**	-73.7	-80.0
Tax on equity transaction			70.0	**70.0**		
Allocated to dividend			-222.5	**-222.5**		
Employee share issue **)	1.3	4.2		**5.5**	5.9	5.8
Equity pr. 31.12	1 390.4	1 814.0	4 893.5	**8 097.9**	7 866.6	7 934.4

*) 278,070,522 shares of nominal value NOK 5.

**) Share capital was increased by 268,100 shares through a private placement with employees. The subscription price was NOK 16.72 per share. In accordance with the accounting circular issued by the Oslo Stock Exchange, this issue is booked at market value.

NOTE 14: Bonds issued

NOK million	Interest rate	Currency	Book value NOK	Share	Maturity
Exchangeable bond loan *)	2.25%	EUR	1 332.2	Orkla ASA	2006
Bond loan 2002/2007	7.18%	NOK	579.0		2007
Bond loan 2002/2007	3 month NIBOR+0.80%	NOK	921.0		2007
Total			2 832.2		

*) Hedged with a currency swap.

NOTE 15: Shareholders

20 largest shareholders

	Holding in %
Folketrygdfondet	9.98
Skandia Life Insuranse	9.96
Orkla ASA	9.94
State Street Bank & Co. (NOM)	4.38
Den norske Bank ASA	3.98
Fidelity Funds-Europe	3.40
Ferd Invest	2.56
JPMorgan Chase Bank Fidelity L. (NOM)	2.44
JPMorgan Chase Bank Client (NOM)	2.04
Bank of New York, Brussels	1.79
Vital Forsikring ASA	1.46
Euroclear Bank S.A. (NOM)	1.05
Gjensidige NOR Sparebank	0.92
DnB Norge	0.84
Fidelity Funds-Nordic	0.77
Verdipapirfondet Avanse	0.77
PGGM (Fiduciary) Citibank, N.A.	0.75
Mellon Bank AS (NOM)	0.74
Odin Norge	0.70
The Northern Trust Co (NOM)	0.64
Foreign ownership	44.2%

NOTE 16: Senior executives, non-executive officers and other related parties

	No. of shares owned *)	No. of bonus units **)	Loans NOK 1 000	Interest rate at 31.12.03	Repaymt. basis ***)
Senior executives **)**					
Idar Kreutzer *****)	1 600	560 000	5 682	2.85–3.8	AN 2031
Hans Henrik Klouman	1 288	340 000	1 200	2.65	AN 2025
Odd Arild Grefstad	3 390	75 000	1 133	2.85	AN 2020
Maalfrid Brath	1 375	75 000	2 453	2.85–3.35	SE 2021
Egil Thompson	825	25 000	702	2.85	AN 2020
Erik Råd Herlofsen	2 025	40 000	4 299	2.85–3.35	AN 2032
Lars Aa. Løddesøl	1 525	50 000	2 929	2.85–3.35	AN 2031
Roar Thoresen	350	0	1 140	2.85	AN 2022
Per Kumle	10 350	0	5 400	2.85	SE 2027
Espen Klitzing	3 690	290 000	1 238	2.85–3.55	AN 2010
Allan Åkerstedt	475	150 000			
Rolf Corneliussen	115	100 000	1 727	2.85–3.35	SE 2011
Board of Directors					
Leiv L. Nergaard	20 000				
Halvor Stenstadvold	3 593				
Knut G. Heje	8 500				
Mette K. Johnsen	420		125	4.3	AN 2008
John Giverholt	0				
Grace Reksten Skaugen	13 000				
Rune Eikeland	1 375		1 169	2.85	AN 2018
Arild Thoresen	490		849	2.85	SE 2028
Nina Elisabeth Smeby	290		1 129	2.85–4.0	AN 2031

*) The summary shows the number of shares owed by the individual, as well as his or her close family and companies where the individual exercises significant influence (cf. Accounting Act 7–26).

**) The Storebrand Group has a cash bonus scheme for key managers which is linked to the share price development of the Storebrand share. The bonus, which can be paid out no earlier than 2 or 3 years after it is awarded, is calculated as the difference between market share price and the contract share price of NOK 60, and is paid out in cash. The bonus scheme has defined periods in which it can be exercised, and expires no later than 2009. No further awards are made under this scheme.

***) AN = Level payment loan, SE = Instalment loan, final payment.

****) Senior employees are contractually entitled to performance related bonuses related to the group's value-based management system. In the event of termination of employment in certain defined circumstances, such as receiving notice from the company, senior employees are entitled to guaranteed income/salary for periods that vary from 18–24 months after the normal notice period.
The remuneration of senior management in the form of salary and employment benefits totalled NOK 29.7 million. The discounted present value of the pension entitlements of senior management amounts to NOK 37.9 million, made up of NOK 3.8 million in the insured scheme and NOK 34.1 million in the un-insured scheme. These amounts represent the liability of the insured and uninsured scheme calculated on a linear basis using the financial assumptions specified in the accounts (cf. note 24). If a member of the senior management leaves the company before the normal retirement age, the pension liability of the uninsured scheme for the individual ceases.

*****) Idar Kreutzer was entitled to a cash bonus scheme participation at 31 December 2003 of 560,000 units representing the difference between the actual Storebrand share price at a future date and the allocation price. The allocation price for 500,000 units allocated on his appointment as CEO was fixed by reference to the closing share price on Oslo Børs over the week before his appointment on 22 December 2000 (NOK 59.33) and is adjusted monthly on the 1st of every month with a cost of capital of 10% per annum less any dividend for the period. The allocation price for the 500,000 units at 31 December 2003 was therefore NOK 77.64. These units can be exercised between 1 January 2004 and 31 December 2004 or at the settlement date of any earlier acquisition, merger etc. The allocation price for the other 60,000 units allocated on 22 May 2002 is the volume weighted average of the closing share price on Oslo Børs for the last two weeks of 2001, 2002 and 2003 with 20 000 units allocated to each year and is adjusted monthly on the 1st of every month with a cost of capital of 10%. The allocation price at 31 December 2003 was NOK 62.36, NOK 29.13 and NOK 42.66 for the units which saw their price fixed at the end of 2001, 2002 and 2003 respectively. Exercise of these units can take place in 2005, 2006 and 2007 with 20,000 units allocated to each year. Details of the CEO's salary and remuneration can be found in note 4. Idar Kreutzer's cash bonus scheme described above was cancelled in February 2004 at the initiative of the CEO himself.

Shares held by non-executive officers of Storebrand ASA

	No. of shares	Related parties
Control Committee		
Nils Erik Lie	0	
Brit Seim Jahre	0	
Sverre Bjørnstad	2 816	
Harald Moen	322	
Carl Graff-Wang	0	
Jon Ansteinsson	4 334	
Board of Representatives		
Sven Ullring	385	
Inger Lise Gjørv	0	
Stein Erik Hagen	0	1 000 000*)
Mille Marie Treschow	2 349	
Eli Sætersmoen	0	
Trond Berg-Andreassen	0	
Terje R. Venold	0	
Finn Jebsen	3 234	14 000***)
Ole Enger	0	
Wenche Meldahl	0	
Brit Seim Jahre	0	
Tore Lindholt	156	

	No. of shares	Related parties
Johan H. Andresen jr.	0	7 141 895**)
Margrethe Øvrum	0	
Arvid Grundekjøn	0	
Brit Hoel	0	
Harriet Hagan	2 000	
Christen Sveaas	0	
Barbara Rose Milian Thoralfsson	0	
Per Alm Knudsen	840	
Alf Bruun	1 375	
May Molderhauer	115	
Paul Eggen jr.	1 375	
Astrid Olive Aanerud	465	
Per Ivar Laneskog	0	
Solvei Hage	690	
Inger L. Rognehaug	1 037	
Trude Eidsheim	350	
Jostein Lindgren	0	
External Auditors		
Arne Frogner	0	
Ole M. Klette	0	

*) Canica AS
**) Ferd Invest AS
***) Bele AS

No loans have been made to any member of the Control Committee.
Loans to members of the Board of Representatives total NOK 5.6 million.

Transactions between group companies

NOK million	**2003**	2002	2001
Profit and loss account items:			
Group contribution from subsidiaries	**220.1**		1 068.0
Dividends from subsidiaries	**316.7**	267.8	
Purchase and sale of services (net)	**13.4**	5.9	1.0
Balance sheet items:			
Subordinated loans to jointly controlled/associated companies	**271.5**	235.7	142.2
Net accounts payable and receivable (short-term, incl. group contribution)	**529.9**	18.0	1 095.0

NOTE 17: No. of employees/Full time equivalent positions

	2003
No. of employees at 31.12	**42**
No. of full time equivalent positions at 31.12	**42**
Average number of employees	**39**

NOTE 18: Guarantees issued

Storebrand ASA has issued the following guarantees:

	Currency	Terms	Accounts provision
1) Institute of London Underwriters (ILU)	GBP	No specified amount	0

1) Counter indemnity of Oslo Reinsurance Company ASA (formerly UNI Storebrand International Insurance AS).

Notes to the Accounts of Storebrand Group

NOTE 19: Analysis by business segment

Profit by business area

NOK million	2003	2002	2001
Life insurance	**799.8**	-304.3	-111.0
Asset management	**22.1**	-12.5	14.0
Storebrand Bank *)	**-137.2**	-476.3	-145.1
Non-life insurance	**348.2**	-242.2	-766.9
Other activities	**-139.3**	-665.7	-420.8
Group profit	**893.6**	-1 701.0	-1 429.8

*) Storebrand Bank AS and Finansbanken ASA merged with accounting effect from 1 January 2003. Numbers for 2002 and 2001 are pro forma. The merger was carried out with accounting continuity. Result includes write-down of group goodwill.

NOK million	2003	2002	2001
Life insurance			
Storebrand Livsforsikring (Storebrand Life Insurance)			
Premiums for own account	**12 894**	8 916	8 506
Policyholders' funds incl. accrued profit	**108 760**	99 108	99 201
Investment yield I *)	**7.2%**	2.7%	3.6%
Investment yield II *)	**8.8%**	1.9%	1.5%
Capital ratio (Storebrand Life group)	**15.7%**	18.4%	12.0%
Operating costs as % of policyholders' funds	**0.96%**	0.92%	0.88%
Storebrand Fondsforsikring			
Premiums for own account	**455**	1 071	974
Policyholders' funds	**3 975**	3 259	3 213
Storebrand Bank **)			
Interest margin %	**1.85%**	1.96%	2.05%
Cost/income %	**87%**	97%	82%
Non-interest income/total income %	**39%**	30%	44%
Net lending	**21 856**	25 035	27 729
Capital ratio	**12.3%**	11.4%	10.6%
Storebrand Kapitalforvaltning (Storebrand Investments)			
Total funds under management	**158 800**	139 700	144 600
Funds under mgmt. for external clients ***) (incl. If)	**42 500**	33 700	37 200
Storebrand Skadeforsikring – key figures for If			
Key figures for If			
Claims ratio f.o.a.	**81%**	85%	91%
Cost ratio f.o.a.	**20%**	21%	22%
Combined ratio f.o.a.	**101%**	106%	113%
Share of results from If on the equity method	**324**	-244	-769

*) I: Realised financial income including revaluations (positive or negative) of real estate.
II: As Investment yield I but including change in unrealised gains on financial current assets.
**) 2001–2002 pro forma.
***) Funds and exernal customers' discretionary portfolios.

NOTE 20: Net financial income: Insurance

	Storebrand Life Insurance			Storebrand Group		
NOK million	**2003**	2002	2001	**2003**	2002	2001
Income from group and associated companies	**2.1**	5.6	7.7	**2.1**	5.6	7.7
Income from properties and real estate	**775.5**	950.7	942.2	**775.5**	950.7	943.1
Interest income – bonds & short-term debt instruments	**4 577.4**	3 842.3	3 851.7	**4 648.5**	3 881.2	3 909.2
Interest income – lending	**98.5**	117.8	159.3	**100.4**	119.7	160.8
Other interest income	**207.3**	897.1	522.9	**212.2**	901.5	546.9
Dividends	**297.8**	309.7	385.1	**298.6**	327.7	390.2
Revaluation of real estate	**99.0**	95.3	520.4	**99.0**	95.3	520.4
Reversal of valuation adjustments – shares	**499.6**			**501.2**	77.7	
Reversal of valuation adjustments – interest bearing instruments	**-334.2**	2.0	0.7	**-331.1**	31.8	0.7
Gains on sale of shares	**6 364.7**	8 131.7	9 976.4	**6 377.5**	8 142.8	10 077.6
Gains on sale of fixed-income securities	**2 225.6**	5 928.8	2 504.4	**2 270.2**	5 931.4	2 547.9
Unrealised gains on shares	**1 461.7**			**2 254.6**	9.3	31.6
Unrealised gains on fixed-income securities	**227.9**			**283.1**	25.1	47.0
Other financial income	**16.1**	100.6	32.6	**164.4**	213.7	97.2
Total income from financial assets	**16 519.0**	20 381.6	18 903.4	**17 656.2**	20 713.3	19 280.2
Costs arising from properties and real estate *)	**-153.4**	-135.6	-130.4	**-153.4**	-135.6	-130.6
Valuation adjustments – shares		-499.6			-499.6	
Valuation adjustments – interest bearing instruments		334.2			270.2	-30.9
Write-down of real estate	**-95.3**	-257.1	-81.5	**-95.3**	-257.1	-81.5
Loss on sale of shares	**-6 188.8**	-10 087.8	-13 298.4	**-6 503.4**	-10 343.0	-13 778.6
Loss on sale of interest bearing instruments	**-674.1**	-6 669.1	-1 653.1	**-684.3**	-6 679.8	-1 663.6
Unrealised loss on shares		-788.0	-2 272.6		-1 454.7	-2 579.5
Unrealised loss on interest bearing instruments		-55.9	118.4	**-78.9**	-63.1	110.2
Other financial expenses **)	**-167.0**	-337.9	-148.0	**-24.7**	-238.6	-56.3
Total costs of financial assets	**-7 278.6**	-18 496.8	-17 465.6	**-7 540.0**	-19 401.2	-18 210.8
Total net income from financial assets	**9 240.4**	1 884.8	1 437.8	**10 116.2**	1 312.2	1 069.4
*) Of which administration costs	**-5.5**	-5.8	-6.7			
**) Of which administration costs	**-145.1**	-133.3	-116.5			

Administration costs are included in the line for operating costs in the group accounts.

NOTE 21: Net interest and commission income: Banking

	Storebrand Bank		
NOK million	**2003**	2002*)	2001*)
Interest and related income on loans to/deposits with credit institutions	**56.7**	69.8	46.8
Interest and related income on loans to/claims on customers	**1 575.9**	2 261.7	2 262.4
Interest and related income from short-term debt instruments, bonds and other interest bearing securities	**158.7**	138.7	192.3
Other interest and related income	**12.6**	129.3	169.6
Total interest and related income	**1 803.9**	2 599.5	2 671.1
Interest and related expense on liabilities to credit institutions	**-159.9**	-179.2	-168.6
Interest and related expense on deposits from and liabilities to customers	**-686.8**	-1 003.3	-932.2
Interest and related expense on securities issued	**-411.5**	-645.8	-746.2
Interest and related expense on subordinated loan capital	**-30.0**	-38.7	-42.8
Other interest and related expense	**-23.0**	-129.7	-158.0
Total interest and related expense	**-1 311.2**	-1 996.7	-2 047.8
Net interest and commission income	**492.7**	602.8	623.3

*) Pro forma

NOTE 22: Loan losses: Banking

	Storebrand Bank		
NOK million	**2003**	2002*)	2001*)
Change in specific loan loss provisions for the period	**23.7**	178.3	-3.4
Change in general loan loss provisions for the period	**0.7**	-1.7	136.9
Realised losses on loans where specific provision has previously been made	**147.6**	90.5	147.0
Realised losses on loans where no specific provision has previously been made	**-0.5**	145.4	12.3
Recovery of loan losses realised previously	**-1.2**	-0.7	-23.5
Loan losses and provisions for the period	**170.3**	411.8	269.3

*) Pro forma

NOTE 23: Operating costs

NOK million	Life 2003	SB Bank 2003	Other 2003	Storebrand Group 2003	2002	2001
Ordinary wage and salary expense	**299.2**	**266.8**	**210.6**	**776.6**	860.2	815.9
Social security contributions	**53.7**	**40.6**	**32.2**	**126.5**	141.7	135.4
Pension expense (incl. employers' social security contributions.)	**27.4**	**22.6**	**10.9**	**60.9**	59.9	50.4
Other benefits	**17.3**	**22.5**	**26.2**	**66.0**	85.6	77.9
Total personnel expenses	**397.6**	**352.5**	**280.0**	**1 030.1**	1 147.4	1 079.6
External consultancy expenses	**24.7**	**32.1**	**34.8**	**91.6**	147.7	247.3
Office costs	**191.8**	**207.0**	**90.2**	**489.0**	448.4	522.3
Other operating costs/reimbursements	**411.5**	**80.0**	**-155.9**	**337.3**	362.5	289.5
Depreciation	**21.9**	**37.2**	**34.5**	**93.6**	136.4	122.5
Total operating costs	**1 047.5*)**	**708.8**	**283.7**	**2 041.7**	2 242.4	2 261.2

*) Operating cost of Storebrand Livsforsikring AS NOK 995 million.

Auditors' fees for group companies
Audit fees and other control functions NOK 12.2 million.
Fees for advisory services NOK 3.5 million.

Storebrand has established a bonus scheme for employees. The bonus scheme is based on the company's value creation as well as each individual's performance. The bonus scheme is described in more detail in the Corporate Governance section.

NOTE 24: Pension expenses and pension liabilities

Staff pensions are provided by a group pension scheme, primarily with Storebrand Livsforsikring AS, in accordance with the rules on private occupational pension schemes. Pensions are payable at pension age which is 67 for employees and 65 for underwriters. The ordinary retirement age is 65, and a pension equivalent to 70% of pensionable salary becomes payable on retirement. Pension benefits form a part of the standard terms applicable to employment by Storebrand ASA. Early retirees are defined as those who retire before reaching age 65.

Pension costs and pension liabilities are treated for accounting purposes in accordance with the accounting standards for pension costs issued by the Norwegian Accounting Standards Board. (see also Accounting principles). Both insured and uninsured schemes are treated as defined benefit plans. In view of lower interest rates, the financial assumptions were amended with effect from 31 December 2003.

The changed assumptions affect pension liabilities at 31 December 2003. The effect of the changes is shown in the deviation not applied to profit and loss account at 31 December 2003. However the changes do not affect the pension cost or the amortisation of the deviation booked in 2003. The following assumptions were used in the calculations for 2003:

Financial assumptions	Reflected in pension cost	Reflected in deviation at 31.12.03
Return on pension fund	8.0%	7.0%
Discount rate	7.0%	6.5%
Annual earnings growth	3.0%	3.0%
Expected adjustment of Social Security Fund's base amount (G)	3.0%	3.0%
Annual pension increase	2.5%	2.0%

Actuarial assumptions
– Standardised assumptions on mortality/morbidity and other demographic factors as produced by the Association of Norwegian Insurance Companies
– Average employee turnover rate of 2–3% of entire workforce
– Linear earnings profile

The calculations apply to 1 327 full time equivalent positions and 2 402 pensioners.
Net accrued pension costs are shown in the table below:

Net pensions costs

NOK million	2003 Insured scheme	2003 Uninsured scheme Ordinary	2003 Total	2002 Total	2001 Total
Pension liabilities accrued for the year	-45.7	-21.5	**-67.2**	-74.2	-73.3
Interest costs	-152.4	-26.0	**-178.4**	-181.4	-182.3
Expected return on pension funds	196.7		**196.7**	201.5	209.8
Effect of changes to the pension scheme	-0.1		**-0.1**	-0.2	
Deviation from estimates	-5.8	2.0	**-3.8**	0.6	-4.7
Net pensions cost	-7.3	-45.6	**-52.9*)**	-53.6	-50.5

*) In addition employers' contributions on pension cost of NOK 3.5 million were charged to profit and loss in 2003.

If the changed assumptions were applied to 2003, net pension cost in 2003 would be NOK 16.2 million higher.

Calculated liability

Shown below is a reconciliation of the estimated pension liabilities, and the pension funds held in respect of these, to the liability booked in the balance sheet:

Net pension liability	2003				
	Insured	Uninsured		2002	2001
NOK million	scheme	scheme	**Total**	Total	Total
Earned pension liability	-1 703.6	-343.5	**-2 047.1**	-2 160.4	-2 473.3
Estimated effect of future salary growth	-584.1	-115.2	**-699.2**	-595.2	-309.2
Estimated pension liability	-2 287.7	-458.6	**-2 746.3**	-2 755.6	-2 782.5
Market value of pension funds	2 577.6	41.5	**2 619.1**	2 655.3	2 748.2
Net estimated pension liability/surplus	289.9	-417.1	**-127.2**	-100.3	-34.3
Deviations from estimates not applied to profit and loss *)	325.9	-27.5	**298.5**	232.9	92.7
Change in deviation caused by changed assumptions at 31.12	19.1	13.2	**32.3**	2.1	
Scheme changes not applied to profit and loss **)	2.0	0.1	**2.0**		
Net pension liability as shown in the balance sheet	636.8	-431.3	**205.5**	134.8	58.4

*) Deviations from estimates are booked against the "corridor" in accordance with Norwegian Accounting Standards and amounts in excess of the corridor are recognised to profit and loss over the remaining period for accrual of pension rights (cf. Accounting Principles).

**) The effect of scheme changes is applied over the average remaining period of accrual for pension benefits. Estimated employer's social security contributions in respect of the pension liability shown in the balance sheet amounts to NOK 57.3 million and is included in the balance sheet under 'Reserves for other risks and costs'.

The composition of pension fund assets is based on the Storebrand Life Insurance portfolio of financial instruments, which had the following composition at 31.12:

	2003	2002
Properties and real estate	**9%**	10%
Hold to maturity bonds	**37%**	39%
Secured and other lending	**1%**	1%
Shares and other equity investments	**17%**	10%
Bonds	**18%**	14%
Short-term debt instruments	**15%**	21%
Other short-term financial assets	**3%**	5%
Total	**100%**	100%

NOTE 25: Tax

NOK million	**2003**	2002	2001
Profit before tax	**959.7**	-1 501.8	-1 151.0
Tax payable	**-1.2**	-15.1	-269.3
Deferred tax – net change	**-170.1**	635.3	468.7
Changes to tax for previous years	**2.1**	-8.3	
Tax expense	**-169.2**	611.9	199.4
Calculation of deferred tax assets and deferred tax			
Tax increasing timing differences			
Securities *)	**740.3**	851.4	421.8
Real estate	**826.5**	744.4	870.5
Operating assets	**376.8**	185.5	231.6
Provisions			47.7
Pre-paid pensions	**615.7**	588.9	541.4
Profit and loss account	**1 928.3**	2 410.3	3 007.8
Other	**56.7**	80.1	119.9
Total tax increasing timing differences	**4 544.3**	4 860.6	5 240.7

(cont.)	2003	2002	2001
Tax reducing timing differences			
Securities	221.5	-1 312.8	-2 487.8
Real estate	-136.2	-136.2	-192.3
Operating assets	-428.1	-171.3	-168.0
Provisions	-140.1	-157.0	-213.3
Accrued pension liabilities	-409.9	-456.3	-481.6
Profit and loss account	-0.6	-4.7	-5.8
Other	-167.3	-94.0	-49.3
Total tax reducing the timing differences	-1 060.7	-2 332.3	-3 598.1
Net timing differences before losses carried forward	3 483.6	2 528.4	1 642.6
Losses carried forward	-3 349.8	-4 188.8	-533.8
Allowances carried forward	-1 461.3	-673.6	-1 839.4
Capitalised to balance sheet			548.2
Not eligible for capitalisation	39.3	10.1	
Net tax increasing/(reducing) timing differences	-1 288.2	-2 323.9	-182.4
Deferred tax/Deferred tax assets (net) *)	-360.7	-650.7	-51.4

*) Deferred tax arising from translation differences on investments in foreign companies is applied directly to equity and totals NOK 110 million.

Reconciliation of tax charge and ordinary profit			
Pre-tax profit	959.7	-1 501.8	-1 151.0
Expected tax at nominal rate (28%)	-268.7	420.5	322.3
Tax effect of RISK on shares sold	78.0	42.0	35.1
Tax effect on dividends received	53.3	53.2	50.7
Tax effect of associated companies	4.9	-56.9	-215.7
Tax effect of permanent differences/capitalisation/other	-36.7	153.1	7.0
Tax charge	-169.2	611.9	199.4
Effective tax rate	-17.6%	-40.7%	-17.3%

Losses carried forward

NOK million	Beløp
Storebrand ASA	366.7
Storebrand Livsforsikring AS	42.8
Storebrand Fondsforsikring AS	101.6
Storebrand Bank ASA	374.4
Storebrand Skadeforsikring AS	2 369.1
Storebrand Kapitalforvaltning Holding AS	33.3
Storebrand Helseforsikring AS	45.5
Storebrand Leieforvaltning AS	11.6
Storebrand Felix kurs og konferanse AS	4.8
Total	3 349.8

NOTE 26: Intangible assets in subsidiariesr

NOK million	Acquisition cost 01.01	Acc. depreciation 01.01	Balance sheet value 01.01	Additions/ disposals	Depreci-ation for the year	Balance sheet value 31.12	Depreci-ation period *)
Storebrand Bank ASA	563.2	-112.6	450.6		-28.2	422.4	20 years
Delphi Fondsforvaltning AS	48.3	-14.8	33.5		-1.9	31.6	20 years
Storebrand Kapitalforvaltning ASA	8.6	-0.6	8.0	9.1	-3.7	13.4	3 years
Storebrand Systemutvikling AS	99.6	-23.6	76.0		-17.2	58.8	5 years
Storebrand Livsforsikring AS	9.2	-2.8	6.4		-3.3	3.1	
Finansbanken Index ASA	11.6	-10.5	1.1		-1.1		
Finansbanken Forvaltning AS	145.7	-106.6	39.1		-39.1		
Finansbanken AS (Denmark)	5.3	-2.4	2.9		-1.6	1.3	
Total	891.5	-273.9	617.6	9.1	-96.1	530.6	

*) Depreciation of goodwill over 20 years is based on a long-term earnings perspective and the companies' strategic importance to Storebrand.

NOTE 27: Real Estate

NOK million	Market value	Ave. rent per sq. m.	Term of lease	Sq.m.	Percentage let
Office premises (incl. commercial premises, parking and storage)	4 525.7	1 392	5.3	257 579	93.8%
Shopping centres (incl. parking and storage)	4 733.2	1 305	3.0	312 838	97.9%
Parking	392.1	571	13.0	43 905	100.0%
Total for Storebrand Life Insurance	9 651.0			614 322	
Other companies	48.2				
Total	9 699.2				

Geographic distribution (Life Insurance company)	
Oslo-Vika/Filipstad Brygge	3 718.1
Oslo – other	2 264.7
Norway – other	3 668.2

Ownership structure:	
Directly owned	4 345.2
Property company (AS)	4 733.3
Property partnership (ANS)	572.5

NOTE 28: Operational fixed assets

NOK million	Real estate	Equipment, cars and inventory
Purchase cost at 01.01	8 780.7	569.4
Accumulated depreciation	-56.5	-443.7
Accumulated write-downs	-2.1	
Accumulated upward revaluations	1 290.3	
Book value at 01.01	10 012.4	125.8
Additions	77.4	31.7
Disposals	-393.0	-29.2
Depreciation for the year	-1.3	-41.2
Write-downs/revaluations for the year	3.7	-1.0
Book value at 31.12	9 699.2	86.1

Straight line depreciation is applied over the following periods for operating assets:

Equipment and inventory:	4 years
Motor cars:	5 years
IT systems:	3 years

NOTE 29: Shares and other equity investments

NOK million	No. of shares/units	Interest	Acquisition cost	Market value
Shares and other equity investments (fixed assets)				
Intre AS			34.7	34.7
Other shares and participations held long-term			2.2	2.2
Total shares and other equity investments (fixed assets)			36.9	36.9
Norwegian banking and finance shares				
Acta	1 000 000	0.45%	1.8	2.2
Bolig- og Næringsbanken	81 950	0.84%	18.0	19.1
DNB NOR	6 730 706	0.74%	290.0	298.8
Romsdals Fellesbank	570 951	9.10%	8.7	66.2
Other Norwegian shares				
Axxessit	24 181	5.37%	10.6	15.2
Dagbladet	125 154	4.37%	23.2	43.8
Dagbladet P	49 464	1.73%	9.2	17.1
DNH International Sarl – Redeemable conv. PECs	87 803	1.45%	17.6	16.1
EDB Business Partner	373 902	0.41%	11.7	15.6
Ekornes	346 588	1.01%	29.4	42.6
Elkem	674 013	1.37%	111.8	131.4
Farstad Shipping	572 225	1.47%	21.5	36.6
Glava	65 000	6.77%	20.3	42.3
Gresvig	2 178 017	11.02%	53.8	54.2
Industrifinans SMB III	49 781	4.05%	30.4	16.3
Mamut ASA	2 750 000	11.16%	20.1	15.2
Nera	1 439 241	1.17%	11.7	19.9

NOK million	No. of shares/units	Interest	Acquisition cost	Market value
Norges Handels og Sjøfartstidene	59 094	5.13%	12.0	50.2
Norsk Hydro	1 394 951	0.46%	481.2	572.6
Norske Skogindustrier A	1 168 267	0.88%	159.6	148.4
Orkla	11 031 249	5.10%	961.5	1 643.7
Prosafe	573 706	1.69%	76.2	76.9
Schibsted	466 450	0.67%	54.7	53.4
Solstad Offshore	932 350	2.60%	33.2	43.4
Statoil ASA	1 584 400	0.07%	110.0	118.4
Steen & Strøm	4 145 953	14.87%	252.4	524.5
Tandberg	1 359 670	1.03%	53.6	66.6
Tandberg Television	500 000	0.91%	8.3	14.6
Telenor	5 601 200	0.31%	191.1	243.7
Tirb	133 280	8.87%	3.1	32.0
Tomra Systems	1 606 650	0.90%	80.1	64.4
Veidekke	1 963 721	7.11%	112.6	114.9
Wilh. Wilhelmsen A	94 000	0.38%	11.5	20.8
Other Norwegian shares			372.8	213.8
Equity fund units (Norwegian)				
Storebrand Barnespar	396 006		39.6	37.3
Storebrand Energi	33 644		32.2	30.0
Storebrand Europa A	154 782		77.1	82.8
Storebrand Europa I	39 361		39.5	42.9
Storebrand Nord Amerika I	1 131 016		777.3	767.9
Storebrand Selecta	319 584 180		322.4	326.3
Storebrand Telecom	35 000		35.0	18.6
Other Norwegian equity fund units			49.4	51.7
Total shares and other equity investments – Norwegian			5 036.3	6 212.3
International shares				
Australia			390.5	424.8
Belgium			30.6	27.3
Bermuda			43.2	62.5
Canada			244.6	267.0
Denmark			84.8	62.2
Finland			88.2	103.5
France			610.7	634.6
Germany			380.1	388.9
Hong Kong			144.8	152.9
Ireland			8.0	9.7
Italy			332.7	337.7
Japan			1 619.2	1 731.5
Korea			4.1	6.1
Liberia			113.6	133.9
Luxembourg			8.7	9.4
Malaysia			7.9	8.3
Netherlands			239.7	232.8
New Zealand			14.1	16.3
Portugal			25.3	28.2
Singapore			88.2	105.3
Spain			190.2	199.5
Sweden			361.7	451.4
Switzerland			462.3	473.3
United Kingdom			1 118.4	1 279.7
USA			3 955.0	4 160.6
International fund units			2 495.1	2 097.9
Total shares and other equity investments – international			13 061.8	13 405.6
Forward foreign exchange contracts – shares				-103.6
Total shares and other equity investments (current assets)			18 098.1	19 514.3
Of which listed Norwegian shares				4 670.8
Of which listed international shares				10 755.9

NOTE 30: Short-term debt instruments and bonds

	Short-term debt instruments		Bonds		Total	
NOK million	Acquisition cost	Market value	Acquisition cost	Market value	Acquisition cost	Market value
Public sector	12 461.4	12 600.0	9 625.4	9 734.9	22 086.8	22 334.8
Financial institutions	6 860.3	6 883.2	8 827.3	8 836.3	15 687.6	15 719.4
Other issuers			3 046.8	2 889.9	3 046.8	2 889.9
Other securities funds holdings	-759.6	-762.1	966.5	926.2	206.9	164.1
Forward foreign exchange contracts				33.3		33.3
Total short-term debt instruments and bonds including forward foreign exchange contracts	18 562.0	18 721.1	22 466.0	22 420.5	41 028.0	41 141.6
– Of which listed securities		10 326.7		13 782.3		24 109.0
By currency:						
NOK	16 381.7	16 445.1	18 578.1	18 675.9	34 959.8	35 121.0
USD	607.5	601.7	2 684.8	2 493.5	3 292.3	3 095.2
EUR	1 567.9	1 669.2	940.9	951.2	2 508.8	2 620.4
Other	4.9	5.0	262.4	266.6	267.3	271.6
Total short-term debt instruments and bonds excluding forward foreign exchange contracts	**18 562.0**	**18 721.1**	**22 466.1**	**22 387.2**	**41 028.1**	**41 108.3**

NOTE 31: Bonds held to maturity

NOK million	Nominal value	Acquisition cost	Book value	Market value	Amortisation remaining
Bonds held to maturity – Norwegian					
Public sector	36 387.8	37 027.1	36 919.6	39 890.9	531.8
Financial issuers	5 461.0	5 356.5	5 448.4	5 871.2	-12.6
Other issuers					
Total portfolio (NOK)	41 848.8	42 383.6	42 367.9	45 762.1	519.2
Of which listed securities			33 267.0		
Modified duration				4.62	
Average effective yield			6.08	4.41	

The effective yield for each security is calculated using the booked value and the observed market price (market value). Where no market price is available, the effective yield is calculated on the basis of the interest period and classification of the security in terms of liquidity and credit risk. Calculated effective yields are weighted to give an average effective yield for the total portfolio on the basis of each security's share of the total interest rate sensitivity.

NOTE 32: Financial derivatives

The concepts applied in the following tables are set out in the following section.

Nominal volume
Financial derivative contracts are related to underlying amounts which are not capitalised in the balance sheet. In order to quantify a derivative position, reference is made to underlying concepts such as nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of 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 derivatives.

Long positions and short positions
A long (asset) 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. The gap between long and short positions is taken into account in calculating the total net nominal volume, whereas total gross nominal volume takes no account of whether a position is long or short.

Average gross nominal volume
The average figures are based on daily calculations of gross nominal volume.

Credit equivalent amounts

Credit equivalent amounts are intended to give a measure of the credit risk associated with financial derivatives. In general the credit risk is seen as being limited, since either stock exchange listed and cleared contracts or contracts with well known financial institutions are employed. Credit equivalent values represent the weighted volume of currency and interest rate agreements for the purposes of capital adequacy calculations, where gross nominal volume is taken into account.

	Nominal volume			Credit equivalent	Acquisition	Market
NOK million	Gross	Average	Net	amount	cost	value
Current assets						
Equity options	14 386.2	8 420.7	-8 349.7	75.3	269.6	45.9
Equity index futures	6 854.4	4 047.6	-3 567.0			-27.0
Total equity derivatives	**21 240.6**	**12 468.3**	**-11 916.6**	**75.3**	**269.6**	**19.0**
Forward rate agreements	11 839.0	46 449.4	1 361.0	7.1		12.0
Interest rate futures	2 552.1	2 376.2	-2 552.1			-2.4
Interest rate swaps	3 075.0	4 396.5	275.0	86.3	-12.7	-16.6
Interest rate options	1 200.0	351.8	-1 200.0	24.7	19.2	114.8
Total interest rate derivatives	**18 666.1**	**53 573.9**	**-2 116.1**	**118.2**	**6.5**	**107.8**
Foreign exchange forwards	34 047.8	45 184.0	-18 743.3	356.9		-70.3
Total currency derivatives	**34 047.8**	**45 184.0**	**-18 743.3**	**356.9**		**-70.3**
Total derivatives – current assets	**73 954.6**	**111 226.3**	**-32 776.1**	**550.4**	**276.1**	**56.5**
Fixed assets						
Equity options	946.2	805.2		11.4	38.7	12.3
Total equity derivatives	**946.2**	**805.2**		**11.4**	**38.7**	**12.3**
Forward rate agreements						
Interest rate swaps	1 043.6	768.1	-1 043.6	1.3		-53.0
Total interest rate derivatives	**1 043.6**	**768.1**	**-1 043.6**	**1.3**		**-53.0**
Foreign exchange forwards	2 872.4	2 867.4	2 601.0	10.8		22.0
Foreign exchange options	1 450.9	1 450.9	-1 234.4	17.8	28.1	16.5
Basis swaps	1 342.6	1 281.2	1 342.6	42.0		165.2
Total currency derivatives	**5 665.9**	**5 599.5**	**2 709.2**	**70.6**	**28.1**	**203.7**
Total derivatives – fixed assets	**7 655.6**	**7 172.7**	**1 665.7**	**83.3**	**66.7**	**163.1**
Liabilities						
EUR option sold – Orkla shares	1 038.0	896.9	-1 038.0		84.8	27.0
Total derivatives – liabilities	**1 038.0**	**896.9**	**-1 038.0**		**84.8**	**27.0**

NOTE 33: Foreign currency

NOK million	Long positions	Short positions	Net position	FX fwd. contracts	Net position in currency	in NOK
Current asset portfolios						
AUD	89.9	-4.5	85.4	-79.3	6.1	30.6
CAD	79.7	-15.8	63.9	-57.9	6.0	30.8
CHF	139.4	-47.5	92.0	-86.4	5.5	29.7
DKK	43.9		43.9	-53.4	-9.5	-10.7
EUR	867.6	-122.8	744.9	-723.9	21.0	176.2
GBP	188.1	-52.2	135.9	-107.5	28.3	337.4
HKD	182.1	-1.1	181.0	-144.3	36.7	31.4
IDR	107.5		107.5		107.5	0.1
JPY	31 851.5	-1 430.6	30 420.9	-29 900.6	520.3	32.3
KRW	1 231.4		1 231.4		1 231.4	6.9
MYR	4.9		4.9		4.9	8.6
NZD	3.8		3.8	-0.5	3.3	14.6
PHP	0.4		0.4		0.4	
SEK	788.3	-147.2	641.1	-587.9	53.2	49.2
SGD	26.0	-0.2	25.7	-21.0	4.7	18.4
THB	1.0		1.0		1.0	0.2
TWD	3.0		3.0		3.0	0.6
USD	1 543.6	-251.3	1 292.3	-1 255.6	36.7	243.9
Total current asset portfolios						1 000.1
Fixed asset portfolios						
DKK	222.3		222.3		222.3	250.5
EUR	31.1	-15.6	15.5	311.5	327.0	2 744.3
SEK	4 094.1		4 094.1	-17.5	4 076.6	3 769.2
USD	0.7		0.7		0.7	4.9
Total fixed asset portfolios						6 769.0

NOTE 34: Lending to customers

	Life Insurance	SB Bank	Non-life	Storebrand Group		
NOK million	**2003**	**2003**	**2003**	**2003**	2002	2001
Shipping		**821.7**		**821.7**	1 403.0	3 238.6
Real estate		**4 403.7**		**4 403.7**	6 076.9	6 386.6
Other corporate lending	**26.0**	**1 702.1**	**2.9**	**1 731.0**	1 392.5	716.9
Salary account holders (private individuals)	**1 446.8**	**14 226.9**	**2.5**	**15 676.2**	15 928.4	16 277.5
Foreign		**1 542.7**		**1 542.7**	2 187.3	3 179.2
Specific loan loss provisions	**-1.9**	**-527.9**	**-2.4**	**-532.2**	-510.7	-338.5
General loan loss provisions	**-2.6**	**-313.4**		**-316.0**	-317.0	-319.7
Total lending to customers	**1 468.3**	**21 855.8**	**3.0**	**23 327.1**	26 160.4	29 140.6

Loans to group employees total NOK 2 413 million.

NOTE 35: Deposits from customers and liabilities to other financial institutions

Analysis of customer deposits

NOK million	2003	Storebrand Group 2002	2001
Corporate	**3 912.8**	4 354.5	5 237.6
Salary account holders (private individuals)	**7 260.2**	7 635.9	7 455.7
Foreign	**1 189.4**	1 208.5	1 206.9
Total customer deposits	**12 362.4**	13 198.9	13 900.2

Liabilities to other financial institutions

NOK million	2003	Storebrand Group 2002	2001
Loans and deposits from financial institutions on demand or with no fixed maturity date	**65.1**	7.5	6.1
Loans and deposits from financial institutions with agreed notice period or fixed maturity date	**3 146.2**	4 283.1	4 344.6
Total liabilities to other financial institutions	**3 211.3**	4 290.6	4 350.7

Liabilities from securities issued

NOK million	2003	Storebrand Group 2002	2001
Short-term debt instruments	**1 369.1**	2 016.5	5 721.7
Bonds	**5 484.2**	5 879.4	4 714.0
Total liabilities from securities issued	**6 853.3**	7 895.9	10 435.7

NOTE 36: Interests in associated companies

NOK million	Ownership interest	Acqui-sition cost	Balance sheet value 01.01	Addn./ disp./ new capital/ currency	Share in profit	Balance sheet value 31.12	Deprec./ w-down goodwill	Book value of goodwill
Adviso AS	36.5%	15.0	49.4		17.8	67.2		
Norben Life and Pension Insurance Co. Ltd.	25%	31.0	45.6		13.1	58.7		
Bertel O. Steen Finans AS	50%	5.0	2.2		3.6	5.8		
Morningstar Norge AS	49%	3.3	2.0		-0.6	1.4		
Delphi SMB II AS	100%	1.0	1.0	-1.0				
If Skadeforsäkring Holding AB	22.47%	4 354.9	3 196.1	391.1	324.3	3 911.5	-7.9	590.5
Total		4 410.2	3 296.3	390.1	358.2	4 044.6	-7.9	590.5

NOTE 37: Equity capital

NOK million	2003	2002	2001
Paid in capital and retained earnings at 01.01	**8 534.5**	9 616.7	10 544.8
Profit for the year	**789.6**	-892.4	-951.6
Allocated for dividend	**-222.5**		
Share issue (net proceeds)	**5.5**	5.9	5.8
Translation differences	**288.2**	-194.7	-0.3
Other changes in equity capital	**-0.4**	-1.0	18.0
Equity capital excluding minority interests	**9 394.9**	8 534.5	9 616.7
Minority interests at 01.01	**1.1**		
Minority interests' share of profit	**0.9**	2.5	
Dividend received/provided	**-0.9**	-1.4	
Minority interests at 31.12	**1.1**	1.1	
Total equity capital at 31.12	**9 396.0**	8 535.6	9 616.7

NOTE 38: Subordinated loan capital

NOK million	Borrower	Amount NOK	Currency	Currency amount	Interest rate	Maturity	Currency gain/loss
2003–2023, 6 mndr. EURIBOR +2.20%, call 2008, 2013	SB Life	1 541.4	EUR	186	4.40%	2023*)	
1999–2009, 3 mndr. EURIBOR +0.75%, call 2004	SB Life	1 127.5	EUR	135	2.92%	2009	
Total Storebrand Livsforsikring		2 668.9					-82.1
2000–2010 USD 10 mill, Libor +1.3%, call 2005	SB Bank	66.8	USD	10	2.60%	29.09.10	
2000–2010, 3 mndr. NIBOR 1.3%, call 2005	SB Bank	110.0	NOK		5.00%	29.05.10	
2000–2012, 3 mndr. NIBOR 2.0%, call 2007	SB Bank	100.0	NOK		9.00%	29.05.12	
1999–2009, 7.75%, call 2004	SB Bank	35.0	NOK		7.80%	11.06.09	
2003–2013, NIBOR + 2.25%, call 2008	SB Bank	100.0	NOK		7.00%	23.02.13	
Total Storebrand Bank		411.8					
Total		3 080.7					-82.1

*) Counts as perpetual subordinated debt for capital adequacy purposes.

NOTE 39: Technical insurance reserves: Life Insurance

NOK million	Group pension insurance	Group life insurance	Personal endowment insurance	Annuity/ pension insurance	Non-life insurance	**Total 2003**	Total 2002	Total 2001
Premium reserve	74 801.3	300.7	7 024.9	21 756.5		**103 883.4**	93 700.7	90 256.1
Additional statutory reserves	2 439.9		176.0	777.5		**3 393.4**	3 033.8	4 301.0
Premium and pension adjustment fund	4 820.8			304.5		**5 125.3**	5 408.8	7 621.5
Claims reserve	18.1	136.1	118.1	10.3		**282.6**	253.1	250.8
Other insurance reserves					90.3	**90.3**	74.8	59.8
Security reserve	108.5	14.3	11.0	9.5		**143.3**	132.4	126.3
Technical reserves 2003	**82 188.6**	**451.1**	**7 330.0**	**22 858.3**	**90.3**	**112 918.3**		
Technical reserves 2002	74 560.9	431.7	5 224.6	22 311.6	74.8		102 603.6	
Technical reserves 2001	71 907.9	446.2	6 208.2	23 993.4	59.8			102 615.5

NOTE 40: Off-balance sheet contingent liabilities

NOK million	**2003**	2002	2001
Loan guarantees	**126.4**	235.6	633.1
Payment guarantees	**241.8**	325.5	476.0
Contract guarantees	**319.7**	213.5	173.2
Other guarantees	**93.1**	160.9	67.0
Book value of assets pledged as security for loans etc.	**1 560.8**	1 286.5	1 226.0
Residual commitment to subscribe capital to limited partnerships	**1 011.4**	995.0	1 200.0
Other contingent liabilities	**1.3**		
Total contingent liabilities	**3 354.5**	3 217.0	3 775.3

When If acquired Sampo's non-life insurance business, an agreement was entered into in respect of the run-off activities which were transferred from Storebrand and Skandia when If was first established. The agreement states that any losses in this portfolio will be split in accordance with the former equity shares, which was 44% for Storebrand as opposed to the present 22.47%. The agreement expires after 5 years and is limited to NOK 142.8 million in the case of Storebrand. As at 31 December 2003, Storebrand Skadeforsikring AS has recognised a charge of NOK 70.8 million in respect of this agreement.

NOTE 41: Capital adequacy

	2003						
NOK million	SB Life Group	SB Non-life Group	SB Bank Group	SB ASA	**2003** Group	2002 Group	2001 Group
Risk-weighted calculation base	35 639	164	16 914	9 953	**63 331**	56 807	79 622
Core (Tier 1) capital	3 226	155	1 656	7 469	**6 295**	5 852	6 431
Tier 2 Capital	2 418		421		**3 193**	3 304	3 965
Deductions	-54				**-54**	-56	-135
Net primary capital	5 590	155	2 077	7 469	**9 434**	9 100	10 261
Capital ratio (%)	15.7%	94.8%	12.3%	75.0%	**14.9%**	16.0%	12.9%

The required minimum capital ratio is 8%.

N GAAP and US GAAP

RECONCILIATION OF NET INCOME AND EQUITY BETWEEN N GAAP AND US GAAP FOR THE GROUP'S LIFE INSURACNE ACTIVITES

The annual accounts have been prepared in accordance with Norwegian Generally Accepted Accounting Principles (N GAAP). The following tables provide a reconciliation between net income and shareholders' equity in accordance with N GAAP and the same figures as they would be reported in accordance with United States Generally Accepted Accounting Principles (US GAAP) and show where the differences arise. The figures presented apply only to the group's life insurance activities, which comprise Storebrand Livsforsikring AS and Storebrand Fondsforsikring AS.

Reconciliation of net income between N GAAP and US GAAP

NOK million	2003	2002	2001
Profit for the year			
Life Insurance – N GAAP	613.6	-149.6	34.7
Effect of estimated adjustments for US GAAP:			
Contract acquisition costs	-196.2	-45.7	-101.0
Real estate	-116.8	376.3	-619.3
Securities	-458.7	384.3	90.7
Allocation of US GAAP differences to policyholders	521.6	-487.7	431.2
Tax effect of US GAAP adjustments	70.0	-63.6	55.5
Profit for the year			
Life Insurance – US GAAP	433.5	14.0	-108.1

Reconciliation of shareholders' equity between N GAAP and US GAAP

NOK million	2003	2002
Shareholders' equity		
Life Insurance – N GAAP	3 466.4	3 240.0
Effect of estimated adjustments for US GAAP:		
Contract acquisition costs	1 208.9	1 405.1
Real estate	-2 413.8	-2 297.0
Securities	-197.5	126.0
Allocation of P&L adjustments to policyholders	920.0	504.8
Market value adjustment for securities	1 945.1	-58.6
Life insurance policyholders' share of mark value adjustments	-1 453.7	44.0
Tax effect of US GAAP adjustments	329.3	230.2
Dividend	374.0	
Shareholders' equity		
Life Insurance – US GAAP	4 178.7	3 194.5

DESCRIPTION OF THE DIFFERENCES BETWEEN N GAAP AND US GAAP

Capitalised contract acquisition costs. Under N GAAP all costs and expenses directly or indirectly incurred in originating new insurance contracts and renewing existing policies are charged to expenses as they are incurred.

Under US GAAP these costs are capitalised and charged to expenses against the future incomes with which they are associated.

Real estate. Under N GAAP real estate is booked at market value with changes in market value recognised in the profit and loss account, and no depreciation is applied.

Under US GAAP real estate is carried at historic cost and is depreciated over its expected useful life (subject to a maximum of 50 years). Impairment provisions are evaluated on an individual property basis, but no upward revaluations are permitted.

Financial instruments . Under N GAAP interest bearing securities, shares and financial derivatives are carried at market value. Unrealised changes in value are transferred to a market value adjustment reserve, but changes in unrealised value arising from the exchange rate at the balance sheet date are recognised to profit and loss. The market value adjustment reserve can never have a negative value. Unrealised losses are recognised to profit and loss on the basis of write-downs carried out on a portfolio basis.

Under US GAAP listed interest bearing securities are carried at market value with any premium or discount being amortised over the remaining maturity. Equities classified as "available for sale" are carried at market value. Differences between market value and the amortised value of interest bearing securities/historic cost of equities are applied directly to equity. Financial derivatives are carried at market value and changes in value are recognised to profit and loss. Gains and losses in respect of the foreign exchange element of hedged securities which are defined as "available for sale" are recognised to profit and loss in the same period as the hedging contract cf. FAS 133.

In the case of N GAAP, bonds already in Storebrand's ownership that are subsequently classified as "hold to maturity" are valued at the lower of historic cost and market value at the time of the reclassification. Under US GAAP amortisation of any premium or discount would continue after such re-classification.

Life insurance policyholders' participation in profits and equity movements. Storebrand Livsforsikring AS allocates pre-tax profit between policyholders and shareholders. Norwegian legislation requires that a minimum of 65% of profit shall be allocated to policyholders, whilst the allocation to owners is limited to a maximum of 35% to cover capital accumulation, dividend payments and tax.

US GAAP would also apply a minimum allocation of 65% to the differences in profit which arise between N GAAP and US GAAP which are of a timing nature and affect measurement of the profit available for distribution between policyholders and owners. For the Unit linked activities of Storebrand Fondsforsikring AS these differences are allocated in full to profit and equity.

Under US GAAP, "available for sale" investments that are subject to FAS 115 give rise to a difference between market value and amortised cost in the case of interest bearing securities or between market value and historic cost in the case of equities, these differences are booked directly to equity. Norwegian legislation requires that 75% of any such unrealised gains be allocated to policyholders when policies mature or are transferred. The same percentage is used under US GAAP for allocations to policyholders' funds.

Deferred tax. Deferred tax has been calculated at 28% on the difference between N GAAP and US GAAP.

Dividends. Under US GAAP a dividend/group contribution is deducted from equity only when distribution is formally approved.

Transition to international accounting standards in 2005

The European Parliament has decided that all listed companies in the European Union and the countries of the European Economic Area must produce consolidated accounts in accordance with International Financial Reporting Standards (IFRS) with effect from the 2005 accounting year. A commission was set up in Norway to review the current Accounting Act and make proposals on changes to the Act in the light of the changes in international reporting standards. The Commission has now published its report (NOU 2003:23), and proposes that companies that are not stock exchange listed should also be permitted to produce their consolidated accounts in accordance with IFRS. However the unconsolidated accounts of both listed and unlisted companies must be produced in accordance with Norwegian accounting legislation and Norwegian accounting standards, and companies will not be permitted to follow IFRS for these accounts. The Ministry of Finance is expected to make changes to the regulations on the annual accounts of insurance companies and banks, and this will have an effect on the consolidated accounts of the group companies that produce their accounts in accordance with these regulations.

Storebrand has launched a project to prepare for the implementation of the IFRS standards. The project has completed the task of identifying the differences between the accounting principles used at present and the IAS/IFRS standards as currently defined. The project will move into an implementation phase in 2004, where the central activities will be the production of opening balances at 1 January 2004 in accordance with IFRS, restating 2004 quarterly interim accounts to provide comparable figures for 2005 and making the necessary changes to the systems that generate accounting reports. The project will also monitor the work of the International Accounting Standards Board (IASB) and implement new and amended accounting standards as they are introduced.

The main differences identified between current accounting principles and IFRS/IAS as currently defined. The following paragraphs provide brief information on certain areas where there are differences between Norwegian accounting practice and IFRS (not complete or exhaustive).

a) Insurance contracts. There are currently no IAS accounting standards for the treatment of insurance contracts. IASB has launched a two-phase project in this area. A consultation document issued in July 2003 on Phase I allows insurance companies to largely continue with current accounting principles until the Phase II standard comes into force. The Phase II standard is expected to be issued in 2006. Based on information available it will lead to major changes in accounting principles for insurance contracts, including a requirement that insurance liabilities and insurance assets are booked at actual value. This could lead to greater volatility in the earnings reported by the Storebrand group. The consultation document for Phase I includes a ban on what are known as catastrophe and smoothing reserves, and this could mean that certain reserves currently held by Norwegian insurance companies such as the security reserves for life insurance and non-life insurance would no longer be permitted. It is also unclear whether the market value adjustment reserve for life insurance would continue. The transition to IFRS would also, on the basis of the Phase I consultation document, require additional information in the notes to the accounts. As IASB has not yet reached any final decision on new standards, the information on likely changes must be regarded as provisional.

b) Financial instruments. The IAS standards IAS 39 and IAS 32 currently address the accounting standards for financial instruments and the related requirements for information in the notes to the accounts. The transition to IFRS will lead to financial instruments being booked at market value to a greater extent. Moreover the group may have to consider recognising its lending at amortised cost which would require changing Storebrand Bank's lending system. IAS 39 includes comprehensive requirements that must be met in order for hedge accounting to apply. These rules address both the effectiveness of the hedge and its documentation. A consultation document on overall hedging of interest rate risk was issued in September 2003, and an agreed standard is expected in Q1 2004. Storebrand has not yet made any decision on whether to use the hedge accounting rules of IAS 39. There are no requirements to publish comparable historic figures when implementing IAS 39 and IAS 32, so the transition date for implementing the standards would be 1 January 2005.

c) Real estate. IAS 40 allows companies to book investments in real estate at actual value and apply changes in value to the profit and loss account. The proposed changes to the Norwegian Accounting Act will allow investments in real estate to be carried at actual value in unconsolidated accounts. Real estate that is not held as an investment can also be valued at actual value in accordance with IAS 16, but in this case any upward revaluation must be applied directly to equity. This choice will only be available for consolidated accounts, as the proposed changes to the Norwegian Accounting Act do not allow upward revaluation of this type of property in unconsolidated accounts.

This will mean that Storebrand Life Insurance will be able to book most of the real estate it owns at actual value in its unconsolidated accounts, with the exception of properties occupied by the company. All real estate can be booked at actual value in the consolidated accounts, but upward revaluations of properties occupied by group companies will not be taken through the profit and loss account unless the Ministry of Finance issues specific regulations for life insurance companies in this respect. Storebrand Life Insurance currently carries all real estate holdings at values close to actual value in accordance with the current Ministry of Finance regulations, with any change in value taken through the profit and loss account.

d) Business Combinations. IFRS 1, which deals with the transition to IFRS, allows companies not to restate mergers and acquisitions carried out before the transition to IFRS. The Storebrand group will follow this principle. IASB has issued a consultation document on a new standard for Business Combinations. This includes a proposal that goodwill should not be depreciated, but reviewed annually to consider whether any write-downs are required. Moreover restructuring provisions would no longer be permitted unless the acquiring company already had such commitments at the date of acquisition. IASB is expected to issue the new standard in Q1 2004.

e) Pensions. The transition rules (IFRS 1) make it possible to apply deviations from estimates that have not previously been recognised to the profit and loss account directly against equity at transition. The Storebrand group will follow this principle. There are certain differences between the current Norwegian accounting standard for pensions and IAS 19, affecting matters such as the treatment of changes to the pension plan that affect accrued pension entitlements. These differences may cause a change in the book value of pension liabilities at transition.

The timetable issued by IASB provides for several standards to be issued in H1 2004 that will be compulsory for the 2005 accounting year. There is also some uncertainty as to whether the EU parliament will approve IAS 39 in its current form. It is therefore not possible to provide complete information at this time on all the differences that may have an effect on the group's accounts.

Storebrand Group Companies

Storebrand ASA	Interest
Storebrand Livsforsikring AS	**100.0%**
Storebrand Eiendom AS	100.0%
Storebrand Pensjonstjenester AS	100.0%
Aktuar Consult AS	100.0%
Aktuar Systemer AS	100.0%
Scanvik Corporation	100.0%
Storebrand Kjøpesenter Holding AS	100.0%
Storebrand Nybygg AS	100.0%
Storebrand Systemutvikling AS	100.0%
Hoffsvn. AS	100.0%
Norben Life and Pension Insurance Co. Ltd.	25.0%
AS Værdalsbruket *)	74.9%
Storebrand Fondsforsikring AS	**100.0%**
Storebrand Bank ASA	**100.0%**
Storebrand Finans AS	100.0%
Bertil O. Steen Finans AS	50.0%
Morningstar Norge AS	48.0%
Finansbanken A/S, Denmark	100.0%
Finansbanken Index ASA **)	100.0%
Finansbanken Forvaltning AS **)	100.0%
Finansbanken Plasseringsrådgivning ASA **)	100.0%
Delphi SMB II AS **)	100.0%
Skipskredittforeningen AS **)	100.0%
Skipsinvest I AS	100.0%
Skipsinvest II AS	100.0%
Grefsenkollveien 32 AS **)	100.0%
Finansbanken Aktiv Invest ASA **)	100.0%
Industri og Skipsbanken Invest I AS **)	100.0%
Industri og Skipsbanken Fonds AS **)	100.0%
Neskollen Eiendom AS	100.0%
Filipstad Eiendom AS	100.0%

Storebrand ASA	Interest
Storebrand Kapitalforvaltning Holding AS	**100.0%**
Storebrand Kapitalforvaltning ASA	100.0%
Storebrand Fondene AS	100.0%
Storebrand Luxembourg S.A.	99.8%
Storebrand International Private Equity AB	100.0%
Storebrand Skadeforsikring AS	**100.0%**
Oslo Reinsurance Company ASA	100.0%
Oslo Reinsurance Company (UK) Ltd.	100.0%
If Skadeförsäkring Holding AB	**22.47%**
Storebrand Helseforsikring AS	**50.0%**
Fair Financial Ireland plc.	**50.0%**
Storebrand Leieforvaltning AS	**100.0%**
Storebrand Felix kurs- og konferansesenter AS	**100.0%**
Storebrand ITI AS	**100.0%**
Adviso AS	**36.5%**
Storebrand Alternative Investment ASA	**56.0%**

*) Storebrand ASA owns 24.9% directly and Storebrand's total interest is 99.8%.

**) These companies will be liquidated in 2004.

Terms and Expressions

GENERAL

Duration: The average remaining term of cash flow on interest bearing securities. Modified duration is calculated on the basis of duration and is an expression of sensitivity to changes in underlying interest rates.

Earnings per ordinary share: The calculation of earnings per ordinary share is based on profit after tax adjusted for changes in statutory security reserves etc. in respect of non-life insurance. These statutory reserves include security, reinsurance and administration reserves, as well as the guarantee reserve. The number of shares used in the calculation is taken as the average number of ordinary shares in issue over the course of the year. In case of new issues of shares, the new shares are included from the date of subscription.

Equity capital: Equity capital consists of share capital subscribed and accrued earnings. Share capital subscribed is recorded as share capital and share premium reserve. Accrued earnings are recorded as a reserve for valuation differences and other equity.

Subordinated loan capital: Subordinated loan capital is loan capital which ranks after all other debt. Subordinated loan capital is part of Tier 2 capital.

CAPITAL ADEQUACY

Capital ratio: Eligible primary capital as a percentage of the risk-weighted balance sheet. Individual assets and off-balance sheet items are given a risk weighting based on the estimated credit risk they represent.

Primary capital: Primary capital is capital eligible to fulfil the capital requirements under the authorities' regulations. Primary capital may comprise Tier 1 capital and Tier 2 capital.

Tier 1 capital: Tier 1 capital is part of primary capital and consists of equity capital less goodwill, other intangible assets and net prepaid pensions.

Tier 2 capital: Tier 2 capital is part of primary capital and consists of subordinated loan capital. In order to be eligible as primary capital, Tier 2 capital cannot exceed Tier 1 capital. Perpetual subordinated loan capital, together with other Tier 2 capital, cannot exceed 100% of Tier 1 capital, whilst dated subordinated loan capital cannot exceed 50% of Tier 1 capital. To be fully eligible as primary capital, the remaining term must be at least five years. If the remaining term is less, the eligible portion is reduced by 20% for each year.

LIFE INSURANCE

Administration result: The difference between actual costs and those assumed for the premium tariffs.

Annuity/pension insurance: Individual life insurance where the annuity/pension amount is paid in instalments from an agreed age during the life of the insured. Such insurance can be extended to include spouse, child and disability pensions.

Average yield: Average yield is an expression for the average return the company has obtained on the policyholders' fund during the year. Average yield should be seen as a gross yield before deducting costs, and is accordingly not comparable with the interest return reported by other financial institutions. Average yield is calculated in accordance with rules set by the Financial Supervisory Authority of Norway.

Cost ratio: Operating costs as a percentage of average customer funds.

Endowment insurance: Individual life insurance where the insured amount is payable on either the expiry of the insurance period or the death of the insured if earlier. Such insurance can be extended to provide disability pensions or disability insurance.

Group life insurance: Group life insurance in which an insured sum is payable on the death of a member of the group. Such insurance can be extended to cover disability insurance.

Group pension insurance: A group pension insurance scheme where pensions are paid in instalments from an agreed age, during the life of the insured. Such insurance normally includes spouse, child and disability pensions.

Interest result: The result arising from financial income deviating from that assumed for the premium tariffs.

Operating profit: Operating profit from the year's operations including the share due to insurance customers.

Return on capital: Return on capital shows net realised income from financial assets and changes in the value of real estate, expressed as a percentage of the years average total assets in accordance with rules set by the Financial Supervisory Authority of Norway. Value-adjusted return on capital shows the total of realised income from financial assets, changes in the value of real estate and the year's change in unrealised gains or losses, expressed as a percentage of the year’s average total assets at market value.

Risk result: The result arising from the incidence of mortality and/or disability during a period deviating from the assumptions used for the premium tariffs.

Unit Linked: Life insurance offering investment choice whereby the customer can influence the level of risk and return by selecting in which funds assets are to be invested.

BANKING

Annual percentage rate (APR): The true interest rate calculated when all borrowing costs are expressed as an annual payment of interest in arrears. In calculating the APR allowance must be made for whether interest is paid in advance or arrears, the number of interest periods during the year and all fees and commissions.

Instalment loan: An instalment loan is a loan on which the borrower makes regular partial repayments of principal in equal amounts throughout the repayment period. The borrower pays the sum of a fixed instalment amount and a reducing interest amount at each instalment date. Payments accordingly reduce over the life of the loan assuming a fixed interest rate.

Level repayment loan: Periodic payments (representing both capital and interest) on a level repayment loan remain constant throughout the life of the loan.

Net interest income: Total interest income less total interest expense. Often expressed as a percentage of average total assets (net interest margin).

Real rate of interest: The return produced after allowing for actual or expected inflation. Preferably expressed as a nominal rate less the rate of inflation.

FINANCIAL DERIVATIVES

The term financial derivatives embraces a wide range of financial instruments for which the current value and future price movements are determined by equities, bonds, foreign currencies or other traditional financial instruments. Derivatives require less capital than is the case for traditional financial instruments such as equities and bonds, and are used as a flexible and cost effective supplement to traditional instruments in portfolio management. Financial derivatives can be used to hedge against unwanted financial risks, or to create a desired risk exposure in place of using traditional financial instruments.

Basis swaps: A basis swap is an agreement to exchange principle and interest rate terms in a foreign currency. At the maturity of the contract, the principal and interest rate terms are exchanged back to the original currency. Basis swaps are used for hedging subordinated loans.

Foreign exchange options: A foreign exchange option confers a right (but not an obligation) to buy or sell a currency at a predetermined exchange rate. Foreign exchange options are used for hedging subordinated loans.

Forward foreign exchange contracts/ foreign exchange swaps: Forward foreign exchange contracts/foreign exchange swaps relate to the purchase or sale of a currency for an agreed price at a future date. These contracts are principally used to hedge the currency exposure arising from currency denominated securities, bank deposits, subordinated loans and insurance reserves. These contracts also include spot foreign exchange transactions.

Forward Rate Agreements (FRA): FRAs are agreements to pay or receive the difference between an agreed fixed rate of interest and the actual rate for a fixed amount and period of time. This difference is settled at the start of the future interest period. FRA contracts are particularly appropriate to the management of short-term interest rate exposure.

Interest rate futures: Interest rate futures contracts are related to government bond rates or short term reference interest rates. Interest rate futures are standardised contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

Interest rate option: Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

Interest rate swaps/Asset swaps: Interest rate swaps/asset swaps are agreements between two parties to exchange interest rate terms for a specified period. This is normally an agreement to exchange floating rate payments for fixed rate payments, and this instrument is used in the management of long term interest rate risk.

Share options: The purchase of share options confers a right (but not an obligation) to buy or sell shares at a pre-determined price. Share options may be related to stock market indices as well as to specific individual stocks. The sale of share options implies the equivalent one-sided obligation. In the main exchange traded and cleared options are used.

Stock futures (stock index futures): Stock futures contracts can be related to individual shares, but are normally related to stock market indices. Stock futures contracts are standardised futures contracts which are exchange traded and are subject to established clearing arrangements. Profits and losses on futures contracts are recognised daily, and are settled on the following day.

Storebrand's Management Structure

Idar Kreutzer (41)
Group Chief Executive Officer, Storebrand ASA

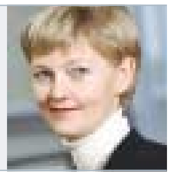
Norwegian School of Economics and Business Administration (NHH)

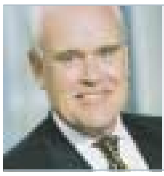
EXECUTIVE COMMITTEE

Espen Klitzing (40)
Managing Director Storebrand Life Insurance

Norwegian School of Economics and Business Administration (NHH)

Maalfrid Brath (38)
Head of Storebrand Group Retail Distribution
State Authorized Accountant, Norwegian School of Economics and Business Administration, (NHH)
Master of General Business, Norwegian School of Management (BI)





Allan Åkerstedt (53)
Managing Director Asset Management

MBA, Stockholm School of Economics

Hans Henrik Klouman (42)
General Counsel, Executive Vice President

Cand. jur. University of Oslo in 1987

Per Kumle (45)
Managing Director Banking

Master of Science, Norwegian Institute of Technology, Trondheim

Odd Arild Grefstad (38)
Executive Vice President, Chief Financial Controller

State Authorized Accountant, Norwegian School of Economics and Business Administration, (NHH)
Authorized Finance Analyst (AFA)

GROUP FUNCTIONS

IT
Rolf Corneliussen
Executive Vice President

Finance and Risk Management
Lars Aa. Løddesøl
Executive Vice President

Human Resources
Erik Råd Herlofsen
Executive Vice President

Corporate Communications and Brand
Egil Thompson
Executive Vice President

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