ANNUAL REPORT 2004

storebrand

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

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	ACTIVITIES	MARKET POSITION
Storebrand group Group profit of NOK **2.4 billion**	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.	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 **60%** growth in premium income	Storebrand Life Insurance offers a wide range of long-term savings 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 personal pension savings products for the retail market. Storebrand introduced a new group management structure in 2004 to increase its focus on the retail market. Group-wide responsibility for sales and distribution to the retail market was transferred from Storebrand Bank to Storebrand Life Insurance, where it is integrated with product development and front-line customer service.	Storebrand Life Insurance has an overall share of 28% of the Norwegian market measured in terms of customers' funds under management. The company maintained its market share in most areas in 2004 and reported good sales of new policies. Storebrand offers attractive products for long-term savings and life insurance, and keeps new product development under continual review to meet changing customer requirements. In order to strengthen its market position further, the company is working systematically to strengthen and streamline its distribution to the retail and corporate markets in order to further improve the quality and perception of its customer service and the advisory expertise it offers.
Storebrand Investments **15%** growth in asset management fees	Storebrand Investments manages assets totalling NOK 165 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 2004 Storebrand Investments had a 10.9% share of the Norwegian mutual funds market and a 12.8% market share for equity funds. Net inflows from new and existing customers in 2004 amounted to NOK 3.8 billion. At 31 December 2004, Storebrand Investments managed assets of NOK 19.8 billion in Norwegian registered mutual funds. 55% of the mutual funds offered by Storebrand produced a better return before management fees than their benchmark in 2004.
Storebrand Bank **15%** growth in retail mortage lending	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 was carried out by a separate business unit within Storebrand Bank ASA until 1 October 2004, when the unit was transferred to Storebrand Livsforsikring AS.	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 *)	1 289
Total assets	NOK 172 771 mill
Equity capital	NOK 8 917 mill
Group profit	NOK 2 415 mill

*) Includes all employees in the Storebrand group

HIGHLIGHTS OF THE YEAR

- Storebrand sold its ownership interest in If Skadeförsäkring to Sampo. The sale of its shares in If was a major step forward for Storebrand's strategy of concentrating on long-term savings and life insurance.
- Storebrand ASA announced changes to its group management structure in order to increase the group's market and customer focus, strengthen its commitment to the retail market and improve resource utilisation across the group.

AMBITIONS

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

Number of employees [1]	916
Funds under management (incl. unit linked products)	NOK 125.8 bn
Number of group pension schemes [2]	9 100
Employees in group pension schemes	265 200
Individual policies – early leavers from group pension schemes [3]	275 500
Group life policies [4]	4 100
Employees in group life schemes	307 000
Health insurance – number of group schemes	78
Employees in group health insurance schemes	6 000
Individual annuity, savings and insurance policies [5]	306 300
Pension and annuity policies in payment [6]	202 300

1) Increase in employees results from reorganisation as part of the new group management structure. Excludes Storebrand Helseforsikring (49) and Fair Forsikring (123).
2) Includes both defined benefit and defined contribution pension schemes, public sector pension schemes and schemes for associations etc.
3) Paid-up policies in respect of previous membership of a group pension scheme (does not include those now drawing pension benefits).
4) Group life insurance policies providing a single payment in the event of death or invalidity.
5) All policies with private individuals including unit linked and health insurance (but excluding annuities and pensions in payment).
6) Pensions in payment includes those receiving retirement, disability and deferred pensions in respect of all group pension schemes, including individual policies for early leavers.

- Storebrand Livsforsikring AS acquired part of the Industrifinans Næringseiendom ASA real estate portfolio for NOK 1.9 billion.
- Storebrand attracted 70% by value of all pension transfers in the Norwegian municipality market.
- New record of NOK 6.2 billion for sales of single premium endowment policies.
- Agreements signed with trade associations covering 4,300 companies with over 185,000 employees.
- Storebrand attracted around 850 new corporate customers.
- Exclusion criteria for the life company's investments extended to include corruption.

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.

Number of employees	128
Total assets under management	NOK 165.0 bn
External assets under management [1]	NOK 25.5 bn
Market share – mutual funds	10.9%
Number of mutual funds offered	50
Number of mutual funds customers	78 084

1) External discretionary clients and mutual funds.

- Storebrand Investments was voted the best investment manager in Sweden in competition with some of the largest international fund management companies.
- Storebrand was ranked as Europe's best equity manager by Global Investor based on Morningstar ratings.
- Storebrand expanded its focus on environmental and socially responsible investment. All funds managed by Storebrand Investments will apply corporate social responsibility criteria.
- Storebrand Fondene AS, Storebrand Kapitalforvaltning Holding AS and Storebrand Kapitalforvaltning ASA were merged.

By concentrating 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	214
Total assets	NOK 27.2 bn
Gross lending	NOK 24.1 bn
Customer deposits	NOK 11.5 bn
Retail mortages as % of total lending 2004	55%
Retail mortages as % of total lending 2003	48%
Retail mortages as % of total lending 2002	43%

- Storebrand bank reported a profit for Q1 2004, representing an important milestone as the first profit for the bank since it was established in 1996.
- The Board of Storebrand Bank ASA decided to discontinue the use of Finansbanken as a name and brand.
- Storebrand bank launched a chain of franchised real estate brokers to strengthen the marketing and distribution of mortgage loans. The new operation, known as Ring Eiendomsmegling, has already started recruiting real estate brokers as franchisees.
- Storebrand Bank's Partner program was voted the best in the market.

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.

STOREBRAND STRENGTHENS ITS POSITION IN THE RETAIL MARKET (p. 6–13)

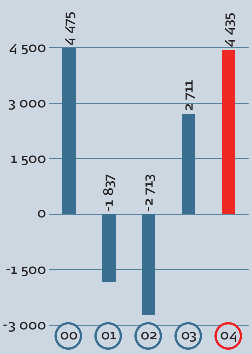
STOREBRAND STRENGTHENS ITS POSITION IN THE CORPORATE MARKET THROUGH INCREASED CUSTOMER FOCUS, PRODUCT DEVELOPMENT AND EXPANSION INTO NEW MARKETS (p. 14–21)

STOREBRAND CREATES VALUE FOR THOSE AFFECTED BY ITS ACTIVITIES BY RECOGNISING ITS COMMERCIAL, SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES (p. 22–25)

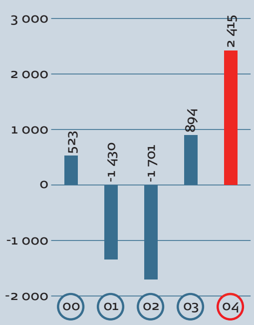
KEY FIGURES FOR THE STOREBRAND GROUP

NOK million	2004	2003	2002	2001	2000
Operating profit	4 435	2 711	-2 713	-1 837	4 475
Group profit	2 415	894	-1 701	-1 430	523
Total assets	172 771	156 650	148 551	152 214	156 744
Equity capital	8 917	9 396	8 536	9 617	10 545
No. of employees (full time equivalents)	1 224	1 263	1 337	1 473	1 478
Capital ratio (%)	15.3%	14.9%	16.0%	12.9%	12.7%
Key figures per share					
Average number of ordinary shares ('000) *)	272 933	277 927	277 715	277 554	277 464
Earnings per ordinary share (NOK) **)	8.49	2.67	-3.73	-4.15	1.67
Dividend per ordinary share (NOK) ***)	7.00	0.80	-	-	1.10

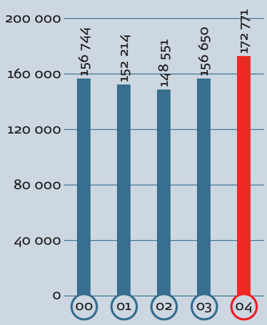
*) Calculation is based on average number of shares outstanding.
**) Calculation is based on profit for the year adjusted for the year's legally required post-tax allocations to security reserves etc. for non-life insurance.
***) Proposed dividend 2004. Resolution to be passed by AGM on 20 April 2005.



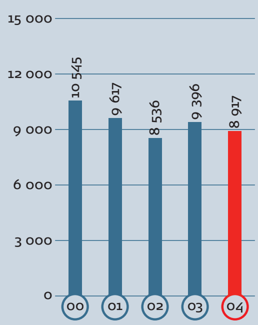
Operating profit
(NOK million)



Group profit
(NOK million)



Total assets
(NOK million)



Equity
(NOK million)

MESSAGE FROM THE CEO:

Over the next few years, the Norwegian market for pensions and long-term savings will see the biggest changes since the national insurance system was established in 1967. Storebrand has been a leading name in the Norwegian life insurance market since 1861, and makes pension payments of NOK 5 billion to its customers every year.

Storebrand strives to increase the value it creates for its customers, owners and employees. Over recent years we have worked hard to improve the company's operations and make them more efficient. As part of this task we have introduced a more integrated and customer-oriented group management structure. The steps we have taken have delivered results in terms of lower costs, good investment returns and a strong market share for our core activities. All the group's business areas reported stronger earnings in 2004. Storebrand started 2005 in a strong position both financially and with its new organisational structure, and is ready to take full advantage of the opportunities offered by a growing market.

Storebrand took its first step towards a clearer focus for its strategic platform in 1999 by establishing If as a separate pan-Nordic casualty insurance company. In 2004 we sold our ownership interest in If. Storebrand has emerged from these changes as a company with a clear market position as expressed by its corporate vision to be "the leading and most respected institution in the Norwegian market for long-term savings and life insurance".

NOK 5 billion

Storebrand has been a leading name in the Norwegian life insurance market since 1861, and makes pension payments of NOK 5 billion to its customers every year.

The increasing debate over the future of pensions and the need for long-term savings is encouraging a number of companies to take advantage of the opportunities offered by this growing market. We see that traditional banks are now positioning themselves to take a larger share of the savings market, and are working on new products and developing their expertise in helping customers with financial advice. At the same time new players are joining the market as advisers and distributors of financial savings products.

Our response to these challenges is to build on our existing strengths and further improve the emphasis on customer-orientation throughout our organisation. 25 of the 50 largest Norwegian companies are customers of Storebrand, and the high standards this customer group expects from our products and services ensures that we are well-equipped to win new customers in all segments of the market.

Our strong position in the corporate market is matched by our ambition to win a larger share of the retail market. We are committed to offering products and solutions that meet changing customer requirements, and so help our customers to plan for the future they expect and protect themselves against the unexpected. A greater focus on the retail market will help to raise our profile, and we intend to strengthen our presence and improve access to our products through both internal and external distribution channels.

Profitable growth depends on keeping our cost level under control and taking a strict approach to making the best use of the group's resources. The changes we have made to the group's management structure bode well for further improvements in productivity. We have set clear targets for costs, and will not allow the growth we expect in business volumes to distract us from these targets. Further information on these issues can be found in the Management Report (pages 38-51).

As an independent stock exchange listed business in a free market, Storebrand has to produce a competitive return for its customers and owners. This does not mean, however, that we have no view on how we should make a profit. Through our commitment to corporate social responsibility, we base our activities on social and environmental considerations as well as financial objectives. We believe that committing ourselves to this unified approach not only improves profitability but is also in the best interests of our customers, employees and owners.

The plans and challenges we have set out for the group will make considerable demands on our organisation. We are therefore very dependent on ensuring that our employees enjoy their work and have the experience and skills needed to meet our customers' needs. We will do everything necessary to recruit, retain and develop the right people for our business. Our expertise and experience are the key to Storebrand's future success.

Idar Kreutzer,
Group Chief Executive Officer

25 of the 50

largest Norwegian companies are customers of Storebrand, and the high standards this customer group expects from our products and services ensures that we are well-equipped to win new customers in all segments of the market.

"STOREBRAND STARTED 2005 IN A STRONG POSITION BOTH FINANCIALLY AND WITH ITS NEW ORGANISATIONAL STRUCTURE, AND IS READY TO TAKE FULL ADVANTAGE OF THE OPPORTUNITIES OFFERED BY A GROWING MARKET."

PENSION REFORM:
PENSION CONTRIBUTIONS AND PERSONAL RETIREMENT SAVINGS

Once the pension reform comes into force, everyone will be able to choose their own retirement age. However, early retirement will bring costs as well as benefits. Retiring before 67 will lead to a longer retirement and thus a lower annual pension.

The Norwegian government's proposals for pension reform will make it more attractive to work longer. One of the measures proposed is the so-called "all years" rule, whereby all working years will count in pension calculations. Abolishing the current 40-year limit will mainly benefit people who make an early start on their working life, and will have little practical effect on people who have studied for longer before starting work.

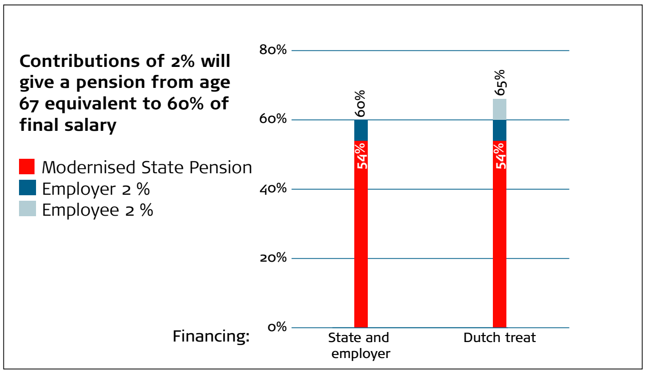
The proposals on early retirement will be much more important in encouraging people to work longer. The government proposes that people will be free to choose to retire before 67, but will then receive a lower pension because it will be paid for more years. This will make it more expensive to take early retirement, encouraging many people to work longer. Storebrand supports the principle that the cost of early retirement should be borne by the individual. This creates greater flexibility for individual choice, without increasing the total cost of the pension system.

The option to choose when to retire is a benefit for everyone. However, to avoid a significant reduction in standard of living when retiring early, people must build up their own savings to supplement what they will receive from the state pension and their employer's pension. This means that people will have to be much more aware of the need to plan for retirement.

Employees need to match employers' contributions to their pension. The government's White Paper on pension reform proposes minimum standards for compulsory employers' pensions. For defined benefit schemes, the total of state pension and employer's pension on retirement at age 67 should be around 60% of final salary, while the minimum employer's contribution to a defined contribution scheme should be 2% of salary.

With current pension rules, an annual pension contribution of 2% of a typical NOK 300,000 salary should produce a pension at age 67 which, together with the state pension, would be around 60% of retirement salary. If the employee matches the employer's contribution, the total pension upon retirement rises to around 65% of final salary. These calculations assume 43 years of working life.

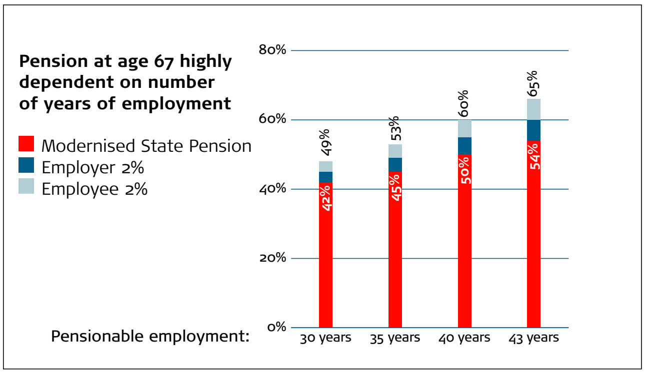
A survey carried out by Storebrand in 2005 found that 6 out of 10 respondents were prepared to sacrifice salary increases in order to join an employer's pension scheme or improve their pension entitlement. The perception of the value of pension entitlement relative to current salary has increased dramatically over recent years. In 2003, only 41% of respondents were prepared to sacrifice salary increases in order to receive or improve their pension, but this increased to 54% in 2004.



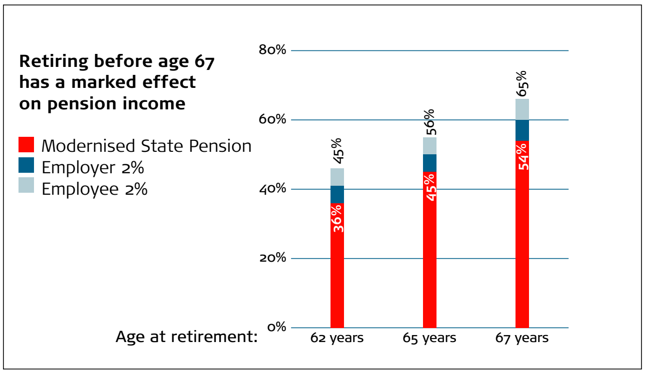
Length of pensionable employment becomes more important. The level of pension received at retirement is highly dependent on the number of years of pensionable employment. If an employee and employer jointly contribute to a pension over the 43-year working life assumed by the pension commission, this will produce a pension of around 65% of salary on retirement at age 67. These calculations are based on a report on compulsory employers' pensions commissioned by Storebrand from Fafo and ECON Analyse. All these examples are based on the current regulations for defined contribution pensions, and assume a salary of NOK 300,000, starting work at age 24, net real investment return of 2% and pension payments to age 82.

People who have remained in higher education for a particularly long time, or who have breaks in their working life (without pension contributions or pension credits as carers etc), will have fewer years of pensionable service when they retire at 67. A working life of 40 years, as currently applied for state pension calculations, would reduce the level of pension in the example above to around

60% of final salary. Moreover, a working life of 30 years – the current requirement for a full pension for public sector employees – would reduce the combined pension to less than 50% of final salary.



Early retirement hits pension entitlement. Under the terms of the pension reform, early retirement would lead to a significantly lower pension than is provided by the current AFP early retirement scheme. There are two reasons for this: retiring early reduces the number of working years and therefore the period over which pension is accrued, and early retirement increases the expected number of years of pension payment. This means that retiring before 67 causes a significant reduction in annual pension. Choosing to retire at 65 rather than 67 reduces the pension from 65% to 56%. Retiring at 62 causes a reduction to just 45% of salary, and if the employee has not made contributions to the pension this falls further to 41%.

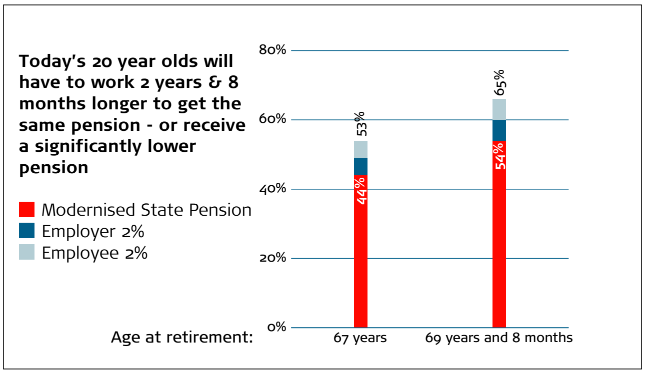


Pensions will be reduced as life expectancy increases. The pension reform proposes limiting the total cost of the state pension scheme by introducing proportional adjustment for life expectancy, and this is key to making the pension system sustainable over the longer term. The proportional adjustment means that the annual pension entitlement reduces proportionately as life expectancy increases, thus avoiding an increase in liability for the state pension scheme as life expectancy increases.

The first people to benefit in full from compulsory employers' pensions will be today's 20 year olds who will retire around 2050. If life expectancy continues to increase by around one year every decade, as assumed in the Pension Commission's report, this group will have to work two years and eight months longer if they are to receive the same pension as now. This means that instead of retiring at 67, they will retire at 69 and eight months.

However, if today's 20-year-olds choose to retire at 67 they will suffer a reduction in pension from 65% to 53% of final salary. If they want to take advantage of the flexible pension age by retiring as early as 62, the combined pension will fall to under 40%.

This makes it clear how important it is for today's young people to start saving for retirement now so that they can take advantage of the flexibility that the pension system will offer in the future.



Increasing importance of personal retirement savings. 2004 saw a significant increase in contributions to the IPA personal pensions permitted under current Norwegian regulations. However, the increase was from a low level, and IPAs attract only a relatively small proportion of savings. A major reason for this is uncertainty over the tax benefits of IPA savings. Many commentators have pointed out that the tax implications of committing savings to an IPA are not necessarily beneficial for everyone. Storebrand has demonstrated that the IPA rules are attractive for most people who want to save for retirement, but nonetheless recommends that people take individual advice before committing themselves to an IPA. This serves to demonstrate that the current regulations are complicated and difficult to predict.

The current tax legislation discriminates against anyone excluded from compulsory employers' pensions, including the self-employed and one-man businesses. Moreover, anyone who anticipates a smaller pension and wants to compensate for this by making additional savings will be in a less favourable tax position than someone expecting a good pension who does not need to make the same level of additional savings.

Storebrand believes that the authorities should review the taxation treatment of IPAs as part of the pension reform. If the rules are changed so that the tax deduction allowed on contributions to IPAs is at the same rate as the tax on pensions paid, individual pension saving will become more predictable, making IPAs a simpler and more secure way of saving to supplement the state and employer's pension at retirement. In addition, this would allow the self-employed to save for a pension without suffering a less favourable tax treatment than an employee member of a group pension scheme.

STOREBRAND STRENGTHENS ITS POSITION IN THE RETAIL MARKET

We intend to turn our ambitions into reality in the retail market. Increased and higher profile marketing, continuing growth in all distribution channels and further improvements to customer service are some of the tools we are using to build a leading position within long-term savings and life insurance.

Brand awareness and efficient product distribution are key competitive factors in the retail market. We have paved the way for increased sales both through direct sales channels such as the telephone and Internet and through other internal and external channels. This will be supported by significant brand promotion efforts to make Storebrand the preferred choice for private individuals. We intend to make better use of the potential for cross-selling to our customers while at the same time improving customer satisfaction with measures targeted at specific customer segments.

Hege Hodnesdal, Senior Vice President, Retail Products

The market for long-term savings and life insurance is growing strongly. People are recognising an ever-increasing need to save for their retirement and arrange life and health insurance protection. Storebrand has a sound foundation in these markets, and aims to take a leading position.

Maalfrid Brath, Executive Vice President, Head of Storebrand Group Retail Distribution

Storebrand's objective is to be the leading and most respected institution in the Norwegian market for long-term savings and life insurance. Storebrand is one of the best-known brands in the Norwegian financial world. With its long history and strong traditions, Storebrand is well placed to take a leading position in the retail market. The new management structure introduced in 2004, which brings together all the group's retail market activities into a single unit, has created an efficient and customer-oriented organisational structure that is well suited for an ever-changing market. The new structure also ensures efficient co-ordination between production, marketing and sales.

The current debate on the future for pensions in Norway is creating greater awareness not only of the need to save for retirement but also of the benefits of life and health insurance. Storebrand believes that the take-up of life insurance and health insurance in Norway still falls far short of what is needed, and the company will continue its targeted focus on these areas.

The company's financial advisers currently account for a large proportion of sales to the retail market. However, sales through external distributors, direct sales channels and cross selling to employees in group pension schemes run by Storebrand are growing, and will represent an increasingly more important distribution network for the company in future years.

2.75%*

THE BEST MORTGAGE RATE

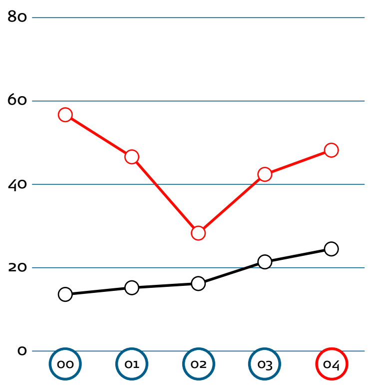
Storebrand Bank will continue its focus on mortgage lending by combining competitive pricing with personal service and efficient systems that speed up processing time.

*⁾ Lowest retail mortgage rate as at February 2005

BEST CHILD INSURANCE

Storebrand is the only insurer to include invalidity insurance in its child insurance products. This is one of the reasons for Storebrand's child insurance product having been voted the best in the market.

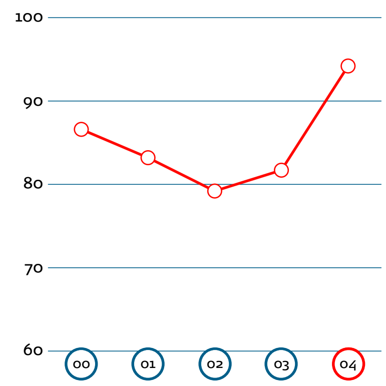
Development in market for Mutual Funds and Unit Linked *⁾



○ Mutual Funds ○ Unit Linked**⁾

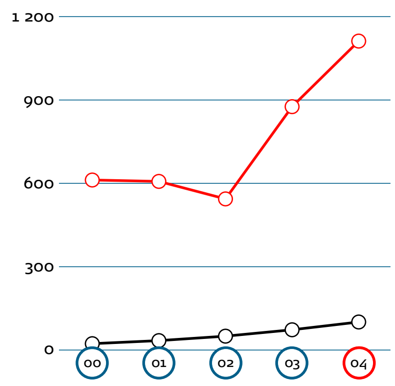
*⁾ Assets under management (NOK bn.)
**⁾ Estimate 04

Development in market for life insurance savings *⁾



*⁾ Assets under management (NOK bn.)

Development in market for life and health insurance *⁾



○ Life ○ Health

*⁾ Annual premium income (NOK mill.)

Long-term savings – a growing market. Storebrand expects figures for 2004 to show a household savings rate of 10%, and this level is expected to continue. The proportion of new savings going into bank accounts is expected to be relatively lower while interest rates remain at their current low level, encouraging increased inflows into other types of savings.

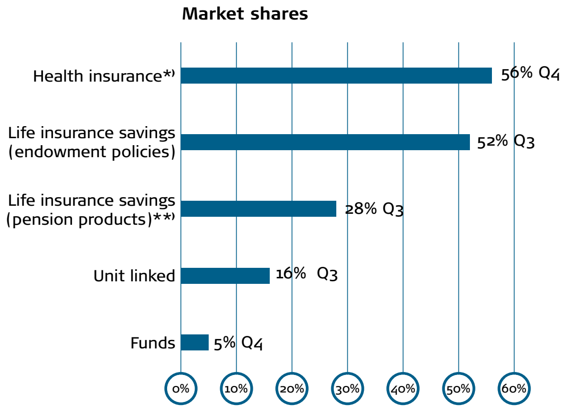
Given the limited tax incentives currently available, we expect a major part of long-term savings to flow into mutual funds. The mutual fund market has been growing since 2002, mainly due to the positive development of world equity markets. This market is expected to continue growing in coming years, including the market for unit linked products.

The perception of mutual funds products is still however affected by the fall in stock markets between 2000 and March 2003. Many savers are relatively risk averse, and low risk products such as life insurance savings and structured products have taken a large part of the overall market. The high level of sales seen for life insurance savings products reflects low interest rates and increased awareness of the need for pension savings. This latter trend is expected to continue to play an important role in future years.

The overall market for structured products (equity linked bonds, hedge fund bonds) is estimated at NOK 30–35 billion. The market for these products is likely to remain strong with interest rates at current low levels.

ETHICAL SAVINGS

80% of Norwegians consider it important that their savings are not invested in companies that breach ethical guidelines. Storebrand has offered socially responsible fund investments since 1996. Experience shows that funds using socially responsible investment criteria produced returns as good or better than other funds. Storebrand therefore had no hesitation in introducing basic socially responsible standards for all its investments in 2004.



*) Annual risk premiums for health insurance (retail and corporate)
**) Assets under management, savings products

Life insurance and health insurance are relatively undeveloped markets in Norway. As an example, only 50,000 Norwegians have private health insurance as compared to 200,000 in Sweden. Life insurance and health insurance have seen increasing business over recent years, but growth has been slower than expected. There are many signs that this market will accelerate over the next three years. The driving forces for the health insurance sector include new treatment methods, an ageing population and changing patterns of illness. These trends represent major challenges for the health care sector, which has to prioritise the treatments it offers. Health insurance will increasingly be recognised as a natural complement to the public sector health service.

Storebrand is well positioned for growth in the long-term savings market. Inflows to long-term savings are growing in pace with an ageing population. Pensions reform and the trend towards defined contribution employers' pensions serve to underline the increasing need for people to provide for their own retirement. Increased sales of life insurance savings products in 2004 show that this is indeed happening. Storebrand launched two new simplified personal pension products in 2004, and is well placed to take advantage of the expected growth. Storebrand also offers a continually updated range of competitive structured products, and expects to see increasing demand for this type of guaranteed savings product.

In the area of mutual fund products, Storebrand Investments has performed well against international competition. This was confirmed in 2004 by winning two awards. The Swedish financial magazine Sparöversikt voted Storebrand 'Fund manager of the year' and the British magazine Global Investor voted Storebrand Investments 'Best equity manager in Europe'.

Storebrand's share of the overall retail mutual fund market is around 5%, but it has a 16% share of the unit linked market. Storebrand aims to strengthen its market share in this area, and was one of the first companies to launch attractive allocation funds, which are managed on the basis of our view of future prospects for equity and bond markets. These are funds that we believe will attract increasing demand in future. Through greater focus on savings contracts and sales of allocation fund products, Storebrand will build a strong foundation for continuing growth in mutual funds and unit linked products.

FUND MANAGER OF THE YEAR
Storebrand is keen to take advantage of its recognition by the Swedish financial magazine Sparöversikt as "Fund manager of the year 2004". Swedes can invest in Storebrand funds through the Swedish Premium Pension scheme, which has SEK 130 billion of funds under management and attracts SEK 22 billion of new funds annually, making it one of the largest distributors of Storebrand products to the retail market.

BEST CUSTOMER PROGRAM IN THE MARKET
Storebrand Partner was voted the most attractive customer loyalty program for savers in 2004.
(Dagens Næringsliv September 2004)

Storebrand has a sound position in health and life insurance that we wish to develop further. This market is expected to grow, not least because many employers are removing insurance cover from their pension schemes. An MMI survey revealed that 70% of the population did not know what their income would be in the event of invalidity. There is also growing demand for critical illness insurance which offers quick pay-out in the event of serious illness, such as cancer or heart disease. Storebrand currently offers the most comprehensive critical illness insurance in the Norwegian market, and is the market leader.

Storebrand's health insurance product is the market leader in the Norwegian retail market. The product ensures excellent treatment and support without delays. Surveys have shown that employees rate health insurance as the second most attractive employee benefit after a pension. 73% would rather have tax efficient health insurance than higher salary. Only 50,000 Norwegians currently have health insurance. We believe this number will increase as people become increasingly demanding users of health services. There is a clear preference for both early treatment and choice of treatment methods and location.

Storebrand is the only insurer to include invalidity insurance in its child insurance products. This is one of the reasons for Storebrand's child insurance product having been voted the best in the market.

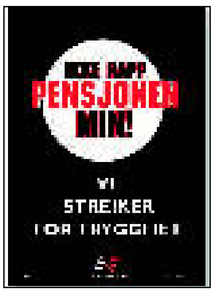
Storebrand's personal loans are among the most competitive in the market. Storebrand Bank contributes to the group's value creation by attracting new retail customers. The bank as yet has only a small share of the retail market and is therefore a challenger to existing players, but it is working hard to expand. Banking products play a central role in attracting customers to Storebrand's other products, and also play an important role in building customer relationships through regular contact with customers and the insight they provide into customers' finances.

For many Norwegians, mortgage repayments represent the most important form of saving. Storebrand Bank supports this form of saving by offering some of the best terms and conditions in the mortgage market. A further example of the bank's commitment to the retail market is the recent launch of the Ring Eiendomsmegling chain of real estate brokers, which will significantly increase Storebrand's distribution capacity for mortgage loans.

Storebrand generates satisfactory profitability in the retail market as a supplier of long-term savings and life insurance products. Traditional life insurance savings products are subject to the rules on profit sharing between the company and its policyholders, giving Storebrand acceptable profitability if the investment return on policyholders' funds is moderate to high. Unit linked and mutual fund products offer significant economies of scale, so growth in business volume is a key factor in profitability.

INCREASING INTEREST IN PENSIONS

The pensions debate is attracting great interest, and the question of whether employers should be compelled to provide pensions has been a key issue in national wage negotiations. The pensions reform and the shift towards defined contribution employers' pensions increases the need for individuals to save for their own retirement.



Flyer for Norwegian Union of Journalists

SUCCESSFUL FUND MANAGER

Global Investor/Morningstar voted Storebrand Japan the best Japanese fund in Europe in 2005. Storebrand Japan came top of 440 Japanese funds in the Morningstar European database. The fund has been a top performer over the last three years, and has outperformed its reference index by over 30% since it was launched in 1998.

Storebrand achieves satisfactory margins on sales of risk insurance products with no savings element. Banking products generate lower margins than other products in the group, reflecting intense competition in this market and Storebrand's decision to use these products to attract retail customers to the group.

Storebrand's objective is to increase its share of the retail market over the next few years. This is particularly relevant for product areas where Storebrand currently has a limited market share, such as mutual funds and banking. Storebrand also intends to strengthen its market position for unit linked products.

Storebrand has identified four important areas of focus that are key to reaching its objectives: 1) Strengthen the group's brand, 2) Increase cross selling, 3) Improve efficiency, and 4) Develop its distribution network further. These factors are described in more detail below.

Storebrand already has a strong brand image and will continue to strengthen its brand by building a more clearly defined and unique position in the market. Customer surveys confirm that the company already has many of the qualities that consumers look for in that it is seen as financially safe, rich in tradition and trustworthy. Storebrand will use a variety of marketing activities to build a more distinctive profile in the market for long-term savings and life insurance.

Storebrand has a well-established approach to corporate social responsibility, both for its own activities and as an investment criteria. Researchers such as the Reputation Institute have found that companies with a good reputation generate better earnings, find it easier to attract customers and enjoy better customer loyalty. Storebrand's activities in 2005 will stress its commitment to corporate social responsibility.

Storebrand currently has over 800,000 customers in Norway, and it intends to strengthen its customer relationships. Storebrand currently has a direct relationship with a large number of individual customers, including customers with paid-up policies from previous employers' pensions. In addition, current members of group pension schemes managed by Storebrand represent a significant customer group.

Satisfied customers are essential for Storebrand, and customer service activities to retain customers are an important part of the marketing strategy. Considerable resources are committed to developing cost effective sales programs to increase and strengthen the value of the customer base. The company also uses advanced analytical tools to give good insight into its customer portfolio. Better targeting of marketing effort and more activities directed at selected customer groups will increase overall customer profitability. Operational objectives in this area include increasing the number of Storebrand products per customer, improving customer loyalty and making sales and customer service more cost effective. In parallel, Storebrand has a continual focus on ensuring high levels of customer satisfaction.

Ring Eiendomsmegling

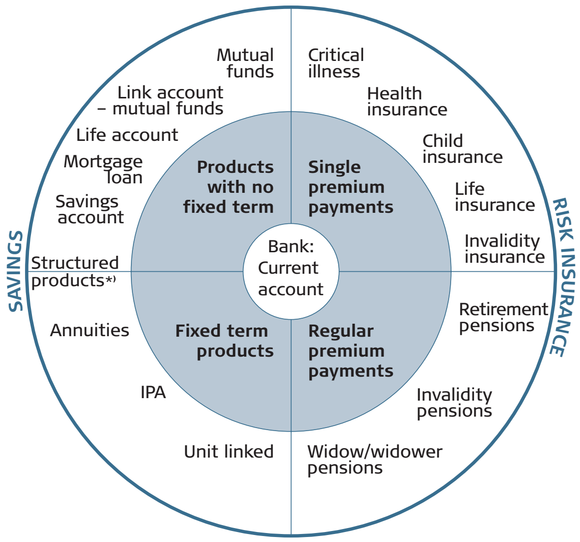
NEW DISTRIBUTION CHANNEL

The launch of the Ring Eiendomsmegling chain of real estate brokers represents a big increase in Storebrand Bank's distribution capacity for mortgage loans. The bank and Ring have high expectations for this new venture.

In a competetive market, low costs are essential. The Retail Sales unit will continue to work towards increased operational efficiency by reducing complexity in both products and sales.

Storebrand intends to develop its distribution network. Storebrand currently uses three distribution channels, of which the company's financial advisers are the most important. Although Storebrand has a smaller physical distribution network (in terms of number of branches and financial advisers) than some of its competitors, its total distribution network is growing strongly.

Product summary



*) Each product has a defined maturity, investors can sell before maturity

Storebrand offers a nation-wide customer advice network, with 40 branches and 120 financial advisers. Storebrand has systematically developed its sales force of financial advisers over a number of years, with particular emphasis on ensuring expertise and high quality advice through certification. The company's financial advisers will continue to be an important distribution channel for Storebrand in future years. The company also has distribution agreements with many independent brokers, and this represents an important and loyal sales channel that produces good results. Storebrand expects to see continuing growth in distribution through independent brokers.

Direct channels, which comprise telephone and Internet sales, have grown by 30% over the last two years and this pace of growth is expected to continue. Work on product development, improved efficiency and training are making it possible to sell an increasing range of products through direct channels.

External distributors have made a positive contribution to sales of mutual funds and life insurance over the last two years. Storebrand has actively sought new distributors for its competitive and forward looking products in this area, building the foundation for continuing growth. Sales of both life insurance and life insurance savings products through external distributors more than doubled from 2003 to 2004.

SIMPLER PENSIONS PRODUCTS
Storebrand has improved its pension products to meet customer requirements for simple pension savings products, and launched two new products for this market in 2004.

STOREBRAND STRENGTHENS ITS POSITION IN THE CORPORATE MARKET THROUGH INCREASED CUSTOMER FOCUS, PRODUCT DEVELOPMENT AND EXPANSION INTO NEW MARKETS

Storebrand carries out regular surveys of customer satisfaction among its corporate clients, and these show that we are staying ahead of our competitors. This confirms our leading position in the corporate market, but we can be – and want to be – even better. With this in mind, we are making a series of planned improvements to areas that customers find important.

Storebrand's current strong position in the corporate market is a good starting point for developing the major opportunities that this market offers. Companies now have a choice of defined benefit or defined contribution pension schemes, and the expected changes that will make it compulsory for all employers to offer a pension scheme will create new opportunities for employers, whether or not they currently operate a pension scheme. The changing environment for corporate pension schemes makes it all the more important for companies to find a professional pensions provider with an understanding of the pension market, good advisory expertise and the ability to develop products to meet changing requirements.

Morten Unneberg, Senior Vice President, head of corporate distribution

The market for occupational pension schemes is facing major changes. The move towards compulsory employers' pensions will affect almost 600,000 employees. In addition, employers with pension schemes are focused on new opportunities. Storebrand will meet these challenges with the breadth of its product range, its technical insight and sound advice.

Lars Aa. Løddesøl: Executive Vice President, Head of Corporate Life

Long tradition. Storebrand has a long tradition in the Norwegian occupational pensions market. The company started providing employers' pension schemes in 1917, 50 years before the Norwegian national insurance scheme was established. Storebrand has always been quick to respond with new solutions to meet changing customer requirements in the occupational pensions market . The company has played a central role in influencing the development of the regulatory framework for life insurance and pensions, and will continue to make important contributions in this area.

Employer's pension schemes top of the agenda. In the current climate of lively debate over the future of state pensions in Norway, changes in the regulatory framework for occupational pensions and the introduction of compulsory employers' pensions, companies and their employees are showing an ever-increasing interest in the need to save for retirement. Employees increasingly expect their employer to offer a pension scheme, and companies are finding that pensions play a key role in any forward-looking human resources policy.

Storebrand is the only Norwegian financial institution that places occupational pensions right at the top of its product priorities. Storebrand offers the broadest range of products and services for pensions and life insurance of any Norwegian company, and is active in all segments of the pensions market.

FROM NATIONAL INSURANCE TO PERSONAL PENSIONS

- **1917** STOREBRAND'S PREDECESSOR NORSKE FOLK SETS UP THE FIRST GROUP PENSION SCHEME IN NORWAY
- **1949** FIRST LEGISLATION ON OCCUPATIONAL PENSIONS
- **1967** THE NORWEGIAN NATIONAL INSURANCE SCHEME COMES INTO BEING FOLLOWING PARLIAMENTARY APPROVAL IN 1966
- **2001** NEW LEGISLATION ON COMPANY PENSIONS AND DEFINED CONTRIBUTION PENSIONS COMES INTO FORCE
- **2004** THE NORWEGIAN GOVERNMENT PUBLISHES A WHITE PAPER ON PENSION REFORM BASED ON THE RECOMMENDATIONS OF THE PENSION COMMISSION. NEW LEGISLATION ON LIFE INSURANCE IS APPROVED BY PARLIAMENT
- **2005** THE NORWEGIAN PARLIAMENT TO APPROVE THE MAIN PRINCIPLES OF THE PENSION REFORM, INCLUDING A REQUIREMENT THAT ALL COMPANIES PROVIDE PENSION ARRANGEMENTS FOR THEIR EMPLOYEES
- **2006** LEGISLATION ON COMPULSORY PENSION SCHEMES EXPECTED TO COME INTO FORCE
- **2010** REFORMS TO THE NATIONAL INSURANCE SCHEME EXPECTED TO COME INTO FORCE

Advice and customer service. The Norwegian pensions market is characterised by strict regulations on pension products and the management of pension funds. This means that companies and public sector bodies feel the need to take professional advice on the complex problems they face. This requires detailed technical understanding and the ability to offer sound advice. Customers' needs vary and Storebrand has developed experience and expertise over many years to meet the particular needs of each customer for everything from standardised packaged products to complex customised pensions solutions.

Storebrand's highly qualified corporate advisers operate from its head office in Oslo and 15 locations around the country. The company has a separate department to service the broker-mediated segment of the corporate pensions market. Customers have different needs for customer service, and Storebrand has developed customer service solutions to meet the specific needs and expectations of its corporate clients.

Long-term customer satisfaction is highly dependent on the quality of day-to-day customer service. Storebrand has commissioned external surveys of customer satisfaction, and the results have confirmed that Storebrand's corporate customers are more satisfied and more loyal to the company than customers of its competitors. Storebrand has established specific programs to identify and improve the areas that customers find most problematic in their relationship with the company. This is an area of continous progress.

Developments in the occupational pensions market. The last 30 years have seen strong growth in occupational pension schemes. Fewer than 500,000 employees were members of an employer's scheme in 1970, but this had grown too 1.3 million members by 2004. While all public sector employees are members of an employer's pension scheme, it is still the case that only half of private sector employees have the benefit of a pension scheme.

The Norwegian occupational pensions market, including funded public sector pension schemes, represents around NOK 420 billion of funds under management by life insurance companies and pension funds. Storebrand has a NOK 87 billion share of this market, representing a market share of around 21%. If public sector pension schemes are excluded from the figures, Storebrand's share of the occupational pensions market (including private pension funds) is around 34%.

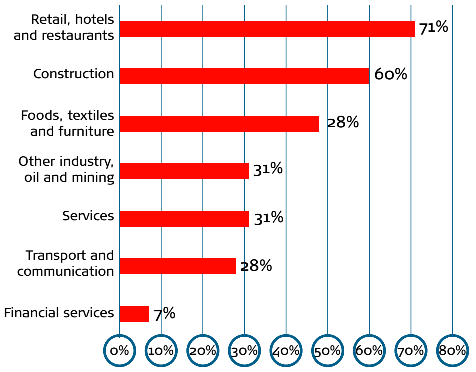
There is now broad political consensus that employers should be compelled to provide pensions. The earliest date this can come into force is 1 January 2006. The proposed legislation on compulsory employers' pensions will affect almost 600,000 employees (Fafo Report 457). Research by Fafo and ECON estimates that the introduction of compulsory employers' pensions will lead to at least NOK 2.7 billion of annual contributions (assuming compulsory pensions are based on existing products).

4 300 COMPANIES

By the close of 2004, Storebrand had signed agreements with 11 trade associations representing 4 300 companies and over 185 000 employees. Storebrand offers attractive pension arrangements to the companies represented by these associations, and it is estimated that around 50% of the employees involved currently have no company pension.

Storebrand's agreement with the National Association of Private Nursery Schools led to 198 nurseries setting up pension schemes with Storebrand in 2004.

The retail, hotel and restaurant sectors have the highest proportion of companies without pension schemes



The companies that will be affected by compulsory employers' pensions are generally smaller companies with lower average salaries than companies with established pension schemes. Storebrand has therefore decided to increase its focus on small and medium-sized companies in 2005. This will include distribution, product development and efficient customer service for small companies, delivered either directly or through agreements with trade associations. By the close of 2004, Storebrand had already signed agreements with 11 trade associations representing 4,300 companies and over 185,000 employees.

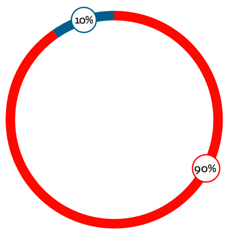
The introduction of compulsory employers' pensions will also create opportunities for increased sales of individual savings and life insurance policies to employees and senior managers of the companies affected. Storebrand's corporate and retail market divisions are working closely together to realise this potential by providing personal advice to the senior management of small and medium companies and ensuring effective distribution of products and services to employees of companies that use Storebrand for their group pension schemes.

Defined contribution versus defined benefit pensions. When defined contribution pension schemes were first introduced in Norway in 2001, it was generally expected that most companies establishing a pension scheme for the first time would choose the defined contribution route. Experience since 2001 shows that many companies have actually chosen to establish new defined benefit schemes.

30% of companies with defined benefit schemes have changed or will consider changing to a defined contribution scheme (MMI/Storebrand 2004). So far only a limited number of companies, typically large companies, have switched to defined contributions, but a significant number of companies are expected to take this decision in the future. Storebrand has worked with a number of large companies on the comprehensive task of switching to defined contributions, and has developed a good advisory framework with efficient internal routines to support companies through the changes needed. Storebrand has the capacity and expertise to assist a large number of companies, whether they are seeking to combine the two types of pension scheme or switch entirely to a defined contribution scheme.

Proportion of employees in occupational pension schemes

- Defined benefit pensions approx. 90%
- Defined contribution pensions approx. 10%



DEFINED BENEFIT AND DEFINED CONTRIBUTION PENSIONS >

Companies can choose between two types of pension scheme for their employees. A defined benefit scheme gives employees a pension defined as a percentage of their final salary when they retire. In a defined contribution scheme, the company contributes an annual fixed amount or an amount equivalent to a percentage of salary for each employee. The pension an employee receives on retirement is dependent on the amount contributed to his or her pension over the years and the investment return on the contributions. In addition to either type of pension scheme, it is common for companies to arrange insurance cover against death, invalidity or disability during the employee's working life. Defined benefit pension schemes still account for 90% of all company pension schemes.

Occupational pensions in the public sector. The public sector market for occupational pensions is made up of municipalities, health authorities, independent state owned entities and other public bodies. This market offers the greatest potential for transfers of pension schemes to private sector suppliers.

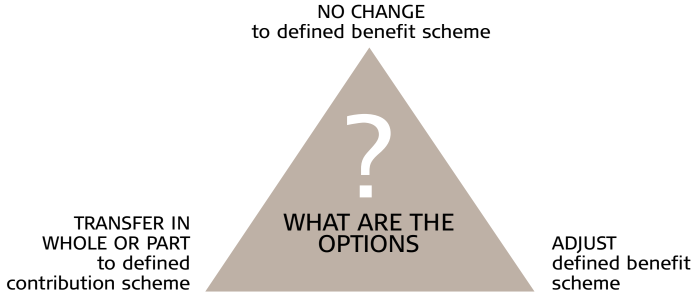
Funded public sector pension schemes represented assets under management at the start of 2005 of around NOK 200 billion. It is still the case that only a limited proportion of these assets is managed by private sector pension suppliers. Storebrand had 30 municipalities and more than 200 other public sector entities as customers at the start of 2005, representing total premium reserves of NOK 7.5 billion. Storebrand has fully adapted its products to meet public sector requirements, and is a competitive supplier to this market. Storebrand attracted 70% of all the pension assets transferred from KLP to the private sector in 2004.

Profitability in the occupational pensions market. The major element of profitability in the occupational pensions market, both for the pension supplier and the customer, lies in generating good results on the pension fund assets under management. Storebrand achieved satisfactory profitability in this market in 2004.

Current regulations for traditional life insurance products require a guaranteed annual return to customers, which currently averages 3.7%. Following a reduction in the official basic interest rate to 3% from 2004, all new premium contributions are based on a guaranteed yield of 3%. Storebrand offers defined contribution pensions through Storebrand Fondsforsikring. The pension assets of defined contribution pension schemes are invested in portfolios managed either by Storebrand or externally. The profitability of defined contribution pension schemes is in line with the profitability of defined benefit schemes over the longer term, and this ensures that the advice given to customers is product neutral.

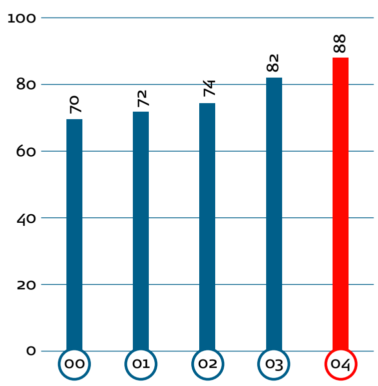
The Norwegian life insurance industry faces significant changes when new legislation comes into force from 2008. These changes will not affect the basis for Storebrand's profitable operations, but are expected to reduce the volatility of earnings from year to year, particularly in years of low investment return. The new legislation is described in more detail on page 44.

Maintaining and strengthening Storebrand's position. Storebrand Life Insurance currently enjoys a very strong position in the market for private sector occupational pensions. If public sector pension schemes and pension funds are excluded, Storebrand has a 43% market share of the defined benefit occupational pensions market. Following the introduction of defined contribution pensions in 2001, Storebrand has demonstrated its ability to build a strong position in this new market. Storebrand now has around 38% of the defined contribution pensions market.



NEW OPPORTUNITIES > Companies need to keep their pension arrangements under continual review, and that means keeping an eye open for new opportunities and possible improvements – although this does not always mean changes to the pension scheme itself. Storebrand places great emphasis on keeping companies well informed and advising them of the opportunities available to them.

Corporate customers' funds under management
Total life insurance and pension funds (NOK bn.)



In the public sector pensions market, Storebrand is a challenger to the traditional suppliers and has a clear objective to strengthen its position significantly. The public sector market accounts for around half the total occupational pension sector in Norway. Efficient operations, good customer service and high ethical standards are important competitive parameters in this market. Norwegian municipalities are under pressure to reduce costs, and the savings that can be achieved by moving their pension schemes will be an important factor.

Storebrand offers health insurance products that guarantee rapid access to treatment through Storebrand Helseforsikring AS. Storebrand is a dominant player in this market, and an increasing number of companies have decided to provide health insurance for their employees.

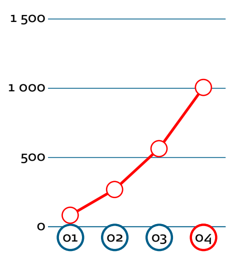
Respected and customer oriented. Storebrand Life Insurance's stated objective is to be recognised by customers as the leading and most respected institution in the Norwegian market for long-term savings and life insurance. This can only be achieved and maintained by offering the best advice, customer service and product range of any supplier in the market. In addition, Storebrand recognises its social responsibility in areas such as encouraging companies to reduce sick leave, invalidity and disability among their employees and in applying ethical criteria when managing its customers' pension assets.

Storebrand expects the occupational pensions market to become even more competitive in future years. Storebrand is well equipped to meet competition, and believes that by specialising in pensions and life insurance for individuals, companies and the public sector it has a demonstrable competitive advantage in this market.

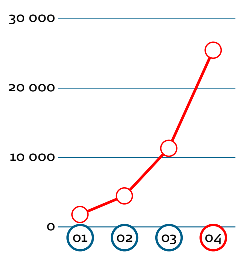
Company pension schemes are most prevalent among medium sized and large companies. This segment of the market demands a significant level of advice and expects high standards of customer service. In the small company market, important features are efficient distribution of products suitably adapted for small companies, setting up new pension schemes and on-going customer service. In addition, the implementation of compulsory employers' pensions will create new demands for simplicity in product design and

1 000
defined contribution customers in 2004

Storebrand set up defined contribution pension schemes for a further 442 companies in 2004 bringing the total of new defined contribution schemes to 1,006 since this product was launched in 2001. These companies represent over 25,000 employees.



Number of companies with defined contribution schemes in Storebrand



Number of employees with defined contribution schemes in Storebrand bring increased downward pressure on pricing. Storebrand will meet these challenges through product development, targeted customer service, cost savings and improved efficiency.

Expansion in Sweden. In February 2005, Storebrand Life Insurance announced that it was to open a branch in Sweden. Initially, the target group for Storebrand's pension products in the Swedish market will be senior executives and other high-income individuals who make their own decisions on pensions. Storebrand will sell its products through insurance brokers and pension advisers, giving it access to an attractive sector of the Swedish pensions market. By opening a branch operation and using independent advisers, Storebrand will ensure low costs and a high degree of flexibility.

The asset management market. The Norwegian institutional market for asset management, excluding life insurance company investments, is estimated to be in the order of NOK 400–450 billion. Many institutions have in-house teams to manage their own investments, and it is estimated that fund management companies compete each year for around 10% of the total market volume. The main asset classes under management are bonds and equities. However an increasing proportion is invested in absolute return products that do not depend on financial market conditions.

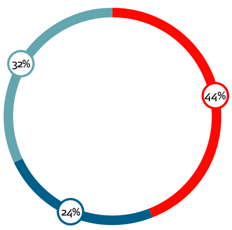
Storebrand Investments had assets under management of NOK 165 billion at the close of 2004. This included NOK 26 billion of assets under management for external clients. The company manages both client portfolios and mutual funds. All the assets managed by Storebrand are subject to ethical rules that exclude investment in companies that breach international conventions on human rights and working conditions. Storebrand has also introduced criteria for environmental and socially responsible investments. Further information can be found on pages 24–25.

Storebrand Investments' institutional customers include municipalities, private sector and public sector pension funds, foundations, other organisations, public and private companies and private investment companies. The majority of Storebrand Investments' new business in 2004 came from the municipality sector, but the company also expects an increase in business from investment companies in future years.

Through the range and quality of the products it offers, Storebrand Investments has attracted most of the largest pension funds in Norway as customers. Storebrand Investments' long experience and strong expertise, coupled with the advantage of working closely with Storebrand Life Insurance on risk management, has made the company a leading asset manager in this segment.

EXPERIENCE GIVES INSIGHT

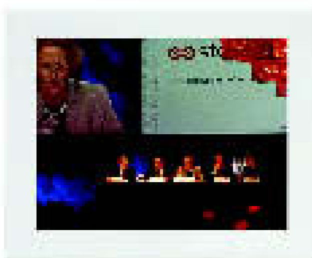
We are proud that 2 out of 3 employees in Storebrand Life Insurance have more than 5 years experience in long-term savings and life insurance.



- Employees with 15 years seniority
- Employees with 6-15 years seniority
- Employees with 0-5 years seniority

700 PARTICIPANTS

Storebrand's Pension Conference on 25 January provided an arena to debate compulsory company pensions. Storebrand presented a new report on compulsory company pensions prepared by Fafo and ECON.



STOREBRAND CREATES VALUE FOR THOSE AFFECTED BY ITS ACTIVITIES BY RECOGNISING ITS COMMERCIAL, SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES.

Storebrand's commitment to corporate social responsibility continues a long-standing tradition that is firmly anchored in the company's corporate vision and values. Storebrand aims to be a leading player for corporate social responsibility in its industry.

Storebrand uses its CSR action plan to set concrete targets so that progress can be monitored continuously and reported annually. The environmental and CSR criteria Storebrand applies to the companies it invests in is the most effective contribution towards sustainable development the company can make.

Egil Thompson, Executive Vice President, Corporate Communications and Brands
Christine Tørklep Meisingset, SRI Analyst

Storebrand's primary duty is to contribute to value creation for society as a whole through its profitability. There is a clear correlation between creating financial value and the relations we enjoy with customers, employees and other stakeholder groups in society at large. Storebrand strives to be the leading and most respected institution in the Norwegian market for long-term savings and life insurance, and has clear targets for its role as a participant in society.

Storebrand's commitment to corporate social responsibility (CSR) continues a long-standing tradition that is firmly anchored in the company's corporate vision and values. Training and personal development for employees, environmental responsibility, supporting charitable organisations, socially responsible investments and developing products and services to give people security in old age and ill health are different aspects of the ethos that runs through all our activities. Storebrand is committed to taking a leading role in CSR in the finance industry.

Storebrand's Corporate Social Responsibility Action Plan for 2005–2006 provides more detailed information on our current status and future plans in this area (see www.storebrand.no/ir). The CSR Action Plan is approved by the Board of Directors, and enjoys the support of all parts of the group. Storebrand uses the action plan to set concrete targets so that progress can be regularly monitored and reported.

In a company such as Storebrand, employees are central to achieving our objectives. An internal survey carried out in 2004 found that 96% of Storebrand's employees believe that Storebrand should take a leading role in recognising its corporate social responsibility. Our employees also recognise that they are the most important driver for CSR in the company's day-to-day activities. A number of external surveys have also confirmed the importance of CSR. For example a market profile survey by MMI in 2004 found that CSR and business ethics were the major factors in people's choice of employers and in their preferences as consumers.

BEST IN CLASS
environmental and
social performance
STOREBRAND SRI

All investments in shares and corporate bonds are subject to basic social responsibility criteria. In addition, 67% of our investments are subject to more extensive criteria for environmental practices and social responsibility. Storebrand's Butterfly mark is awarded to companies in the top 30% of their class.

Valuable diversity. Storebrand has for many years implemented targeted measures to improve female representation in its management. Female representation among managers and specialists and on the boards of group subsidiary companies was 38% at the close of 2004. Storebrand will continue to work towards its objective of 40% female representation in its new action plan period. Two new appointments to internal boards in 2004 strengthened female representation at this level.

More inclusive working life. Storebrand strives to create job satisfaction, ethical awareness and a more inclusive working life for its employees. Since the company joined the National Insurance Administration's "More inclusive working life" scheme in 2002, we have put even greater effort into reducing sick leave and encouraging employees to stay in employment to or beyond the normal pension age. Absence due to illness is now around 4%, and the most recent employee survey shows that 95% of Storebrand's employees are happy in their work.

Socially responsible investments since 1995. Storebrand believes that applying environmental and CSR criteria to its investment decisions is one of the most important contributions it can make to sustainable development. Storebrand Investments extended its use of CSR criteria to all assets under management in 2004.

Storebrand Life Insurance's commitment to environmental and CSR investment criteria makes it one of the most advanced life insurance companies in the world in this area. In its management of pension and life-insurance funds, Storebrand refuses to invest in companies that produce landmines, cluster bombs or tobacco products, or in any company involved in breaches of human rights or corruption. Moreover when investing in industries such as chemicals, pharmaceuticals, oil and gas, mining, shipping, the textile industry, paper and forestry and electric power production, Storebrand excludes companies that score in the bottom 10% for environmental and social responsibility.

The external environment. Storebrand works to minimise its effect on the external environment and save costs by making efficient use of energy, reducing its paper consumption and minimising the amount of waste it produces. We set environmental standards for our suppliers and for the management of the company's properties and real estate.

The new CSR Action Plan for 2005–2006 aims to enhance the group's ability to reach its overall business targets. The Action Plan represents a continuation of Storebrand's commitment to CSR. Storebrand recognises its own responsibility to support sustainable development and seeks to play a role in encouraging Norwegian business and industry to support the sustainable development of the society in which it plays an important part.

Partnership with charitable organisations is a central feature of the company's sponsorship strategy.

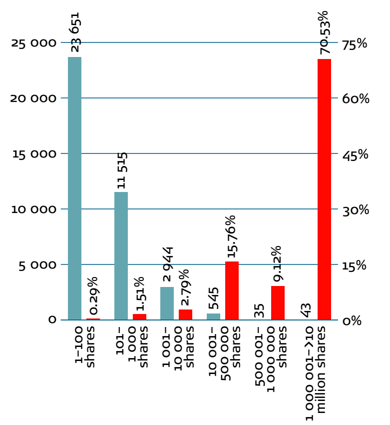
Through its work on corporate social responsibility, Storebrand has qualified for a number of SRI funds and indices, including Dow Jones Sustainability Indexes and the FTSE4Good Index.

SHAREHOLDER MATTERS

Share capital and shares. Shares in Storebrand ASA are quoted on the Oslo Stock Exchange (OSE). Share capital at the start of 2004 was NOK 1,390.4 million. Following a new issue of shares to employees of NOK 556,800 in March 2004, share capital at 31 December 2004 amounted to NOK 1,390.9 million, made up of 278,181,882 shares each with a par value of NOK 5.

The AGM held on 28 April 2004 granted a mandate for the company to buy back up to 10% of its own shares. Storebrand has used this mandate, and at 31 December 2004 the company held 15,265,000 of its own shares, equivalent to 5.49% of total share capital. The company has not issued any options that could dilute share capital.

Shareholders. Storebrand ASA is the fifth largest company listed on the OSE by number of shareholders. The company has shareholders from almost all the municipalities in Norway and from 40 countries.



Analysis of shareholders by number or shares and ownership at 31 December 2004

The 20 largest shareholders at 31.12.2004:

Shareholder	No. of shares	Country	% of total
Folketrygdfondet	27 761 600	NOR	9.98
Orkla ASA	27 648 956	NOR	9.94
Storebrand ASA	15 265 000	NOR	5.49
Fidelity Funds-Europe	10 817 840	LUX	3.89
State Street Bank & Trust Co (NOM *))	9 539 934	USA	3.43
JPMorgan Chase Bank (NOM *))	7 585 822	GBR	2.73
JPMorgan Chase Bank (NOM *))	7 051 661	USA	2.53
JPMorgan Securities	6 323 225	GBR	2.27
Morgan Stanley & Co (NOM *))	5 660 836	GBR	2.03
JPMorgan Chase Bank (NOM *))	5 470 034	USA	1.97
DnB NOR Bank ASA	5 298 317	NOR	1.90
Ferd Invest	5 141 895	NOR	1.85
Skandinaviska Enskilda Banken	5 074 723	NOR	1.82
Citibank, N.A. (NOM)	4 632 133	GBR	1.67
The Northern Trust Co (NOM *))	3 904 625	GBR	1.40
Vital Forsikring ASA	3 797 284	NOR	1.37
Bank of New York, Brussels	3 000 000	USA	1.08
UBS AG, London Branch	2 911 180	USA	1.05
State Street Bank & Trust Co (NOM *))	2 843 852	USA	1.02
Clearstream Banking (NOM *))	2 840 195	LUX	1.02

*) 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 2004 employees were offered 160 ordinary shares at NOK 37.60 per share. 54% of employees participated purchasing 111,360 shares. Note 17 provides information on shares held by senior management.

Storebrand share (NOK)	2004	2003	2002	2001	2000
Highest closing price	**58.5**	43.6	57.0	73.0	70.0
Lowest closing price	**40.4**	20.5	19.2	41.8	48.8
Closing price on 31.12.	**58.5**	43.3	26.0	52.0	62.5
Market cap 31.12. (NOK million)	**16 274**	12 040	7 223	14 439	17 347
Dividend for the accounting year (proposed for 2004)	**7.0**	0.8	-	-	1.1
Annual turnover (1,000 shares)	**471 331**	372 970	301 691	316 914	230 512
Annual turnover (NOK million)	**1 863**	1 492	1 212	1 273	918
Average daily turnover (1,000 shares)	**22 149**	12 842	11 934	18 798	13 837
Rate of turnover (%)	**169**	134	109	114	83
Average number of ordinary shares (1,000)	**278 181**	278 070	277 715	277 554	277 464
Earnings per ordinary share	**8.49**	2.67	-3.73	-4.15	1.67

On 28 April 2004 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 2005 AGM.

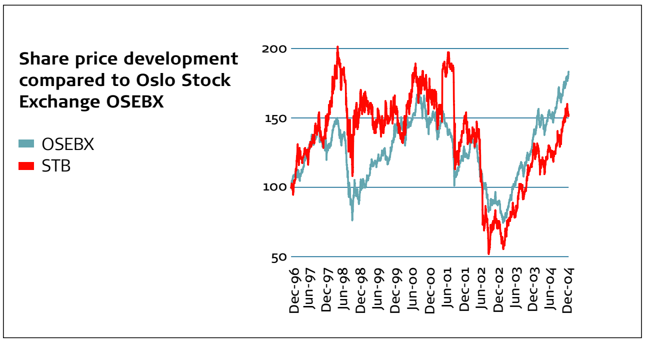
Foreign ownership. The EEA Agreement gives Norwegian and foreign investors equal rights to purchase shares. As at 31 December 2004 total foreign ownership amounted to 51.6%, as compared to 44.2% at the end of 2003.

Geographic distribution of shares:

At 31.12.2004		At 31.12.2003	
Norway	48.40%	Norway	55.80%
Great Britain	15.60%	Sweden	11.00%
USA	15.30%	USA	12.70%
Luxembourg	8.70%	Great Britain	6.70%
Germany	1.90%	Germany	1.50%
35 other countries	10.10%	40 other countries	12.30%

Turnover in the Storebrand share. Almost 471 million Storebrand shares changed hands in 2004, 26.3% more than in 2003 (373 million shares traded). The value of shares traded in 2004 was NOK 22,149 million, up from NOK 12,842 million in 2003. This made Storebrand the 9th most traded share on the OSE in terms of value, with a turnover rate of 169.5%.

Share price development. Storebrand's share price increased by 35.1% over the course of 2004. The OSE benchmark index (OSEBX) rose by 38.4% over the same period. After adjusting for dividend per share, Storebrand shares produced a total return of 37.6% for 2004.



Dividend policy. The Board of Storebrand ASA approved a new dividend policy on 11 May 2004 that provides for a higher proportion of profit to be distributed as dividend. The new dividend policy is as follows:

'The dividend policy shall contribute towards giving shareholders a competitive return and towards optimising the company's capital structure. The dividend to shareholders will normally represent over 30% of the full-year profit after tax. The Board wishes to have a dividend policy with a long-term horizon, and will aim for stable year-on-year growth in dividend per share.'

Based on the company's dividend policy and earnings reported for 2004, the Board of Storebrand ASA recommends that the Annual General Meeting approve a dividend of NOK 1,840 million for 2004, equivalent to NOK 7 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	01.01.04	-2.21

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 2005 is estimated at NOK -6.70 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 are published on the Storebrand website at www.storebrand.no.

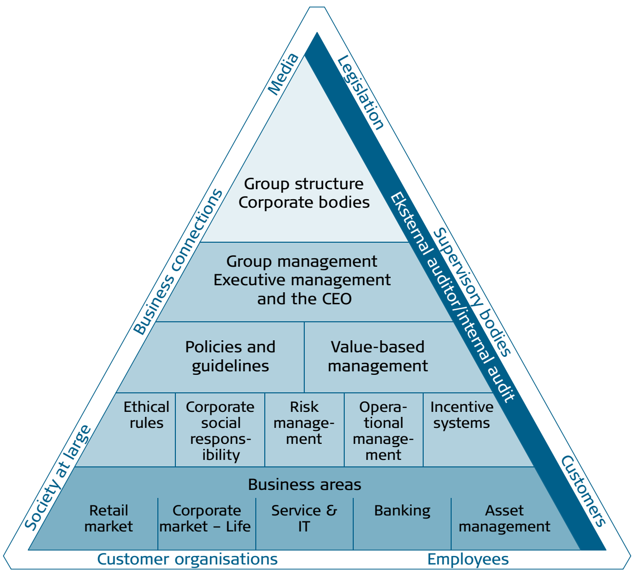
General meetings. Storebrand has one class of shares, each carrying one vote. The company holds its AGM each year before the end of June. Shareholders who wish to participate in a general meeting must notify the company no later than 16.00 hours 3 business days before the meeting. Shareholders who do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

CORPORATE GOVERNANCE

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

Corporate governance is made ut of a number of elements. The following chart illustrates some of the most important elements for Storebrand.



This article provides information on major features of the group's structure and its management.

Certain aspects of corporate governance are dealt with elsewhere in this Annual Report. This includes financial risk management (page 49), shareholder matters (page 26) and corporate social responsibility (pages 24–25). Additional information on corporate governance at Storebrand can be found at www.storebrand.no/ir.

STOREBRAND'S CORPORATE BODIES

General meetings. Storebrand ASA holds its Annual General Meeting (AGM) no later than the end of June each year. The 2004 AGM was held on 28 April. All shareholders of known address receive written notice of the AGM by post, sent out no later than 14 days before the AGM. The notice calling the meeting includes supporting papers for all resolutions to be considered by the meeting.

Storebrand has only one class of shares. All shareholders are entitled to attend general meetings, and arrangements are also made for proxy voting. Storebrand has no specific restrictions on ownership of shares or voting rights in the company other than the restrictions on the ownership of shares in financial institutions imposed by the Financial Institutions Act.

The Chairman of the Board reported on Storebrand's corporate governance policies to the AGM in both 2003 and 2004.

Board of Representatives. The Board of Representatives has 18 members, of which 12 are elected by the AGM and 6 by the group's employees. The size of the Board of Representatives was reduced from 30 to 18 in 2004 in order to create a forum better able to take a close interest in Storebrand's activities.

Members are each elected for a two-year term of office so that half the members retire each year. The composition of the Board of Representatives is laid down by the Articles of Association. The duties of the Board of Representatives include:

- Make recommendations to the AGM on whether to approve the profit and loss statement and balance sheet proposed by the Board and its proposal to apply profit or meet the loss for the year.
- Elect the six shareholder nominated directors, including the Chairman, to the Board of Directors, and determine their fees. Only members elected by the AGM participate in electing the directors, but all members participate in electing the Chairman.
- Issue a mandate for the work of the Control Committee.
- Consider reports from the Control Committee.

The Board of Representatives is entitled to make recommendations to the Board of Directors on any matter. The Board of Representatives met four times in 2004.

Board of Directors. The Board of Directors of Storebrand ASA (the "Board") has nine members, each elected for a two-year term of office so that half the members retire each year. Six members are elected by the Board of Representatives after considering recommendations made by the Election Committee. Three members are elected by and from among the employees. The Managing Director of Storebrand ASA (the "Group 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 is provided on pages 33–35 and at www.storebrand.no.

The Norwegian Code of Practice on Corporate Governance states that at least half of the shareholder-elected members of the Board should be independent of the company's executive management and material business contacts. At least two of the members of the Board elected by shareholders should be independent of the company's main shareholder(s). The Board of Storebrand ASA meets these requirements.

The Board meets at least nine times each year. In 2004 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 well prepared so that all members can participate in the decision-making process. The Board prepares an annual schedule for its meetings and the issues to be considered. The agenda for each meeting is set by the Chairman based on the approved schedule for the year and a list of matters carried forward from previous meetings. The agenda and documentation for each board meeting is normally circulated a week in advance. The Board is supported by a secretariat and one of the group's in-house attorneys acts as the Secretary to the Board.

The Board has reviewed its working procedures and practices for the preparation and conduct of board meetings on a number of occasions. Time is made available at every second board meeting to discuss matters without any member of the management present. The Board is entitled to appoint external advisers whenever it considers this necessary.

The Board carries out an annual appraisal of its work. Members of the executive management team also participate in this process. The results are made available to the Election Committee, which takes this into account in its work. A Board seminar was held in 2004 as part of a program of work intended to develop the expertise of the members of the Board. The members of the Board and Board committees receive a fixed annual fee plus additional payments if more than 11 board meetings are held in a year. Further information on the fees paid to members of the Board, their shareholdings and any loans from the company can be found in notes 4 and 17 to the accounts.

Board Committees. The Board has established a Remuneration Committee and an Audit Committee. Each committee comprises three members of the Board.

The Remuneration Committee monitors the remuneration of the group's senior managers, and assists the Board in setting terms and conditions for the Group CEO. The Remuneration Committee held seven meetings in 2004. The Group CEO and EVP – Human Resources attend the meetings of the Remuneration Committee as required.

The Audit Committee assists the Board by reviewing, evaluating and where necessary proposing appropriate measures in respect of the group's overall controls, financial and operational reporting, risk management and internal and external auditing. The Audit Committee held seven meetings in 2004. The external and internal auditors participate in meetings of the Audit Committee. The Group CEO and CFO attend the meetings as required.

The committees assist the Board by preparing matters for consideration, but decisions on such matters are taken by the entire Board. Both committees are able to carry out meetings and consider matters without any involvement from the company's management.

Control Committee. The Control Committee has five members elected by the AGM, 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 committee has the power to demand information from any employee and any member of the company's corporate bodies. The Control Committee met nine times in 2004 and submitted reports to the Board of Representatives on its work in 2003 and H1 2004 on 1 March 2004 and 30 August 2004 respectively.

The Board of Representatives issues the mandate for the work of the Control Committee. If the Control Committee identifies any matters of material concern for the group, it is required to communicate this immediately to the Chairman of the Board of Representatives. The Control Committee is entitled to use the resources of the internal audit function as and when required.

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 AGM. The company's employees elect an observer to the committee, who participates as a full member in making recommendations for the election of the Chairman of the Board of Directors.

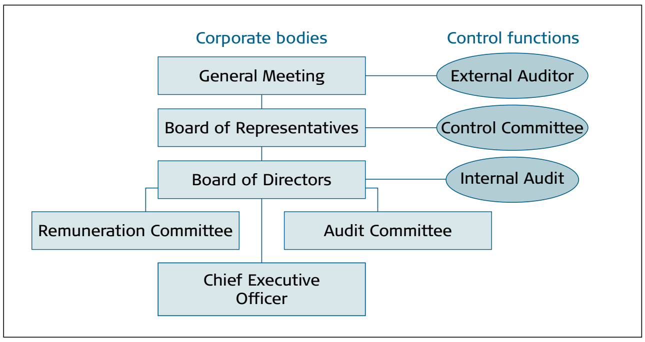
The Election Committee reviews the annual evaluation of the work of the Board of Directors.

The Election Committee is required to nominate candidates for the following elections:

- The election by the AGM of 12 members and four deputies to the Board of Representatives.
- The election by the Board of Representatives of its Chairman and Deputy Chairman.

- The election by the Board of Representatives of six members to the Board of Directors and its Chairman.
- The election by the AGM of members and deputy members to the Control Committee and the Chairman of the Control Committee.
- The election by the AGM of three members to the Election Committee.

The Election Committee also proposes the fees paid to members of these bodies. The Election Committee applies specific criteria and works in accordance with a formal mandate.



Relationship between Storebrand's corporate bodies and control functions. The internal audit function in Storebrand is founded on a corporate governance model, whereby management is based on group wide policies and internal regulations in areas such as ethics, corporate social responsibilities and information security, as well as a value based system for managing financial and operational risk. The group has a common internal audit function which carries out an independent review of the robustnes of the management model. The internal auditor is appointed by and reports to the Board.

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

The external auditor is elected by the AGM, and is responsible for the financial audit of the group. The external auditor issues the audit opinion on the annual accounts, and undertakes a limited scope review of the interim accounts. The external auditor attends the board meetings that approve the quarterly interim accounts, and also attends meetings of the Audit Committee as appropriate.

The annual program for internal audit work is determined by the Board, 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. Reports from special investigations initiated by internal audit or management in respect of possible breaches of ethical rules must be immediately reported to the chairman of the Audit Committee and the Group CEO with copies to the heads of Legal Services and Human Resources. Internal audit is subject to a formal mandate in accordance with current legislation, regulations and international standards. The Control Committee is entitled to use the resources of the internal auditors if it so requires.

Storebrand invited competitive bids for its internal and external audit in 2004. Following careful evaluation, Storebrand appointed Deloitte as its new external auditor and KPMG as its new internal auditor. Storebrand also made an internal appointment of an audit co-ordinator to act as a contact point for the preparation and approval of audit plans and the audit processes.

GROUP MANAGEMENT

Management structure. Storebrand introduced a new management structure with effect from 1 September 2004 in order to enhance the group's market and customer orientation, increase efforts in the retail market and improve efficiency in the group.

The new model establishes five operational business areas for the Storebrand group: Retail Market, Corporate Market Life, Life Production & Service/IT, Banking and Asset Management.

The emphasis the new management model places on life insurance means that the Chairman of the Board and Group CEO are respectively the Chairman and Managing Director of Storebrand Life Insurance. The Group CEO is chairman of the boards of Storebrand Investments and Storebrand Bank. The other members of the boards of Storebrand Life Insurance, Storebrand Bank and Storebrand Investments are members of Storebrand's executive management together with external members with expertise relevant to the business of the company in question.

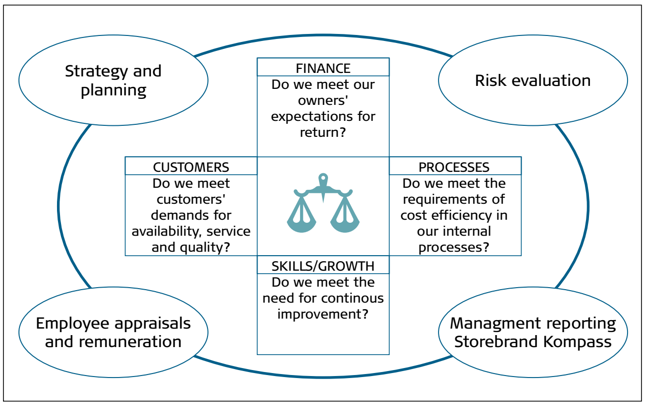
The Board has issued policy guidelines for the duties and responsibilities of the Managing Director of Storebrand ASA as the Group CEO of Storebrand.

The executive management team is made up of the managing directors of Storebrand ASA, Storebrand Investments and Storebrand Bank, and the executive vice presidents responsible for the retail market, corporate market, life production & service/IT, accounting/finance, legal services, human resources and corporate communications/branding. The executive management is responsible for implementing the strategies approved by the Board and is directly responsible for the group's overall profitability and for making optimal use of resources across the entire group.

The group's management and monitoring of the business areas takes place largely through the subsidiaries' board meetings.

Storebrand's value-based management system. The management system is central to the internal audit function and is intended to ensure a relationship between targets and actions at all levels of the group and the overall objective of value creation. The system assists the Board and executive management in planning, monitoring and managing the group's activities.

The system is based on a balanced scorecard where the four dimensions of finance, customers, processes and skills/growth reflect both short-term and long-term value creation in the group.



Each business area carries out an annual strategy and planning process. The results are used to produce a rolling three-year plan for the group, including detailed targets, strategies and budgets. The strategic process in 2005 will focus on growth, improved productivity, efficient use of capital and organisational development. These are the key drivers in Storebrand's value-based based management system and are reflected in the Storebrand Compass management reporting system in the main areas of finance (efficient use of capital), customers (business development), processes (improved productivity) and skills/growth (organisational development). For further information see table on page 51.

The Board is involved throughout the strategy and planning process, both by setting limits and making strategic decisions and by finally approving the group's plans and budgets.

Risk evaluation and internal control reporting form an integral part of the strategy and planning process. The management teams responsible for each business area are actively involved in recognising areas of risk and identifying appropriate measures to promote the company's strategy and objectives. This work is summarised in an internal control report submitted to the Audit Committee and the respective Boards.

Storebrand has developed a management reporting system known as Storebrand Compass to provide management and the Board with monthly reports on financial and operational performance relative to approved targets. The system highlights parameters that fall short of targets so that appropriate measures can be implemented. The monthly reports from each business area are consolidated into a monthly report for the group as a whole.

Incentive system. The appraisal and remuneration of all Storebrand employees forms an integral 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. Each employee agrees annual objectives and an action plan with his or her line manager. This personal plan combines the individual's personal targets with targets for the unit in which he or she works in order to encourage teamwork and overall performance. Storebrand operates a bonus scheme for all employees, which provides for bonus payments in addition to fixed salary and other employee benefits. Bonus payments are linked both to the overall level of the company's value creation and to individual performance. Storebrand's remuneration systems follow internationally recognised principles.

Management through group wide policies and internal guidelines. Group wide policies have been approved for the following functions in the Storebrand Group: accounting, finance and risk management, investor relations, corporate communications, branding, IT, human resources and legal services.
Internal guidelines have been established for share trading by employees and insiders. Storebrand's Intranet also includes a security portal that provides both rules and practical guidance on security of information, catastrophe planning, money laundering and financial crime.

Business ethics and "whistle blowing". Storebrand has established ethical rules for the group. All employees receive a copy, and seminars for new employees address business ethics and ethical dilemmas. Ethics was also a theme at the courses held in autumn 2004 for all Storebrand managers.

In 2004 Storebrand established a business ethics page on its Intranet that allows employees to seek advice anonymously. The group's Human Resources director is responsible for the page.

The ethics page also provides information on how employees can refer any concerns directly to the Board's Audit Committee. This includes the following text: "Anyone who wishes to draw attention to a particular matter without going through the management (whistle blowing) should contact the chairman of the Board's Audit Committee, Knut Heje". The page provides a telephone number for Knut Heje.

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 pays great attention to exercising its ownership in listed companies on the basis of straightforward and consistent ownership principles. A formal statement of principles for Storebrand's approach to corporate governance in its role as an investor was first published in 1998, and Storebrand's web site at www.storebrand.no provides information on the principles it employs.

A Norwegian Code of Practice for Corporate Governance was published on 7 December 2004. Storebrand's policies and procedures for corporate governance meet the standards set out in the Code of Practice, with two exceptions (election of Deputy Chairman of the board of Directors and composition of the Election Committee). This will be remedied in 2005.

REPORT OF THE BOARD OF DIRECTORS

MAIN FEATURES. The Storebrand group is made up of three business areas: Life Insurance, Asset Management and Banking. The group's head office is in Oslo. Storebrand has a long tradition and a strong position in the Norwegian financial market. The group made important progress in 2004 towards its strategy of focusing on long-term savings and life insurance. This included changes to the management structure of the group to enhance its market and customer orientation, increase efforts in the retail market and improve efficiency in the group. The new model establishes five operational business areas for the Storebrand group: Retail Market, Corporate Market Life, Life Production & Service/IT, Banking and Investments.

On 11 February 2004, Storebrand ASA entered into an agreement with Sampo Oyj for the sale of Storebrand's shares in If Skadeförsäkring, conditional on approval by the relevant authorities. The conditions stipulated were satisfied by the end of April, and the sale generated an accounting gain for Storebrand ASA of NOK 1.9 billion after taking into account currency hedging and transaction costs. The sale contributed NOK 1.3 billion to group profit. In addition, group profit includes Storebrand's share in If's earnings of NOK 189 million. Accounting figures in this report include the effect of the sale of shares in If Skadeförsäkring.

In view of the company's strength and financial position and changes in the composition of its assets, due in part to the sale of If Skadeförsäkring, the Annual General Meeting granted a mandate for the company to buy back its own shares. During the course of 2004, the company bought back shares equivalent to 5.5% of its share capital. The buy-back mandate is available for up to 10% of the company's shares, and is valid until the Annual General Meeting to be held on 20 April 2005.

Earnings performance: The Storebrand group reports an operating profit of NOK 4,435 million for 2004 as compared to NOK 2,711 million for 2003. Group profit before tax and changes to security reserves was NOK 2,415 million as compared to NOK 894 million in 2003. The holding company Storebrand ASA reports a pre-tax profit of NOK 2,358 million as compared to NOK 361 million in 2003. In addition to the gain realised on the sale of If Skadeförsäkring, the three main business areas all achieved a sound increase in profit. Earnings per share improved from NOK 2.67 in 2003 to NOK 8.49 in 2004 (calculated on the average number of shares outstanding). Risk bearing capacity strengthened in 2004, and the life insurance company adjusted its asset allocation in response to the low level of interest rates and the risk represented by the guaranteed return that applies to life insurance products. The Storebrand group reports a post-tax profit for 2004 of NOK 2,358 million. The tax charge for 2004 is affected by the changes made to the Norwegian Tax Act in December 2004. The new tax regulations mean that dividends received and gains made on shares within the EEA are no longer taxable, and losses and costs in relation to such shares are no longer tax deductible. Storebrand Life Insurance has sizeable investments in shares, and is therefore the company in the group most affected by these changes. Non-recurring items in other parts of the group also significantly affected tax payable for 2004.

The Board confirms that the accounts have been prepared in accordance with the going concern assumption.

BUSINESS AREAS

Life Insurance: Storebrand's life insurance activities reported good results for 2004. In addition to strengthening its position through increased sales of traditional pension and life insurance products, Storebrand continued to expand in new areas of focus such as defined contribution pensions, pension schemes for public-sector bodies and health insurance. Storebrand expects to see considerable growth in the pensions market as a result of the pension reform and the proposed introduction of mandatory employers' pensions. Sales of savings-related life insurance products to the retail market (endowment policies) showed strong growth in 2003, and this trend continued throughout 2004. Storebrand expects demand for this kind of savings product to remain strong for as long as interest rates remain at current low levels.

Storebrand Livsforsikring (Storebrand Life Insurance) reported a consolidated profit for 2004 of NOK 2,985 million as compared to NOK 2,653 million in 2003. Of the profit for the year, NOK 2,019 million was allocated to policyholders and NOK 966 million to the owner. The owner's profit for the year includes NOK 145 million from products not subject to profit sharing with policyholders.

Storebrand Life Insurance's total premium income, including pension transfers, was NOK 17,912 million in 2004, an increase of 39% from 2003. The figures for pension transfers reflect one large corporate customer transferring out of Storebrand 2004, which resulted in a net outflow for the year.

Knut G. Heje (54), President and CEO, Agra Group, MBA, member of the Board's Audit Committee

Nina E. Smeby (39), Principal employee representative, member of the Board's Remuneration Committee

Leiv L. Nergaard (60), senior adviser, Norsk Hydro ASA, MBA, member of the Board's Remuneration Committee

Mette K. Johnsen (60), Assistant Vice President Finance, Wallenius Wilhelmsen Lines, MBA

Erik Haug Hansen (49), Sales Manager, Corporate Life, Insurance degree

Additional statutory reserves were strengthened by NOK 500 million in 2004 to stand at NOK 3,706 million at the start of 2005.

Storebrand Life Insurance achieved a satisfactory investment return in 2004. The booked investment return was 6.4% as compared to 7.2% in 2003. The value-adjusted return for current financial assets was 7.2% as compared to 8.8% in 2003. Unrealised gains on current financial assets amounted to NOK 2,767 million at the close of 2004, while the equivalent gains on bonds held to maturity totalled NOK 4,213 million. The capital ratio at 31 December 2004 was 14.4%.

Storebrand Fondsforsikring reported higher premium income in 2004 for both unit linked products and defined contribution pension products. Defined contribution pension products, where the company is currently building up business, showed a loss for the year while unit linked products were profitable. Total business volume is as yet at a low level, and this was reflected in a pre-tax loss for the year of NOK 24 million. The company reported a loss of NOK 36 million in 2003. The 50% interest in Storebrand Helseforsikring contributed NOK 4 million to pre-tax group profit in 2004 as compared to NOK 3 million in 2003. Storebrand Helseforsikring reported increased sales in 2004.

Asset management activities: Storebrand simplified the legal structure of its asset management unit following changes in legislation in 2003. Norwegian legislation now allows a fund management company to manage both mutual funds and individual portfolios. From autumn 2004, Storebrand's management of mutual funds and individual portfolios was therefore brought together in a single company, Storebrand Kapitalforvaltning AS (Storebrand Investments).

Asset management reported better results, with an overall pre-tax profit of NOK 47 million for 2004 as compared to NOK 22 million for 2003. The improvement in earnings results from higher performance-related fees generated by good investment results and an increase in volume-based management fees as a result of new business and rising equity markets. Of the 10 portfolios managed for Storebrand Life Insurance, 8 produced a better return than the benchmark. Operating costs were 7% higher at NOK 278 million due to performance-related salary payments.

Assets under management increased by NOK 6 billion in 2004, to stand at NOK 165 billion at year-end. Customers continued to take a cautious approach to investment, and this was reflected in new business. The total net inflow of assets under management was NOK 1.6 billion. Storebrand Investments added 39 new institutional clients in 2004.

Banking activities: Storebrand Bank reported positive results, with markedly improved performance in important areas. The bank increased its lending to selected sectors. The cost base continues to fall, and the bank has significantly reduced the volume of non-performing and loss-exposed loans. The bank has made considerable progress in realising synergies from the merger of Finansbanken ASA and Storebrand Bank AS. Further improvements in operational efficiency are expected. The bank is placing great emphasis on developing its retail market business, and intends to intensify this effort. The bank is also strengthening its commitment to selected sectors of the corporate market. The new management model for the Storebrand group led to the transfer of the Retail Sales unit from Storebrand Bank ASA to Storebrand Livsforsikring AS with effect from 1 October 2004.

The Storebrand Bank Group reported profit before loan losses and losses on securities of NOK 121 million for 2004 as compared to NOK 103 million for 2003. Loan losses and provisions represented a net write-back of NOK 7 million in 2004 as compared to a net charge of NOK 174 million in 2003. The bank also wrote down securities held as fixed assets by NOK 3 million. Pre-tax profit for 2004 was NOK 125 million, an improvement of NOK 234 million from 2003.

Falling interest rates and a shift in the lending portfolio towards a lower risk profile with a higher proportion of retail mortgage lending caused a drop in net interest income as a percentage of average total assets from 1.85% in 2003 to 1.63% in 2004.

The bank reduced its operating costs in 2004 by improving its operational efficiency and realising merger synergies.

Gross customer lending increased by 6% in 2004. The increase was principally in lending to the retail market, and includes the purchase of a portfolio of around NOK 1.1 billion of retail mortgage lending from Storebrand Life Insurance. Customer deposits fell by 0.9 billion 2004. The bank has a balanced funding structure, basing its funding on customer deposits, issuing securities and borrowing in the Norwegian and international markets.

RISK MANAGEMENT. Storebrand is exposed to various categories of risk through its business areas: insurance risk in respect of its insurance activities, investment risk in respect of its financial assets and credit risk in respect of its banking activities as well as liquidity risk and operational risk. Continuous monitoring and active management of risk is therefore a central and integrated feature of the group's activities and organisation.

Life insurance activities: The major part of savings-related life insurance products incorporate a guaranteed minimum return. These savings products currently have an average annual guaranteed interest rate of 3.8%. This places particular demands on how the life insurance company allocates its investments between asset classes such as shares, bonds and other assets, not least when interest rates are at their current low level.

In order to reduce the interest rate risk on financial assets, Storebrand has fixed the future rate of return on part of its money market investments. In addition, a significant proportion of the investment portfolio is invested in bonds to be held to maturity with a running yield in the order of 6%. If interest rates remain at their current low level this will in due course make it challenging to produce a sufficiently high return on the company's assets relative to the guaranteed interest rate.

The allocation of financial assets is decided annually as part of the formal approval of the company's investment strategy. The investment strategy establishes guidelines for the composition of financial assets by setting limits and guidelines for the company's risk management. The strategy also includes 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 company increased by NOK 2.1 billion in 2004. 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 313 million to NOK 3.7 billion. In addition to these figures, the portfolio of bonds held to maturity showed an unrealised gain of NOK 4.2 billion at the close of 2004.

Insurance policies are long-term agreements, and involve uncertainty in respect of assumptions about future rates of mortality and invalidity. The life insurance company uses tariffs based on historical statistical data, and these are notified to the authorities. The company follows developments in mortality and invalidity rates very closely, and adjusts its reserves in accordance with these trends.

Storebrand Bank: The bank has standard procedures for reviewing its lending, and all new lending is approved in accordance with the bank's credit policy. The bank monitors its credit risk through a risk classification system. The overall risk associated with the bank's lending portfolio reduced in 2004. 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 provisions represented a write back of NOK 7 million in 2004 as compared to a charge of NOK 174 million in 2003. The volume of loss exposed and defaulted exposures totalled NOK 910 million, representing a reduction of NOK 807 million over the course of 2004. Total specific and general loan loss provisions amounted to NOK 573 million, representing a provisioning ratio of 63% as compared to 49% in 2003. Approximately 70% of lending to the retail market is secured by mortgages with a loan to value ratio not exceeding 60%.

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 that 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. The Board reviews this summary.

CAPITAL SITUATION. The sale of Storebrand's shares in If Skadeförsäkring has strengthened the company's financial situation significantly. In the period since the sale, Storebrand has repurchased 15 million of its own shares equivalent to 5.5% of its share capital, and has reduced the holding company's borrowings by over NOK 1 billion. In order to support continuing growth in life insurance activities, Storebrand ASA strengthened the share

Grace Reksten Skaugen (51) Consultant, MBA and Ph.D., member of the Board's Audit Committee

Rune Eikeland (43) Regional manager, Retail Distribution, Norwegian Military Academy and Authorised Financial Adviser, employee representative

John Giverholdt (53), Chief Financial Officer Ferd AS, MBA, State Authorised Public Accountant, member of the Board's Audit Committee

Halvor Stenstadvold (60), Executive Vice President, Orkla ASA, Master of Political Science, member of the Board's Audit Committee

capital of Storebrand Life Insurance by NOK 750 million and Storebrand Fondsforsikring by NOK 50 million in 2004. The Board considers the group's capital situation to be good relative to its risk profile and rating, and proposes a dividend of NOK 7 per share (excluding holdings of own shares) totalling NOK 1,840 million.

After allowing for the dividend, the group's equity fell by NOK 478 million in 2004 to stand at NOK 8,917 million at year-end. The minimum capital requirement imposed by the authorities is 8%. The group's capital ratio was 15.3% at 31 December 2004, with a core capital ratio of 10.9%.

The group's capital base, which consists of equity, subordinated loan capital, the market value adjustment reserve and additional statutory reserves, amounted to NOK 19.0 billion at 31 December 2004 as compared to NOK 17.6 billion at the end of 2003.

Storebrand ASA had total liquid assets of NOK 3.8 billion at the close of 2004, and also has available an undrawn long-term credit facility of EUR 225 million.

At the close of 2003 Storebrand ASA was rated BBB- and Baa3 by Standard & Poor's and Moody's respectively, both with 'Positive outlook'. Storebrand Life Insurance has ratings of A- and A3 from Standard & Poor's and Moody's respectively, both with 'Positive outlook'. Moody's rating for Storebrand Bank is Baa2 with 'Stable outlook'.

HUMAN RESOURCES AND ORGANISATION. Employment in the group totalled 1,224 full time equivalent positions at the end of 2004 as compared to 1,263 at the start of the year. Employment in the group is virtually equally split between male and female employees. The average age of the group's employees is 42 years, with an average length of service of 11 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 both experienced and younger members of staff of both sexes. The most recent internal survey of employee satisfaction showed that 95% of employees were happy with their employment.

Storebrand has implemented targeted measures over many years to increase the number of women in senior management. This work has so far produced improvements in many areas. However, achieving 40% female representation in the company's corporate bodies and management remains the most important challenge in this area. Female representation on internal boards of directors improved in 2004 as result of two new appointments.

Employment equality measures currently in progress include ensuring equal participation of male and female staff on internal management development programs, arranging for female staff to participate in external mentoring programs and the recruitment of women to Female Future, a training programme for future board members. Storebrand also insists that external recruitment consultants put forward both male and female candidates when it recruits managers. Storebrand produces salary statistics at specified management levels to facilitate the comparison of salaries between male and female employees.

The group pays particular attention to its older employees, and has implemented a number of measures to support this important element of its workforce. 25% of employees are older than 50, and many of them have more than 30 years of service.

The group reviewed and updated its ethical rules in 2004. In addition, a new page has been provided on the Storebrand Intranet that allows employees to seek advice on ethical dilemmas anonymously. Storebrand has also entered into a collaboration agreement with the Church of Norway and employees can arrange to meet with a priest at times of need. The Church also assists with discussions on ethical issues.

Storebrand has participated in the National Insurance Administration's 'More inclusive working life' scheme since 2002. This scheme aims to reduce absence due to illness, reduce the incidence of disability and long-term illness and increase the average age of retirement. The collaboration has been successful, and absence due to illness has shown a steady decline. Storebrand decided in 2004 to become a 'no smoking' company.

Absence due to illness for the group as a whole totalled 4.1% in 2004 as compared to 4.6% in 2003. There was some reduction 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 2004.

CORPORATE SOCIAL RESPONSIBILITY. Targeted activities to ensure that the company operates with the highest possible degree of corporate social responsibility (CSR) have been given increased weight over recent years. Recent experience shows that most of the targets set in the CSR Action Plan two years ago have been reached. Additional measures have been implemented including greater use of environmental and CSR criteria for the life company's investments and the introduction of CSR criteria for all investments managed by Storebrand Investments.

Certain of the steps taken have proved to be no longer relevant, while others have been too ambitious to achieve within the time set. The CSR Action Plan for 2005–2006 will ensure continuing attention to areas where targets have not yet been met. The new Action Plan aims to enhance the group's ability to reach its commercial targets, and represents a further development of Storebrand's Corporate Social Responsibility. We recognise responsibility for our activities, and will work to ensure that Norwegian business and industry takes an active responsibility for the sustainable development of the wider society of which we are all part.

Environment: Storebrand is committed to reducing its impact on the environment. This involves limiting the group's consumption of energy and paper and recycling waste. Storebrand sets environmental standards for its suppliers and for the management of the company's properties. Improvements have been achieved in some areas, while greater effort is required in others.

Work on improving environmental standards in the management of the group's properties has been intensified. Storebrand Eiendom AS plays an active role in Grønn Byggallianse, an environmental alliance between major landlords, and provides the organisation's chairman. Storebrand has commissioned an external environmental consultancy to develop procedures and activities in respect of environmental questions relevant for property management in order to ensure even better environmental responsibility in this area. This will include even greater attention to energy consumption and water usage in Storebrand's properties.

CORPORATE GOVERNANCE. Storebrand has established a policy for corporate governance. The Board reviews and revises this policy annually. A Norwegian Code of Practice for Corporate Governance was published in December 2004. Storebrand's policies and procedures for corporate governance meet the standards set out in the Code of Practice in all major respects. Further information on Storebrand's policies and procedures for corporate governance can be found in a separate article on page 28 of the annual report.

The Board carried out an evaluation of its work in 2004, and the executive management team participated in this process. The Board held 16 meetings and one Board Conference in 2004. The work of the Board is subject to a specific mandate. The Board has established advisory committees on remuneration and internal audit.

Changes in the membership of Storebrand's corporate bodies in 2004 were as follows:
Board of Directors: Erik Haug Hansen was elected as a new employee representative to replace Arild Thoresen, who had been a member of the Board since 2000.
Board of Representatives: In accordance with a resolution passed by the Annual General Meeting on 28 April 2004, the size of the Board of Representatives was reduced from 30 members and 12 deputy members to 18 members and 8 deputy members. Because of this change, Mille-Marie Treschow, Wenche Meldahl, Tore Lindholt, Inger Bonnie Gjerde, Erik Berg, Ole Trasti, Brit Hoel, Harriet Hagan, Christen Sveaas, Brit Seim Jahre and Trond Berg-Andreassen retired from the Board of Representatives. Merete Egelund Valderhaug, formerly a deputy member, was elected as a new full member. Terje R. Venold and Margareth Øvrum, both formerly full members, were elected as deputy members. Lars Tronsgaard was elected as a new deputy member.
Control Committee: Nils Erik Lie and Brit Seim Jahre retired from the Control Committee and Hanne Harlem was elected as a new member.

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

FUTURE PROSPECTS. Storebrand started 2005 in a strong position. This is the result of a determined focus on a clear set of priorities, with particular emphasis on financial risk management, cost effectiveness, strengthening customer relationships, more effective sales, improving the quality of the banks lending portfolio and developing employee expertise and motivation.

Through the sale of its shares in If Skadeförsäkring, the group has sharpened its focus on the market for long-term savings and life insurance. Storebrand expects this market to grow strongly in future years as a result of demographic changes, the changes currently proposed in the pension system and increased public interest and awareness of pensions and other benefits.

Storebrand intends to continue the development of the company's strong position in this market, and its clear objective is to be the leading and most respected institution in the Norwegian market for long-term savings and life insurance.

Storebrand's challenge in the corporate market is to maintain and strengthen its customer relationships and sales at a time of considerable change in the market, particularly in respect of occupational pensions for the private and municipal sectors. It is crucial for Storebrand to capitalise on its strong position by attracting corporate customers that do not currently offer any pension arrangements for their employees.

Storebrand's ambition in the retail market is to achieve further growth and increase its market share. In order to achieve this Storebrand intends to strengthen the group's brand profile, improve its distribution and make its sales apparatus even more efficient.

Three main themes will be central to Storebrand's resource commitment and strategic development over the next few years: growth, productivity and efficient use of capital.

Growth will be achieved by taking full advantage of the expansion expected in the market for long-term savings and life insurance and by strengthening the group's position in areas such as municipality pension schemes and the retail market.

Greater productivity requires further improvement in the group's relative costs. Improvements to efficiency will target reducing costs in nominal terms and improving the relationship between income and costs. As part of this, the group has established clear and specific productivity targets for the next three years.

Efficient use of capital will ensure that Storebrand can take advantage of the increase in business volumes expected for long-term savings and life insurance.

Storebrand's risk management systems ensure that the group is prepared for any return of turbulent conditions in the financial markets. Through its long traditions and the expertise and motivation of its employees, Storebrand is well positioned to reach its financial and market objectives.

IMPLEMENTATION OF IFRS. With effect from the 2005 accounting year, Storebrand will produce its consolidated accounts in accordance with International Financial Reporting Standards (IFRS). Information on the implementation of the new accounting standards and the effect of this on group equity can be found on page 83 of the annual report.

APPLICATION OF STOREBRAND ASA'S RESULT FOR THE YEAR. Storebrand ASA recorded a profit for 2004 of NOK 2,127 million. The revised dividend policy the Board approved in 2004 aims for stable year-on-year growth in dividend per share. The revised policy is also intended to contribute towards giving shareholders a competitive return and optimising the company's capital structure. The dividend to shareholders will normally represent over 30% of the full-year profit after tax. The Board wishes to have a dividend policy with a long-term horizon. The objective of the revised dividend policy is that the Storebrand group should make effective use of a sufficient level of capital relative to its risk profile. The group's financial condition strengthened appreciably in 2004 due in part to the sale of If Skadeförsäkring, and the Board therefore recommends a total dividend of NOK 7 per share (excluding shares bought back in 2004) of which the dividend paid from the year's profit represents NOK 1.20 per share. The Board proposes the following application of the profit for the year:

Amounts in NOK million:

To other equity:	286.1
Dividend:	1 840.4

Distributable reserves amounted to NOK 4,511 million at 31 December 2004.

Oslo, 15 February 2005

Translation – not to be signed

Leiv L. Nergaard
Chairman

Halvor Stenstadvold	Grace Reksten Skaugen	Mette K. Johnsen
Knut G. Heje	John Giverholt	Rune Eikeland
Erik Haug Hansen	Nina E. Smeby	Idar Kreutzer *Cheif Executive Officer*

MANAGEMENT REPORT: FINANCIAL PERFORMANCE AND BUSINESS DEVELOPMENT

This report provides an account of the Storebrand group's financial performance in 2004 set against the background of historical performance and the trends apparent at the start of 2005. Further information on Storebrand's strategy for the markets in which it operates can be found in the articles earlier in this Annual Report on the group's activities in the retail and corporate markets.

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

MAIN FEATURES – STRATEGIC AND FINANCIAL DEVELOPMENT

Summary of key figures (NOK million)	**2004**	2003	2002	2001	2000
Group					
Result	**2 415**	894	-1 701	-1 430	523
Earnings per ordinary share (NOK)	**8.49**	2.67	-3.73	-4.15	1.67
Capital ratio	**15.3%**	14.9%	16.0%	12.9%	12.7%
Life Insurance (excl. unit linked, defined contribution pensions and health insurance)					
Total policyholders' funds	**121 066**	108 760	99 108	99 201	99 985
Total premium income (excluding policy transfers)	**15 293**	9 527	7 083	7 240	7 034
Balance of pension transfers	**-588**	1 471	-381	-1 222	-3 021
Operating costs as % of policyholders' funds	**0.90%**	0.96%	0.92%	0.88%	0.94%
Booked investment return	**6.39%**	7.24%	2.71%	3.56%	8.69%
Value-adjusted investment return (excl. unrealised gains on hold to maturity bonds)	**7.17%**	8.82%	1.91%	1.51%	3.12%
Risk capital in excess of minimum (excl. unrealised gains on hold to maturity bonds)	**10 950**	8 854	4 724	5 823	12 477
Storebrand Bank Group					
Interest margin	**1.63%**	1.85%	1.96%		
Cost/income	**83%**	87%	97%		
Deposits/loans	**48%**	54%	51%	(No pro forma figures	
Gross lending	**24 051**	22 697	25 851	available for 2000–01)	
Ratio of retail mortgages to total lending	**55%**	48%	43%		
Volume of non-performing and loss-exposed loans	**909**	1 717	2 362		
Loan loss provisions as % of non-performing and loss-exposed loans	**63%**	49%	35%		
Storebrand Investments					
Total funds under management	**165 000**	158 800	139 700	144 600	151 000
Of which funds under management for external clients (incl. If)	**25 500**	38 500	32 300	35 500	38 200
Percentage of total funds under management invested in equities	**21%**	21%	16%	24%	37%
Ratio of retail/institutional clients by value of external funds under management (%)	**26 / 74**	17 / 83	16 / 84	17 / 83	18 / 82
Total net new business (excl. If)	**1 600**	800	2 100	1 000	2 900
Cost/income	**88%**	95%	107%	97%	81%

THE GROUP'S STRATEGIC DEVELOPMENT. Storebrand's vision is to be the leading and most respected institution in the Norwegian market for long-term savings and life insurance. Following the sale of its ownership interest in If Skadeförsäkring, Storebrand is able to pay even greater attention to the development of its core activities. Storebrand is the only financial institution in the Norwegian market that specialises in long-term savings and life insurance as its major area of activity, and the company intends to make the best possible use of this unique position.

The key themes for Storebrand's strategic development over the next few years will be growth, productivity and capital efficiency.

Growth. Storebrand has a strong position in the corporate market for pensions and personal risk insurance. A number of factors point to strong potential for further growth in this market, notably defined contribution pensions in the private sector, the emergence of genuine competition for public sector (municipality) pensions and the opportunities created by the expected introduction of compulsory employers' pensions.

Storebrand Kapitalforvaltning (Storebrand Investments) has a strong position in asset management for institutional customers, particularly for life insurance and pension fund assets. Focus on specialised products for this market will continue.

Storebrand Bank will continue to develop its role in the corporate market as a niche bank with particular emphasis on real estate financing in the greater Oslo region. Key factors for success in this niche market are specialisation and closeness to customers.

In the retail market, Storebrand intends to strengthen its position through strong growth in sales of long-term savings products. The market for personal risk products (life insurance) is growing, and Storebrand has ambitious plans for product development in this area. Lending products, principally residential mortgage lending, are seen as an important way to attract new customers, and Storebrand therefore plans to increase its focus on this product area. Storebrand wishes to attract a higher proportion of younger customers, and banking products therefore play an important role in developing the group's customer base.

To support its objectives for growth in sales and market share in the retail market, Storebrand intends to increase its visibility in the retail market by committing greater resources to branding and sales promotional communication.

Productivity. Storebrand's growth objectives, combined with improved operational efficiency, will create the basis for more cost-effective operations. In September 2004, Storebrand announced efficiency targets for the group's business areas that are to be achieved by 2007.

The cost target for the life insurance company is to reduce costs as a percentage of policyholders' funds to 0.70% by the close of 2007 (0.90% in 2004). Over the same period, the bank is to reduce its cost/income ratio to 55% (83% in 2004).

Asset management activities are characterised by economies of scale, and increases in assets under management have only a limited effect on costs. This business area is to reduce its cost/income ratio to under 75% by 2007 (88% in 2004).

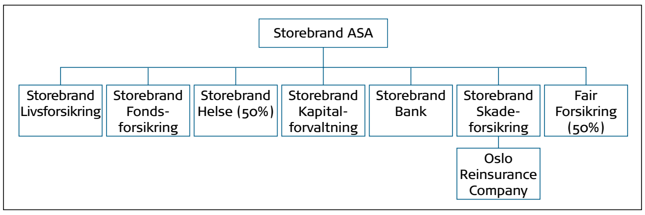
Capital efficiency. Storebrand's subsidiaries currently have sufficient capital resources for the growth expected over the next few years. Based on Storebrand's earnings, capital situation and dividend policy, the Board of Directors of Storebrand ASA will recommend that the AGM approve a dividend of NOK 7 per share for 2004. Following this dividend payment, the group will still be soundly capitalised, and work on improving capital efficiency will continue in 2005 through repurchases of own shares. An efficient capital base is essential if the group is to produce annual earnings that give a satisfactory return on group equity.

FINANCIAL OBJECTIVES FOR THE GROUP. Storebrand has clearly defined objectives for the group and for each business area. This provides the basis for setting targets for each department and employee. Storebrand has communicated its financial objectives to the market. The objectives represent a sound and efficient use of capital with growth in profitability and dividends.

Return on equity after tax	15%
Annual dividend as percentage of group profit after tax	>30%
Consolidated capital ratio	>10%
Life company solvency margin	>150%
Life company rating	A

Achieving the target for return on capital in any particular year is dependent on normal conditions in the financial markets.

GROUP STRUCTURE AND MANAGEMENT REPORTING. The chart below shows the legal structure of the group's main subsidiaries, which is also the basis for the group's accounting structure.



In addition to the presentation of consolidated profit and loss on page 54, the group result can be analysed by business area as shown in the following table. For this purpose, the life insurance activities include Storebrand Livsforsikring AS (Storebrand Life Insurance) and subsidiaries, Storebrand Fondsforsikring AS (Unit Linked and Defined Contribution Insurance) and Storebrand's interest in Storebrand Helseforsikring AS (Storebrand Health Insurance).

The banking activities comprise Storebrand Bank ASA and its subsidiaries. The asset management activities include Storebrand Kapitalforvaltning ASA (Storebrand Investments) and its subsidiaries as well as Storebrand's interest in Storebrand Alternative Investments AS. Non life insurance comprises Storebrand Skadeforsikring AS and its subsidiary Oslo Reinsurance Company AS, as well as Storebrand ASA's interest in Fair Forsikring. 'Other activities' in the presentation of group profit relates principally to the holding company Storebrand ASA.

GROUP PROFIT IN 2004

Analysis of earnings by business area

NOK million	2004	2003	2002	2001	2000
Life Insurance	945	800	-304	-111	830
Asset Management	47	22	-13	14	67
Storebrand Bank *)	97	-137	-476	-145	43
Non life activities	186	348	-242	-767	-72
Other activities **)	1 140	-139	-666	-421	-345
Group profit	2 415	894	-1 701	-1 430	523
Change in non life security reserves etc	57	66	199	279	336
Profit before tax	2 472	960	-1 502	-1 151	859
Tax	-113	-169	612	199	-152
Minority interests' share of profit	-2	-1	-3		
Profit for year	2 358	790	-892	-952	707

*) Storebrand Bank AS and Finansbanken merged on 1 January 2003. Figures for 2000–2002 are pro forma. The merger was implemented with accounting continuity. Incl. depreciation of group goodwill.
**) Includes NOK 1,296 million of group profit from the sale of shares in If Skadeförsäkring in 2004.

Strong group profit. The Storebrand group reported a group profit of NOK 2,415 million for 2004 as compared to NOK 894 million in 2003. The total contribution to group profit from If Skadeförsäkring (share in operating profit and gain on sale of If shares) was NOK 1,447 million. The three main business areas of life insurance, banking and asset management all reported improved earnings in 2004. In addition Storebrand ASA reported better underlying results after adjusting for the gain on the sale of If. Further information on the business areas can be found on pages 41–44.

The group's overall effective accounting tax rate for 2004 was 5%. The effective tax rate was affected by changes to tax legislation as described below.

Return on equity (RoE). The Storebrand group produced a post-tax RoE of 25.3% for 2004. However, this was significantly affected by the gain from the sale of If. As described above, Storebrand aims to reach its target RoE of 15% after tax in the next three years. Calculated on the basis of equity at the start of 2005, this requires an annual group profit in excess of NOK 1.3 billion after tax. Group profit for 2004 excluding the contribution from If fell just short of NOK 1.0 billion before tax.

Storebrand has planned the necessary steps for 2005–2007 in order to reach its profitability target. Achieving the efficiency targets described above for the various business areas is an important part of this. Efficiency targets, together with forecast growth in sales and portfolios and measures to make more efficient use of capital, provide the basis for Storebrand to reach its RoE target over this period.

CAPITAL SITUATION. Storebrand pays particular attention to actively managing its equity and borrowings. The composition of its business areas and their growth will be an important driver for the group's capital requirements. Storebrand ASA sold all its shares in If Skadeförsäkring AB for a total cash payment of NOK 5.2 billion in 2004. A number of changes were made to the group's capital structure in 2004. In view of the strong growth expected in the group's life insurance activities, Storebrand Life Insurance and Storebrand Fondsforsikring were given additional capital of NOK 750 million and NOK 50 million respectively by subscription for new shares. In parallel with this, Storebrand Bank received official approval to reduce its capital base by up to NOK 400 million. The reduction will be refunded to Storebrand ASA.

Storebrand Bank has raised NOK 275 million by issuing a bond on terms that qualify as Tier 1 capital. Storebrand Life Insurance issued a subordinated loan of EUR 175 million that qualifies as Tier 2 capital. This loan replaces an earlier loan of EUR 135 million. Storebrand ASA has bought back NOK 1.0 billion of a NOK 1.5 billion bond issued in the Norwegian market.

The table on the following page shows the figures for the group's capital situation for 2000–2004.

Storebrand ASA's dividend policy seeks to contribute towards giving shareholders a competitive return and optimising the company's capital structure. The Board of Directors of Storebrand ASA has recommended that the 2005 Annual General Meeting (AGM) should approve a dividend payment for 2004 of NOK 7 per share, representing a total distribution of NOK 1.8 billion.

The 2004 AGM authorised the Board to buy back up to 10% of the company's own shares in the period up to the 2005 AGM. The company repurchased 15.3 million shares in 2004 at a total cost of NOK 744 million. The shares were bought in the market, with purchases taking place on 57 trading days.

TAXATION. The Storebrand group's tax charge for 2004 was low relative to pre-tax profit. The effective tax rate was 5%.

Storebrand's tax charge is affected by a number of factors that cause the tax rate to differ from the normal rate of 28% for Norwegian companies. Storebrand Life Insurance's investments in

Storebrands capital situation – key figures

		2004	2003	2002	2001	2000
Storebrand Group:	Capital ratio	15.3%	14.9%	16.0%	12.9%	12.7%
	Core capital ratio	10.9%	9.9%	10.3%	8.1%	8.9%
Storebrand ASA:	Net debt ratio *)	-13%	15%	16%	8%	-7%
Storebrand Livsforsikring AS:	Capital ratio	14.4%	15.7%	18.4%	12.0%	10.5%
	Core capital ratio	8.8%	9.1%	10.0%	6.6%	5.6%
	Solvency margin	169.4%	158.6%	160.5%	184.4%	195.1%
Storebrand Bank ASA **):	Capital ratio	13.8%	12.3%	11.4%	N/A	N/A
	Core capital ratio	11.6%	9.8%	8.8%	N/A	N/A

*) Net debt ratio is net debt (debt minus liquid assets) divided by assets (total assets minus liquid assets).
**) Storebrand Bank and Finansbanken merged in 2003. Comparable historic figures for the new bank have been produced for 2002 only.

Norwegian shares are subject to RISK adjustments of gains and losses and an effective zero rate of tax on dividends received.

On 26 March 2004, the Ministry of Finance published a White Paper on tax reform, and the final form of the legislation was approved in December 2004. The tax reform exempts dividends and gains on shares in the European Economic Area (EEA) from tax, and similarly losses on such shares are no longer tax deductible. Save for these changes, companies will be liable for tax on income as today. The exemption method will apply to dividends earned with effect from 1 January 2004 and for gains and losses on shares realised with effect from 26 March 2004.

For the Storebrand group, the major impact of the tax reform will fall on Storebrand Life Insurance since it has significant investments in shares. The effect in years with good results and high realised income from shares in the EEA will be a low tax charge for Storebrand Life Insurance, and in certain cases a tax write-back. However, if the company realises net losses on shares, as was the case in 2001 and 2002, the tax charge for the year may be higher since these losses will not be tax deductible. The tax reform has also affected the group's effective tax rate in 2004, amongst others in respect of tax-free gains realised on shares in the Life company, and exemption from tax for Storebrand ASA's gain on the sale of shares in If Skadeförsäkring AB.

The tax reform will therefore lead to more volatile and less predictable tax in future years, with greater fluctuation in the effective tax rate from quarter to quarter and year to year. These fluctuations will be linked to and depend on the proportion of overall results that is derived from realised income for costs on shares in the EEA.

In view of the group's sizeable tax losses carried forward and the low tax rate expected for the life insurance activities in normal financial market conditions, it is unlikely that Storebrand will pay any tax for several years. For further information, see note 26 to the annual accounts on page 74.

IFRS. Storebrand ASA will apply International Financial Reporting Standards (IFRS) for its consolidated accounts with effect from the 2005 accounting year. The major impact of the transition for the Storebrand group will result from applying IAS 19: 'Employee Benefits' and from the group's decision to follow the transition arrangements in IFRS 1: 'First-time Adoption of International Financial Reporting Standards' that allow the effect of deviations in pension scheme estimates to be applied directly to equity. Further information on this and other effects of the transition can be found in the IFRS note to the accounts on pages 83–85.

LIFE INSURANCE ACTIVITIES

MARKETS AND STRATEGY

Building on a strong position. The Norwegian pensions market is changing rapidly. The reform of state national insurance pensions, deregulation of public sector pensions and the introduction of compulsory employers' pension schemes will create new market opportunities and challenges. Storebrand Life Insurance intends to build on its strong position in this market by becoming even more customer oriented, offering attractive product solutions and providing sound financial advice for its customers.

Pensions and life insurance are Storebrand Life Insurance's core business. Storebrand Life Insurance's objective is to be recognised by customers as the leading and most respected institution in the Norwegian market for long-term savings and life insurance.

The breakdown of the company's main products in terms of value of policyholders' funds shows that group pension schemes account for 72%, personal pensions and personal life insurance products account for 27% and group life insurance accounts for 1% as at 31 December 2004. Measured in terms of profit to the owner, group pension schemes contribute 60%, personal pensions and personal life insurance products contribute 33% and group life insurance contributes 7%.

FINANCIAL RESULTS FOR 2004

Satisfactory operating result and profit to owner. Storebrand Life Insurance reported an operating profit for the year of NOK 2,985 million, as compared to NOK 2,653 million in 2003. The profit allocated to policyholders was NOK 2,019 million (including NOK 500 million allocated to additional statutory reserves) and the profit to the owner was NOK 966 million. Profit to the owner includes NOK 145 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 entitled to an annual increase. Life insurance activities as a whole (including Storebrand Fondsforsikring and Storebrand Helseforsikring) produced a pre-tax profit of NOK 945 million.

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	**Total 2004**	Total 2003	Total 2002
Financial income	5 600	40	632	1 243	5	**7 520**	7 550	2 626
Guaranteed yield	-3 381	-4	-327	-715	0	**-4 426**	-3 937	-3 720
– of which transferred to premium reserve	-125	0	0	-9	0	**-134**	-127	-162
Interest result	**2 219**	**36**	**305**	**529**	**5**	**3 094**	**3 613**	**-1 094**
Subsidiaries' admin. expenses a)	8	0	1	2	0	**11**	17	14
Risk premium	514	419	353	-74	65	**1 278**	1 173	1 154
Risk bonus	-413	-330	-251	74	-49	**-968**	-907	-907
Net reinsurance etc.	-61	-44	3	0	-1	**-104**	-69	-53
Risk result	**40**	**45**	**105**	**0**	**16**	**206**	**198**	**194**
Administration premium	520	57	182	128	115	**902**	845	805
Operating expenses	-542	-67	-246	-160	-24	**-1 039**	-995	-917
Administration result	**-22**	**-10**	**-64**	**-32**	**-9**	**-137**	**-149**	**-112**
Subsidiaries' admin. expenses a)	-8	0	-1	-2		**-11**	-17	-14
Change in premium reserve/sec. fund	**-89**	**-2**	**-1**	**-90**		**-181**	**-1 010**	**-241**
Gross result by sector	2 149	70	346	406	11	**2 982**	2 652	-1 253
Transferred from additional statutory reserves						**0**	21	1 012
Transferred to policyholders' funds						**-2 019**	-1 839	0
To(-)/from(+) owner's equity:								
-net return on share capital b)						**409**	334	
-0.40% of policyholders' funds						**455**	414	
-risk margin earned by owner's equity						**46**	46	
-other						**53**	40	-242
Profit/loss for the year						**963**	835	-242

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 on technical insurance matters can be found in the Storebrand Livsforsikring AS annual report on www.storebrand.no.

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 2004 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 administration premium charged for the year and actual operating costs.

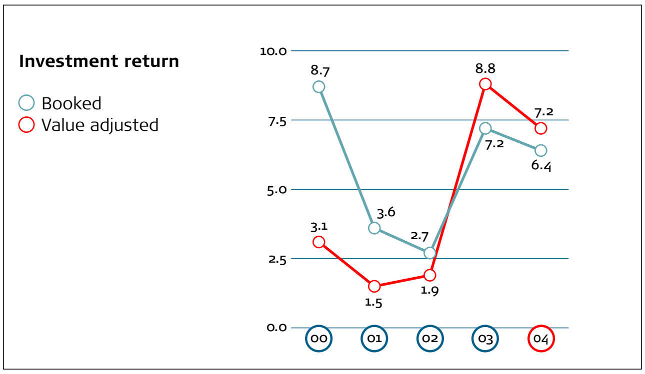
Strong growth in premium income. Storebrand Life Insurance's total premium income for 2004, excluding policy transfers, was NOK 15,293 million. This represents an increase of 60% from 2003, when total premium income was NOK 9,527 million. Personal endowment policies showed the strongest increase of 157%. Premium income from group pensions increased by 16% and personal annuity policies saw a 20% increase in premium income. Other lines of insurance showed only minor changes from 2003.

Figures for business transferred between insurance companies were affected by a major customer leaving Storebrand in 2004, leading to a net outflow for the year. Premium reserves transferred to Storebrand Life Insurance totalled NOK 2,644 million as compared to NOK 3,375 million in 2003.

Additional statutory reserves strengthened. Additional statutory reserves are conditionally allocated policyholders' funds that act as risk capital to absorb fluctuations in the investment portfolio. These reserves were strengthened by NOK 500 million in 2004 to stand at NOK 3,706 million at the start of 2005. Storebrand Life Insurance is therefore in sound financial health and can take on additional risks to improve investment returns in 2005. The company's financial condition, combined with the strength of its risk management system, ensures that Storebrand Life Insurance is also well equipped to generate a good investment return in 2006, for both policyholders and the owner.

Good investment return, solidity and risk capital. Storebrand Life Insurance produced a satisfactory investment return in 2004. The booked investment return for 2004 was 6.4%, as compared to 7.2% for 2003. The value-adjusted return on current asset investments was 7.2% as compared to 8.8% in 2003. The value-adjusted return including bonds held to maturity was 7.6% in 2004 as compared to 11.2% in 2003. At the close of 2004 unrealised gains on current asset investments totalled NOK 2,767 million, while unrealised gains on bonds held to maturity totalled NOK 4,213 million. The overall increase in unrealised gains in 2004 was NOK 1,896 million.

The life insurance company's risk bearing capacity was satisfactory at the close of 2004. The solvency margin was 169% as compared to 159% at the close of 2003. The company's capital ratio was 14.4% while the minimum required is 8%.



Risk result. The risk result for 2004 was NOK 206 million as compared to NOK 198 million in 2003. The increase of NOK 8 million reflects increases of NOK 62 million for individual endowment policies (single payments) and NOK 8 million for group life insurance, whilst group pensions and non life products showed reductions of NOK 53 million and NOK 8 million respectively. The risk result for individual pension business was unchanged from 2003.

Costs. Storebrand Life Insurance incurred operating costs of NOK 1,039 million in 2004 as compared to NOK 995 million in 2003. The increase of NOK 44 million was caused mainly by increased commission payments on a higher volume of sales to the retail market and higher performance related asset management fees to Storebrand Investments as a result of strong investment returns relative to benchmark indices.

Costs relative to average policyholders' funds fell from 0.96% in 2003 to 0.90% in 2004.

Measures have been implemented to improve operational efficiency and so pave the way to achieving the target of costs at 0.7% of average policyholders' funds by the close of 2007.

Profit allocated to the owner of Storebrand Livsforsikring

(NOK million)	2004	2003	2002	2001	2000
Return on owner's equity	409	334			364
Return to owner on policyholders' funds	455	414			376
Risk margin earned by owner	46	46			55
Other	53	41	-242	-17	41
Total profit allocated to owner	963	835	-242	-17	836
Return on equity	25%	26%	-8%	-1%	28%

Embedded Value. Embedded Value is defined as the net present value of future profits to owner from existing business, including the value of unrestricted equity. Embedded Value does not include the net present value of future new business.

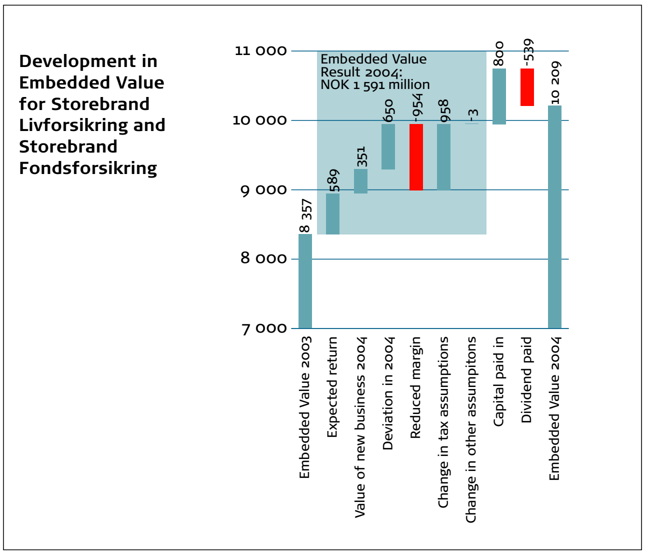
The methodology used for calculating Embedded Value uses generally accepted actuarial principles, and does not seek to estimate 'fair value' on an interpretation of future IFRS principles. The methodology is based on deterministic projections (including assumptions on fixed interest rates and assuming a margin of 0.40% of policyholders funds to the owner in the first five years and 0.25% thereafter). Allowance is made for uncertainty in the assumptions on discount rate and the cost of holding capital.

The Embedded Value of Storebrand Life Insurance and Storebrand Fondsforsikring was NOK 10,209 million at the close of 2004. This represents an increase of NOK 1,852 million from 2003. Dividend paid in 2004 was NOK 539 million, and the owner paid in capital of NOK 800 million. This gives a total Embedded Value result (change in Embedded Value plus dividend paid less capital paid-in) of NOK 1,591 million. The value of new business written in 2004 was NOK 351 million as compared to NOK 250 million in 2003.

The value created by rolling existing business forward, based on the Embedded Value model's assumptions, was NOK 589 million. The effect of changes in tax legislation on Storebrand Life Insurance make it appropriate to assume a zero future tax rate, causing an increase in Embedded Value of NOK 1,018 million. A tax rate of 28% has been assumed for Storebrand Fondsforsikring. The fall in the general level of interest rates and the consequent reduction in the assumed long-term rate of return has caused a reduction in the assumed margin earned by the owner on policyholders funds from 0.40% to 0.25% because of the 35% limit on profit allocation to the owner. The lower margin of 0.25% is assumed to come into effect in 2010 as the benefit of the hold to maturity bond portfolio reduces. These changes cause a reduction of NOK 954 million in Embedded Value.

Other increases in Embedded Value were mainly due to a higher investment return in 2004 than assumed at the start of the year, and favourable changes in tax rules.

The assumption made in 2004 for the long-term return on the company' assets was 4.7% (5.3% over the first five years) as compared to the assumption made in 2003 of 5.2%. The discount rate was reduced in 2004 to 6.60% from 7.15% in 2003 in response to the general reduction in interest rates.



The following table shows the effect of changes in assumptions on Embedded Value for Storebrand Life Insurance (excluding Storebrand Fondsforsikring).

Embedded Value Sensitivity Analysis

NOK million	Embedded Value	Sensitivity: Change in value	Sensitivity: Change in percent
Embedded Value at 31.12.04	9 853		
Investment return & inflation			
+ 1 percentage point p.a.*)	11 805	1 952	19.8%
Discount rate – 1 percentage point	10 466	613	6.2%
Salary inflation			
+ 0.5 percentage point p.a.	9 947	94	1.0%
20% reduction in lapses	10 194	341	3.5%
20% reduction in actual annual costs	9 893	40	0.4%
Average tax rate of 15%	8 944	-909	-9.2%

*) Long-term margin has been increased to 40bp as the 35% limitation does not apply in combination with a 1% higher investment return.

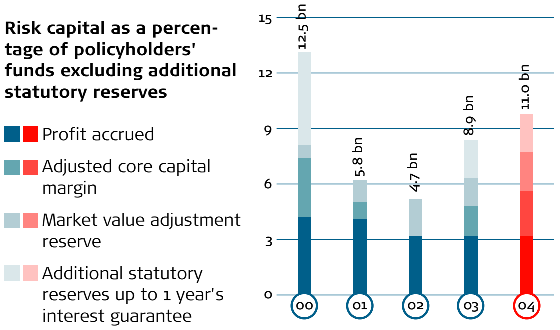
Changes to the investment portfolio. It is Storebrand Life Insurance's policy to make efficient use of its risk capital in order to increase the expected investment return for its policyholders. In accordance with this policy, the company increased its exposure to equities from 13% to 21% over the course of 2004. Hedging programs were also used for the equity portfolio in 2004 so that risk capital would not be unnecessarily adversely affected in the event of a sudden sharp fall in equity markets.

The proportion of the portfolio invested in bonds held as current assets remained low throughout 2004 and into 2005. This reflects the expectation that long-term interest rates will rise over time. The proportion held in money market instruments is consequently relatively high. With effect from mid-2004, part of the money market holdings were hedged against producing a return lower than 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 any upturn in interest rates.

A large proportion of the company's unrealised gains on holdings of bonds arise from the portfolio of government and government guaranteed bonds held to maturity. The hold to maturity portfolio represented approximately 30% of total investment assets at the close of 2004. Bonds held to maturity have an average duration of around 5 years and an average effective yield of 5.9% on book value. The high stable return that the hold to maturity portfolio generates for policyholders helps to ensure that the yield Storebrand Life Insurance can be expected to produce is relatively robust to continuing low interest rates levels.

Risk capital as a percentage of policyholders' funds excluding additional statutory reserves



New regulatory framework for the life insurance industry. The Norwegian life insurance industry is facing a number of changes.

In May 2004, the Norwegian government issued a Bill (Odelstingsproposisjon 74) proposing changes to the Insurance Activities Act. The revised Act was approved in autumn 2004 following some changes to the proposals in respect of the market value adjustment reserve when business is transferred. The new Act is on the statute book from 1 January 2005, but comes into force as and when specific regulations are issued.

The Bill paid particular attention to the structure of premiums and earnings for life insurance companies. Its main principle is that life insurance companies should charge total premiums in advance that include the owner's remuneration. The principal change is that insurance companies will no longer be able to benefit from any technical insurance surplus after the event. Life insurance company assets must be allocated to separate portfolios so that the owner retains all the return earned from the assets that represent the company's primary capital. Income from these assets, together with the remuneration included in the pricing structure will provide the basis for the overall profit to the owner.

Investment return and asset allocation

	2004				2003	
			Asset allocation		Asset allocation	
Portfolios	Return %	Market value NOK million	Market value %	Exposure %	Market value %	Exposure %
Total invested assets	7.3%	131 157				
Securities	7.5%	113 631	89.5%	89.3%	89.8%	85.5%
Shares	19.2%	26 709	21.0%	20.8%	16.4%	13.0%
Bonds	5.3%	17 963	14.1%	14.4%	10.7%	10.6%
Money markets	2.3%	28 348	22.3%	22.7%	24.5%	24.3%
Hold to maturity bonds	6.1%	40 611	32.1%	32.6%	38.2%	37.6%
Real estate	9.1%	13 092	10.3%	10.5%	8.9%	8.7%
Loans	4.4%	292	0.2%	0.2%	1.3%	1.3%

The Bill proposed that profit sharing between policyholders and the owner should continue for paid-up policies and any existing portfolios of personal pensions and endowment policies, with the owner receiving up to 20% of the surplus.

In December 2004 the government published a White Paper on pensions reform. The proposed changes are addressed in a separate article on pages 4–5.

In connection with the national wage negotiation round in spring 2004, the government promised to formulate proposals for compulsory employers' pensions. In its proposals on pension reform, the government has assumed that the question of compulsion for employers is resolved after the pension reform is approved. Employers pensions will be compulsory from 01.01.2006 at the earliest.

Storebrand is making the appropriate preparations for these changes. This includes product changes encompassing pricing, portfolio structure and changes to internal systems.

FINANCIAL RESULTS FOR OTHER LIFE INSURANCE ACTIVITIES

Storebrand Fondsforsikring AS. Storebrand Fondsforsikring reported a pre-tax loss of NOK 24 million for 2004 as compared to a loss of NOK 36 million for 2003. The loss derives from the company's defined contribution pension business, which is a relatively new line of insurance where the company is still building business. Premiums written for defined contribution pensions increased by 179% from 2003 to 2004, while premiums written for unit linked products increased by 102% in the same period.

Storebrand Helseforsikring AS. (Storebrand ASA owns 50%). Storebrand Helseforsikring reported an operating profit of NOK 7.0 million for 2004 and a pre-tax profit of NOK 0.2 million as compared to NOK 6.3 million and NOK 2.0 million respectively in 2003. Premium income for health insurance products increased by 28% from 2003 to 2004. Premiums earned for own account of increased by 27%, with a 20% increase in Norway and a 35% increase in Sweden.

ASSET MANAGEMENT ACTIVITIES

MARKETS AND STRATEGY

Internationally recognised asset manager. Storebrand Investments is one of the leading asset management businesses in Norway, offering products that are competitive in both the domestic and international markets.

Simplification in the retail market. Storebrand Investments offers a full range of savings and investment products, from equity and bond funds for personal saving through to sophisticated specialist funds for professional investors. Storebrand Investments distributes its fund products through Storebrand's financial advisers, other distributors and direct sales channels such as the Internet. Storebrand Investments also offers its products through defined contribution pension products and savings-related life insurance products, areas in which Storebrand Life Insurance enjoys a strong position.

Higher margins in the institutional market. Storebrand Investments operates a specialist unit of investment advisers for major institutional customers. This unit works with customers to create customised investment strategies that meet the customer's financial objectives, investment horizon and risk profile. 2004 saw increased activity in the institutional market, and Storebrand Investments won a significant proportion of the new business mandates in the market. Sales of new business generate higher margins thanks to increased sales of specialist products.

Automation. Storebrand Investments pays particular attention to simplifying its procedures and standardising and automating its work processes throughout the entire investment value chain from investment decision through to settlement, control and reporting. This focus has improved the cost effectiveness and scalability of its activities, and Storebrand makes use of this by offering trading and settlement services together with investment control and reporting to other asset management organisations.

A merged asset management company. Storebrand Kapitalforvaltning ASA and Storebrand Kapitalforvaltning Holding AS were merged into Storebrand Fondene AS In October 2004, with accounting effect from 1 January 2004. Storebrand Fondene AS changed its name to Storebrand Kapitalforvaltning AS. The merger simplifies corporate administration and contributes to a more efficient management structure.

RESULTS IN 2004. Storebrand's asset management activities produced an overall pre-tax profit of NOK 47 million in 2004 as compared to NOK 22 million in 2003. The year-on-year improvement of NOK 25 million reflects good investment returns on portfolios with performance-based fees and higher volume-based fees as a result of new business and rising equity markets.

Storebrand Investments

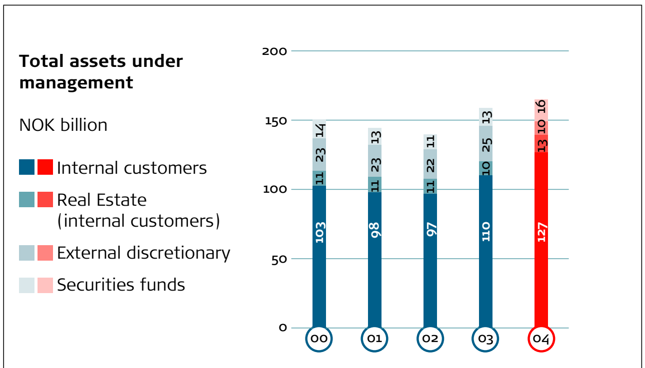
NOK million	2004	2003	2002
Total revenue	316	274	248
Total costs	-278	-261	-275
Net finance	4	6	7
Storebrand Alternative Investments	5	3	8
Profit before tax	47	22	-13

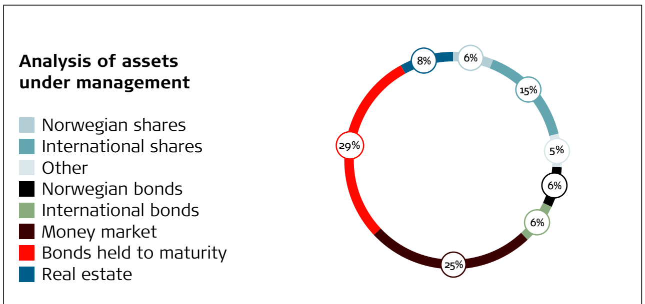
Growth in revenue. Total revenue increased by 15% in 2004. Fixed volume-based revenue grew by NOK 17 million due to rising prices in the Norwegian share and bond markets, as well as a good level of new business at higher margins in the institutional market. Sound investment returns led to performance-based fees of NOK 85 million as compared to NOK 65 million in 2003. A higher level of new business and redemption activity for mutual funds contributed NOK 5 million to the increase in revenue.

Costs. Total costs were 7% higher in 2004. The increase in costs is due entirely to higher performance-based salary payments as a result of good investment performance and an increase in the value of the company's bonus bank arrangement. Continuing strong focus on costs led to a reduction of NOK 2 million in operating costs. The overall cost/income ratio fell by 7 percentage points from 95% in 2003 to 88% in 2004. The company's objective is to reduce its cost/income ratio to under 70% over the next three years.

Increase in assets under management. Assets under management increased by NOK 6 billion to NOK 165 billion at the close of 2004. Assets under management in 2004 were affected by If's decision to transfer all its assets to in-house management, leading to a withdrawal of NOK 18 billion from Storebrand Investments. Investors continued to take a cautious approach in 2004, and this affected the level of new business. Storebrand Investments attracted 39 new institutional customers in 2004, mostly in the municipality sector. Sales showed a shift towards specialist products.

Despite two very good years for the Norwegian stock market, retail market equity funds (including unit linked) showed a net withdrawal in 2004 of NOK 3.3 billion. Storebrand Investments had a 10.9% share of the market for Norwegian registered securities funds at the close of 2004, an improvement from 10.3% a year earlier. The proportion of assets under management invested in equities increased from 17% to 21% in 2004, while specialist products represented a smaller proportion of total assets under management. Larger discretionary risk limits combined with higher fixed and performance-based fees mean that the potential income from these products is considerable.





Good investment returns for Storebrand Life Insurance. Of the 10 portfolios managed for Storebrand Life Insurance, eight 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.

The investment returns on the Norwegian equity funds offered by Storebrand were well in line with the performance of the Oslo stock exchange. International equity funds were affected by the strength of the Norwegian krone and the weakness of the US dollar. The performance of Asian equity funds was again very strong relative to benchmark indices, while other equity funds produced returns somewhat below benchmark. Money market funds produced a better return than benchmark, while bond funds were somewhat weaker than the benchmark.

Profitable growth. Storebrand Investments has once again reported improving earnings in 2004. Continuing improvements in cost efficiency provide a good basis for improving profitability based on funds and saving products for the retail market and competitive specialist products with higher margins for the institutional market.

BANKING

MARKETS AND STRATEGY

A modern bank. Storebrand Bank is a modern and ambitious commercial bank for private individuals and selected segments of the corporate banking market, and has total assets of NOK 27.2 billion. The bank's objective is to build a stronger and more visible presence in the Norwegian banking market through closer collaboration with Storebrand's other business areas.

Storebrand Bank supports Storebrand's overall strategy of being a leading financial institution for savings and insurance by building good customer relationships with a broad range of attractive customers. The bank's products play a central role in developing customer relationships through regular contacts and a good understanding of individual customers' personal finances. Competitively priced banking products help to increase customer interest in Storebrand and create opportunities for cross selling.

Selective growth. Storebrand Bank has further intensified its focus on the retail market, while also concentrating on selected segments of the corporate market. In the corporate market, Storebrand Bank operates as a niche bank for real estate investors and developers in Oslo and the surrounding area, with total corporate banking assets of around NOK 9 billion. The bank offers financial products and services only to companies in its defined geographic area. The focus on real estate financing is based on the bank's particular expertise in this area and the earnings potential it represents for the bank as a whole.

The bank strives to maintain a balance between lending to the various sectors of the real estate market such as residential developments, offices, warehousing/industrial, housing associations etc. Lending to hotels is only considered when the borrower is extremely strong or the property is occupied by a tenant of undoubted standing on a long lease. The corporate customer base will principally comprise companies in the real estate sector that can offer readily realisable properties as security for their borrowings. Companies in other sectors will be considered to the extent that they meet the same requirements for security, profitability and cash flow.

Storebrand Bank reported a profit for 2004, with clear improvement in important areas of its operations. The bank has increased its lending portfolio in strategic areas, costs continue to fall and the portfolio of non-performing and loss-exposed loans has been reduced further. The bank has good capital adequacy and liquidity.

FINANCIAL RESULTS IN 2004. The Storebrand Bank Group reported a profit before loan loss provisions of NOK 121 million in 2004 (loss of NOK 103 million in 2003). Loan losses and provisions represented a net write-back of NOK 7 million. A loss of NOK 3 million was recognised on securities held as fixed assets. Pre-tax profit was NOK 125 million, and after tax of NOK 50 million the group reported a post-tax profit of NOK 75 million for 2004 as compared to a loss of NOK 46 million in 2003 and a loss of NOK 353 million in 2002.

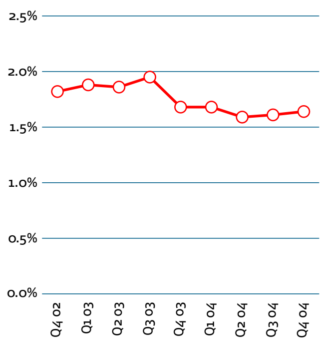
Banking *)

NOK million	2004	2003	2002
Net interest income	427	493	605
Other income	274	319	255
Operating expenses	-581	-709	-830
Loan losses and provisions	7	-174	-412
Write-down of securities held as fixed assets	-3	-38	-66
Pre-tax profit	125	-109	-448

*) Excluding depreciation of group goodwill

Lower net interest income. Net interest income amounted to NOK 427 million, equivalent to a net interest margin calculated on average total assets of 1.63%. Net interest income fell in 2004 mainly as a result of lower interest rates, a shift in the corporate lending towards a lower risk profile and a higher proportion of residential mortgage lending.

Net interest income as % of average total assets



Other income of NOK 274 million was an improvement from 2003, largely as a result of higher sales of life insurance savings products. Storebrand Bank sold the Storebrand group's joint unit for retail distribution to Storebrand Life Insurance in Q4 2004. This caused a reduction in non-interest income, but gave a sizeable reduction in operating costs in Q4.

Significant reduction in operating expenses. Operating expenses amounted to NOK 581 million in 2004, equivalent to 83% of total operating revenue. This represents a reduction of NOK 128 million or 18% from 2003. The bank has made considerable progress in realising synergies from the merger of Finansbanken ASA and Storebrand Bank AS. Work on improving efficiency continues, and the bank expects to achieve further improvements. Balance sheet growth and economies of scale in banking production will help to reduce the bank's cost/income ratio to 55% as communicated.

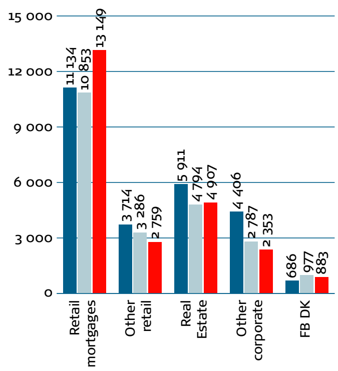
LOAN PORTFOLIO AND LOAN LOSS PROVISIONS. Gross customer lending increased by NOK 1.4 billion in 2004, equivalent to 6.0%. Growth in lending was principally to the retail market, including the purchase of a portfolio of loans of approximately NOK 1.1 billion from Storebrand Life Insurance.

The bank further reduced its portfolio non-performing and loss-exposed loans, while strategic corporate lending maintained a stable level.

Gross lending by sector

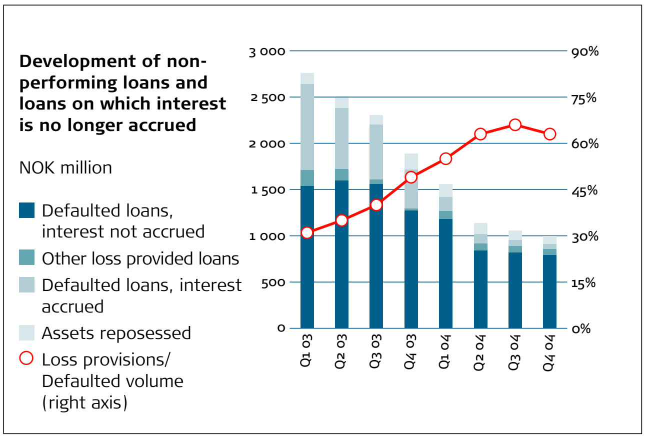
NOK million

2002
2003
2004



The bank's customer deposits fell by NOK 0.9 billion in 2004. The deposit-to-loan ratio was 48% at year-end, a deterioration of 7 percentage points in 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 2.4 billion.

NON-PERFORMING LOANS, LOAN LOSSES AND ASSETS REPOSSESSED. The portfolio of non-performing and loss-exposed loans reduced in 2004. The gross value of non-performing and loss-exposed loans was NOK 909 million at year end, of which interest is no longer recognised to profit on NOK 798 million. This represents an overall reduction of NOK 808 million or 47% since the start of the year. The net value of non-performing and loss-exposed loans after specific loan loss provisions was NOK 531 million at the close of 2004, equivalent to 2.4% of gross lending.



Loan losses and provisions in 2004 represented a net write-back of NOK 7.4 million. Specific loan loss provisions totalled NOK 379 million at 31 December 2004. The bank also had general loan loss provisions at that date of NOK 194 million, equivalent to 0.8% of gross lending.

The bank held repossessed assets at year-end of NOK 88 million.

CAPITAL ADEQUACY. Storebrand Bank group's primary capital amounted to NOK 2,370 million at the close of 2004, and the parent bank had primary capital of NOK 2,385 million. This represents a capital ratio of 13.8% (14.6% for the parent bank) and a core capital ratio of 11.6% (12.2% for the parent bank). The bank issued Tier 1 subordinated bond debt of NOK 275 million in 2004. The bank has received approval from the Financial Supervisory Authority of Norway to reduce its primary capital by up to NOK 400 million. The final decision on reducing capital will be taken in Q1 2005 and implemented in Q2. A more efficient capital base combined with improving earnings will help the bank to generate a significantly stronger return on equity in future periods.

BASLE II. Storebrand Bank intends to implement internal rating based methods for the new capital adequacy regime. The bank's preparations for Basle II will focus on the commercial opportunities that will result from the new regime. The transition to Basle II will require major investments in systems and procedures as well as changes to the bank's organisation and main business processes, but will also create significant commercial gains.

The preparations for Basle II support the bank's strategy and competitive position. Increased automation, improved decision support and greater use of customer data in market modelling will pave the way for rapid but controlled growth. Individual risk pricing will enable concentration on profitable customers. The systems developments driven by the Basle II regulations will also be of general commercial benefit for financial management and marketing. This will ensure that the bank retains a competitive position relative to its competitors.

NON LIFE INSURANCE ACTIVITIES

MARKETS AND STRATEGY. Following the sale of Storebrand's interest in If in 2004, the group's non life insurance activities now consist of Fair Forsikring (50% ownership interest), Storebrand Skadeforsikring AS and Oslo Reinsurance Company ASA.

Fair Forsikring was established in 1998 and writes non life insurance in the Danish market. The company reported a sound performance in 2004, and is growing strongly. Oslo Reinsurance Company is 100% owned by Storebrand Skadeforsikring, and is principally involved in the run-off of its own reinsurance business and managing other companies' run-off business. The other activities of Storebrand Skadeforsikring presently comprise the run-off of its gross insurance commitments (fronting responsibility), which are reinsured with If Skadeförsäkring.

FINANCIAL RESULTS 2004. Non life insurance activities produced an operating profit of NOK 186 million in 2004, of which the group's share in If's earnings accounted for NOK 189 million as compared to NOK 386 million in 2003 of which If accounted for NOK 324 million. In addition to the operating profit, non life activities recognised a transfer of NOK 61 million to profit from statutory security reserves as compared to NOK 68 million in 2003.

SALE OF IF. Non life insurance falls outside the group's core activities. In order to strengthen Storebrand's core activities, Storebrand ASA entered into an agreement with Sampo Oyj on 11 February 2004 for the sale of Storebrand's shares in If Skadeförsäkring. The conditions stipulated were satisfied by the end of April 2004, and the sales proceeds of SEK 5,393 million were received on 6 May 2004. After taking into account currency hedging and transaction costs, the transaction generated an accounting profit of NOK 1.9 billion for Storebrand ASA. After including the write-back of escrow provisions for non life insurance and Storebrand's share in If's profit in 2004, the group's involvement in If represented a positive contribution to group profit of NOK 1.4 billion for 2004 as a whole.

OTHER ACTIVITIES, INCLUDING THE HOLDING COMPANY

Storebrand ASA reported a sizeable increase in earnings for 2004, largely due to the gain made on the sale of shares in If Skadeförsäkring. In addition, the holding company received higher income from subsidiaries than in previous years. Pre-tax profit for 2004 was NOK 2,358 million as compared to NOK 361 million in 2003 and a loss of NOK 392 million in 2002.

Results Storebrand ASA

NOK million	2004	2003	2002
Group contributions and dividends	644	537	268
Interest income	87	78	80
Realised and unrealised gain/losses on securities	1 945	95	-258
Interest expenses	-112	-242	-266
Other financial income/expenses	-60	8	-11
Net financial items	1 861	-62	-455
Operating costs	-146	-113	-204
Pre-tax profit	**2 358**	**361**	**-392**

The holding company's operating revenue is the return on capital invested in subsidiaries. For the first time since 1999 Storebrand ASA received a return from all business areas. The dividend of NOK 112 million received from Storebrand Skadeforsikring was booked as an equity transaction and is therefore not shown in the profit and loss account. The holding company's income from subsidiaries is netted in the consolidated accounts.

Storebrand ASA's operating expenses were 29% higher in 2004 than in 2003. This increase relates to higher salary costs, linked to increased bonus payments and contractual payments to the former managing director of Storebrand Investments. Other operating costs were higher due to project costs, including the comprehensive project to design the group's new management model.

Financial income was historically high in 2004, with a gain of NOK 1,925 million on the sale of shares in If. Other financial income was boosted by higher liquid assets following the sale. Interest expense was 50% lower in 2004, reflecting lower interest rates and the repurchase of NOK 1,040 million of bonds issued.

FINANCIAL RISK MANAGEMENT

Storebrand assumes financial risk in the ordinary course of its core 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 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 3.7% on average. This places particular demands on how the life insurance company allocates its investments between asset classes such as equity, bonds and real estate.

The aim of risk management is to achieve the highest possible return for customers, and the owner over the long term at an acceptable risk level. Risk in 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 on a one-year horizon for a given probability. 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 and the company's risk capital financed by policyholders and the owner.

The expected return on the investment portfolio is calculated on the basis of the allocation of assets in the portfolio and the expected return on each asset class using an evaluation of historic return, expected risk premium and forward market prices. The expected return in 2005 is estimated at slightly under 6%. Given the current investment portfolio, the annual return will normally fluctuate between 2% and 9%.

Active risk management and hedging transactions reduce the likelihood of the investment return falling below 2%. If investment return is not sufficient to meet the guaranteed interest rate on policyholders' funds, the shortfall will be met by using risk capital built up from previous surpluses. The guaranteed interest rate is currently 3.7% on average. The owner is responsible for meeting any shortfall that cannot be covered from risk capital. The average guaranteed interest rate is expected to fall in future years. New contracts include a guaranteed interest rate of 3%.

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 to management on a regular basis, daily if required.

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

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 policyholders and the investment returns achieved may not be sufficient to meet the payments guaranteed in the future. Mortality, disability and other insurance risks are monitored by using actuarial analyses, including stress testing the existing portfolio of policies. The company has arranged reinsurance cover for death and disability risk in the event of unexpectedly large losses or a large number of losses caused by a single event.

Life insurance profits are shared between the owner and policyholders. The profit allocated to the owner is subject to an upper limit of 35% of the year's profit for investment returns up to between 5% and 6%. Where investment returns are higher, Storebrand will limit the proportion of surplus allocated to the owner in accordance with the profit-sharing model already communicated to the market. Profit sharing for life insurance will gradually be replaced as the changes in life insurance legislation come into force.

Consequences of a low interest rate level. The current low level of interest rates causes both short-term and long-term problems for the company. In the short term, the most apparent risk is that the company's investments will fall in value if bond prices are reduced by an unexpected increase in interest rates. At the close of 2004, Storebrand had sufficient risk capital to absorb a fall in market values equivalent to the company's stress test. The stress test assumes an unexpected simultaneous increase in interest rates of 1 percentage point internationally and 2 percentage points in Norway, combined with a sharp fall in share prices and real estate values. Storebrand also uses other tools as described above to manage its investment risk.

In the longer term, a persistently low level of interest rates could cause weaker earnings for the company if investment returns are close to the return guaranteed to policyholders. Over time this would weaken the company's ability to build up risk capital and this would, in isolation, increase the possible impact of the short-term risk of a fall in market values.

Storebrand takes a serious view of the challenge that low interest rates may represent over the longer term, and has implemented a number of measures to limit this risk. Storebrand has invested in bonds to be held to maturity that generate a higher return than current interest rates. These bonds will produce a stable book investment return of 5% to 6% for a number of years. Storebrand has also hedged part of its money market portfolio against low interest rates, and has increased its investment allocation to real estate, expected to provide a good return in future. Investment opportunities that offer a higher return are closely evaluated, but the prospects for higher return are balanced against the risk of losses and falls in value.

Changes to Norwegian insurance legislation. The Norwegian parliament approved extensive changes to the Insurance Activities Act in autumn 2004. The following changes will be particularly important for the relationship between a life insurance company and its policyholders:

- A clearer allocation of risk as policyholders will be charged a premium for investment return risk and personal risks, and will retain any profits generated by these elements. The company will be responsible for any loss after risk capital is depleted.
- More transparent pricing of life insurance products. Companies will be required to set premiums and collect payment in advance.
- Clear distinction between policyholders' funds and company funds. The company's own funds will be held as a separate investment portfolio.

Life insurance companies' liabilities are to remain fully funded. As at present, all policyholders (except holders of policies offering investment choice) will be guaranteed a minimum annual return, known as the basic rate. The Financial Supervisory Authority of Norway will set the upper limit for the basic rate, currently 3% for new policies and new rights.

The calculation of premium reserves will continue to be based on the discounted present value of future liabilities using the basic rate. There will now be a legal requirement that changes in the basic rate only affect liabilities incurred after any such change. The right to transfer to another company is an important feature of Norwegian insurance law, and this will not be affected by the changes. Similarly, there are no changes in the current requirements for minimum capital ratios and solvency margin.

The new legislation includes changes for policies where the policyholder's assets are held in specific investment portfolios as selected by the policyholder. Under the new arrangements, there will be few restrictions on such policies in respect of asset management, maturity and the level of any guaranteed minimum return. Storebrand is currently working on changes to its products, addressing in particular pricing, the composition of investment portfolios and risk capital. Storebrand's future profitability will depend on the group's ability to correctly price and manage the risk involved in the company's commitments to its policyholders, particularly in respect of the guaranteed return and the investment return generated on the company's assets.

Risk management and control for asset management. Storebrand actively manages a large portion of its assets. This means that its fund managers are allowed a degree of freedom with the objective of producing a better return than the market. The group's asset management activities have been reorganised in order to improve active risk management. A number of specialist teams have been created, each of which works solely in a specific area subject to clearly defined investment criteria and risk limits. Performance, risk exposure and investment profile are continuously monitored. In addition, the co-variance of the teams' exposure is monitored to ensure the greatest possible independence in order to achieve the highest possible risk-adjusted return.

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

Credit risk in banking. Storebrand places great importance on maintaining close relationships with its corporate 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 corporate lending is linked to real estate in Oslo and the surrounding area. Storebrand follows economic conditions and the real estate market in this region closely.

Lending to corporate customers over a certain limit requires the approval of a credit committee chaired by the bank's managing director or by the bank's board of directors. Credit risk is monitored through a risk classification system which ranks each customer by ability to pay, financial condition and collateral.

The risk classification system estimates the likelihood of a borrower defaulting (ability to pay/financial condition) and the likely loss given default (collateral). All loans on the bank's watch list are reviewed at least quarterly in respect of the condition of the borrower and collateral, and of the steps being taken to protect the bank's position. Most of the loans in default or classified as 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 now used for lending to retail customers. Retail lending is assessed on the basis of credit scoring, combined with case-by-case evaluation of the borrower's ability to repay. Approximately 70% of lending retail customers is secured by mortgages with loan to value ratios not exceeding 60%.

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 the changes required, and is preparing changes to 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 rolling liquidity gap that shows the mismatch between expected inward and outward cash flows.

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

MONITORING VALUE DRIVERS – STOREBRAND'S VALUE-BASED MANAGEMENT SYSTEM

Storebrand's strategic planning process brings together targets, action plans, reporting and employee remuneration. The strategy process is described in detail in the article on corporate governance on pages 28–31.

In addition to monitoring financial and accounting results, Storebrand also monitors the group's performance in relation to defined value drivers. This lets the Board and management identify trends at an early stage, implement measures and focus on long-term value creation. The company's understanding of the most important value drivers for the group and its markets provide the basis for the group's value-based management system.

The monthly management report, Storebrand Compass, reports on performance of key figures and value drivers relative to targets for the group and individual business areas. Storebrand Compass is based on the balanced scorecard management principles.

The strategic work in 2005 will focus on performance relative to the main themes of growth, productivity, efficient use of capital and organisational development. These are the key drivers in Storebrand's value-based management system, and are reflected in Storebrand Compass through the main areas of Finance, Customers, Processes and Skills/Growth.

Storebrand Compass uses a range of key figures and value drivers to monitor financial performance, including sales, costs and profitability. The following table shows a selection of the value drivers and key figures that the group routinely monitors:

Finance
Investment return vs. benchmark indices and competitors (Life insurance)
Risk and administration results (Life insurance)
Management fees in basis points (Asset management)
Customers
Market share (new business) by product and segment (Whole group)
Cross selling; number of products per customer (Retail market)
Brand awareness (Whole group)
Processes
Number of customer meetings per adviser (Retail market)
Customer service standards (Retail market)
Time to process applications (Bank)
% of mutual funds ranked among the top 40% (Asset management)
Skills/Growth
New contracts for defined contribution pension schemes (Life insurance)
Profits from products without profit sharing (Life insurance)
Sales of specialist/high margin products (Asset management)
Employee satisfaction score (Whole group)
Absence due to illness (Whole group)

PROFIT AND LOSS ACCOUNT STOREBRAND ASA

1 January–31 December

NOK MILLION	NOTE	2004	2003	2002
Operating income				
Group contribution from subsidiaries	1	8.8	220.1	
Dividends from subsidiaries	1	634.7	316.7	267.8
Other operating income		0.1		
Total operating income		**643.6**	536.8	267.8
Operating costs				
Salary and personnel costs	2, 3, 4	-73.9	-56.6	-82.1
Depreciation	13	-1.6	-8.7	-17.8
Other operating costs		-70.8	-48.0	-104.5
Total operating costs		**-146.3**	-113.3	-204.4
Financial income and financial expenses				
Interest income from securities		38.6	52.6	55.9
Other interest income		48.7	24.9	23.7
Dividends		60.5	14.2	16.7
Gain on sale of securities	5	1 979.7	12.0	16.0
Unrealised gain on securities			108.7	
Total financial income		**2 127.5**	212.4	112.3
Loss on sale of securities		-3.8	-25.9	-214.1
Unrealised loss on securities		-30.7		-60.3
Other financial expenses		-120.2	-6.5	-27.2
Interest costs – bonds		-112.1	-225.2	-236.0
Interest costs – other debt			-17.2	-29.7
Total financial expense		**-266.8**	-274.8	-567.3
Net financial income and expense		**1 860.7**	-62.4	-455.0
Profit before tax		**2 358.0**	361.2	-391.7
Tax	6	-231.5	17.1	318.0
Profit for the year		**2 126.5**	378.3	-73.7
Allocations				
Other equity		-286.1	-155.8	73.7
Provision for dividend payment		-1 840.4	-222.5	
Total allocations	14	**-2 126.5**	-378.3	73.7
Dividends received booked as equity transactions		112.0	250.0	99.6
Group contributions paid booked as equity transactions		22.4		

BALANCE SHEET STOREBRAND ASA

at 31 December

NOK MILLION	NOTE	31.12.04	31.12.03	31.12.02
Assets				
Deferred tax assets	6		231.5	144.4
Properties and real estate	13	13.4	32.3	62.4
Shares and participations in group companies	7	6 300.3	8 723.5	8 972.8
Subordinated loans	9	10.0	271.5	235.7
Shares	8, 12	492.6	380.7	512.3
Bonds	10, 12	1 574.0	44.7	384.2
Short-term debt instruments	10	1 726.7	435.2	1 002.6
Other financial assets	12	248.5	161.2	52.3
Total financial assets		**10 365.5**	10 049.1	11 222.3
Intra-group receivables	17	717.1	539.1	38.9
Other receivables and assets		66.9	87.1	79.3
Fixed assets excluding real estate	13	24.8	32.2	35.2
Cash and bank		119.4	109.1	92.6
Pre-paid pensions	3	589.4	551.8	509.4
Total assets		**11 883.1**	11 599.9	12 122.1
Equity and liabilities				
Share capital		1 390.9	1 390.4	1 389.0
Own shares		-76.3		
Premium reserve		1 818.6	1 814.0	1 809.8
Total paid in equity	14	**3 133.2**	3 204.4	3 198.8
Other equity		4 511.4	4 893.5	4 667.8
Total retained earnings	14	**4 511.4**	4 893.5	4 667.8
Total equity capital	14	**7 644.6**	8 097.9	7 866.6
Pension liabilities	3	227.5	282.4	325.4
Reserves for other risks and costs		40.2	30.2	30.8
Bonds issued	11, 15	1 800.2	2 832.2	3 652.8
Intra-group liabilities	17	29.7	9.2	20.3
Provisions for dividend payment	14	1 840.4	222.5	
Other liabilities		232.6	50.7	107.9
Other accrued costs and deferred income		67.9	74.8	118.3
Total equity and liabilities		**11 883.1**	11 599.9	12 122.1

Guarantees issued: See note 19

Oslo, 15 February 2005
Translation – not to be signed

Leiv L. Nergaard
Chairman

Halvor Stenstadvold   Grace Reksten Skaugen   Mette K. Johnsen

Knut G. Heje   John Giverholt   Rune Eikeland

Erik Haug Hansen   Nina E. Smeby   Idar Kreutzer
Chief Executive Officer

PROFIT AND LOSS ACCOUNT STOREBRAND GROUP

1 January–31 December

NOK MILLION	NOTE	2004	2003	2002
Insurance premiums for own account		18 740.6	13 805.6	10 170.1
Interest and related income – banking	22	1 171.8	1 803.9	2 599.5
Financial income – insurance	21	15 565.2	17 656.2	20 713.3
Financial income – other activities	37	1 489.4	238.6	128.8
Share of profits in If	37	189.0	324.3	-243.7
Other income		452.1	406.5	342.2
Total operating income		**37 608.1**	34 235.1	33 710.2
Insurance claims for own account		-10 631.2	-8 295.2	-8 803.5
Change in insurance reserves – life insurance		-11 626.5	-9 862.0	-3 423.3
Interest and related expense – banking	22	-744.7	-1 311.2	-1 996.7
Loan losses and provisions – banking	23	7.4	-173.8	-411.8
Financial expense – insurance	21	-6 538.1	-7 540.0	-19 401.2
Financial expense – other activities		-237.1	-284.8	-640.5
Operating costs	24, 25	-2 011.0	-2 041.7	-2 242.4
Other costs		-314.7	-325.4	-347.4
Total costs		**-32 095.9**	-29 834.1	-37 266.8
To/from market value adjustment reserve		-1 077.6	-1 689.6	843.9
Operating profit/loss		**4 434.6**	2 711.4	-2 712.7
To/from additional statutory reserves – life insurance		-500.0	-448.9	1 011.7
Funds allocated to policyholders – life insurance		-1 519.4	-1 368.9	
Group profit/loss	20	**2 415.2**	893.6	-1 701.0
Changes in security reserve etc. – non life insurance		57.2	66.1	199.2
Profit/loss before extraordinary items		**2 472.4**	959.7	-1 501.8
Tax payable	26	-112.6	-169.2	611.9
Minority interests' share of profit		-1.7	-0.9	-2.5
Profit/loss for the period		**2 358.1**	789.6	-892.4
Earnings per ordinary share		8.49	2.67	-3.73

Shares are not subject to dilution.

BALANCE SHEET STOREBRAND GROUP

31 December

NOK MILLION	NOTE	31-12-04	31-12-03	31-12-02
ASSETS				
Deferred tax assets	26	**168.1**	360.7	650.7
Goodwill	27	**423.9**	454.0	484.0
Other intangible assets	27	**49.5**	76.6	133.4
Properties and real estate	28, 29	**12 891.7**	9 699.2	9 850.2
Interests in associated companies	37	**69.5**	4 044.6	3 296.3
Shares and other equity investments – long term holdings	30	**37.6**	36.9	37.2
Bonds held to maturity	32	**39 351.5**	42 367.9	40 022.6
Net loans to and other claims on customers	35	**23 876.3**	23 327.1	26 160.4
Other long term financial assets	33, 34	**784.6**	536.4	953.1
Shares and other equity investments	30	**29 137.4**	19 514.3	11 301.9
Bonds	31	**35 445.5**	22 420.5	16 579.8
Short-term debt instruments	31	**15 025.5**	18 721.1	23 465.5
Other financial current assets	33, 34	**8 233.5**	8 110.4	9 035.8
Total financial assets		**164 853.1**	148 778.4	140 702.8
Receivables		**2 007.3**	1 703.2	1 209.2
Other assets	29	**2 918.0**	2 632.4	2 275.9
Prepaid pension	25	**705.5**	636.8	590.8
Prepaid expenses and accrued income		**1 645.4**	2 008.1	2 504.5
Total assets		**172 770.8**	156 650.2	148 551.3
EQUITY AND LIABILITIES				
Paid in capital	38	**3 209.5**	3 204.4	3 198.8
Holdings of own shares	38	**-76.3**		
Retained earnings	38	**5 782.9**	6 190.5	5 335.7
Minority interests	38	**1.1**	1.1	1.1
Total equity		**8 917.2**	9 396.0	8 535.6
Subordinated loan capital	39	**3 610.2**	3 080.7	2 994.4
Market value adjustment reserve		**2 767.2**	1 689.6	
Insurance reserves – life insurance	40	**125 754.9**	112 918.3	102 603.3
Premium and claims reserves – non life insurance		**512.5**	518.0	452.3
Security reserves etc – non life insurance		**155.0**	215.6	338.7
Total technical (insurance) reserves		**126 422.4**	113 651.9	103 394.3
Reserves for other risks and costs	25	**463.3**	488.6	513.9
Pension liabilities		**49.9**	22.2	20.0
Liabilities to financial institutions	36	**2 151.8**	3 211.3	4 290.6
Deposits from and due to customers	36	**11 475.7**	12 362.4	13 198.9
Securities issued	36	**10 233.6**	6 853.3	7 895.9
Other liabilities		**6 154.2**	5 394.5	7 011.9
Accrued costs and deferred income		**525.3**	499.7	695.8
Total equity and liabilities		**172 770.8**	156 650.2	148 551.3

Oslo, 15 February 2005
Translation – not to be signed

Leiv L. Nergaard
Chairman

Halvor Stenstadvold — Grace Reksten Skaugen — Mette K. Johnsen

Knut G. Heje — John Giverholt — Rune Eikeland

Erik Haug Hansen — Nina E. Smeby — Idar Kreutzer
Chief Executive Officer

CASH FLOW ANALYSIS STOREBRAND

	STOREBRAND ASA			STOREBRAND GROUP		
NOK MILLION	31.12.04	31.12.03	31.12.02	31.12.04	31.12.03	31.12.02
Cash flow from operational activities						
Net premiums received – insurance				14 773.9	8 672.0	5 049.4
Net claims and benefits paid - direct insurance				-7 185.5	-5 982.8	-6 279.7
Net receipts/payments from policy transfers				-382.5	1 059.6	214.0
Interest, commission and fees received from customers	85.2	72.5	84.4	2 094.7	7 322.8	7 894.7
Interest, commission and fees paid to customers	-236.4	-286.8	-277.7	-981.9	-1 658.1	-1 986.5
Net disbursements/receipts on customer loans				-407.3	-3 580.7	9 292.8
Net disbursements/receipts on loans/claims with other financial institutions				-921.5	-269.6	-102.3
Net receipts/payments of deposits from banking customers				-788.2	-837.3	-1 098.7
Net receipts/payments from Norges Bank and other financial institutions				2.4	-1 079.3	619.3
Net receipts/payments from securities in the trading portfolio:						
– Shares and participations	-648.6	452.7	-225.5	-6 606.6	-7 743.2	820.8
– Bonds and other securities with fixed income	-2 612.2	980.3	-358.3	-1 991.6	4 408.4	-8 271.6
– Financial derivatives and other financial instruments	211.1	-2.7	-222.4	283.2	2 926.1	-2 946.7
– Receipts of dividends from the trading portfolio	60.3	14.2	16.7	134.4	608.0	396.8
Payments to third parties for goods and services	-62.2	-57.5	-139.5	-1 791.3	-2 652.5	977.4
Net receipts/payments for real estate investments				-2 090.2		
Payments to employees, pensioners, employment taxes etc.	-124.2	-123.6	-119.1	-1 286.6	-1 135.3	-1 213.1
Payments of tax, duties etc.				-4.2	-14.5	70.1
Dividends received from subsidiaries	568.5					
Net cash flow from operational activities	**-2 758.5**	1 049.1	-1 241.4	**-7 148.8**	43.6	3 436.7
Cash flow from investment activities						
Net receipts from sale of subsidiaries	4 852.0			4 852.0		
Net payments from purchase/capitalisation of subsidiaries	-800.0					
Receipts from sale of real estate		31.7		2.7	31.7	233.6
Payments on purchase of real estate				-2.7		
Net payments on purchase/sale of fixed assets etc.	-15.2	-5.7	18.3	14.4	-8.4	7.1
Net cash flow from investment activities	**4 036.8**	26.0	18.3	**4 866.4**	23.3	240.7
Cash flow from financing activities						
Repayment of long term lending	-1 039.7	-1 063.1	-1 432.9	-1 039.7	-1 063.4	-1 432.9
Receipts from taking up term loans			2 732.5			2 753.3
Receipts from issue of short-term debt instruments/loans						3 055.8
Repayment of short-term debt instruments/loans					-1 002.6	-5 038.8
Repayment of subordinated loans	-10.0		-111.5		-102.9	-964.8
Payment of interest on subordinated loans				178.2		
Receipts from issue of bond loans and other long term funding				3 612.5		1 829.2
Repayment of bond loans and other long term funding				-0.1		
Receipts from issue of new capital	4.2	4.5	5.8	4.2	4.5	5.8
Payments on redemption of share capital						2.0
Dividend/group contribution payments	-222.5			-222.5	-5.1	
Net cash flow from financing activities	**-1 268.0**	-1 058.6	1 193.9	**2 532.6**	-2 169.5	209.6
Net cash flow for the period	**10.3**	16.5	-29.2	**250.2**	-2 102.6	3 887.0
Net movement in cash and cash equivalent assets	10.3	16.5	-29.2	250.2	-2 102.6	3 887.0
Cash and cash equivalent assets held by new companies at start of period					-111.1	20.6
Cash and cash equivalent assets at start of the period	109.1	92.6	121.8	5 762.9	7 976.6	4 069.0
Cash and cash equivalent assets at the end of the period	**119.4**	109.1	92.6	**6 013.1**	5 762.9	7 976.6

AUDITORS' REPORT FOR 2004

TO THE ANNUAL SHAREHOLDERS' MEETING OF STOREBRAND ASA

We have audited the annual financial statements of Storebrand ASA as of 31 December 2004, showing a profit of NOK 2 126.5 million for the parent company and a profit of NOK 2 358.1 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit.The 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 Managing Director. 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.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted auditing standards in Norway. Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and generally accepted auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements, as shown on pages 52–82, 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 2004, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Norway
- the Company's management has fulfilled its duty to produce proper and clearly set out registration and dokumentation of accounting information in accordance with the laws and generally accepted accounting principles in Norway
- the information in the Board of Directors' report concerning the financial statements, as shown on pages 32–37, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with applicable laws and regulations.

Oslo, 15 February 2005
Deloitte Statsautoriserte Revisorer AS

Translation – not to be signed

Ingebret G. Hisdal
State Authorised Public Accountant (Norway)

CONTROL COMMITTEE'S STATEMENT – 2004

The Control Committee of Storebrand ASA has reviewed the Board of Directors' proposed Annual Report and Accounts for 2004 for the Storebrand Group.

With reference to the auditor's report of 15 February 2005 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 2004.

Oslo, 28 February 2005

Translation – not to be signed

Sverre Bjørnstad
Chairman of the Control Committee

BOARD OF REPRESENTATIVES' STATEMENT – 2004

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, 3 March 2005

Translation – not to be signed

Sven Ullring
Chairman of the Board of Representatives

STOREBRAND LIVSFORSIKRING GROUP

NOK MILLION	2004	2003	2002
Profit and Loss Account 1 January–31 December			
Technical account			
Premiums for own account	**17 912.1**	12 894.2	8 916.1
Income from financial assets	**15 037.5**	16 519.0	20 381.6
Claims for own account	**-10 080.0**	-7 864.0	-8 506.7
Change in insurance reserves for own account	**-11 718.7**	-9 353.9	-3 333.1
– of which allocated to additional statutory reserves	**-500.0**	-470.0	
Insurance related operating costs for own account	**-881.7**	-843.9	-777.7
Expenses arising from financial assets	**-6 502.0**	-7 278.7	-18 496.8
– of which operating expenses	**-157.1**	-150.6	-139.1
Other insurance related income/costs after reinsurance	**-98.4**	-29.3	-41.4
To/from market value adjustment reserve	**-1 077.6**	-1 689.6	843.9
Transfer from additional statutory reserves in the policyholders' fund to meet the interest guarantee shortfall		21.1	1 011.7
Transfers to policyholders	**-1 519.4**	-1 368.9	
Balance on the technical account	**1 071.8**	1 006.0	-2.4
Non-technical account			
Other income/costs	**-106.1**	-170.6	-238.5
Profit from ordinary activities	**965.7**	835.4	-240.9
Tax	**-33.4**	-196.7	128.6
Minority interests' share in profit	**-0.7**	-0.6	-0.6
Profit for the year	**931.6**	638.1	-112.9
Storebrand Livsforsikring AS			
Group contribution paid		-144.0	
Dividend	**-538.7**	-230.0	
Other equity	**-392.9**	-264.1	112.9
Total allocations	**-931.6**	638.1	-112.9
Balance sheet at 31 December			
Assets			
Intangible assets	**41.6**	61.9	140.0
Properties and real estate	**12 872.4**	9 660.7	9 787.0
Bonds held to maturity	**39 351.5**	42 367.9	40 022.6
Loans	**398.6**	1 468.3	1 118.4
Shares and other equity investments	**28 579.0**	19 093.4	10 692.3
Bonds and other securities – fixed yield	**31 785.9**	20 084.4	14 346.2
Short-term debt instruments	**12 253.9**	17 382.8	21 251.0
Other financial assets	**3 506.4**	3 856.0	5 701.3
Total financial assets	**128 747.7**	113 913.5	102 918.8
Other assets	**5 422.0**	4 976.3	4 782.3
Total assets	**134 211.3**	118 951.7	107 841.1
Equity and liabilities			
Equity capital	**4 503.8**	3 360.9	3 075.8
Minority interests' share in equity	**13.0**	12.5	11.7
Subordinated loan capital	**2 966.8**	2 668.9	2 470.4
Market value adjustment reserve	**2 767.2**	1 689.6	
Insurance fund reserves for own account	**121 214.8**	108 901.6	99 238.9
Other liabilities	**2 745.7**	2 318.2	3 044.3
Total equity and liabilities	**134 211.3**	118 951.7	107 841.1

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

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ACCOUNTING PRINCIPLES 2004

The group accounts of Storebrand ASA have been prepared in accordance with the Accounting Act and the 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.

In preparing the annual accounts, management has to use assumptions and estimates that will affect reported figures related to assets, liabilities, revenue and costs, as well as the information on contingent liabilities included in the notes to the accounts. The actual figures in question may differ from the original estimates.

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 businesses that are separate legal entities, the proportional consolidation method of accounting is applied.

Elimination of shares in subsidiaries is based on the acquisition method, where the 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 in principle not eliminated. This is because the profit of the life company is to be divided between policyholders and the owner.

Minority interests. Minority interests' share of 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 for the accounting year 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 liabilities for own employees. 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. Pension costs and pension liabilities for defined benefit pension schemes are calculated using a linear accrual of entitlement to pension and expected final salary, based on assumptions for discount rate, future salary increases, pensions and benefits from the national insurance fund, the future return on pension assets and actuarial assumptions on mortality, early leavers etc. For funded schemes, the assets of the pension fund are valued at market value and deducted from the net liability shown in the balance sheet. Deviations from estimates and the effect of changes to assumptions are amortised over the expected remaining period for pension accrual once the cumulative effect exceeds 10% of the higher of either the pension liability or pension funds (the 'corridor approach'). The effects of changes to the rules of the pension scheme are allocated over the remaining period for pension accrual.

Properties and real estate.
Real estate owned by Storebrand Livsforsikring AS. The rules for valuing properties and real estate in the accounts differ 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 cash flow by a rate corresponding to the yield requirement for the relevant property. The net cash flow 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. Properties and real estate held by other companies in the group are depreciated over their expected useful life.

Tangible and intangible fixed assets. Tangible and intangible fixed assets are valued at acquisition 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 the borrower's 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 intended 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 for the current year 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 classified as lending.

Long term funding/subordinated loans/bond loans. Long-term funding is recognised in the accounts at amortised cost. The direct costs involved in taking up long-term funding are capitalised and amortised to the next interest fixing date/maturity. Premiums/discounts on the issue of bonds are recognised as income/expense over the period to maturity or any earlier 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 linked bonds. The issue of equity linked 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 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. Options bought/issued are valued at the lower of acquisition cost and market vale and are booked as 'other assets' and 'other liabilities' in the balance sheet without netting. Commissions and other margins are recognised to profit and loss in part at the date of issue, with the balance amortised over the life of the bonds issued.

SECURITIES

Shares held as fixed assets. IInvestments in shares in subsidiaries and associated companies are valued at cost price less any write-down of value. The need for any write-down is assessed at the end of each accounting period in the same way as for other fixed assets. 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 and participations held as current assets. Shares and participations are valued at market value. Where the share or participation in question is listed on a stock exchange or other regulated market, market value is determined as the closing price on the last trading day immediately prior to or on the date of the balance sheet. The market value of other shares or participations is determined on the basis of the information available.

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

Bonds held to maturity. Bonds classified as hold to maturity are valued at amortised cost using the effective yield method to the next interest fixing date. Accrued premium/discount is shown in the accounts as part of income from other financial assets.

In the event of a significant adverse change in the credit standing of an issuer, the value of bonds held will be written down as necessary.

Bonds and other interest bearing securities held as current assets. Bonds and other interest bearing securities held as current financial assets are valued at market value. Where trading prices from a liquid market are available for a security, the security is valued at the closing bid price on the last trading day immediately prior to or on the date of the balance sheet.

In the case of securities where no traded price is available, a theoretical price is calculated on the basis of the yield curve for the particular market taking into account the credit standing of the issuer in question.

The discount on zero-coupon securities is amortised as interest income over the period to maturity using the effective yield method. The discount is recognised in the profit and loss account together with coupon interest as part of income from other financial assets and is included in the balance sheet together with the investment in question.

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 lower of purchase cost and market value.

Financial derivatives. Financial derivatives are used as an integrated part of the management of financial instruments in order to achieve the desired risk and return profile.

Financial derivatives classified as current assets are 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 currency hedging and proprietary trading (the trading portfolio) are valued at market value. Derivatives entered into as part of interest rate hedging are not recognised in the balance sheet.

The various categories of financial derivatives are described in 'Terms and Expressions' on page 86.

Subordinated loans which have interest rates fixed for long periods are hedged against interest rate movements through interest rate swaps. Any market value in excess of the interest accrued on interest rate swaps used to hedge a subordinated loan is not capitalised in the accounts.

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.

FRAs – Forward rate agreements. Forward rate agreements (FRAs) 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. Assets and liabilities denominated in foreign currencies are to all practical intent hedged against currency fluctuations. Monetary items are translated at the exchange rate on the balance sheet date, while foreign exchange derivative contracts are valued at market value and recognised to the profit and loss account. Any other balance sheet items are recorded at the exchange rate prevailing at the acquisition date.

STOREBRAND ASA

Dividends and group contribution. In the holding company's accounts, investments in subsidiaries and associate companies are valued at acquisition cost as reduced by any write-downs. The main income of Storebrand ASA is the return on capital invested in subsidiaries. In the holding 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 provided 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. Net unrealised gains are applied to the market value adjustment reserve and do not affect profit and loss. Financial expenses include the administration costs associated with the financial activities.

Transfers of 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.

Net unrealised gains on financial current assets – market value adjustment reserve. Net unrealised gains/losses for the current year on financial current assets are applied to the market value adjustment reserve in the balance sheet and are therefore not included in the profit for the year. If the total portfolio of financial current assets shows a cumulative unrealised loss for the year, this loss is charged to the profit and loss account. If specific financial current assets are considered to have suffered a permanent loss in value, the change in value of the financial asset in question is charged to profit and loss account.

Net unrealised gain/losses for the current year on financial current assets denominated in foreign currencies that can be attributed to movements in exchange rates are not transferred to the market value adjustment reserve if the investment is hedged against currency movements. Similarly, the change in the value of the hedging instrument is not transferred to the market value adjustment reserve, but is applied directly to the profit and loss account. The foreign exchange risk associated with investments denominated in foreign currencies is to a very large extent hedged through foreign change contracts 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 products and defined contribution pension products are sold through Storebrand Fondsforsikring AS. Financial assets are valued 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. The sole exception is 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 STOREBRAND ASA

01 } Group contributions and dividends from subsidiaries

NOK MILLION	2004	2003	2002
Group contribution received from			
Storebrand Livsforsikring AS		200.0	
Storebrand Kapitalforvaltning ASA	8.8	20.1	
Dividend received from			
Storebrand Skadeforsikring AS *)		83.8	267.8
Storebrand Livsforsikring AS	538.7	230.0	
Storebrand Bank ASA	61.6		
Adviso AS	33.2		
Storebrand Alternative Investment ASA	1.2	2.9	
Total	**643.5**	536.8	267.8
*) Dividend from Storebrand Skadeforsikring AS booked directly against equity	112.0	250.0	99.6

02 } Personnel expenses

NOK MILLION	2004	2003	2002
Ordinary wages and salaries	47.7	35.6	51.1
Employer's social security contributions	9.9	8.1	13.9
Pension costs	-0.9	-1.9	-1.4
Other benefits	17.2	14.8	18.5
Total personnel expenses	**73.9**	56.6	82.1

03 } Pension costs and pension liabilities

The following financial assumptions were used when calculating net accrued pension cost:

- Return on pension funds 7.0 %
- Discount rate 6.5 %
- Annual earnings growth 3.0 %
- Expected adjustment of Social Security Fund's base amount (G) 3.0 %
- Annual pension increase 2.0 %

The following financial assumptions were used when calculating pension liability at year-end:

- Discount rate 5.5 %
- Annual earnings growth 3.0 %
- Expected adjustment of Social Security Fund's base amount (G) 3.0 %
- Annual pension increase 2.0 %

Actuarial assumptions:

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

The calculations apply to 156 employees/early retirees and 2,180 pensioners. For further details of Storebrand's pension arrangements, see note 25.

Net pension costs

	2004			2003	2002
NOK MILLION	INSURED SCHEME	UNINSURED SCHEME	TOTAL	TOTAL	TOTAL
Pension liabilities accrued for the year	-6.8	-4.9	**-11.7**	-15.6	-19.9
Interest costs	-110.0	-13.2	**-123.2**	-139.7	-147.2
Expected return on pension funds	140.3		**140.3**	160.5	168.9
Effect of changed assumptions booked to P&L	-2.5	0.5	**-2.0**	-3.1	-0.1
Provision for employer's social security contributions		-2.5	**-2.5**	-0.2	-0.3
Net pension cost	21.0	-20.1	**0.9**	1.9	1.4

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

Net pension liabilities

NOK MILLION	2004 INSURED SCHEME	2004 UNINSURED SCHEME	2004 TOTAL	2003 TOTAL	2002 TOTAL
Earned pension liability	-1 832.8	-183.4	**-2 016.2**	-1 532.9	-1 698.1
Estimated effect of future salary growth	-18.5	-7.6	**-26.1**	-530.5	-503.2
Estimated pension liability	-1 851.3	-191.1	**-2 042.4**	-2 063.4	-2 201.3
Pension funds at market value	1 984.2		**1 984.2**	2 094.0	2 201.7
Net estimated liability/surplus	**132.9**	**-191.1**	**-58.2**	**30.6**	**0.4**
Effect of changed assumptions not booked to P&L	245.6	-29.7	**215.9**	264.3	
Change in deviation caused by changed assumptions at 31.12.	210.9	20.1	**231.0**	5.9	221.6
Net liability in the balance sheet	**589.4**	**-200.7**	**388.7**	**300.8**	**222.0**
Provision for employer's social security contributions		-26.8	**-26.8**	-31.4	-38.0
Net pension liability/employer's contribs. in the balance sheet	**589.4**	**-227.5**	**361.9**	**269.4**	**184.0**

04 Remuneration of the Chief Executive Officer and elected officers of the company

NOK 1 000	2004	2003	2002
Chief Executive Officer			
Salary *)	**3 293**	3 335	3 043
Bonus (performance related)	**754**		
Extraordinary bonus *)	**2 528**		
Total remuneration	**6 575**	**3 335**	**3 043**
Other taxable benefits	**152**	181	211
Pension cost **)	**414**	380	341
Board of Representatives	**509**	572	726
Control Committee ***)	**999**	793	764
Chairman of the Board	**404**	330	500
Board of Directors including the Chairman	**1 707**	1 715	2 255
Auditor's fees for audit ****)	**2 375**	1 786	2 621
Auditor's fees for consultancy services ****)	**615**	1 510	9 000

*) Extraordinary bonus of NOK 2.5 million was used to buy shares in Storebrand. In salary for 2003 is included 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 AS and Oslo Reinsurance Company ASA which have their own Control Committees.

****) Remuneration paid to Deloitte Statsautoriserte revisorer AS and related companies for audit and audit-related services amounted to NOK 1.4 million (excluding value add tax) in 2004.

Idar Kreutzer is Chief Executive Officer of Storebrand ASA and Managing Director of Storebrand Livsforsikring AS. He is entitled to 24 months' salary following the expiry of the normal notice period. All forms of work-related income from other sources, including consultancy assignments, will be deducted from such payments. Kreutzer is entitled to a performance-related bonus based on the group's ordinary bonus scheme. Payments under the ordinary bonus scheme are payable in three annual 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. Kreutzer is a member of the Storebrand pension scheme on regular terms. The discounted present value of his pension entitlement amounts to NOK 5.0 million, made up of NOK 0.7 million in the insured scheme and NOK 4.3 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 25).

05 Gain on the sale of shares in If Skadeförsäkring

The sale of shares in If Skadeförsäkring generated a gain of NOK 1,925 million after taking into account currency hedging of the settlement amount and transaction costs. The conditions stipulated for settlement of the sales agreement entered into on 11 February 2004 were satisfied by the end of April 2004, and the sales proceeds were received on 6 May 2004. Gains on sales of shares within the EEA after 26 March 2004 are free of tax. The gain on the sale of If shares, excluding the effect of currency hedging, is treated as tax-free in accordance with the exemption method.

06 Tax

NOK MILLION	2004	2003	2002
Profit before tax	2 358.0	361.2	-391.7
+ Prior year dividend from subsidiaries		267.8	
- Dividend	-695.2	-313.8	-267.8
+/- Shares realised	-1 593.2	-63.0	
+/- Permanent differences	32.7	5.1	-75.8
+/- Changes in temporary timing differences	-61.6	37.5	108.5
Tax base for the year	**40.7**	**294.8**	**-626.8**
- Tax losses carried forward	-40.7	-294.8	
Tax base for calculation of tax payable	**0.0**	**0.0**	**-626.8**
Change in deferred tax	-231.5	17.1	318.0
Tax	**-231.5**	**17.1**	**318.0**

Calculation of deferred tax assets and deferred tax

	2004	2003	2002
Tax increasing timing differences			
Securities			133.4
Pre-paid pensions	589.4	551.8	509.4
Profit and loss account	8.0	10.0	12.5
Total tax increasing timing differences	**597.4**	**561.8**	**655.3**
Tax reducing timing differences			
Securities	-146.5	-6.3	
Operating assets	-75.9	-57.9	-75.8
Provisions	-24.8	-45.3	-53.4
Accrued pension liabilities	-227.5	-251.0	-287.3
Total tax reducing timing differences	**-474.7**	**-360.5**	**-416.5**
Net timing differences before losses carried forward	**122.7**	**201.3**	**238.8**
Losses carried forward	-400.4	-366.7	-626.8
Allowances carried forward	-661.3	-661.3	-127.6
Write-down of deferred tax assets *)	939.0		
Net tax increasing/(reducing) timing differences	**0.0**	**-826.7**	**-515.6**
Deferred tax/Deferred tax assets (net)	**0.0**	**231.5**	**144.4**

*) The balance sheet value of deferred tax assets has been written down. This is because future income from subsidiaries will principally be in the form of dividends rather than taxable group contribution.

Reconciliation of tax charge and ordinary profit

	2004	2003	2002
Pre-tax profit	2 358.0	361.2	-391.7
Expected tax at nominal rate (28%)	-660.2	-101.1	109.7
Tax effect of dividends received	194.7	92.4	78.7
Tax effect of gains on shares/RISK	446.1	17.6	
Tax effect of permanent differences	30.1	-1.4	21.2
Tax effect of the write-down of deferred tax assets	-262.9		
Tax adjustment for previous years	20.8	9.7	108.4
Tax charge	**-231.5**	**17.1**	**318.0**
Effective tax rate	10%	-5%	81%

07 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	1 411.2	14 112	100	100.0%	2 451.2
Storebrand Fondsforsikring AS	Oslo	53.9	54	1 000	100.0%	229.2
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%	162.4
Storebrand Skadeforsikring AS **)	Oslo	7.8	13 807	0.56	100.0%	324.1
Storebrand Leieforvaltning AS	Oslo	10.0	100	100	100.0%	10.0
Storebrand Felix kurs og konferanse 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 Investment ASA	Oslo	2.0	101	11	56.0%	1.1

CONT.	REGISTERED OFFICE	SHARE CAPITAL	NO. OF SHARES (1 000)	PAR VALUE NOK	INTEREST IN %	BOOK VALUE
Associated/jointly-controlled companies						
Storebrand Helseforsikring AS	Oslo	31.0	16	1 000	50.0%	70.0
Fair Financial Ireland plc. ***)	Danmark				50.0%	178.8
AS Værdalsbruket ****)	Værdal	4.8	2	625	24.9%	
Total						6 300.3

*) Tax-free group contribution of NOK 22.4 million from Storebrand ASA has been booked directly to equity.
**) Dividend for 2004 of NOK 112 million, booked directly to equity.
***) Book value includes a subordinated loan of NOK 146.1 million.
****) 74.9% held by Storebrand Livsforsikring AS. Minority interests amount to 0.2%

08 Shares and other equity investments

NOK MILLION	NO. OF SHARES	INTEREST	ACQUISITION COST	MARKET VALUE
Norwegian shares				
Orkla	2 041 618	0.96%	356.3	406.3
Steen & Strøm	547 809	1.96%	56.0	79.4
Norwegian shares and other equity investments			**412.3**	**485.7**
International shares and fund units				
Preferred Global Health	100 000		0.9	0.3
Vovi-Beteilungs (Neiv) (Germany)	13		7.5	1.5
Head Insurance Investors L.P.	91		36.4	3.2
Esg Partners			2.7	1.4
Forward FX contracts – equities				0.5
Total shares and other current asset investments			**459.8**	**492.6**
Of which listed Norwegian shares				485.7
Of which listed foreign shares				0.0

09 Subordinated loans

NOK MILLION	AMOUNT NOK	CURRENCY
Storebrand Kapitalforvaltning AS	10.0	NOK

10 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
By issuer type						
Public sector	1 506.2	1 516.7	25.4	24.9	1 531.5	1 541.5
Financial institutions	134.1	134.0	1 416.0	1 416.6	1 550.0	1 550.6
Other	76.0	76.0	115.4	115.3	191.4	191.3
Total	**1 716.3**	**1 726.7**	**1 556.8**	**1 556.7**	**3 272.9**	**3 283.4**
Convertible bonds						
Financial institutions *)			17.3	17.3	17.3	17.3
Short-term debt instruments and bonds held as current assets	**1 716.3**	**1 726.7**	**1 574.1**	**1 574.0**	**3 290.2**	**3 300.7**
Of which listed		1 111.5		720.8		1 832.3
Denominated in NOK		1 726.7		1 574.0		3 300.7

*) Convertible bonds issued by Storebrand Bank ASA

11 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 48.96 shares in Orkla ASA (originally 43.54 shares, but since adjusted for an extraordinary dividend paid by Orkla ASA for 2004). 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.

In June 2004 Storebrand ASA bought back EUR 5 million of exchangeable bonds. The nominal value of the Storebrand Exchangeable Bond at 31.12.04 was therefore EUR 155 million. The related hedging transactions were reduced proportionately.

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 is 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 from Storebrand Livsforsikring AS 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. The call option does not represent a hedge against losses on the holding of Orkla shares in excess of this amount. 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 from Storebrand Livsforsikring AS.

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 the 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	710.4		38.7	91.7
Stock option purchased	08.03.06	391.6		19.1	61.4
EUR/NOK put option purchased	06.03.06	1 317.2	7.685	23.6	8.6
EUR/NOK call option purchased	06.03.06	106.2	8.3	4.4	2.4
Currency basis swap *)	08.03.05	1 276.0			84.9
Liabilities					
Utstedt opsjon EUR – Orkla aksjer	08.03.06	1 510.2		84.8	194.7

*) Interest element is not capitalised to the balance sheet.

Bonds issued:

NOK MILLION	2004
Received from the issue	1 232.5
– Option purchased	-84.8
Acquisition cost 01.01.	1 147.7
Bought back 2004 *)	-39.7
Amortised	97.4
Unrealised currency change	98.6
Book value 31.12.	1 304.0

*) EUR 5 million of bonds bought back. See note 15.

12 Financial derivatives

NOK MILLION	NOMINAL VOLUME GROSS	NOMINAL VOLUME AVERAGE	NOMINAL VOLUME NET	CREDIT EQUIVALENT AMOUNT	ACQUISITION COST	MARKET VALUE
Current assets						
Equity derivatives	1 812.4	1 497.7	391.4	46.9	57.8	153.1
Interest rate derivatives	350.0	2 253.9	350.0			-0.6
Currency options	1 423.4	1 423.4	-1 211.0	16.4	28.1	11.0
Forward foreign exchange contracts		1 197.3		20.5		
Currency derivatives equities *)	7.0	7.2	-7.0	0.1		0.5
Basis swap **)	1 276.0	1 316.6	1 276.0	0.0		89.6
Total derivatives – assets	**4 868.8**	**7 696.1**	**799.4**	**83.9**	**85.9**	**253.7**
Liabilities						
Option issued: EUR – Orkla shares	1 510.2	475.9	1 510.2	64.3	84.8	194.7
Total derivatives – liabilities	**1 510.2**	**475.9**	**1 510.2**	**64.3**	**84.8**	**194.7**

*) Included in the balance sheet under shares, see note 8.

**) Currency element of NOK 84.9 million is capitalised in the balance sheet, but interest element of NOK 4.7 million is not capitalised.

13 } Real estate and other operating assets

NOK MILLION	REAL ESTATE	EQUIPMENT, CARS, INVENTORY
Acquisition cost at 01.01.	34.7	288.7
Accumulated depreciation	-2.4	-256.5
Book value at 01.01.	32.3	32.2
Additions		0.6
Disposals	-0.2	-6.2
Depreciation for the year	-18.8	-1.7
Book value at 31.12.	**13.4**	**24.8**

Straight line depreciation periods for operating assets are as follows:

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

14 } Equity capital

NOK MILLION	SHARE CAPITAL *)	OWN SHARES	SHARE PREMIUM	OTHER EQUITY	EQUITY CAPITAL 2004	2003	2002
Equity at 01.01.	1 390.4		1 814.0	4 893.5	**8 097.8**	7 866.6	7 934.4
Profit for the year				2 126.5	**2 126.5**	378.3	-73.7
Own shares bought back **)		-76.3		-668.1	**-744.4**		
Tax on equity transaction						70.0	
Allocated to dividend ***)				-1 840.4	**-1 840.4**	-222.5	
Employee share issue ****)	0.5		4.6	0.0	**5.1**	5.5	5.9
Equity at 31.12.	1 390.9	-76.3	1 818.6	4 511.4	**7 644.6**	8 097.9	7 866.6

*) 278 181 882 shares of nominal value NOK 5.

**) 15 265 000 own shares bought back in 2004. Shares have been bought back to maintain an appropriate capital structure for the group and benefit shareholders.

***) No dividend is provided for on own shares bought back.

****) Share capital was increased by 111,360 shares through a private placement with employees. The subscription price was NOK 37.60 per share. In accordance with the accounting circular issued by Oslo Børs, this issue is booked at market value.

15 } Bonds issued

NOK MILLION	INTEREST RATE	CURRENCY	BOOK VALUE NOK	SHARE	MATURITY
Exchangeable bond loan	2.25%	EUR	1 304.0	Orkla AS	2006
Bond loan 2002/2007	7.18%	NOK	208.2		2007
Bond loan 2002/2007	3 m NIBOR+0.80	NOK	288.0		2007
Total *)			**1 800.2**		

*) Loan is booked at amortised cost.

16 } Shareholders

20 largest shareholders

	HOLDING IN %
Folketrygdfondet	9.98
Orkla ASA	9.94
Storebrand ASA	5.49
Fidelity Funds-Europe	3.89
State Street Bank & Trust Co (NOM *))	3.43
JPMorgan Chase Bank (NOM *))	2.73
JPMorgan Chase Bank (NOM *))	2.53
JPMorgan Securities	2.27
Morgan Stanley & Co (NOM *))	2.03
JPMorgan Chase Bank (NOM *))	1.97

	HOLDING IN %
DnB NOR Bank ASA	1.90
Ferd Invest	1.85
Skandinaviska Enskilda Banken	1.82
Citibank, N.A. (NOM)	1.67
The Northern Trust Co (NOM *))	1.40
Vital Forsikring ASA	1.37
Bank of New York, Brussels	1.08
UBS AG, London Branch	1.05
State Street Bank & Trust Co (NOM *))	1.02
Clearstream Banking (NOM *))	1.02
Foreign ownership of total share capital	51.6%

*) Client account

17 } Senior executives, non-executive officers and other related parties

	NO. OF SHARES OWNED *)	NO. OF BONUS UNITS **)	LOAN NOK 1 000	INTEREST RATE AT 31.12.04	REPAYMT. BASIS ***)
Senior executives **)**					
Idar Kreutzer	26 760		6 263	2.35–3.2	AN 2031
Hans Henrik Klouman	1 448	340 000	1 200	2.35	AN 2025
Odd Arild Grefstad	3 550	75 000	4 987	2.35–3	AN 2024
Maalfrid Brath	1 535	75 000	2 600	2.35–2.75	SE 2021
Egil Thompson	985	25 000	668	2.35	AN 2020
Erik Råd Herlofsen	2 185	40 000	4 070	2.35–2.75	AN 2026
Lars Aa. Løddesøl	1 685	50 000	4 713	2.35–2.75	AN 2029
Per Kumle	10 510		5 400	2.35	SE 2027
Allan Åkerstedt	475				
Rolf Corneliussen	115	100 000	1 468	2.35–2.75	SE 2011
Board of Directors					
Leiv L. Nergaard	20 000				
Halvor Stenstadvold	3 593				
Knut G. Heje	8 500				
Mette K. Johnsen	420		99	3.7	AN 2008
John Giverholt					
Grace Reksten Skaugen	13 000				
Rune Eikeland	1 535		1 101	2.35	AN 2018
Erik Haug Hansen	1 535				
Nina Elisabeth Smeby	450		1 180	2.35	AN 2026

*) 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 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. After the accounting year end the scheme has been decided cancelled. NOK 7.5 million will be partially paid out in 2005, partially transferred to the basis for future bonus calculations of the relevant senior executives.

***) 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 31.1 million. The discounted present value of the pension entitlements of senior management amounts to NOK 39.5 million, made up of NOK 4.4 million in the insured scheme and NOK 35.1 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 25). Details of the Chief Executive Officer's salary and remuneration can be found in note 4

Shares held by non-executive officers of Storebrand ASA

	NO. OF SHARES	RELATED PARTIES
Control committee		
Sverre Bjørnstad	2 816	
Hanne Harlem		
Harald Moen	322	
Carl Graff-Wang		
Jon Ansteinsson	4 334	
Board of Representatives		
Sven Ullring	385	
Merete Egelund Valderhaug		
Inger-Johanne Strand	85	
Stein Erik Hagen		1 000 000 *)
Inger Lise Gjørv		

	NO. OF SHARES	RELATED PARTIES
Eli Sætersmoen		
Ole Enger		
Rune Selmar		
Kjell Jostein Sæther	5	
Ann Jeanette Magnussen	1 014	
Johan H. Andresen jr.		5 141 895 **)
Finn Jebsen	3 234	14 000 ***)
Arvid Grundekjøn		
Per Alm Knudsen		
May Molderhauer	275	
Vibeke Hammer Madsen		
Barbara Rose Milian Thoralfsson		
Astrid Olive Aanerud	625	

*) Canica AS

**) Ferd Invest AS

***) Bele AS

No loans have been made to any member of the Control Committee, and loans to members of the Board of Representatives total NOK 5.1 million.

Transactions between group companies

NOK MILLION	2004	2003	2002
Profit and loss account items:			
Group contribution from subsidiaries	8.8	220.1	
Dividends from subsidiaries	634.7	316.7	267.8
Purchase and sale of services (net)	4.6	13.4	5.9
Balance sheet items:			
Subordinated loans to group companies	10.0	271.5	235.7
Net accounts payable and receivable (incl. group contribution)	687.4	529.9	18.0

18 No. of employees/Full time equivalent positions

	2004
No. of employees at 31.12.	9
No. of full time equivalent positions at 31.12.	9
Average number of employees	33

19 Guarantees issued

Storebrand ASA has issued the following guarantees:

	CURRENCY	TERMS	ACCOUNTS PROVISION
[1] Institute of London Underwriters (ILU)	USD	Ubegrenset	0

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

NOTES TO THE ACCOUNTS STOREBRAND GROUP

20 Analysis by business segment

Profit by business area

NOK MILLION	2004	2003	2002
Life insurance	944.9	799.8	-304.3
Asset management	47.0	22.1	-12.5
Storebrand Bank	97.2	-137.2	-476.3
Non life insurance	186.3	348.2	-242.2
Other activities *)	1 139.8	-139.3	-665.7
Group profit	2 415.2	893.6	-1 701.0

*) Includes NOK 1 296 million of group profit on the sale of shares in If Skadeförsäkring. Information on the gain recorded by Storebrand ASA can be found in note 5.

NOK MILLION	2004	2003	2002
Life insurance			
Storebrand Livsforsikring (Storebrand Life Insurance)			
Premiums for own account	**17 912**	12 894	8 916
Policyholders' funds incl. accrued profit	**121 066**	108 760	99 108
Investment yield I *)	**6.4%**	7.2%	2.7%
Investment yield II *)	**7.2%**	8.8%	1.9%
Capital ratio (Storebrand Life group)	**14.4%**	15.7%	18.4%
Operating costs as % of policyholders' funds	**0.90%**	0.96%	0.92%
Storebrand Fondsforsikring			
Premiums for own account	**619**	455	1 071
Policyholders' funds	**4 476**	3 975	3 259
Storebrand Bank			
Interest margin %	**1.63%**	1.85%	1.96%
Costs/income %	**83%**	87%	97%
Other income/total income %	**39%**	39%	30%
Net lending	**23 478**	21 856	25 035
Capital ratio	**13.8%**	12.3%	11.4%
Storebrand Investments			
Total funds under management	**165 009**	158 800	139 700
Funds under management for external clients	**37 498**	42 516	33 700

*) Investment yield I: Realised financial income including revaluations (positive or negative) of real estate.
Investment yield II: As Investment yield I but including change in unrealised gains on financial current assets.

No analysis by geographic area is provided since there are no material differences in risk and return profile between geographic areas.

21 Net financial income: Insurance

	STOREBRAND LIFE INSURANCE			STOREBRAND GROUP		
NOK MILLION	2004	2003	2002	2004	2003	2002
Income from group and associated companies	**0.3**	2.1	5.6	**0.3**	2.1	5.6
Income from properties and real estate	**888.7**	775.5	950.7	**888.7**	775.5	950.7
Interest income – bonds & short-term debt instruments	**3 764.3**	4 577.4	3 842.3	**3 806.9**	4 648.5	3 881.2
Interest income – lending	**56.7**	98.5	117.8	**58.3**	100.4	119.7
Other interest income	**99.4**	207.3	897.1	**114.5**	212.2	901.5
Dividends	**657.9**	297.8	309.7	**659.4**	298.6	327.7
Revaluation of real estate	**202.8**	99.0	95.3	**202.8**	99.0	95.3
Reversal of valuation adjustments – shares	**3.0**	499.6		**3.0**	501.2	77.7
Reversal of valuation adjustments – interest bearing instruments		-334.2	2.0		-331.1	31.8
Gains on sale of shares	**7 494.6**	6 364.7	8 131.7	**7 555.5**	6 377.5	8 142.8
Gains on sale of fixed-income securities	**782.1**	2 225.6	5 928.8	**797.0**	2 270.2	5 931.4
Unrealised gains on shares	**730.0**	1 461.7		**1 034.3**	2 254.6	9.3
Unrealised gains on fixed-income securities	**347.7**	227.9		**314.4**	283.1	25.1
Other financial income	**10.0**	16.1	100.6	**130.1**	164.4	213.7
Total income from financial assets	**15 037.5**	**16 519.0**	**20 381.6**	**15 565.2**	**17 656.2**	**20 713.3**
Costs arising from properties and real estate *)	**-95.9**	-153.4	-135.6	**-90.4**	-147.9	-129.8
Valuation adjustments – shares			-499.6			-499.6
Valuation adjustments – interest bearing instruments			334.2	**-0.4**		270.2
Write-down of real estate	**-34.1**	-95.3	-257.1	**-34.1**	-95.3	-257.1
Loss on sale of shares	**-4 792.1**	-6 188.8	-10 087.8	**-4 930.8**	-6 503.4	-10 343.0
Loss on sale of interest bearing instruments	**-1 346.5**	-674.1	-6 669.1	**-1 383.9**	-684.3	-6 679.8
Unrealised loss on shares			-788.0	**-5.2**	0.0	-1 454.7
Unrealised loss on interest bearing instruments			-55.9	**-0.5**	-78.9	-63.1
Other financial expenses **)	**-233.4**	-167.0	-337.9	**-92.8**	-30.2	-244.4
Total costs of financial assets	**-6 502.0**	**-7 278.6**	**-18 496.8**	**-6 538.1**	**-7 540.0**	**-19 401.2**
Total net income from financial assets	**8 535.5**	**9 240.4**	**1 884.8**	**9 027.1**	**10 116.2**	**1 312.2**
*) Of which administration costs	**-5.5**	-5.5	-5.8			
**) Of which administration costs	**-151.6**	-145.1	-133.3			

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

22 Net interest and commission income: Banking

NOK MILLION	STOREBRAND BANK 2004	2003	2002
Interest and related income on loans to/deposits with credit institutions	24.6	56.7	69.8
Interest and related income on loans to/claims on customers	931.3	1 575.9	2 261.7
Interest and related income from short-term debt instruments, bonds and other interest bearing securities	108.4	158.7	138.7
Other interest and related income	107.5	12.6	129.3
Total interest and related income	1 171.8	1 803.9	2 599.5
Interest and related expense on liabilities to credit institutions	-82.0	-159.9	-179.2
Interest and related expense on deposits from and liabilities to customers	-221.6	-686.8	-1 003.3
Interest and related expense on securities issued	-344.4	-411.5	-645.8
Interest and related expense on subordinated loan capital	-18.4	-30.0	-38.7
Other interest and related expense	-78.3	-23.0	-129.7
Total interest and related expense	-744.7	-1 311.2	-1 996.7
Net interest and commission income	427.1	492.7	602.8

23 Loan losses: Banking activities

NOK MILLION	STOREBRAND BANK 2004	2003	2002
Change in specific loan loss provisions for the period	-148.8	23.7	178.3
Change in general loan loss provisions for the period	-120.7	0.7	-1.7
Realised losses on loans where specific provision has previously been made	261.4	147.6	90.5
Realised losses on loans where no specific provision has previously been made	3.3	-0.5	145.4
Recovery of loan losses realised previously	-2.6	-1.2	-0.7
Losses on short-term debt instruments etc.		3.5	
Loan losses and provisions for the period	-7.4	173.8	411.8

24 Operating costs

NOK MILLION	SB LIFE *) 2004	SB BANK 2004	OTHER 2004	STOREBRAND GROUP 2004	2003	2002
Ordinary wage and salary expense	309,5	240,3	245,0	794,8	776,6	860,2
Social security contributions	69,9	32,8	32,2	134,9	126,5	141,7
Pension expense (incl. employers' social security contributions.)	35,8	17,9	13,1	66,8	60,9	59,9
Other benefits	18,4	15,3	27,4	61,1	66,0	85,6
Total personnel expenses	433,6	306,3	317,7	1 057,6	1 030,1	1 147,4
External consultancy expenses	15,8	26,2	45,3	87,3	91,6	147,7
Office costs	102,6	147,5	76,3	326,4	489,0	448,4
Other operating costs/recharges	521,4	84,0	-160,1	445,3	337,3	362,5
Depreciation	21,8	16,8	55,8	94,4	93,6	136,4
Total operating costs	1 095,2	580,8	335,0	2 011,0	2 041,7	2 242,4
*) Operating expenses of Storebrand Livsforsikring AS	1038,8					

Auditors' fees for group companies

Audit fees paid *)	9,3
Consultancy fees paid *)	2,6

*) Remuneration paid to Deloitte Statsautoriserte revisorer AS and related companies for audit and audit-related services amounted to NOK 3.4 million (excluding value add tax) for the group in 2004.

25 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 executives and 65 for underwriters. The ordinary retirement age is 65, and a retirement pension equivalent to 70% of pensionable salary becomes payable on retirement. Pension benefits form a part of the group collective employment 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 used were amended with effect from 31 December 2004.

The changes affect pension liabilities at 31 December 2004. The effect of the changes is shown in the deviation not applied to the profit and loss account at 31 December 2004. However the changes do not affect the pension cost or the amortisation of the deviation booked for the year. The following assumptions were used in the calculations for 2004:

The following financial assumptions were used when calculating net accrued pension cost:

- Return on pension funds 7.0 %
- Discount rate 6.5 %
- Annual earnings growth 3.0 %
- Expected adjustment of Social Security Fund's base amount (G) 3.0 %
- Annual pension increase 2.0 %

The following financial assumptions were used when calculating pension liability at year-end:

- Discount rate 5.5 %
- Annual earnings growth 3.0 %
- Expected adjustment of Social Security Fund's base amount (G) 3.0 %
- Annual pension increase 2.0 %

Actuarial assumptions:

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

The calculations apply to 1,488 employees and 2,180 pensioners.

Net accrued pension costs are shown in the table below:

Net pensions costs

	2004				
NOK MILLION	INSURED SCHEME	UN-INSURED SCHEME	TOTAL	2003 TOTAL	2002 TOTAL
Pension liabilities accrued for the year	-48.5	-20.0	**-68.5**	-67.2	-74.2
Interest costs	-142.2	-22.5	**-164.7**	-178.4	-181.4
Expected return on pension funds	175.4		**175.4**	196.7	201.5
Effect of changes to the pension scheme	-0.2		**-0.2**	-0.1	
Deviation from estimates	-5.3	1.9	**-3.4**	-3.8	0.6
Provision for employer's social security contributions	-0.1	-5.4	**-5.5**	-8.0	-6.4
Net pensions cost	**-20.9**	**-46.0**	**-66.8**	**-60.9**	**-59.9**

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 pensions liability

	2004				
NOK MILLION	INSURED SCHEME	UN-INSURED SCHEME	TOTAL	2003 TOTAL	2002 TOTAL
Earned pension liability	-2 374.6	-328.4	**-2 702.9**	-2 047.1	-2 160.4
Estimated effect of future salary growth	-161.5	-58.2	**-219.7**	-699.2	-595.2
Estimated pension liability	-2 536.1	-386.6	**-2 922.6**	-2 746.3	-2 755.6
Market value of pension funds	2 575.6	0.6	**2 576.2**	2 619.1	2 655.3
Net estimated pension liability/surplus	**39.6**	**-386.0**	**-346.4**	**-127.2**	**-100.3**
Deviations from estimates not applied to profit and loss *)	344.9	-63.4	**281.5**	298.5	232.9
Change in deviation caused by changed assumptions at 31.12.	318.0	36.7	**354.7**	32.3	
Change in deviation not applied to profit and loss caused by changed assumptions	662.9	-26.7	**636.2**	330.7	232.9
Scheme changes not applied to profit and loss **)	3.2	0.8	**3.9**	2.0	2.1
Net pension liability as shown in the balance sheet	**705.6**	**-411.9**	**293.7**	**205.5**	**134.7**
Provision for employer's social security contributions	**-0.1**	**-51.4**	**-51.5**	**-57.3**	**-57.8**
Total incl. provision for employer's social security contributions	**705.5**	**-463.3**	**242.2**	**148.2**	**76.9**

*) 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 effects of scheme changes are applied over the average remaining period of accrual for pension benefits.

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.:

	2004	2003
Properties and real estate	10%	9%
Hold to maturity bonds	31%	37%
Secured and other lending	0%	1%
Shares and other equity investments	22%	17%
Bonds	25%	18%
Short-term debt instruments	10%	15%
Other short-term financial assets	3%	3%
Total	**100%**	100%

26 Tax

NOK MILLION	2004	2003	2002
Profit before tax	2 472.4	959.7	-1 501.8
Tax payable	-2.5	-1.2	-15.1
Change in deferred tax	-110.1	-168.0	627.0
Tax expense	**-112.6**	-169.2	611.9
Calculation of deferred tax assets and deferred tax			
Tax increasing timing differences			
Securities	583.5	740.3	851.4
Real estate	965.9	826.5	744.4
Operating assets	604.0	376.8	185.5
Pre-paid pensions	683.7	615.7	588.9
Profit and loss account	1 542.6	1 928.3	2 410.3
Other	22.1	56.7	80.1
Total tax increasing timing differences	**4 401.8**	4 544.3	4 860.6
Tax reducing timing differences			
Securities	-706.3	221.5	-1 312.8
Real estate	-126.4	-136.2	-136.2
Operating assets	-209.6	-428.1	-171.3
Provisions	-81.0	-140.1	-157.0
Accrued pension liabilities	-414.7	-409.9	-456.3
Profit and loss account	-3.4	-0.6	-4.7
Other	-119.6	-167.3	-94.0
Total tax reducing the timing differences	**-1 661.0**	-1 060.7	-2 332.3
Net timing differences before losses carried forward	**2 740.8**	3 483.6	2 528.4
Losses carried forward	-3 649.1	-3 349.8	-4 188.8
Allowances carried forward	-1 140.0	-1 461.3	-673.6
Not eligible for capitalisation	1 453.1	39.3	10.1
Net tax increasing/(reducing) timing differences	**-595.2**	-1 288.2	-2 323.9
Deferred tax/Deferred tax assets (net) *)	**-168.1**	-360.7	-650.7

*) Deferred tax in respect of new companies at the date of acquisition totals NOK 78 million and is capitalised to the balance sheet.

Reconciliation of tax charge and ordinary profit	2004	2003	2002
Pre-tax profit	2 472.4	959.7	-1 501.8
Expected tax at nominal rate (28%)	-692.3	-268.7	420.5
Tax effect of shares sold	748.1	78.0	42.0
Tax effect on dividends received	163.8	53.3	53.2
Tax effect of associated companies	53.3	4.9	-56.9
Tax effect of permanent differences	5.0	-36.7	153.1
Tax effect of the write-down of deferred tax assets	**-390.5**		
Tax charge *)	**-112.6**	-169.2	611.9
Effective tax rate	-4.6%	-17.6%	-40.7%

*) The reform of the Norwegian tax system in 2004 affected some aspects of taxable income for the Storebrand group. The tax reform exempts income on shares in the EEA from tax, and similarly losses on such shares are no longer tax deductible. This will cause fluctuations in the annual tax charge depending on how large a proportion of earnings comes from share investments in the EEA. The group had a low effective tax rate in 2004 as a result of income from shares in the EEA. The group has written down deferred tax assets because these changes make it more uncertain future taxable income will be sufficient to utilise all losses carried forward. The company in the group most affected by the new tax reform is Storebrand Livsforsikring AS.

Losses carried forward

NOK MILLION	AMOUNT
Storebrand ASA	400.4
Storebrand Livsforsikring AS	217.7
Storebrand Fondforsikring AS	143.4
Storebrand Bank ASA	839.3
Storebrand Skadeforsikring AS	1 940.0
Fair Forsikring A/S	47.1
Storebrand Helseforsikring AS	43.8
Storebrand Leieforvaltning AS	12.7
Storebrand Felix kurs og konferanse AS	4.8
Total	3 649.1

27 Goodwill and other intangible assets in subsidiaries

NOK MILLION	ACQUISITION COST 01.01.	ACC. DEPRECIATION 01.01.	BALANCE SHEET VALUE 01.01.	ADDITIONS/ DISPOSALS	DEPRECIATION FOR THE YEAR	BALANCE SHEET VALUE 31.12.	DEPRECIATION PERIOD *)
Goodwill							
Storebrand Bank ASA	563.2	-140.8	422.4		-28.2	394.2	20 years
Delphi Fondsforvaltning AS	48.3	-16.7	31.6		-1.9	29.7	20 years
Total	611.5	-157.5	454.0		-30.1	423.9	
Other intangible assets							
Storebrand Kapitalforvaltning ASA	17.7	-4.3	13.4		-6.7	6.7	3 years
Storebrand Systemutvikling AS	117.3	-55.4	61.9		-20.3	41.6	5 years
Fair Forsikring				1.2	-0.4	0.8	3 years
Finansbanken AS (Denmark)	5.3	-4.0	1.3		-0.9	0.4	
Total	140.3	-63.7	76.6	1.2	-28.3	49.5	

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

28 Real Estate

NOK MILLION	BOOK VALUE	AVE. RENT PER SQ. M.	TERM OF LEASE	SQ.M.	PERCENTAGE LET
Office premises (incl. commercial premises, parking and storage)	7 505.6	1 101	4.9	463 918	94.3%
Shopping centres (incl. parking and storage)	4 964.0	1 321	3.0	312 838	97.3%
Parking	395.3	693	12.0	44 085	100.0%
Total for Storebrand Life Insurance	12 864.9			820 841	95.6%
Other companies	26.8				
Total	12 891.7				
Geographic distribution (Life company)					
Oslo-Vika/Filipstad Brygge	3 775.9				
Greater Oslo area – other	5 202.2				
Norway – other	3 886.8				
Ownership structure:					
Directly owned	2 983.5				
Property company (AS)	9 284.7				
Property partnership (ANS)	596.7				

29 Tangible fixed assets

NOK MILLION	REAL ESTATE	EQUIPMENT, CARS AND INVENTORY
Purchase cost as at 01.01.	8 462.0	545.2
Accumulated depreciation	-3.3	-454.3
Accumulated write-downs	-2.1	
Accumulated upward revaluations	1 495.9	
Book value at 01.01.	**9 952.5**	**90.9**
Additions	3 048.1	35.8
Disposals	-2.9	-10.1
Depreciation for the year	-19.1	-31.0
Write-downs/revaluations for the year	-87.0	-1.3
Book value at 31.12.	12 891.7	84.3

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

30 Shares and other equity investments

NOK MILLION	SHARES HELD	INTEREST	ACQUISITION COST	MARKET VALUE
Shares and other equity investments (fixed assets)				
Intre AS			36.9	
Other shares and participations held long-term			0.7	
Total shares and other equity investments (fixed assets)			37.6	
Norwegian banking and finance shares				
Bolig- og Næringsbanken	78 750	0.81%	19.7	26.7
DNB NOR	6 135 806	0.46%	324.0	366.6
Romsdals Fellesbank	570 951	9.10%	8.7	94.2
Other Norwegian shares				
Aker ASA	480 500	1.09%	27.2	29.8
Aker Kværner ASA	397 300	0.72%	50.5	64.0
Camillo Eitzen ASA	414 700	0.62%	17.4	23.2
DNH International Sarl – Redeemable conv. PECs	87 803	1.45%	17.6	18.1
EDB Business Partner	1 304 702	1.44%	53.3	64.6
Ekornes	314 288	0.85%	28.5	41.5
Elkem	674 013	1.37%	111.8	154.3
Eltek A	544 650	1.74%	34.8	37.6
Ementor	10 183 600	4.39%	32.7	30.8
Farstad Shipping	271 525	0.70%	12.8	20.6
Fast Search & Transfer	1 761 800	0.33%	20.2	23.3
Fred. Olsen Energy	233 600	0.39%	14.8	20.4
Glava	65 000	6.77%	20.3	42.3
Gresvig	1 507 217	7.60%	17.2	63.3
Mamut ASA	2 250 000	5.35%	16.4	18.9
Norges Handels og Sjøfartstidene	59 094	5.13%	12.0	38.4
Norsk Hydro	1 338 926	0.45%	653.3	638.7
Norske Skogindustrier A	1 059 992	0.80%	140.8	138.9
Odfjell A	100 808	0.23%	7.6	21.4
Orkla	11 089 949	5.22%	1 216.4	2 206.9
Prosafe	641 936	1.89%	91.4	105.3
Schibsted	257 000	0.37%	23.7	44.2
Siem Offshore	857 000	0.66%	20.6	26.6
Smedvig A	175 300	0.21%	13.5	17.8
Solstad Offshore	924 150	2.45%	40.9	62.8
Statoil ASA	4 066 670	0.19%	382.7	386.3
Steen & Strøm	4 145 953	14.87%	252.4	601.2
Tandberg	1 426 270	1.06%	69.5	107.3
Tandberg Television	565 200	0.92%	20.0	29.8
Telenor	8 285 860	0.47%	431.1	455.7
TGS Nopec Geophysical Company	423 500	1.67%	53.4	65.6
Tomra Systems	1 946 550	1.09%	73.3	64.8
Troms Fylkes Dampskipsselskap	407 790	5.21%	40.8	36.3
Veidekke	1 950 821	6.82%	111.8	197.0
Wilh. Wilhelmsen A	225 260	0.33%	15.6	35.4
Yara International	2 916 221	0.91%	202.8	232.6
Other Norwegian shares			357.8	226.4

CONT.	SHARES HELD	INTEREST RATE	ACQUISITION COST	MARKET VALUE
Equity fund units (Norwegian)				
Storebrand Aktiv Allokering	17 650		21.1	21.2
Storebrand Barnespar	396 006		39.6	43.9
Storebrand Energi	29 773		28.3	30.2
Storebrand Europa I	898 704		1 039.4	1 058.8
Storebrand Nord Amerika I	3 597 603		2 552.8	2 443.3
Storebrand Selecta Limited – Class B-2	229 948 147		236.4	255.1
Storebrand Telecom	35 000		35.0	20.1
Storebrand WGA Health Care	49 608		46.8	47.2
Øvrige norske fondsandeler			56.1	56.6
Total shares and other equity investments – Norwegian			9 114.7	10 856.1
International shares				
Australia			554.9	630.0
Belgium			23.9	28.5
Bermuda			28.9	26.9
Canada			272.3	270.8
Denmark			139.1	98.6
Finland			113.3	116.9
France			754.9	748.5
Germany			457.9	493.9
Hong Kong			219.0	224.3
Ireland			8.0	11.5
Italy			179.4	193.1
Japan			2 494.2	2 406.2
Jersey			0.0	0.0
Liberia			156.1	207.4
Luxembourg			53.3	83.3
Netherlands			399.6	397.2
New Zealand			28.6	31.6
Portugal			65.2	72.0
Singapore			128.6	151.4
Spain			209.5	233.1
Sweden			388.3	474.8
Switzerland			490.7	503.1
United Kingdom			1 776.3	1 847.2
USA			5 780.7	5 569.6
International fund units			3 287.0	2 906.1
Total shares and other equity investments – international			18 009.6	17 726.3
Forward foreign exchange contracts – shares				555.0
Total shares and other equity investments (current assets)			27 124.3	29 137.4
Of which listed Norwegian shares and units				6 654
Of which listed international shares and units				14 382

31 } 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	11 712.9	11 784.0	11 526.1	11 508.5	23 239.0	23 292.4
Financial institutions	4 255.5	4 255.0	19 635.7	19 581.4	23 891.2	23 836.4
Other issuers	80.0	80.0	2 567.6	2 494.7	2 647.6	2 574.7
Other holdings in fixed-income funds *)	-1 093.1	-1 093.4	1 762.4	1 834.5	669.3	741.1
Forward foreign exchange contracts				26.4		26.4
Total short-term debt instruments and bonds including forward foreign exchange contracts	14 955.3	15 025.5	35 491.7	35 445.5	50 447.0	50 471.0
– Of which listed securities		10 092.4		19 796.0		29 888.4
Analysis by currency:						
NOK	11 242.7	11 280.5	20 585.9	20 662.7	31 828.6	31 943.2
USD	495.8	482.6	2 772.2	2 510.3	3 268.0	2 992.9
EUR	2 139.6	2 173.0	10 570.2	10 697.3	12 709.8	12 870.3
Other	1 077.2	1 089.4	1 563.5	1 575.1	2 640.7	2 664.5
Total short-term debt instruments and bonds excluding forward foreign exchange contracts	14 955.3	15 025.5	35 491.8	35 445.5	50 447.1	50 471.0

*) The columns for bonds include investments in fixed-income funds. Investments in short-term debt instruments through fixed-income funds are shown as short positions in the column for short-term debt instruments and are netted out as other holdings in fixed-income funds.

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.

32 } Bonds held to maturity

NOK MILLION	NOMINAL VALUE	ACQUISITION COST	BOOK VALUE	MARKET VALUE	AMORTISATION REMAINING
Bonds held to maturity – Norwegian					
Public sector	34 817.1	35 480.2	35 319.5	39 037.3	502.4
Financial institutions	4 039.0	4 036.7	4 032.0	4 526.9	-7.0
Total portfolio (NOK)	38 856.1	39 516.9	39 351.5	43 564.2	495.4
Of which listed securities			33 050.5		
Modified duration				4.72	
Average effective yield			5.89	3.72	

See note 31 for information on the calculation of effective yield.

33 } Financial derivatives

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

Nominal volume

Financial derivatives contracts are related to underlying amounts which are not capitalised in the balance sheet. In order to quantify a derivative position, reference is made to underlying concepts such as nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and gives an indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives.

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 gross total nominal volume takes no account of the result for a particular instrument of a long versus a short position.

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 only 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					
NOK MILLION	GROSS	AVERAGE	NET	CREDIT EQUIVALENT AMOUNT	ACQUISITION COST	MARKET VALUE *)
Current assets						
Equity options	17 782.1	17 016.0	-8 157.9	339.1	306.2	159.9
Equity index futures	6 644.5	4 234.4	-3 076.8			
Total equity derivatives	24 426.6	21 250.4	-11 234.7	339.1	306.2	159.9

CONT.	NOMINAL VOLUME GROSS	AVERAGE	NET	CREDIT EQUIVALENT AMOUNT	ACQUISITION COST	MARKET VALUE *)
Forward rate agreements	54 491.1	44 741.1	350.0	8.6		0.7
Interest rate futures	575.9	1 010.8	575.9			
Interest rate swaps	6 485.0	3 997.7	2 295.6	187.5		67.9
Interest rate options	128 000.0	8 923.1	14 000.0	0.6	108.4	279.9
Total interest rate derivatives	189 552.0	58 672.7	17 221.5	196.7	108.4	348.5
Foreign exchange forwards	52 085.9	43 778.4	-36 418.2	341.4		590.3
Total currency derivatives	52 085.9	43 778.4	-36 418.2	341.4		590.3
Total derivatives – current assets	266 064.5	123 701.5	-30 431.4	877.2	414.6	1 098.7
Fixed assets						
Equity options	1 421.0	1 171.6		27.8	38.6	91.7
Total equity derivatives	1 421.0	1 171.6		27.8	38.6	91.7
Interest rate swaps		496.9				
Total interest rate derivatives		496.9				
Foreign exchange forwards	5 285.2	4 986.7	3 046.0	35.5		-6.7
Foreign exchange options	1 336.6	1 336.6	-1 336.6	16.4	28.1	11.0
Basis swaps	1 276.0	1 316.6	1 276.0			84.9
Total currency derivatives	7 897.8	7 639.9	2 985.4	51.9	28.1	89.2
Total derivatives – fixed assets	9 318.8	9 308.4	2 985.4	79.7	66.7	180.9
Liabilities						
Options	4 213.2	2 714.9	1 510.2	64.3	84.8	194.7
Total derivatives – liabilities	4 213.2	2 714.9	1 510.2	64.3	84.8	194.7

*) Includes financial derivatives in the Storebrand Bank Group at market value NOK 82.3 million, of which NOK 2.9 million is recognised in the accounts.

Interest rate risk

Storebrand Livsforsikring AS – Interest rate sensitivity

The figures include underlying investments in fixed-income funds held by Storebrand Life Insurance for its own account.

ASSETS NOK MILLION	UP TO 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Total quantified interest rate sensitivity	-3.7	-68.9	-175.2	-639.2	-2 314.8	-3 201.7

Interest sensitivity is a measure of interest rate risk based on how changes in interest rates will affect the market value of bonds, interest rate derivatives and other interest rate sensitive financial items. This summary shows how the values of financial current assets and financial fixed assets (bonds held to maturity) at 31 December 2004 would be affected by an increase of 1 percentage point in all interest rates. Storebrand creates interest rate positions through its assets in order to partly offset the interest rate risk implicit in the company's insurance obligations. However, the interest rate risk represented by insurance policies cannot be calculated and quantified in the same way as interest rate risk for financial items.

Storebrand Bank Group: Period to next interest rate fixing and interest rate risk

Analysis of balance sheet items by period to next interest rate fixing *)

NOK MILLION	< 1 MONTH	> 1 MONTH < 3 MONTHS	> 3 MONTHS < 1 YEAR	> 1 YEAR < 5 YEARS	> 5 YEARS	NO INTEREST EXPOSURE	TOTAL	INTEREST RATE RISK P.A.
Total asserts	1 560.7	21 704.1	1 469.9	1 822.7	225.4	410.5	27 193.3	55.3
Total equity and liabilities	12 598.3	5 894.8	4 040.1	1 954.0	24.5	2 681.6	27 193.3	9.6
Financial derivatives that affect interest rate exposure	-717.7	-2 444.7	35.8				-3 126.6	
Net interest rate risk	-11 755.3	13 364.6	-2 534.4	-131.3	200.9	-2 271.1	-3 126.6	45.7

*) Period to interest rate fixing is the period up to the earliest possible date on which the bank can initiate a change in interest rate.

34 Foreign currency

FIGURES IN MILLION	NET POSITION	FX FWD. CONTRACTS	NET POSITION IN CURRENCY	IN NOK
Current asset portfolios				
AUD	140.3	-132.8	7.5	35.6
CAD	117.7	-111.4	6.3	31.8
CHF	255.6	-266.9	-11.3	-60.4
DKK	1 328.6	-1 318.0	10.6	11.8
EUR	1 909.3	-1 877.2	32.1	263.8
GBP	277.5	-257.2	20.3	236.1
HKD	293.4	-261.9	31.5	24.6
IDR	189.1		189.1	0.1
JPY	42 883.6	-41 445.3	1 438.3	83.7
KRW	150.3		150.3	0.9
MYR	0.1		0.1	0.2
NZD	7.4	-2.1	5.3	23.2
PHP	0.4		0.4	
SEK	1 084.4	-1 039.8	44.6	40.4
SGD	37.2	-29.3	7.9	29.3
THB	0.8		0.8	0.1
TWD	2.5		2.5	0.5
USD	1 910.4	-1 864.0	46.4	254.4
Total current asset portfolios				976.3
Fixed asset portfolios				
DKK	88.4		88.4	97.8
EUR	-359.6	363.5	3.9	31.9
SEK	71.7	-15.8	56.0	51.0
USD	0.8		0.8	4.6
Total fixed asset portfolios				185.3

The group actively hedges the major part of its foreign currency risk. Currency risk arises from investments in international securities, and to a lesser extent from subordinated loans denominated in foreign currencies. Currency risk is hedged through forward foreign exchange contracts at the portfolio level, and currency positions are regularly monitored within specified total limits. Short positions are closed no later than the business day following the date on which they arise. In addition, there are separate limits for creating active currency positions. These positions are included in the note relating to short-term debt instruments and bonds. The currency positions outstanding at 31 December 2004 are typical of the group's small limits for currency positions.

35 Lending to customers

NOK MILLION	SB LIFE 2004	SB BANK 2004	**2004**	GROUP 2003	2002
Shipping		278.0	**278.0**	821.7	1 403.0
Real estate		4 907.0	**4 907.0**	4 403.7	6 076.9
Other corporate lending	90.5	1 560.4	**1 650.9**	1 731.0	1 392.5
Salary account holders (private individuals)	308.1	16 026.5	**16 334.6**	15 676.2	15 928.4
Foreign		1 279.1	**1 279.1**	1 542.7	2 187.3
Specific loan loss provisions		-379.0	**-379.0**	-532.2	-510.7
General loan loss provisions		-194.3	**-194.3**	-316.0	-317.0
Total lending to customers	398.6	23 477.7	**23 876.3**	23 327.1	26 160.4

Loans to group employees total NOK 1 277 million.

Storebrand Bank: Non-performing/loss-exposed loans were interest is not accrued

NOK MILLION	**2004**	GROUP 2003	2002
Non-performing loans where interest is not accrued	**790.8**	1 266.4	1 125.0
Non-performing loans where interest continues to accrue	**55.7**	364.4	933.8
Total non-performing loans	**846.5**	1 630.8	2 058.8
Specific loan loss provisions	**365.8**	499.6	412.8
Net non-performing loans	**480.7**	1 131.2	1 645.9

CONT.	2004	GROUP 2003	2002
Loss-exposed loans where interest is not accrued	**7.4**	8.1	13.7
Loss-exposed loans where interest continues to accrue	**55.7**	78.1	288.9
Total loss-exposed loans	**63.1**	86.2	302.6
Specific loan loss provisions	**13.2**	28.3	91.2
Net loss-exposed loans	**49.9**	57.9	211.4
Total net non-performing/loss-exposed loans	**530.6**	1 189.1	1 857.4

36 Analysis of deposits from customers and liabilities to other financial institutions

Analysis of customer deposits

NOK MILLION	2004	STOREBRAND BANK 2003	2002
Corporate	**3 632.9**	3 912.8	4 354.5
Salary account holders (private individuals)	**6 715.4**	7 260.2	7 635.9
Foreign	**1 127.4**	1 189.4	1 208.5
Total customer deposits	**11 475.7**	12 362.4	13 198.9

Liabilities to other financial institutions

NOK MILLION	2004	STOREBRAND BANK 2003	2002
Loans and deposits from financial institutions on demand or with no fixed maturity date	**2.8**	65.1	7.5
Loans and deposits from financial institutions with agreed notice period or fixed maturity date	**2 149.0**	3 146.2	4 283.1
Total liabilities to other financial institutions	**2 151.8**	3 211.3	4 290.6

Liabilities created by securities issued

NOK MILLION	2004	STOREBRAND BANK 2003	2002
Short-term debt instruments	**4 283.0**	1 369.1	2 016.5
Bonds	**5 950.6**	5 484.2	5 879.4
Total liabilities created by securities issued	**10 233.6**	6 853.3	7 895.9

37 Interests in associated companies

NOK MILLION	OWNERSHIP INTEREST	ACQUISITION COST	BALANCE SHEET VALUE 01.01.	ADDN./DISP./NEW CAPITAL/ CURRENCY	SHARE IN PROFIT	BALANCE SHEET VALUE 31.12.
Adviso AS *)	36.5%	15.0	67.2	-68.5	1.3	
Norben Life and Pension Insurance Co. Ltd.	25%	31.0	58.7	-1.5	4.4	61.6
Bertel O. Steen Finans AS	50%	5.0	5.8	-3.0	5.0	7.9
Morningstar Norge AS *)	49%	3.3	1.4	-1.4		
If Skadeforsäkring Holding AB *)	22.47%	4 354.9	3 911.5	-4 100.5	189.0	
Total		4 409.2	4 044.6	-4 174.9	199.7	69.5

*) Companies sold in 2004

38 Equity capital

NOK MILLION	2004	2003	2002
Paid in capital and retained earnings at 01.01.	9 394.9	8 534.5	9 616.7
Profit for the year	2 358.1	789.6	-892.4
Allocated for dividend	-1 840.4	-222.5	
Own shares	-744.4		
Share issue (net proceeds)	5.1	5.5	5.9
Translation differences	-263.7	288.2	-194.7
Other changes in equity capital	6.5	-0.4	-1.0
Equity capital excluding minority interests	8 916.1	9 394.9	8 534.5
Minority interests at 01.01.	1.1	1.1	0.0
Minority interests' share of profit	1.7	0.9	2.5
Dividend received/provided	-1.7	-0.9	-1.4
Minority interests at 31.12.	1.1	1.1	1.1
Total equity capital at 31.12.	8 917.2	9 396.0	8 535.6

39 Subordinated loan capital

NOK MILLION	AMOUNT NOK	CURRENCY	CURRENCY AMOUNT	INTEREST RATE IN %
2003–2023, 6 mth. EURIBOR +2.2%, call 2008	1 531.2	EUR	186	4.40%
2004–2014, 3 mth. EURIBOR +0.9%, call 2009	1 435.6	EUR	175	3.10%
Total Storebrand Life Insurance	**2 966.8**			
2004–Perpetual, NIBOR +1.5%, call 2014, Tier 1 hybrid capital	168.0			
2004–Perpetual, 5.9 %, call 2014, Tier 1 hybrid capital	107.0			
2000–2010, 3 mnth. LIBOR +1.3%, call 2005	60.4	USD	10	3.00 %
2000–2010, 3 mnth. NIBOR +1.3%, call 2005	110.0	NOK		3.40 %
2000–2012, 3 mnth. NIBOR +2.0%, call 2007	100.0	NOK		4.10 %
2003–2013, 3 mnth. NIBOR + 2.25%, call 2008	100.0	NOK		4.50 %
Total Storebrand Bank	**643.4**			
Total	**3 610.2**			

40 Technical insurance reserves: Life insurance *)

NOK MILLION	GROUP PENSION INSURANCE	GROUP LIFE INSURANCE	PERSONAL ENDOWMENT INSURANCE	ANNUITY/ PENSION INSURANCE	NON LIFE INSURANCE	TOTAL 2004	TOTAL 2003	TOTAL 2002
Premium reserve	80 321.4	309.6	13 379.3	22 191.2		**116 201.5**	103 883.4	93 700.7
Additional statutory reserves	2 690.2		195.3	820.6		**3 706.1**	3 393.4	3 033.8
Deposit reserve	112.6					**112.6**		
Premium and pension adjustment reserve	4 867.2			278.1		**5 145.3**	5 125.3	5 408.8
Claims reserve	18.1	145.0	141.2	9.5		**313.8**	282.6	253.1
Other insurance reserves					125.3	**125.3**	90.3	74.8
Security reserve	113.2	16.1	11.5	9.5		**150.3**	143.3	132.4
Technical reserves 2004	**88 122.7**	**470.7**	**13 727.3**	**23 308.9**	**125.3**	**125 754.9**		
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

*) Includes Storebrand Life Insurance, Storebrand Fondsforsikring and Storebrand Helseforsikring.

41 Off-balance sheet contingent liabilities

NOK MILLION	2004	2003	2002
Loan guarantees	**118.5**	126.4	235.6
Payment guarantees	**272.4**	241.8	325.5
Contract guarantees	**109.4**	319.7	213.5
Other guarantees	**163.0**	93.1	160.9
Book value of assets pledged as security for loans etc.	**1 984.7**	1 560.8	1 286.5
Residual commitment to subscribe capital to limited partnerships	**1 709.6**	1 011.4	995.0
Other contingent liabilities		1.3	
Total contingent liabilities *)	**4 357.6**	3 354.5	3 217.0

*) Off-balance sheet derivatives for the Storebrand Bank group are included in note 33.

42 Capital adequacy

	2004				2004	2003	2002
NOK MILLION	SB LIFE GROUP	SB NON LIFE GROUP	SB BANK GROUP	SB ASA	STOREBRAND GROUP		
Risk-weighted calculation base	49 849	139	17 172	8 104	**71 998**	63 331	56 807
Core (Tier 1) capital	4 366	135	1 990	7 220	**7 834**	6 295	5 852
Tier 2 Capital	2 878		380		**3 248**	3 193	3 304
Deductions	-78				**-78**	-54	-56
Net primary capital	**7 166**	**135**	**2 370**	**7 220**	**11 004**	**9 434**	**9 100**
Capital ratio (%)	**14.4%**	**97.1%**	**13.8%**	**89.1%**	**15.3%**	**14.9%**	**16.0%**

The required minimum capital ratio is 8%.

TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

Storebrand's consolidated annual accounts are prepared in accordance with the Accounting Act and Norwegian generally accepted accounting principles. With effect from the 2005 accounting year, Storebrand must prepare its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union. This change applies to all financial reporting with effect from 1 January 2005, and Storebrand will therefore publish its interim accounts for the first quarter of 2005 in accordance with IFRS.

Storebrand is required to publish comparable accounting information in accordance with the new requirements (except for the application of IAS 39 on financial instruments), and provides below draft consolidated balance sheets at 1 January 2004 and 31 December 2004 in accordance with IFRS. The effects of implementing IAS 39 will be included in the accounts with effect from 1 January 2005, and are included in the draft consolidated balance sheet shown below for 1 January 2005. The effects on the accounts of implementing IFRS have been calculated on the basis of the IFRS standards expected to apply at 31 December 2005 and the current interpretation of these standards. The IFRS standards and their interpretation are subject to continuous development, and Storebrand will take into account any changes and the effects of any alternatives of relevance for the group's accounts as the year progresses. Storebrand's consolidated accounts for 2005 will be the group's first full set of consolidated financial accounts (including notes to the accounts etc.) in accordance with IFRS.

Restating the opening balance sheet at 1 January 2004 in accordance with IFRS has reduced the group's reported equity by NOK 323 million. The treatment of pensions for employees is one of the main reasons for this change. Restating the balance sheet at 31 December 2004 in accordance with IFRS increases the group's reported equity by NOK 1,315 million, and a major part of this increase relates to the reversal of the provision for dividend. Profit after tax for 2004 restated in accordance with IFRS is NOK 12 million higher. The opening balance sheet at 1 January 2005 takes into account the international accounting standard for financial instruments (IAS 39). This has only a limited net effect on the group's equity.

FURTHER INFORMATION ON CHANGES TO THE PRESENTATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AND ITEMS RECLASSIFIED

Insurance contracts. IFRS 4, which deals with the accounting treatment of insurance contracts, is of particular importance for Storebrand. Storebrand's insurance products are subject to this standard, and this means that the Storebrand group can, to a large extent, continue to apply its current accounting principles for insurance contracts. IFRS 4 requires that reinsurance of the group's insurance liabilities must be shown separately as an asset, whereas reinsurance was previously incorporated as a reduction to total gross insurance reserves. Reinsurance amounted to NOK 2,696 million at 31 December 2004. The change in presentation has no effect on the group's equity.

Pensions (for the group's employees). The effect of adopting IAS 19 relates mainly to the accounting treatment of deviations from estimates at 1 January 2004 and the discount rate used. The accounting treatment of deviations from estimates is described in note 25 on page 73. Storebrand has applied the deviation from estimates at 1 January 2004, as calculated in accordance with Norwegian accounting principles, directly to equity.

IAS 19 requires that the discount rate used to calculate pension liabilities is equivalent to the risk-free return over the average remaining period. The discount rates applied accordance with IFRS and the rate used in the official annual accounts are as follows:

	IFRS	Actual
1 January 2004	5.2 %	7.0 %
31 December 2004	4.7 %	6.5 %

Charging the deviation from estimates directly to equity and the change in the discount rate caused an increase in pension liabilities at 1 January 2004 of NOK 713 million.

The changes caused an increase in pension cost for 2004 of NOK 15 million, and increased the restated book value of pension liabilities at 31 December 2004 to NOK 728 million.

Share-related bonus scheme payable in cash. Storebrand operates a bonus scheme for senior executives in which the value of cash bonus payments depends on the price of the Storebrand share. The accounting treatment required by IFRS causes an increase in the provision for bonus payments of NOK 9 million in the opening balance at 1 January 2004 and NOK 8 million at 31 December 2004.

Reclassification of provision for dividend. IAS 10, which deals with post-balance sheet date events, does not permit a proposed dividend to be recognised as a liability until the annual general meeting has approved the dividend payment. This caused provision for dividend to be reclassified as equity at 1 January 2004 and 31 December 2004 in the amounts NOK 224 million and NOK 1,842 million respectively.

Deferred tax. The changes in book values of assets and liabilities caused by the transition to IFRS make it necessary to recalculate the group's deferred tax. This caused an increase of NOK 176 million in deferred tax assets at 1 January 2004. However, changes to tax legislation in 2004 limit the extent to which the group can capitalise deferred tax assets at 31 December 2004 (see note 26 on page 74). This limitation has affected the restated tax charge for 2004 and capitalised deferred tax assets at 31 December 2004. Deferred tax assets capitalised to the balance sheet at 31 December 2004 in respect of IFRS amount to NOK 58 million, while the tax charge in 2004 related to the effects of implementing IFRS amounts to NOK 118 million.

Real estate. The Storebrand group accounts already apply actual value to most real estate assets. The implementation of IFRS requires that the group's forestry holdings are also valued at actual value, giving a total increase in the value of the group's real estate of NOK 98 million before tax.

IFRS requires that properties occupied by the group for its own use must be depreciated. This will cause an increase in annual depreciation in the profit and loss account of around NOK 24 million. However, real estate is carried in the balance sheet at restated actual value, so the effect on equity will only be the difference between depreciation and restated actual value.

Goodwill. Adopting the accounting standard for business combinations has stopped the depreciation of goodwill in the group with effect from the 2004 accounting year. In its place, the standard has introduced an annual write-down test to ensure that any fall in value is charged to the accounts. The group included written-back depreciation of NOK 30 million in its restated pre-tax profit for 2004.

Financial instruments. IAS 39, which deals with the accounting treatment of financial instruments, is of particular importance for the Storebrand group. This standard is obligatory with effect from the 2005 accounting year, and the effects of applying IAS 39 are therefore included in the opening balance sheet as at 1 January 2005 shown below. The Storebrand group holds significant investments in financial instruments, and these have previously been recognised mainly at actual value or amortised cost. This will largely continue to be the case under IAS 39.

CERTAIN IMPLICATIONS FOR STOREBRAND'S BANKING ACTIVITIES ARE DESCRIBED BELOW:

Loan loss provisions. Where there is objective evidence that the value of an individual loan has fallen, IAS 39 requires that the loan is valued at the discounted value of future cash flows. This discounting effect has not previously been applied, and provides the basis to increase specific loan loss provisions/loan write-downs by just over NOK 30 million at 1 January 2005. The reduction in the discounting effect on a loan as the cash flow moves closer in time will be recognised as interest income, and will have a positive effect on future net interest income.

The bank will not be permitted to maintain general loan loss provisions in the way they have been calculated up to and including 2004. However, groups of loans can be valued together for the calculation of loan loss provisions if certain criteria are satisfied. The valuation of groups of loans must also be based on objective evidence. The change from the current general loan loss provisions to provisions for groups of loans based on the criteria required by IAS 39 increases equity by NOK 78 million at 1 January 2005.

Structured products – synthetic financial instruments. The bank's treatment of equity linked bonds up to and including 2004 has been to recognise net commissions and fees earned at the time of issue. IAS 39 requires that bonds issued should be recognised at amortised cost using the effective yield method, and this means that all cash flows related to the loan are amortised over its life. The implementation of this change reduces equity by NOK 73 million, but this negative effect will be balanced by an equivalent reduction in interest expense in future periods.

Hedge accounting and use of actual values for derivatives and investment assets by the banking activities. The bank makes extensive use of interest-rate derivatives to hedge most of its net interest rate exposure. Unrealised gains and losses on interest rate

IFRS NOTE

	DRAFT PROFIT AND LOSS 01.01.2004–31.12.2004		
	PROFIT AND LOSS ACCOUNT IN THE OFFICIAL ACCOUNTS	IFRS PROFIT AND LOSS ACCOUNT	EFFECT OF TRANSITION TO IFRS
Insurance premiums for own account	18 746	18 746	
Reinsurance (reinsurers' share)	-6	-6	
Net premium income	**18 740**	**18 740**	
Net interest income – banking	427	427	
Interest income – other activities	147	147	
Net commission income	105	105	
Net income and gains – trading portfolio	6 920	7 043	123
Net income – bonds held to maturity	2 492	2 492	
Change in actual value of real estate investments	169	164	-5
Real estate rental income and gains on sales of real estate	773	769	-4
Other income	543	543	
Total income	**30 316**	**30 431**	**115**
Claims and benefits paid	-10 652	-10 652	
Change in insurance reserves	-11 627	-11 627	
Reinsurance (reinsurers' share)	21	21	
Interest expense – other activities	-246	-246	
Other financial expense	-139	-111	28
Loan losses	7	7	
Operating costs	-2 150	-2 186	-37
Other costs	-215	-215	
Total costs	**-24 999**	**-25 008**	**-8**
Share of earnings in DS and FKV recognised using the equity method	195	195	
To (from) market value adjustment reserve	-1 078	-1 078	
Operating profit	**4 435**	**4 541**	**106**
To/from additional statutory reserves – life insurance	-500	-500	
Funds allocated to policyholders – life insurance	-1 519	-1 496	23
Group profit/loss	**2 415**	**2 545**	**130**
Changes in security reserve etc. – non life insurance	57	58	1
Profit/loss before extraordinary items	**2 472**	**2 603**	**130**
Tax payable	-3	-3	
Change in deferred tax	-110	-228	-118
Total tax	**-113**	**-231**	**-118**
Minority interests' share of profit	-2	-2	0
Profit/loss for the period	**2 358**	**2 370**	**12**

derivatives were not shown in the balance sheet up to and including 2004. IAS 39 requires that derivatives are recognised at actual value, and hedge accounting can only be applied if strict conditions on the effectiveness of hedging transactions and their documentation are satisfied. These conditions were satisfied at 1 January 2005, and hedge accounting has been applied. Hedge accounting permits some simplification as where hedging instruments and the item hedged are subject to different valuation rules, the rules applicable to the item hedged can be disregarded in order to permit equivalent treatment to the hedging instrument. The change to recognising derivatives at actual value is expected to have only a minor effect on equity in view of the use of hedge accounting.

IAS 39 also caused some changes to the bank's previous approach to valuing certain investment in shares, which together with other items must now be valued at actual value. The changes to these items, together with the changes to derivatives that do not qualify for hedge accounting, increased equity by some NOK 30 million as of 1 January 2005.

FURTHER COMMENT ON THE RELATIONSHIP BETWEEN LIFE INSURANCE POLICYHOLDERS AND THE OWNER. A major part of the profit of Storebrand Livsforsikring AS (Storebrand Life Insurance) is shared between policyholders and the company's owner. Profit sharing is based on the consolidated accounts of Storebrand Life Insurance prepared in accordance with Norwegian generally accepted accounting practice. The effects of the introduction of IFRS described above do not therefore cause any changes to the relationship between Storebrand Life Insurance's policyholders and owner.

In Storebrand's restated consolidated accounts, the pre-tax effects of IFRS in respect of life insurance activities have been shared between the group's equity and the accounting item policyholders' funds in the ratio 35:65. This allocation is consistent with the accounting standard for insurance contracts.

	DRAFT BALANCE SHEET 01.01.04			DRAFT BALANCE SHEET AT 31.12.04/01.01.05			
	BALANCE SHEET IN THE OFFICIAL ACCOUNTS	DRAFT IFRS BALANCE SHEET	EFFECT OF TRANSITION TO IFRS	BALANCE SHEET IN THE OFFICIAL ACCOUNTS	DRAFT IFRS BALANCE SHEET 31.12.04	DRAFT IFRS BALANCE SHEET 01.01.05	EFFECT OF TRANSITION TO IFRS
Assets							
Deferred tax assets	361	537	176	168	217	226	58
Pension fund assets	637	107	-530	706	148	148	-557
Tangible fixed assets	846	846		835	835	835	
Intangible assets	531	531		473	504	504	30
Other assets	5	73	68	5	69	69	64
Investments recognised using the equity method	4 045	3 921	-123	70	70	70	
Bonds held to maturity	42 368	42 368		39 352	39 352	39 352	
Loans	23 808	23 793	-15	24 129	24 124	24 190	61
Reinsurers' share of technical reserves		3 332	3 332	70	2 766	2 766	2 695
Real estate at market value	8 935	9 024	89	12 138	12 208	12 208	70
Other current assets	612	446	-166	944	857	857	-88
Due from customers and other current receivables	3 736	3 736		3 569	3 569	3 568	
Financial assets at market value	64 979	65 094	115	84 310	84 350	84 396	86
Bank deposits	5 788	5 788		6 003	6 003	6 003	
Total assets	**156 650**	**159 595**	**2 945**	**172 771**	**175 069**	**175 189**	**2 418**
Equity and liabilities							
Paid in capital	3 204	3 204		3 133	3 133	3 133	
Retained earnings	6 191	5 867	-324	5 783	7 090	7 089	1 306
Value adjustment reserve					7	7	7
Minority interests	1	2	1	1	2	2	1
Total equity	**9 396**	**9 073**	**-323**	**8 917**	**10 233**	**10 232**	**1 314**
Subordinated loan capital	3 175	3 175		3 611	3 611	3 623	11
Market value adjustment reserve	1 690	1 690		2 767	2 767	2 712	-55
Insurance reserves	113 653	116 952	3 299	126 422	129 080	129 080	2 657
Pension liabilities	482	665	184	464	635	635	171
Liabilities to financial institutions	3 211	3 211		2 152	2 152	2 152	
Deposits from and due to customers	12 363	12 361	-2	11 476	11 463	11 463	-13
Securities issued	6 853	6 853		12 034	12 034	12 199	165
Liabilities in respect of reinsurance	95	95		70	70	70	
Other financial liabilities	485	486	1	647	647	647	
Provisions	209	218	9	133	141	141	8
Tax payable	8	8		2	2	2	
Accounts payable and other current liabilities	5 032	4 808	-223	4 076	2 234	2 234	-1 842
Total equity and liabilities	**156 650**	**159 595**	**2 945**	**172 771**	**175 069**	**175 189**	**2 418**

STOREBRAND GROUP COMPANIES

Storebrand ASA	Interest
Storebrand Livsforsikring AS	**100.0%**
Storebrand Eiendom AS	100.0%
Storebrand Pensjonstjenester AS	100.0%
Aktuar Systemer AS	100.0%
Storebrand Kjøpesenter Holding AS	100.0%
Storebrand Nybygg AS	100.0%
Storebrand Nydalen AS	100.0%
Storebrand Lysaker 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%
Finansbanken A/S, Danmark	100.0%
Skipsinvest I AS	100.0%
Filipstad Tomteselskap AS	100.0%
Neskollen Eiendom AS	100.0%
Filipstad Eiendom AS	100.0%
Ring Eiendomsmegling AS	100.0%

Storebrand ASA	Interest
Storebrand Kapitalforvaltning AS	**100.0%**
Storebrand Luxembourg S.A.	99.8%
Storebrand Alternative Investment ASA	**56.0%**
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%
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%**

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

TERMS AND EXPRESSIONS

GENERAL

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

Earnings per ordinary share: The calculation of earnings per ordinary share is based on profit after tax adjusted for changes in statutory security reserves after tax in respect of non life insurance. These statutory reserves include security, 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 outstanding over the course of the year. In case of new issues of shares, the new shares are included from the date of subscription.

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

Subordinated loan capital: Subordinated loan capital is loan capital which ranks after all other debt. Subordinated loan capital 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 year's 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 options: Interest rate options can be related to either bond yields or money market rates. The purchase of interest rate options related to bonds (also known as bond options) confers a right (but not an obligation) to buy or sell bonds at a pre-determined price. Interest rate options can be used as a flexible instrument for the management of both long and short-term interest rate exposure.

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

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

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

STOREBRAND'S MANAGEMENT

1> **ALLAN ÅKERSTEDT *) (54), Managing Director of Storebrand KAPITALFORVALTNING AS**
MBA, Stockholm School of Economics
1992–1997 Finance Director, Statoil, 1987–1992 Senior Vice President, Finance, Stora Kopparbergs Bergslags AB, 1983–1987 Vice President, Skandinaviska Enskilda Banken, 1974–1983 Atlas Copco Group

2> **HANS HENRIK KLOUMAN (42), General Counsel, Executive Vice President**
Graduate in Law, University of Oslo, 1987
1993–1994 Oslo Stock Exchange, 1990–1993 Lawyer – Thommessen, Krefting, Greve & Lund, 1989–1990 Assistant Judge, 1987–1989 First consultant – Kredittilsynet

3> **LARS AA. LØDDESØL (40), Executive Vice President, Corporate Life Insurance**
Master of General Business, Norwegian School of Management and MBA, Thunderbird (AGSIM), USA
2001–2004 Executive Vice President, Finance Director Storebrand ASA, 1994–2001 Vice President/Relationship Manager, Citibank International plc, 1990–1994 Assistant Treasurer, Scandinavian Airlines Systems

4> **IDAR KREUTZER (42), Group Chief Executive Officer, Storebrand ASA and Managing Director, Storebrand Livsforsikring AS**
Norwegian School of Economics and Business Administration (NHH)
1995–2000 Storebrand – Chief Financial Officer, 1992–1995 Storebrand – Various positions in treasury and business development, 1988–1991 Medinor Project – Consultant, 1986–1987 The Municipality of Oslo – Political Secretary & Advisor to the City Council

5> **MAALFRID BRATH (39), Executive Vice President, Retail Market**
State Authorised Accountant, Norwegian School of Economics and Business Administration (NHH) and Master of General Business, Norwegian School of Management (BI)
2002–2004 Head of Storebrand Group Private Sector Distribution, 1999–2002 Senior Vice President, Storebrand Livsforsikring AS, 1997–2002 Managing Director, Storebrand Fondsforsikring AS, 1995–1996 Vice President, Internal Audit, Storebrand ASA, 1989–1995 Arthur Andersen & Co

6> **EGIL THOMPSON (40), Executive Vice President, Corporate Communications and Brands**
Degree in political science, University of Oslo, 1990
1999–2000 Deputy Director, Corporate Communications, Storebrand ASA, 1994–1999 Journalist and head of editorial staff, Aftenposten, 1990–1994 Journalist with the Norwegian News Agency (NTB)

7> **ROLF CORNELIUSSEN (48), Executive Vice President, Life Production & Service/IT**
Norwegian School of Economics and Business Administration (NHH) 1981
1997–2000 Chief IT Officer, Storebrand ASA, 1988–1997 Associate Partner, Andersen Consulting, 1982–1988 Advisor/accountant, Arthur Young

8> **ERIK RÅD HERLOFSEN (43), Executive Vice President, Human Resources**
Graduate in Law, University of Oslo, 1987. Admitted to the Supreme Court, 1997
1996–2000 Managing Director, Storebrand Finans AS, 1990–1996 Attorney, Storebrand Finans AS, 1988–1990 First consultant, Kristiansand tax office

9> **PER KUMLE (46), Managing Director, Storebrand Bank ASA**
MSc in Chemical Engineering, Norwegian Institute of Technology, Trondheim
1989–2001 Managing Director, Citibank International Plc, Norway Branch and Head of Northern European Shipping, Citibank, 1986–1989 Christiania Bank og Kreditkasse, 1984–1986 Saga Petroleum

10> **ODD ARILD GREFSTAD (39), Executive Vice President, Chief Financial Controller**
State Authorised Public Accountant, Authorised Financial Analyst (AFA)
1998–2002 Head of Business Control, Storebrand ASA, 1997–1998 Group Controller, Life Insurance, Storebrand ASA, 1994–1997 Vice President, Internal Audit, Storebrand ASA, 1989–1994 Arthur Andersen & Co

*) Hans Aasnæs was appointed Managing Director of Storebrand Kapitalforvaltning AS with effect from 1 February 2005, replacing Allan Åkerstedt. Hans Aasnæs joined the executive management team from the same date.

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**FINANCIAL CALENDAR
FOR STOREBRAND 2005**

20 April 2005:	AGM
21 April 2005:	Ex dividend
11 May 2005:	1st quarter results
10 August 2005:	2nd quarter results
2 November 2005:	3rd quarter results
February 2006:	4th quarter results

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