Annual Report 2006
Storebrand ASA

storebrand

Highlights 2006

January

- Storebrand is included on the list of the 100 most sustainable companies in the world.

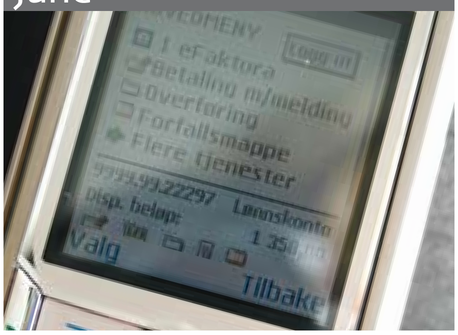
March

- Storebrand announces that the company intends to re-launch sales of P&C insurance products.
- HRH Crown Prince Haakon visits Storebrand and is presented with a review of important trends in the Norwegian finance industry.

May

- Storebrand signs United Nation's principles for investment.
- University and college students vote Storebrand the best company in Norway for business ethics and social responsibility.

June



- Storebrand Bank is the first bank in Norway to launch mobile banking.
- The Norsk Kundebarometer survey of customer satisfaction shows that Storebrand is the highest-ranked company for customer satisfaction in the corporate market for pensions and life insurance

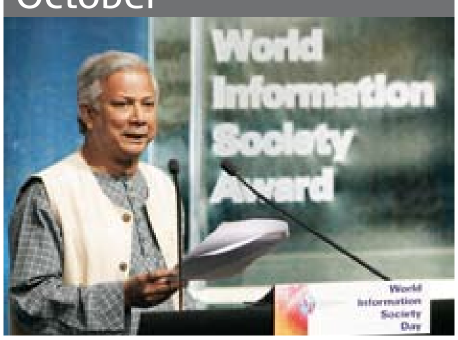
August

- Storebrand Bank celebrates its 10-year anniversary, and by the end of the year the bank has opened almost 20,000 new customer accounts.
- Storebrand launches a new policy on compassionate leave that allows employees up to 10 days paid absence to care for sick parents.

September

- Storebrand once again qualifies for the renowned socially responsible investments index - The Dow Jones Sustainability World Index.

October



- Mohammed Yunus and Grameen Bank are awarded the Nobel Peace Prize for their work on microfinancing. Storebrand is the only Norwegian financial institution with investments in microfinancing projects.
- Storebrand arranges a capital markets day for investors, investment analysts, rating agencies and banks.

November

- Gjensidige Forsikring and the Icelandic company Kaupthing purchase shareholdings in Storebrand ASA. Both state that their purchases of shares in Storebrand are a financial investment.

December

- Storebrand's CEO meets microfinancing borrowers in Bosnia Herzegovina.
- 2006 is the major year for mandatory occupational pensions, and by 22 December Storebrand has set up pension schemes for 15,500 new corporate customers with almost 200,000 employees.
- Storebrand Life Insurance buys a 34% interest in Caveo.

Vision

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

Storebrand Group

Group profit of NOK 1.6 billion

The Storebrand group is a leading player in the market for long-term savings and insurance. The group's business areas are life insurance, property and casualty insurance, asset management and banking, representing a comprehensive product range for private individuals, companies, municipalities and independent public sector entities.

Storebrand can trace its history back to 1767. The group has offered occupational pensions since 1917, some 50 years before the Norwegian state pension scheme was established. Storebrand Bank opened for business in 1996, and in 2006 the group relaunched its property and casualty insurance business as part of a comprehensive range of services for retail market customers.

Storebrand's head office is in Oslo, and Storebrand has a nationwide network of branch offices throughout Norway. The company's primary market is Norway. Storebrand has gradually increased its activities in the Swedish market in recent years, and currently offers occupational pension products, asset management services and health insurance products in Sweden.

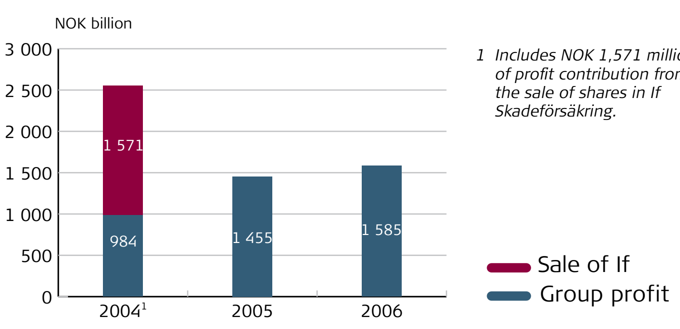
Storebrand is a growing business. At the close of 2006, the Storebrand group had 1,429 full-time equivalent employees as compared to 1,295 at the start of the year. The re-launch of property and casualty insurance, together with a focus on the market for mandatory occupational pension schemes, were important factors in the increase in employee numbers.

Our employees' average age is 42, with an average length of service of 10 years. The group employs virtually equal numbers of men and women. Corporate responsibility is an integrated part of the group's activities. A new two-year corporate responsibility report and plan was produced in 2006.

Storebrand strives for diversity. Storebrand treats all its employees equally, regardless of gender, age, disability, faith, cultural differences or sexual orientation.

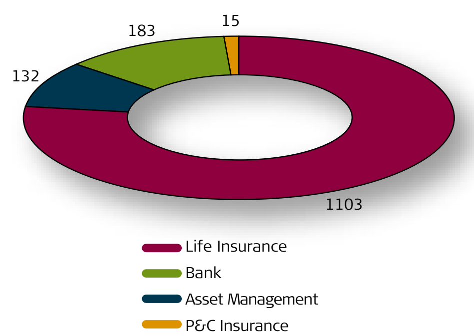
Dividend and earnings per share

Storebrand share (NOK)	2006	2005	2004
Closing price at 31.12.	79.3	58.25	58.50
Market cap at 31.12. (NOK million)	19,811	15,059	16,274
Dividend for the accounting year	1.8	4	7
Earnings per ordinary share	6.03	5.41	8.49
Total return (%)	44	13	38



1 *Includes NOK 1,571 million of profit contribution from the sale of shares in If Skadeförsäkring.*

Number of employees[1]: 1,455
Allocation of employees between business areas:



1 *Includes all employees in the Storebrand group*

Financial calender for Storebrand 2007

25 April:	AGM
26 April:	Ex dividend
2 May:	1st quarter results 2007
8 August:	2nd quarter results 2007
17 October:	3rd quarter results 2007
February 2008:	4th quarter results 2007

Storebrand Life Insurance

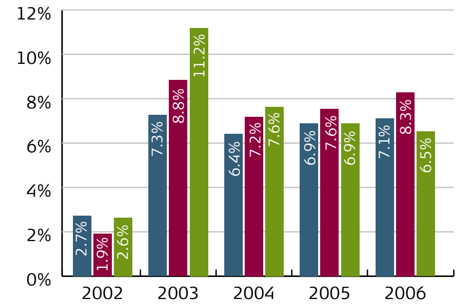
NOK 16.6 billion of premium income

Storebrand Life Insurance offers a wide range of products for occupational pensions, individual pension savings, life insurance and health insurance for companies, public sector entities and private individuals. Storebrand Life Insurance's objective is to be the most respected and customer focused life insurance company in Norway by offering its customers the best advice.

Key figures[1] (NOK million)	2006	2005
Operating profit	5 155	4 510
Profit to customer	-3 964	-3 287
-of which transferred to additional statutory reserves	-1 000	-950
Profit to owner	**1 191**	**1 223**

1 IFRS

Booked investment return



2 **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.
Investment yield III: As Investment yield I but including all changes in unrealised gains.

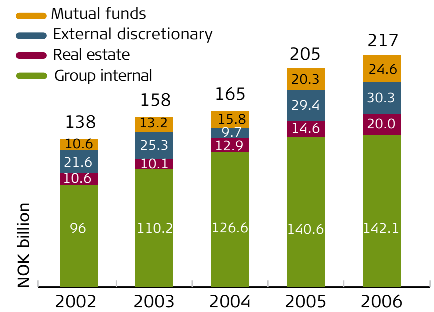
Storebrand Investments

NOK 12 billion increase in assets under management

Storebrand Investments offers a complete asset management concept with a clear socially responsible investment profile for institutional investors and the retail market. Asset management products include discretionary management, specialist products and mutual funds. Storebrand Investments' objective is to be the preferred asset manager for long-term savings and pension assets.

Key figures (NOK million)	2006	2005
Total revenue	399	242
Total cots	-280	-232
Net financial/other	37	15
Pre-tax profit	**156**	**24**
Costs/income	64%	91%

Assets under management



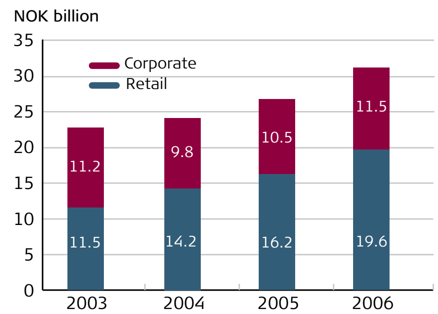
Storebrand Bank

16.5% increase in lending

Storebrand Bank offers traditional banking services such as accounts and lending to the retail market, as well as project financing for selected corporate customers. The bank is a commercial bank with total assets of NOK 34.2 billion. The bank aims to actively recruit new customers to Storebrand by offering 'no-fees' banking for routine banking services.

Key figures (NOK million)	2006	2005
Pre-tax profit	190	241
Gross lending	31 181	26 765
Customer deposits	13 534	11 187

Gross lending

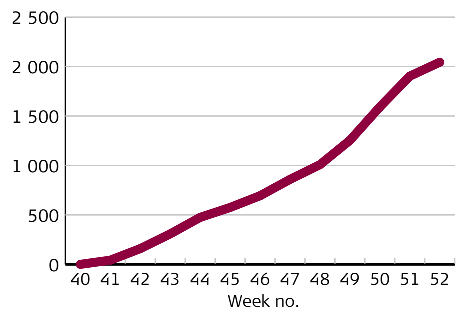


Storebrand Skadeforsikring

Launched in record time, with a market-leading internet service

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

Number of customers in October - December



Branch offices in Norway (inc. insurance agents)

Tromsø, Finnsnes, Harstad, Narvik, Bodø, Mo i Rana, Namsos, Steinkjer, Trondheim, Orkanger, Kristiansund, Ulsteinvik, Ålesund, Molde, Førde, Sogndal, Isdalsø, Bergen, Stord, Haugesund, Bryne, Sandnes, Stavanger, Flekkefjord, Kristiansand, Mandal, Bø, Skien, Porsgrunn, Sandefjord, Hokksund, Drammen, Hønefoss, Asker, Sandvika, Lysaker, Oslo, Lillehammer, Hamar, Elverum, Gjøvik, Jessheim, Skjetten, Ski, Sarpsborg, Fredrikstad and Stockholm in Sweden

Content

A memorable yea

insurance industry

The changes that affected the Norwegian savings and pensions market in 2006 were more extensive than anything seen since the introduction of the national insurance scheme in 1967. The introduction of mandatory employers' occupational pensions brought over 600,000 Norwegians into membership of an employer's pension scheme. The reform also sharpened competition, placed new demands on products and systems solutions, and brought about a change in attitude to long-term savings and pensions for some major groups of customers.

For Storebrand, a company that has offered occupational pension products since 1917, last year offered a unique opportunity to tackle new problems and challenges. The company's strong position in the market, its long traditions and highly developed expertise provided a good foundation for success, but could not guarantee that Storebrand would emerge as one of the market's winners for the future. Storebrand's ability to compete for customers in 2006 depended on three major factors: attractive new products that met clearly-defined customer requirements, the productivity of core business processes and efficient distribution.

The results Storebrand achieved in the occupational pension market demonstrated Storebrand's ability to deliver what it promises. Reliable and straightforward products delivered at low prices were well received. Key elements were greater efficiency in all product purchasing processes and innovation in product distribution. While other companies used bank branch offices for distribution, we placed the emphasis on setting up agreements with trade organisations and working closely with their main representative bodies, namely the Confederation of Norwegian Enterprise (NHO) and the Federation of Norwegian Commercial and Service Enterprises (HSH).

The developments seen in 2006 created a more dynamic market for long-term savings and insurance. We are addressing this new environment by meeting the wider range of customer requirements with customised and targeted customer service solutions. Our sales of P&C insurance products over the Internet are a good example of this. We intend to improve the productivity of all the group's main business processes by 20% over three years through the Storebrand Competitiveness project. We will build new and value-added partnerships with external distributors, and one of our main targets for the year is to increase the average number of Storebrand products per customer. The growth in customer numbers at Storebrand Bank, our success in the mandatory occupational pensions market and the re-launch of P&C insurance in 2006 all provide a sound basis for growth in sales and cross selling.

2006 was a strong year for Storebrand, with good progress in all areas of the group's activities. Storebrand's business is created through interaction between our employees and our customers. We are dependent on ensuring that our employees enjoy their work and have the right experience and skills. Through our management development programs and even greater emphasis on training, we will continue to recruit, develop and retain the right people for our business. Our expertise, our capacity for innovation and high levels of customer satisfaction provide a strong foundation for the group's continuing growth.

Idar Kreutzer, Storebrand Group CEO

ar for the

200 000
employees

Occupational pension schemes for companies with 200 000 employees in total have been set up

Vision:

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

Core values:

Reliable
Enabeling
Easy to relate to
Forward looking

History of Storebrand

2001

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

The terrorist attacks of 11 September serve to deepen and prolong the slump. The Oslo stock market falls by 15% in 2001, and by 44% from 14 September 2000 to February 2003.

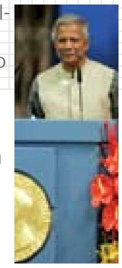
2005

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

Centennial anniversary of the dissolution of the union between Norway and Sweden in 1905.

2006

Storebrand decides to return to P&C insurance again, 7 years after If was established.

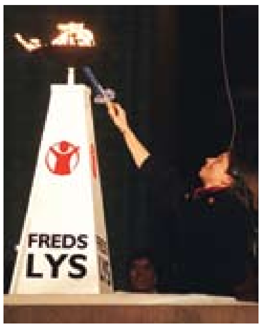


The Nobel Peace Prize is divided equally between Prof. Muhammad Yunus and Grameen Bank for their efforts to create economic and social development from below. Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means. Development from below also serves to advance democracy and human rights.

1999

Storebrand, Skandia and Pohjola bring together their P&C insurance businesses into a new Swedish-registered Nordic company, If Skadeförsäkring AB.

The Nobel Peace Prize is awarded to Médecins Sans Frontières.



1998

Storebrand moves into new offices at Filipstad Brygge in Oslo.

23 June - Norway beats Brazil 2-1 in the football World Cup in France.

1996

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

29 August – Svalbard air crash: The worst aeroplane crash ever on Norwegian soil claims 141 lives.

1982

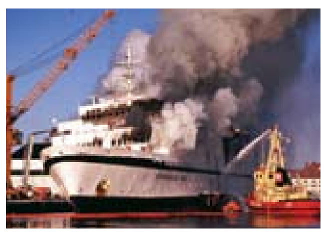
The Norden group and Storebrand agree to merge with effect from 1983.

4 May - Falklands War: the Norwegian Parliament approves an economic boycott of Argentina as a reaction to the invasion of the Falkland Islands.

1990

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

6 April - Scandinavian Star ferry disaster claims 159 lives.



1992

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

Norway wins 20 medals at the Winter Olympics in Albertville, and 7 medals at the Olympics in Barcelona. Bjørn Dæhlie wins three gold medals and one silver medal, and wins the World Cup for men's cross-country skiing.

1917

Norske Folk is established as a life insurance company with the involvement of seven companies. Idun is one of the companies instrumental in the transaction.

Knut Hamsun publishes Growth of the Soil.
2 April – USA declares war on Germany.

1867

The P&C insurance company 'Norden' is established as a competitor for Storebrand.

Pierre Micheaux manufactures a velocipede, which he names a cycle.

1861

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

10 October – Birth of Fridtjof Nansen.

1767

A scheme is established for compulsory fire insurance of properties in Norwegian towns, administered by 'Den almindelige Brand-Forsikrings- Anstalt' in Copenhagen.

The regional newspaper Adresseavisen was published for the first time (3 July) under its original name 'Trondheims Adresse-Contoirs Efter- retninger'. Adresseavisen is the oldest daily newspaper still published in Norway.

1814

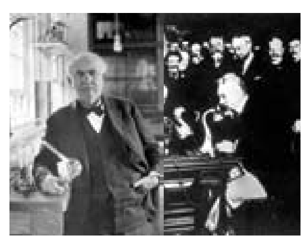
Following the split from Denmark, management of the fire insurance scheme is transferred to Christiania, as the capital of Norway was known at that time. The scheme is later converted in 1913 into a public sector company known as Norges Brannkasse.

The union with Denmark comes to an end. Norway adapts its own constitution.

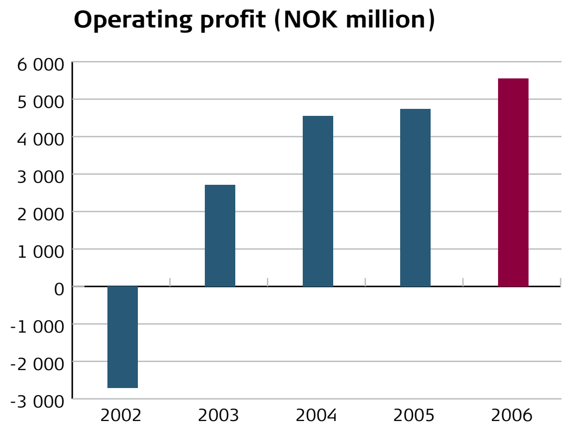
1847

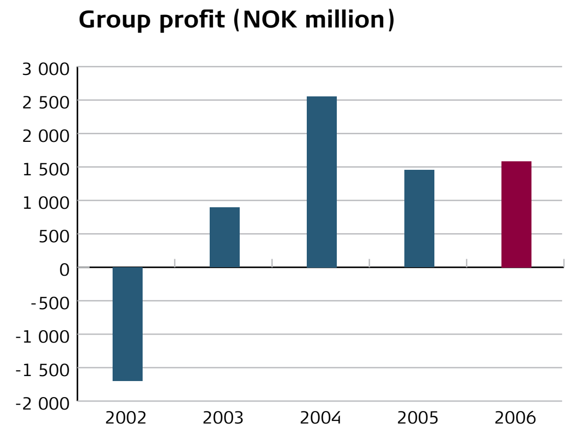
On 4 May 1847 the P&C insurance company 'Christiania Almindelige Brandforsikrings-Selskab for Varer og Effecter' is incorporated by private subscription.

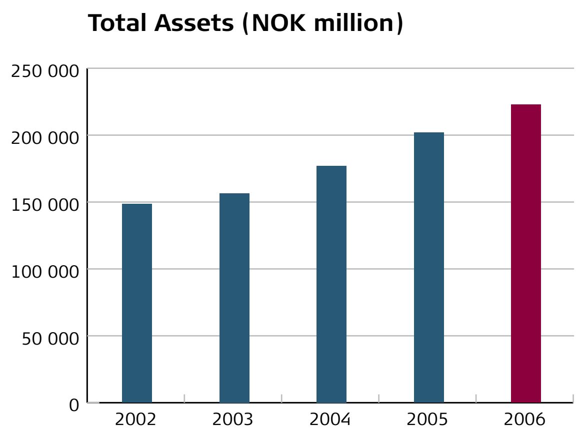
Thomas Edison and Alexander Graham Bell are both born this year.

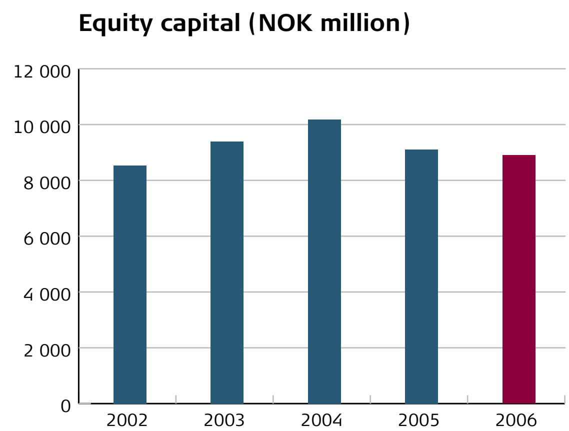


Key figures









Key figures for the Storebrand group

NOK million	2006	2005	2004	2003	2002
Operating profit	5 549	4 740	4 551	2 711	-2 713
Group profit	1 585	1 453	2 555	894	-1 701
Total assets	222 758	201 878	177 099	156 650	148 551
Equity capital	8 900	9 108	10 178	9 396	8 536
No. of employees (full time equivalents)	1 429	1 295	1 224	1 263	1 337
Capital ratio (%)	10.6%	11.2%	15.3%	14.9%	16.0%

Figures for 2002 - 2003 are historic NGAAP figures, while the figures for 2004 - 2006 are prepared in accordance with IFRS.

Key figures per share					
Average number of ordinary shares (1000)[1]	247 965	258 576	272 933	277 927	277 715
Earnings per ordinary share[2]	6.03	5.41	8.53	2.67	-3.73
Dividend per ordinary share (NOK)	1.80	4.00	7.00	0.80	

1 Calculation is based on average number of shares outstanding.
2 Calculation is based on profit for the year adjusted for the year's legally required post-tax allocations to security reserves etc. for P&C insurance and the share of profit due to minority interests.

A partner for companies and employees

2006 was the first year for mandatory employers' pensions in Norway, and Storebrand closed the year with a strong position in this market. Storebrand's focus on occupational pension products attracted 15,500 new corporate customers, with around 200,000 employees in total. Transfers of pension business gave Storebrand a net inflow of NOK 5.3 billion. The Norsk Kundebarometer survey showed that - for the third year in a row - Storebrand was the insurance company with the highest level of customer satisfaction in the corporate market.

Successful focus on mandatory employers' pensions

The introduction of mandatory occupational pension schemes (OTP) dominated the pensions market in 2006. All companies had to have occupational pension arrangements in place for their employees by the end of the year. Storebrand's success in this market reflects its experience and expertise, the quality and competitiveness of its pension products and its straightforward and customer-friendly service solutions, combined with collaboration and agreements with the most important trade associations and employers' organisations.

Storebrand made use of its financial adviser apparatus for both the corporate and retail market to sell its OTP products. In addition, the company focused on collaboration and agreements with employers' organisations and trade associations. Storebrand entered into agreements with 27 organisations, including the Confederation of Norwegian Enterprise, the Federation of Norwegian Commercial and Service Enterprises and the Norwegian Association of Authorised Accountants. These agreements paved the way for efficient distribution of Storebrand's OTP product known as Storebrand Folkepensjon, and played a significant role in strengthening Storebrand's position in this market. A number of large companies such as Norgesgruppen, Manpower, ICA and Statoil Detalj chose Storebrand as their supplier for OTP products.

By the close of 2006, Storebrand had set up OTP schemes for 14,000 companies with 200,000 employees in total. At the start of 2007, 180,000 of these employees are pension scheme members. The number of members will increase over time as part-time employees and seasonal workers build up sufficient service to meet the requirement of 20% employment in order to become a member of their employer's pension scheme. In February 2007 the number of OTP customers passed 15,500.

"Storebrand's success in the mandatory employers' pension market brought in over 15,500 new corporate customers with around 200,000 employees in total."

The new requirements for mandatory employers' pensions caused a significant increase in the number of companies offering products in this area, and created greater competition. However, sales

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.

2001 New legislation on company pensions and defined contribution pensions comes into force.

2004 The Norwegian government publishes a White Paper on pension reform. New legislation on life insurance is approved by parliament.

2005 The Norwegian parliament approves the main principles of the pension reform, including mandatory employers' occupational pensions

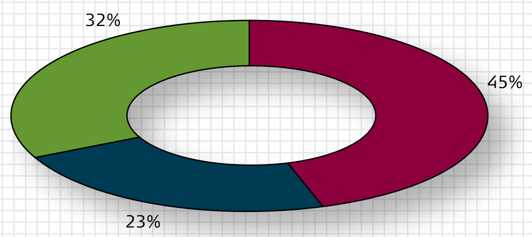
2006 Over 600,000 employees become members of an employers' pension scheme during the year. The government issues a White Paper on entitlement to state pension and pension benefits.

2007 Pension White Paper to be discussed by parliament. Opposition parties demand a new structure for private pension savings. Committee established to propose reform of disability pensions.

2008 New Insurance Activities Act comes into force.

2010 New National Insurance scheme expected to come into force.

Sales of mandatory occupational pensions by customer affiliation (%)



Storebrand collaborates with employers and trade associations

Storebrand has prioritised collaboration on pensions with employers' organisations and trade associations. Since 2003, it has increased the number of collaboration agreements from 5 to 27. This represents an increase in the number of companies covered by these agreements from 93 to 5,800, and the number of active pension scheme members (employees) has increased from around 4,000 to 160,000 in the same period. Through these agreements, members of the various organisations can arrange a simple and straightforward employers' pension scheme through Storebrand on attractive terms. Collaborating with these organisations has played an important role in Storebrand's success in the market for mandatory occupational pensions.

figures demonstrate that the established pension suppliers won most of the new business in this market. Measured in terms of annual premium, Storebrand's share of the OTP market is over 30%.

Storebrand's sales of OTP products and the development of new and more efficient solutions for sales, execution and customer service in this market have made a major contribution to improving operational efficiency and making the company's systems simpler and more customer friendly.

A winner in the pension transfer market

Following the introduction of mandatory employers' pensions, the future occupational pension market will mainly be a market for transfers between suppliers. Storebrand is well equipped for this market, with satisfied customers and competitive products. As in 2005, Storebrand was again a winner in the market for transfers of occupational pension schemes in 2006. During the course of the year, a number of major customers transferred their pension schemes to Storebrand. The net inflow of pension reserves to Storebrand from its competitors in 2006 totalled NOK 5.3 billion.

Employee insurance

Storebrand placed great emphasis in 2006 on sales of employee insurance products to corporate customers. The annual premium represented by the portfolio of employee insurance business in force showed a significant increase in 2006, with premium income up by over 30%. Employee insurance products have accounted for an important part of Storebrand's earnings over recent years, and are expected to play an increasing role in future years. Steps were taken in 2006 to improve the systems used in this area to ensure simpler and more efficient administration.

The market's most satisfied customers

Competitive products, easy-to-use systems and good customer service helped to ensure that, for the third year in a row, Storebrand was again the highest-scoring company in the Norsk Kundebarometer survey of customer satisfaction and loyalty in the corporate pensions market. This research-based independent survey is carried out annually. Good investment return in the long term is key to the quality of a pension scheme. Storebrand Life Insurance's pension assets are managed by Storebrand Investments, a wholly owned subsidiary of Storebrand ASA, in accordance with guidelines issued by Storebrand Life Insurance. Storebrand Life Insurance achieved a value adjusted return of 8.3% in 2006.

In the case of defined contribution pension schemes, the investment return achieved will depend on the investment choices made by the company or individual employees. Most companies with these schemes allow their employees to choose between investment alternatives with different risk profiles. The Storebrand Folkepensjon product offers a choice of three profiles with differing exposures to equities: Cautious (20% equities), Balanced (50% equities) and Aggressive (80% equities).

Changes in the occupational pensions market

The emergence of defined contribution pensions on a comparable basis to defined benefit pensions is a relatively recent development in Norway. The legislation permitting pensions where benefits are not defined in advance but depend on the contributions made and the return they earn was approved by the Norwegian parliament in 2001. At that time, the authorities saw defined contribution pensions as a supplement to the established defined benefit schemes, and a simpler alternative for companies that did not have a pension scheme at all.

Companies can satisfy the minimum requirements for occupational pensions that came into force in 2006 through either defined contribution or defined benefit arrangements. However, the great majority of companies setting up pension schemes to meet the new requirements have chosen the defined contribution alternative at the minimum level: 2% of each employee's salary (calculated on salary between 1 and 12 times the current National Insurance Scheme basic 'G' amount). Over 600,000 employees became members of defined contribution pension schemes in 2006 as a result of the introduction of mandatory employers' pensions.

Many companies that operate defined contribution pension schemes are now re-evaluating their pension arrangements. Around 130 of Storebrand's corporate customers, representing some 17,000 employees in total, transferred from defined benefit to defined contribution schemes during 2006. In 2002, defined contribution pensions accounted for only 2% of the occupational pensions market. Recent research by FAFO has estimated that the number of employers operating defined contribution schemes will outstrip the number of defined benefit schemes in 2007. However, in terms of the value of accumulated pension assets, defined benefit schemes will continue to dominate for the foreseeable future.

Paid-up policies

The market for paid-up policies is set to grow strongly in future years as a result of the introduction of mandatory employers' pensions and increasing numbers of companies switching from defined benefit to defined contribution schemes. This market is expected to become more competitive, and has attracted new participants. Storebrand intends to respond aggressively to this competition, offering a competitive product and long experience in managing pension assets to ensure financial security for the customer.

Over recent years, Storebrand has made significant savings in the cost of managing paid-up policies through improved efficiency, and this benefits the level of pension accruing in a paid-up policy. High investment returns have meant that the purchasing power of guaranteed pension benefits has increased significantly over recent years.

Storebrand works continuously on measures to improve the pension benefits accruing in paid-up policies. In 2006, Storebrand offered customers with more than one paid-up policy the opportunity to automatically amalgamate their policies. This not only simplifies the customer's pension arrangements, but also reduces costs and so increases pension benefits. Customers are also offered simple procedures to transfer paid-up policies from other companies and amalgamate these with their paid-up policy with Storebrand.

Pension reform

The Norwegian pension reform will be implemented in 2010. In October 2006, the government published a White Paper on a new model for accruing pension rights in the national insurance scheme and the payment of state pensions. The White Paper proposes that pension rights will only accrue in respect of income up to seven times the national insurance base amount, and will accrue on this amount at the equivalent of 1.35% of income. The "best years" rule and the 40-year maximum pension contribution period are to be abolished. All years with income from employment will count towards the state pension. The proposals also include a flexible retirement age and the opportunity to draw state pension from 62 years of age. People who retire before 67 years of age will receive a reduced pension, while those who work beyond 67 will increase their annual pension. The existing early retirement scheme (AFP) will be adapted to the new proposals in collaboration with employers, and it seems that AFP will continue in the form of an annual addition to the state pension.

The government has announced that once the new rules for the national insurance pension scheme have been approved, it will evaluate the need for changes in legislation on private sector occupational pensions, including the question of how a flexible pension age might be introduced in employers' pensions.

The Norwegian Parliament is expected to debate the White Paper during the 2007 spring session. In 2006, Parliament approved a proposal by the government to withdraw the tax incentives for personal pension contracts (IPA) and both personal and group annuities. However, in November 2006 the government parties agreed to a proposal from the opposition for general agreement on the need for a new model of tax incentives for private pension savings.

New insurance legislation will create major changes from 2008

New insurance legislation comes into force in Norway from 1 January 2008. The new legislation is intended to make pricing more predictable and transparent, and introduce a clearer distinction between customers' assets and the insurance company's assets. The final form of the regulations to implement the new legislation were issued on 1 July 2006.

Under the new legislation, the cost of insurance must, as a general principle, be fixed and paid in advance. This means the end of the current arrangements for profit sharing between an insurance company and its customers in important product areas such as defined benefit pensions and defined contribution products with a guaranteed return. The various aspects of a pension scheme must be priced separately, and the price must include the fees earned by the insurance company.

In the case of personal policies, including existing and new paid-up policies, the new legislation represents a move to a modified model of profit sharing, where the maximum limit for the proportion of profit retained by the insurance company is reduced from 35% to 20%.

Storebrand is well underway with the task of adapting its products and solutions to the new legislation. The new opportunities made possible by the legislation will be utilised to provide greater flexibility to meet specific customer requirements.

Municipalities on the sidelines in anticipation of new insurance legislation

The public sector pension market represents over NOK 200 billion of accumulated premium reserves. The municipal sector accounts for a major part of this total, but a number of other bodies such as energy and transport companies also provide public sector occupational pensions. In 2005, legislation on the conduct of public sector purchasing was extended to include pension schemes. This has helped to ensure more competitive bidding arrangements, while at the same time increasing the threshold at which such procedures must be carried out. The regulations also impose requirements for public sector pension arrangements to be submitted to competitive bidding on a regular basis.

While around 30 municipalities invited competitive bidding for their pension arrangements in 2005, only 11 municipalities took this step in 2006. Only three of these subsequently decided to change their pension supplier. Karasjok municipality invited competitive bidding for its pension scheme with Storebrand, and elected to stay with the company. No municipality with a Storebrand pension scheme has yet moved its arrangements away from Storebrand.

Many insurers brokers have advised municipalities to delay inviting competitive bidding on their pension schemes until the new insurance legislation is in force. Insurance companies will introduce new pricing structures once the legislation comes into force on 1 January 2008. This is a major reason for the small number of municipality schemes put out to tender in 2006. In addition, with effect from 2006 municipalities did not have the same freedom to determine the procedures and criteria for competitive bidding as in earlier years, and this played a part in reducing the number of schemes put out to tender.

Assets under management by Storebrand at 31 December 2006 in respect of public-sector pensions customers totalled almost NOK 16 billion. This represents an increase of NOK 6 billion for the year. Storebrand provide public sector pension solutions for 35 municipalities and over 200 other public sector bodies. 18 of Storebrand's 50 largest customers are public sector pension scheme customers.

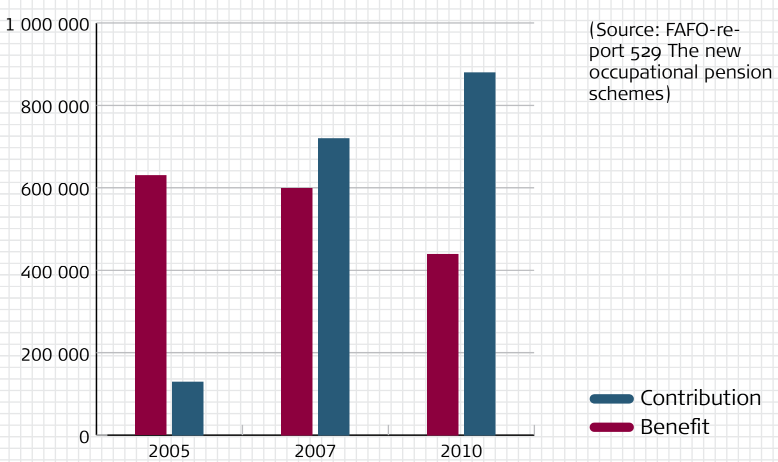
Focus on health and safety

Storebrand wishes to encourage its customers in both the private and public sectors to place greater emphasis on health and safety in the working environment (HSE).

Focus on HSE improves employees' job satisfaction and quality of life. For employers, focus on HSE reduces the cost of absenteeism and contributes to value creation as well as reducing insurance premiums. Moreover, a reduction in absenteeism and a lower incidence of disability pensions benefits society at large.

Storebrand offers lower disability premiums for businesses that enter into a Storebrand HSE agreement. This product provides both health insurance and HSE advice from Storebrand. Health

No. of employees who are members of defined contribution and defined benefit pension schemes



(Source: FAFO-report 529 The new occupational pension schemes)

In 2007 there will be more members of defined contribution than defined benefit pension schemes. This is because more companies are converting to defined contribution schemes, and most companies setting up mandatory schemes have chosen defined contribution.

insurance secures prompt access to treatment when employees fall ill, while HSE advice helps companies to work towards a better working environment and reduced sick leave. Storebrand's HSE agreement is only available to companies that have entered into a "More inclusive working life" agreement with the National Insurance Administration. For the public sector, Storebrand has established an HSE and senior policy fund. The fund can be used for various HSE measures, as well as training and education. In addition, Storebrand offers health insurance and HSE advice for municipalities and other public sector entities.

Storebrand Life Insurance branch office in Sweden

Storebrand Life Insurance opened its Swedish branch office in September 2005. Storebrand's products are marketed through Swedish brokers and financial advisers, and are based on Norwegian legislation. This means that Storebrand, in contrast to its Swedish competitors, offers a stronger guarantee structure with better security for customers, as well as a statutory right to transfer.

Storebrand's products and solutions have been well received in the Swedish market. In autumn 2006, Storebrand launched a pension-backed mortgage product in collaboration with Ikano Bank, representing its first product for the Swedish retail market.

Storebrand's Swedish branch has so far focused on sales of traditional life and pension insurance products with guaranteed returns. In 2007, it will expand its activities to include mutual fund products. This will make Storebrand a complete alternative supplier in the Swedish market.

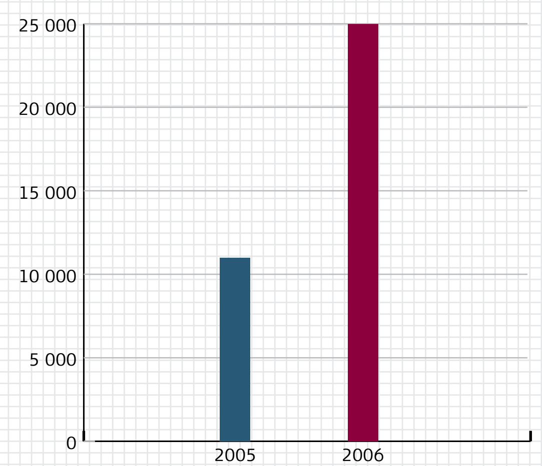
Storebrand operates as a flexible challenger in the Swedish pension market, able to rapidly adapt to changing customer requirements while at the same time drawing on Storebrand's extensive experience of the Norwegian pensions market. The launch of the Swedish branch and sales in the Swedish market also provide an important stimulus to developing Storebrand's pensions business in Norway, not least by providing experience from operating under a different national framework.

Starting in the mid-1980s, Storebrand has built up a separate international unit for customers that need a cross-border service for pension and insurance arrangements. This unit is now the leading centre of expertise in this area in the Nordic countries, and offers a range of products and services particularly relevant for companies with foreign subsidiaries or that send employees on short or long-term foreign assignments, as well as companies with employees not subject to national social security arrangements.

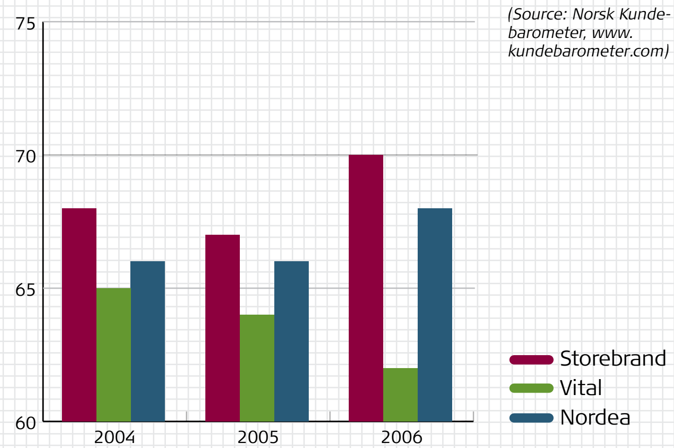
Mandatory occupational pensions

2006 was the first year for mandatory employers' pension schemes in Norway. The deadline for companies to provide an occupational pension scheme was 31 December 2006. Companies must contribute at least 2% of each employee's salary (on salary between 1 and 12 times the current National Insurance Scheme basic amount), starting no later than 1 July 2006. The employer must also meet the administration and management costs of the pension scheme.

Storebrand Livsforsikring AS
– No. of corporate customers more than doubled in 2006



Customer satisfaction in the corporate market for occupational pensions 2004-2006



(Source: Norsk Kundebarometer, www.kundebarometer.com)

A total supplier of financial security

The market for long-term saving and insurance continues to grow. With the re-launch of Storebrand Skadeforsikring for P&C insurance, Storebrand is again a total supplier of financial security.

Growing market

The market for long-term savings continues to grow. The introduction of (OTP) in 2006 has made Norwegians more aware of the need for private savings. The group gained around 15,500 new corporate customers in 2006, representing some 200,000 employees. This new and sizable customer base will be important for the group's business with the retail market in future years. These new customers will be offered good solutions for their insurance needs and for building up their own savings.

In 2006, the products that attracted greatest interest from retail customers were **guaranteed savings products and real estate funds.** Despite the media's critical spotlight on products offering investment in shares combined with guarantees, these remain very popular products. Storebrand Eiendomfond, a real estate investment fund offered by Storebrand in collaboration with Union Eiendomskapital, attracted NOK 1.5 billion of investment in 2006.

After 2-3 years of record sales, sales of **life insurance savings products** levelled off in 2006, partly due to changes in tax legislation (see the commentary below). Despite this, sales of life insurance-related savings account products reached NOK 2.5 billion in 2006.

Sales of **mutual funds, combination and bond funds** performed well in 2006, particularly in the fourth quarter. This bodes well for 2007. However, the level of demand is disappointing given the very good returns achieved by Norwegian and international equity funds since stock markets bottomed out in winter 2003. An increasing number of mutual fund customers choose to invest in funds through flexible link arrangements, which offer features such as the freedom to switch between funds without additional cost. The fund investments chosen by customers suggest an increasing degree of risk willingness.

The market for **life insurance, health insurance and child insurance** has shown steady growth over recent years, and further growth is expected. However, it is still the case that most Norwegians put a higher priority on insuring their possessions than their life and health. In order to increase sales of life and health insurance, Storebrand is working on simplifying these products so that customers find them simpler and easier to set up. At the same time, Storebrand is tailoring its communications with customers to highlight which products are relevant for their particular life situation.

Storebrand Bank represents a central element of the group's focus on the retail market, and is particularly important for attracting new customers to the group. During the course of 2006, Storebrand Bank strengthened its position as a 'no-fees' bank. The bank attracted a good inflow of new customers, and opened over 21,000 accounts in 2006. In June 2006, Storebrand Bank

People need to build their own pension savings:

Many people do not appreciate that they need to build their own savings to ensure financial security in their old age. They believe that the national insurance pension scheme and their work pension will be sufficient. For many people, this is not at all the case.

became the first bank in Norway to offer customers a complete Internet banking service from their mobile phones, termed 'mobile banking'. In its lending activities, the bank achieved strong growth throughout 2006 thanks to competitive terms for both fixed rate and floating rate mortgage products. A combination of the good credit quality of the bank's lending and tough competition caused a decline in lending margin for Storebrand Bank.

Ring Eiendomsmegling, a chain of real estate brokers established in 2004, collaborates with Storebrand to offer mortgage financing and other banking services on competitive terms. Ring Eiendomsmegling continued its expansion in 2006 and increased its presence from 30 to 35 offices. The Ring chain acted as broker in 2006 for NOK 500 million of lending by Storebrand Bank, double the volume achieved in 2005. By the close of 2006, Storebrand Bank held 70% of Ring.

Re-launch of P&C insurance

Storebrand re-launched P&C insurance in autumn 2006. This means that Storebrand is once again a total supplier of financial security. The decision to resume P&C business is a response to customers' wishes to be able to use Storebrand for all their financial needs. Storebrand Skadeforsikring offers standard P&C insurance products for the Norwegian retail market. Of the 15 areas of insurance offered, the most important are motor, buildings and contents, and second homes.

Market research has demonstrated that price is the most important criteria when Norwegians buy P&C insurance. Storebrand accordingly sells these products mainly through the Internet and by telephone, which are cost-effective distribution channels that allow the company to offer peace of mind at low prices. Customers can use a newly developed and extremely user-friendly Internet system to check prices and buy insurance products online.

On 1 January 2006 a new act came into force which allows customers to change their P&C insurance provider at any time. Storebrand Skadeforsikring has established a new industry standard which allows customers to move their insurance without written consent. Storebrand arranges everything, and takes responsibility for ensuring a safe and easy transfer for the customer.

The Norwegian P&C insurance market is currently dominated by relatively few companies. Storebrand's return to this market paved the way for increased price competition and greater mobility among customers. Storebrand Skadeforsikring will focus on profitable and steady growth, and its target is to win a 15% share of the market over the next seven to nine years.

Greater visibility

Ever since 1861, Storebrand has helped Norwegians to protect their finances through life insurance. With its 145 years of experience, Storebrand has built up expertise, systems and procedures that make it one of the most recognized brands in the financial sector and a specialist in long-term management of people's assets. The company has committed considerable resources to further improve the visibility of its brand in this area. Surveys of customer awareness show that Storebrand enjoys strong recognition for long-term savings and insurance, and that its position continues to strengthen, (source: TNS Gallup/market tracker).

Choice of media, the message, form and presentation has contributed to lifting the Storebrand brand towards becoming Norway's leading and most respected supplier of long-term saving and insurance.

Research has demonstrated that customer satisfaction is normally positively correlated with the quantity of relevant information provided to customers. Storebrand started work in 2006 on promoting more systematic dialogue with its customers. This program will continue in 2007 with the introduction of a new 'welcome' dialogue for customers. This includes better initial information when a customer signs up for a product, a follow-up customer service conversation one month after the product is established and a customer satisfaction questionnaire after six months.

In parallel with these specific measures, Storebrand is working on improving communication with its customer base as a whole. Focus on developing letters, e-mails and SMS messages that are customised for the individual recipient will continue to be an important part of this work in 2007.

Strengthened distribution

Storebrand operates fewer branch offices than most of its competitors. This has meant that the company has placed considerable emphasis in recent years on strengthening its distribution apparatus.

Storebrand distributes its products through four channels: financial advisers, direct sales, insurance agents and external distributors.

The financial adviser channel is the group's largest and most important distribution channel, with around 160 advisers offering customers comprehensive financial advice on savings, banking and insurance. The company's advisers operate from a nationwide network of 40 offices.

The direct sales channel serves customers through a customer centre staffed by around 60 advisers handling both incoming and outgoing service and sales dialogue, and also through Storebrand's website. A combination of excellent accessibility by telephone coupled with high standards of service and advice has helped to ensure increased customer satisfaction. Sales of P&C insurance products take place over the Internet and from a separate customer centre.

Insurance agents are independent insurance brokers which have exclusive distribution agreements with Storebrand. This channel comprises 21 offices and 40 employees.

Sales through **external distributors** are an important part of Storebrand's focus on the retail market. The share of new sales to the retail market arranged through this channel, including insurance agents, has increased to 40%. Most trends suggest that Norway will follow the pattern seen elsewhere in Europe for a continued strengthening in the role of external distributors. Rather than viewing this as a threat to its position, Storebrand has chosen to make good use of the opportunities offered by external distribution. In order to further increase its distribution capacity in this market, Storebrand has invested in selected external distributors as a part owner. In December 2006, Storebrand Life Insurance acquired a 34% interest in Caveo ASA, a firm with 65 advisers working from 12 offices around Norway. Prior to this, Storebrand Life Insurance already held a 34% stake in Økonomiforvaltning, a firm with 23 advisers. These two companies will continue as independent distributors, but will collaborate with Storebrand both operationally and strategically.

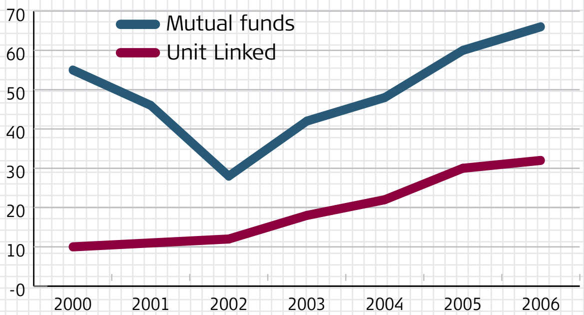
New products well received

Storebrand strives to respond quickly by offering new products to meet changing requirements, emerging trends and changing conditions. We launched Storebrand Futura in spring 2006 to meet the need for a simplified mutual fund concept for the mass market. Customers can choose between three Futura funds with differing risk profiles, and it is easy and simple to purchase this product over the Internet or by telephone. Moreover, no purchase fees are charged on investment agreements for this product.

In autumn 2006, Storebrand launched its innovative Storebrand Optimér product. Storebrand Optimér is the first savings product in Norway to combine investment in shares and real estate. This is an attractive combination since there is little correlation between movements in share prices and real estate prices, and this product is also attractive from the tax viewpoint. Over the last two months of 2006, Storebrand Optimér attracted NOK 134 million of investment. This produced a total fund of NOK 268 million at 31 December 2006, which is invested in a portfolio of three proper-

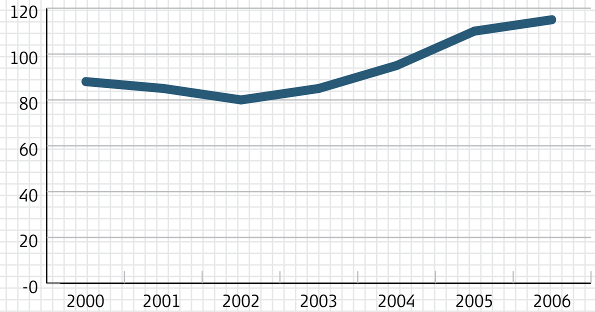
Development in total market for mutual funds and Unit Linked

Assets under management, NOK billion



Development in total market for life insurance related savings

Assets under management, NOK billion



ties and a share portfolio. The real estate investment is managed by Storebrand Eiendom, while Storebrand Investments manages the equity portfolio.

In May 2006, the Delphi Funds launched Delphi Verden, an actively managed global equity fund. The response was very good, and investment in the fund was NOK 260 million by the close of the year.

As mentioned above, the major new initiative in 2006 was the re-launch of P&C insurance through Storebrand Skadeforsikring.

Greater efficiency produces results

Work on improving the efficiency of customer service systems continued in 2006. The retail market unit carried out a project to improve the efficiency of opening new policies and settlement for life insurance products as well as projects for the external distribution channel and for deposits and sales support at Storebrand Bank. The objective of this program is to address efficiency in all units before the start of 2009, and to improve efficiency by more than 20% in all these units. Improvements of over 30% have already been achieved on some of the business processes that have been reviewed. Improving efficiency also plays a role in ensuring that the company can cope with increasing business volumes while at the same time improving customer satisfaction.

Changes in tax legislation for private pension saving

One of the major surprises of 2006 was the Norwegian government's decision to abolish the favourable taxation treatment of private pension savings. With effect from 12 May 2006, contributions to personal pension plans (IPA pensions) are no longer tax-deductible. In addition, from 1 January 2007 annuity policies are no longer exempt from wealth tax. At the close of 2006,

"2007 will be a year of cross selling. Storebrand intends to increase the number of products it sells to each customer."

Storebrand managed some NOK 18 billion of investments in IPA pensions and NOK 6.5 billion of annuity policies. Inflows to IPA pensions and annuities totalled NOK 1 billion in 2006 as compared to NOK 1.1 billion in 2005.

On 2 February 2007, the Ministry of Finance announced transitional rules which mean that the minimum contractual periods for tax purposes on annuity policies and IPA pension contracts under 1.5 times the basic state pension amount (NOK 94,338) will be abolished from 2007. Storebrand is committed to finding good solutions for its IPA pension and annuity customers and retaining the assets under management for these products.

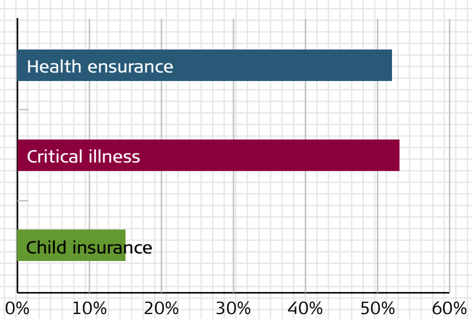
It is pleasing to see that discussions between the parties on the government's proposed pension reforms do suggest that tax shelter for private pension savings may continue in one form or another if the parties reach agreement in spring 2007 annuity policies. It is unclear whether this will be in the form of a continuation of IPA or annuity policies, or in another form altogether. The timing of the introduction is also unclear

Future prospects

Expectations that interest rates will continue a modest upward trend, labour market conditions will remain strong and property price inflation will slow somewhat in 2007 all point to continuing growth for the Norwegian economy. Storebrand's focus on the retail market will face increasing competition from both Norwegian and international companies, but Storebrand is well equipped to meet this challenge.

2007 will be a year of cross selling. Storebrand intends to increase the number of products it sells to each customer. With 200,000 new mandatory occupational pension customers in 2006, we have an very strong position for successful cross selling.

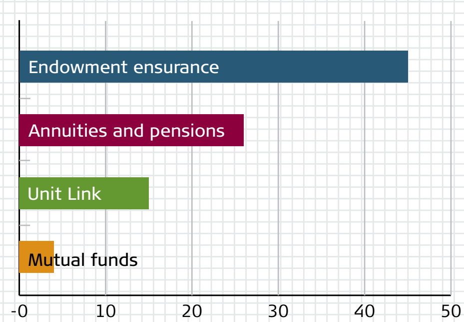
Market share – Life insurance and health insurance[1]



1 Annual Premiums written for life and health insurance

Market share – long-term savings (AuM)

Asset under management, market share at Q3 2006[1]



Corporate responsibility

The main role of business is to contribute to society's value creation through sound profitability. We are here to create value, but we are not indifferent to how this is achieved. We believe that the successful businesses of the future will be those that develop products and services in a way that combines global environmental and social challenges with profitable commercial growth.

Storebrand's objective is to be the leading and most respected institution in the Norwegian market for long-term savings and insurance. In saying this, we emphasise 'respected'. This means that our work on corporate responsibility must be firmly anchored in the company's overall plans and strategies. For over 10 years we have set targets for building financial worth, social responsibility and environmental issues.

The group's two-year corporate responsibility report and action plan expired in 2006, and the objectives for 2007-2008 have been set out in a new report and action plan (see www.storebrand.com). The report is approved by the Board of Directors, and is anchored in all the group's activities. Performance relative to the objectives is monitored and reported annually (see the separate table).

Experience from the previous action plan period

The 2005-2006 period was characterised by extensive activity in the corporate responsibility area. We achieved 28 of the 38 targets we set. Some of the targets in the action plan proved too challenging to achieve within the timetable set for various reasons, but these objectives continue and are included the new two-year action plan period. In other areas, we have achieved more than we originally planned, and have moved on to include new areas.

People, with their skills and expertise, are Storebrand's most important resource. Storebrand's products are financial services in the areas of insurance and long-term savings. We can best contribute to sustainable development through areas such as competence development, gender equality, responsible investment and working to reduce illness absence.

Responsible investments

Storebrand started its work on responsible investments in 1995. We are now one of the leading companies globally in this area. A separate department has been established with the sole responsibility of monitoring Storebrand's investments with respect to issues such as environmental degradation, corruption, human rights, landmines, cluster munitions and nuclear weapons.

All Storebrand's funds and pension portfolios are subject to comprehensive standards on corporate responsibility. We call this our group standard for responsible investments (see figure). As of 1 January 2007 the group standard listed 80 companies whose activities or engagement were considered unacceptable. The overall objective is not to exclude companies, but to promote more sustainable business practices.

Our experience demonstrates that the return on investment is not reduced by these responsible investment restrictions (see chart). Analysis of risk and return carried out by Storebrand's portfolio managers show that Storebrand's group standard for responsible investments has only a very limited impact on these parameters.

Microfinance

Microfinance is a new direction within responsible investments and involves providing financial services to people who would not normally have access to bank savings, credit and insurance. Storebrand first got involved in microfinancing in 2005, and has so far committed USD 9 million with two microfinance funds, investing in microcredit. Microcredit comprises small loans with short repayment periods and have experienced only limited losses.

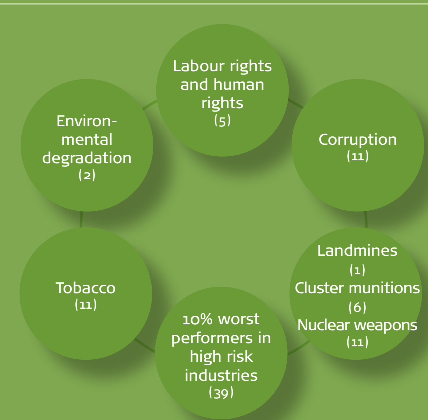
Microfinance has proved to be an effective tool in fighting poverty. We intend to increase our investments in microfinance over the next two-year period, given that we can find acceptable investment opportunities.

Competence development

Storebrand is a competence-based company, and its employees, their skills and expertise and their job satisfaction play a central role in achieving the group's business objectives. The group carried out a systematic program of staff development in 2006, and further strengthened its focus on competence development.

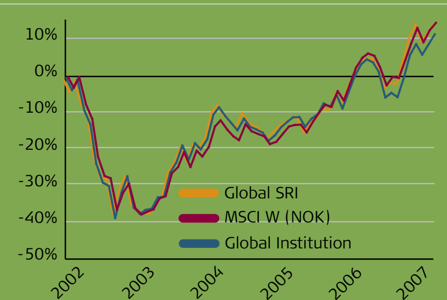
In order to ensure that the group has the expertise it needs available at all times, we developed an expertise database tool in 2006 that will come into use during 2007. We also made further improvements to management develop-

Storebrand Group Standard on Responsible Investments



A total of 80 companies are excluded from all Storebrand funds and pension portfolios as of December 2006. The number of companies excluded are in brackets. Certain companies are excluded in more than one area.

Returns, Storebrand Global SRI



"Storebrand is quite simply in the lead when it comes to ethics"

Arild Hermstad, managing director, Norwegian NGO Future in Our Hands, interviewed about Storebrand's position within pension products (Source: Aftenposten 2006).

	We measure our performance by	Status 2004	Status 2006	Target 2008
Shareholders	Return on capital employed (annualised)	25.1%[1]	19%	15%
	Percentage of post-tax group profit distributed as dividend	78%[2]	29.3%	> 30%
	Sound capital adequacy (Storebrand Bank)	15.3%	11%	> 10%
	Storebrand Life Insurance solvency margin	174.3%[11]	174.6%	> 150%
	Inclusion in the Dow Jones Sustainability Index and FTSE4Good	Included	Included	Included
Customers	Percentage of problem-free customer enquiries via internet[3]	98%	97%	98%
	Proportion of tel. calls answered within 20 sec. (customer centre)	83%	81%	80%
	Proportion of tel. calls answered within 20 sec. (main switchboard)	94%	91%	90%
	Customer satisfaction - corporate market	No. 1 in the sector	No. 1 in the sector	No. 1 in the sector
	Customer satisfaction - retail market	62	64	66
	Improved complaints procedures across the entire group		Completed	-
	Time taken to process complaints	-	-	Maximum of three weeks
	Storebrand Life Insurance's position within responsible investments	Among the global leaders	Among the global leaders	Among the global leaders
	Investment return from Storebrand Global SRI relative to benchmark index[4]	1.49%	0.07%	Better than benchmark index
	Avoid investing in companies involved in corruption	Criteria introduced	In place	-
	Responsible Invement criteria for Emerging Market Debt (EMD)	-	In place	-
	Environmental and socially responsible criteria included in the Storebrand Bank credit approval processes	Criteria introduced	Criteria established and developed further	-
	Launch new health and safety product for corporate customers to reduce illness absence and disability	-	Completed	-
	Invest in microfinance	-	USD 9 million	Increase investments[12]
	Corporate responsibility criteria for P&C insurance	-	-	Develop
Employees	Percentage of management positions held by women	38%	38%	40%
	Male/female participation in management development programmes	48/52%	52/48%	Within 40/60%
	Percentage of employees satisfied with personal development opportunities	80%	Spring 2007[5]	80%
	Employee satisfaction among senior employees	89%	80%	90%
	Illness absence as an average annual percentage[6]	4.1%	5.1%	Maximum 4.8% (4%)[7]
	Percentage of employees agreeing that Storebrand is a 'great place to work'[8]	93%	90%	85%
	Percentage of employees aware of what the ethical guidelines mean for their everyday duties	95%	88%	100%
	Percentage of employees who understand/are aware of Storebrand's corporate responsibility	79%	75%	80%
	Anti-corruption policy	-	-	Policy developed & implemented
	Code of conduct	-	-	Policy developed & implemented
Supp-liers	Environmental and social responsibility standards for suppliers	Work started	Purchasing policy produced	-
	Purchasing policy	-	-	Implement
Society as a whole	Financial support for charitable organisations and other measures for society as a whole	NOK 3.5 mill.	NOK 3.35 mill.	Stable
	Charity partners' satisfaction with Storebrand	77% (2003)	85%	80%
	Employee satisfaction with choice of charity partners[9]	74%	87%	-
	International collaboration: Membership of WBCSD, UNEP, GC and TI	Member	Member	Member
Environmental issues	Energy consumption (head office)	324 kwh/m2	Reduced by 14%	Reduce by 5%
	Energy consumption (managed properties)	285 kwh/m2	Reduced by 9%	Reduce by 5%
	Waste sorted by type (head office)	53%	52%	60%
	Waste sorted by type (tenants of managed properties[10])	37%	40%	50%
	Paper consumption (head office)	56 tonne	61 tonne	Reduce by 10%
	Water consumption (head office)	26 636 m^3	95 461 m^3	Stable level
	Water consumption (managed properties)	-	-	Monitor consumption
	Proportion of electronic equipment recycled or reused	100%	100%	100%
	'Living forest' certification for Værdalsbruket	Certificated	Certificated	Certificated
	Air travel	-	-	No. of flights/-km
	Indirect CO_2 emissions (tonne)	-	-	Measure

1 *Including gain on the sale of If.*
2 *Including extraordinary dividend following the sale of If.*
3 *Measures availability of customer/employee portal between 07.00 and 01.00 hrs.*
4 *Return compared to the Morgan Stanley Capital International World Index, annualised, last 5 years.*
5 *Results will be available during the first six months of 2007.*
6 *Includes both self-certified and doctor-certified absence.*
7 *Long-term target of 4% is maintained, but with an interim 2-year target of 4.8%.*
8 *We now use the survey 'A Great Place to Work', and this replaces the former 'employee satisfaction' target. The target score is reduced to 85% since 'A Great Place to Work' is a more demanding measure than 'employee satisfaction'.*
9 *No target is specified since this is an internal objective, and is considered less relevant for our stakeholders. Responses will continue to be monitored.*
10 *Only applies to properties with EOS (energy monitoring system, 14 of 19 properties).*
11 *Restated due to the merger of Storebrand Fondsforsikring AS and Storebrand Livsforsikring AS in 2006.*
12 Given that we can find acceptable investment opportunities.

ment, and our ambition is to have the most adaptable, highly skilled and motivated managers and employees in the financial sector. To further this objective, we have developed a module-based management development program through which all managers take part in training for specific skills.

Gender equality
Storebrand is fully committed to increasing the number of women in senior management. The group's target is for 40 per cent of female representation. In 2006, 37.9 per cent of the group's managers were female and 50 per cent of the shareholder-elected members of the Board of Storebrand ASA were women.

The steps we have taken to achieve the 40 per cent target include participation in an external mentoring program for female staff and in the Norwegian Financial Services Association's management training program for women, as well as setting a 40/60 target for the gender mix on the group's management development programs. We also insist that external recruitment consultants put forward both male and female candidates on shortlists for management recruiting.

Health and Safety product
Illness absence and disability is one of society's biggest challenges. As an 'Inclusive Workplace' signatory with the corporate vision to be Norway's leading and most respected pension supplier, we have worked on this challenge for many years. In the last action plan period, we set a target to establish a new insurance concept for employers to reduce illness absence and disability. In autumn 2005 we launched a new product for health and safety in the working environment (HSE) for our corporate customers.

This product offers HSE advice alone or HSE advice together with health insurance, which is then called an HSE agreement. The product is available to companies that have entered into an "Inclusive workplace" agreement with the National Insurance Administration.

Environment and climate issues
Storebrand strives to reduce the environmen¬tal impact of its activities. We have prioritised concrete targets and measures in the areas of reducing energy, water and paper consumption, recycling IT equipment and sorting waste. These apply both to Storebrand's head office and to the properties managed by the group. In addition, we want to help build awareness of today's most serious environmental threat, CO_2 emissions. We intend to survey our own emissions in 2007-2008, based on air travel and head office energy consumption. We want to take the first steps on the path to becoming a carbon-neutral company.

Involving stakeholders
We involve stakeholders in our work on developing the corporate responsibility report and action plan by arranging a stakeholder conference. Dialogue with the various stakeholders affected by our business plays a crucial role in developing our commitment to corporate responsibility. Communication with customers, employees, the investor market and other stakeholders gives us valuable feedback and new ideas.

International involvement
Storebrand has a long history of playing an active role internationally in promoting corporate responsibility. We are an active and supportive member of organisations such as the United Nations Environmental Program (UNEP), Transparency International (TI), the Global Compact and the World Business Council for Sustainable Development (WBCSD). We collaborate in Norway with the MOT Foundation and the Red Cross, and these organisations are important discussion partners for our work in the domestic arena.

The corporate responsibility report 2007-2008 is a natural renewal of Storebrand's commitment to a long-term work on corporate responsibility, and we believe that this commitment helps the group achieve its overall commercial objectives. We take responsibility for our own activities, and we also want to be a driving force in encouraging business to take an active role in sustainable development of the society of which we are an important part.

FTSE4Good

Dow Jones Sustainability Indexes
Member 2006/07

Recognition

Storebrand's commitment to corporate responsibility has attracted considerable recognition. In 2006 and 2007 Storebrand was on the Global 100 list of the most sustainable corporations in the word.

In May 2006, Storebrand was voted the best company in Norway for business ethics and corporate responsibility. Voting was based on a survey of 3 500 Norwegian students at 13 universities and colleges.

MOST SUSTAINABLE CORPORATIONS
GLOBAL 100

Members of Storebrand's corporate bodies

BOARD OF REPRESENTATIVES

Chairman: Arvid Grundekjøn

Deputy Chairman: Inger Lise Gjørv

Members (elected by shareholders):
Stein Erik Hagen, Ole Enger,
Terje R. Venold, Margareth Øvrum,
Olaug Svarva, Eli Sætersmoen,
Johan H. Andresen jr.,
Vibeke Hammer Madsen,
Merete Egelund Valderhaug,
Roar Engeland

Members (elected by employees):
Ann-Mari Gjøstein, Rune Pedersen,
Astrid Olive Aanerud, Tor Haugom,
Per Alm Knudsen, Randi Paulsrud

Deputy members
(elected by shareholders):
Trond Bjørgan, Lars Tronsgaard,
Petter Jansen,
Karen Helene Ulltveit-Moe,
Marius Steen

Deputy members
(elected by employees):
Paul Eggen jr.,
Ann Jeanette Magnussen

BOARD OF DIRECTORS OF STOREBRAND ASA

Chairman: Leiv L. Nergaard

Board members: Halvor Stenstad-vold, Knut G. Heje, Mette K. Johnsen, Birgitte Nielsen og
Barbara Rose Millian Thoralfsson

Board members
(elected by employees):
Nina Elisabeth Smeby,
Erik Haug Hansen, Knut Dyre Haug

REMUNERATION COMMITTEE

Chairman: Leiv L. Nergaard

Members: Nina Elisabeth Smeby,
Birgitte Nielsen

AUDIT COMMITTEE

Chairman: Mette K. Johnsen

Members: Halvor Stenstadvold,
Erik Haug Hansen

CONTROL COMMITTEE

Chairman: Elisabeth Wille

Members: Harald Moen,
Carl Graff-Wang, Ida Hjort Kraby

Deputy members: Jon Ansteinsson

ELECTION COMMITTEE

Chairman: Arvid Grundekjøn

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

Observer (elected by employees):
Per Alm Knudsen

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The Board of Directors of Storebrand

Erik Haug Hansen (51), employee elected. Sales manager Storebrand Life Insurance. Insurance degree. 1979-1985 Ajungilak AS. 1977-1979 Fred. Olsen Spedisjon AS. 2004-, board member Storebrand ASA. 1998-2002, board member Storebrand Livsforsikring AS.

Nina Elisabeth Smeby (41), employee elected. Principal employee representative. Various banking courses. 2002-2003 head of banking products. 1996-2000 Account manager Storebrand Bank. 1986-1996 Storebrand Norden, accounting and finance. 2000-, board member Storebrand ASA.

Halvor Stenstadvold (62), independent advisor. Political science major, University of Oslo. 1996-2006, member of Orkla's executive management, 1988-1996, various management positions Orkla ASA. 1981-1984 Parliamentary Secretary Ministry of Consumer affairs and Government Administration. 1979-1988 Bank manager Kredittkassen, Oslo. 1975-1979 Deputy Mayor and later Mayor Bærum Municipality. 1974-1979 consultant Norges Industriforbund. 1972-1974 ass. lecturer Universitety of Oslo. 2005-, board member Oslo Børs ASA (Chairman from 2006). 2002-, board member Statkraft. 2000-, board member Storebrand ASA. 1994-2000 Chairman Norges Forskningsråd's executive board. 1994-2000 member of Board of Representatives Storebrand ASA. 1986-1990 Chairman NRK.

Mette K. Johnsen (61), MBA, Norges Handelshøyskole. 1971-2005 Wilh. Wilhelmsen-gruppen, latest ass. director of finance Wilh. Wilhelmsen ASA and afterwards Wallenius Wilhelmsen Lines AS. 2003-, board member Storebrand ASA. 2005-, board member Treschow Fritzøe AS. 1997-, member of control committee Møller Bilfinans AS. 1987-2005 member corporate assembly Elkem ASA. 1985-2003 member Board of Representatives and board Verdipapirsentralen. 1987-2000 member corporate assembly Dyno Industrier. 1987-2003 member Board of Representatives Storebrand ASA. 1987-2001, board member Den norske Opera. 1992-1997 board member Nationaltheatret. 1991-1995 board member Dagbladet. 1985-1994 member of control committee and Board of Representatives Citibank AS. 1981-1987 Bedriftsdemokratinemda. 1978-1985 board member Industriøkonomisk Institutt. 1979-1982 member of Oslo city counsel for Conservative party (Høyre).

Leiv L. Nergaard (62), partner Norscan Partners AS. MBA, Norges Handelshøyskole. 1969-2006 Norsk Hydro ASA including 2002 – 2003 CEO Norsk Hydro Deutschland, 1991-2002, CFO Norsk Hydro. 1984-1991, various management positions in finance, accounting and strategy, Norsk Hydro. 1980-1984 CEO Notodden Fabrikker. 2004-, Board chairman GRIP. 2004-, board member Yara Int. ASA (Chairman of audit committee 2007). 2003-, Board member Tinfos AS. 1997-, Board member and later deputy chairman and chairman Storebrand ASA (Chairman from 2000). 1997-2006, board member Rieber & Søn ASA (Chairman from 2000). 1996-2002, board member Prosessindustriens Landsforening (PIL). 1995-2002, board member NHO. 1993-1996, board member Freia Marabou Kraft AS. 1990-1996, board member Den norske Turistforening. 1987-1996, board member Alcatel ASA. 1973-2006, Chairman, board member and member of corporate bodies in various listed companies and organisations.

Report of the board of directors

Main features

The Storebrand group is made up of four business areas: Life Insurance, P&C Insurance, Asset Management and Banking. Storebrand re-launched P&C (property and casualty) insurance in autumn 2006. This development means that Storebrand is once again a total supplier in the market for long-term savings and insurance. The group carries out the major part of its business activities in Norway, and its head office is in Oslo. It has in addition established life insurance, asset management and health insurance activities in Sweden.

The Board considers 2006 another good year in Storebrand's development. Conditions in the financial markets are very important for Storebrand, and 2006 was the fourth year in a row with good investment returns in stockmarkets both globally and in Norway. Moreover, the real estate market performed well and interest rates rose both in Norway and internationally. The introduction of mandatory occupational pensions in Norway was a major event, and will be an import factor in the performance of the Norwegian financial sector for some years to come. Storebrand strengthened its position in the occupational pensions market by winning a 30% share of the mandatory occupational pensions market and attracting a net inflow of notified pension transfers totalling NOK 2.6 billion in 2006. The market for long-term savings continued to grow in 2006. The introduction of mandatory occupational pension schemes has made Norwegians more aware of the need for personal savings. Guaranteed savings products and real estate funds were the most popular products for

Birgitte Nielsen (43), partner, JMI Invest II A/S. 1999 General Management Program CEDEP/Insead. 1986 Bachelor of Commerce, international relations. 1993 Bachelor of Commerce, Economics and finance. 2003-2006 Nielsen + Axelsson Asp, advisor. 1992-2003 FLS Industries AS, latest as CP/CFO. 1983-1992 Danske Bank, 1990-1992 as VP. 2006-, board member JMI Invest II A/S. 2006-, board member Netconcept A/S. 2006-, board member Novenco A/S. 2006-, board member Arkil A/S. 2005-, board member Buy-Aid. 2005-, board member IDEAS A/S. 2005-, board member Storebrand ASA. 2005-, board member Faber A/S. 2005-, board member Energinet.dk. 2004-, board member Team Danmark. 2004-, board member Royal Greenland.

Knut G. Heje (56), CEO Agra Group and managing director AS Agra Industrier. MBA, University of Fribourg. 1976-1978 deputy head AS Agra Margarinfabrikk. 1974-1976, product manager Unilever, Holland and Austria. 2003-, Chairman of Control Committee NHO. 2003-2005 Chairman of Audit Committee Storebrand ASA. 2001-, board member Hotell Continental. 2000-, board member Storebrand ASA. 1999-, executive board member NHO. 1999-2003 member of executive committee NHO. 1996-, board member Løvenskiold Vækerø AS. 1991-, board member Næringsmiddelbedriftenes Landsforening (chairman 1991-1999). 1998-2000 board member Cunard Cruise Lines Ltd. 1994-1995 board member Den norske Amerikalinje. 1988-1991 president IFMA. 1984-1987 member of Oslo City Counsel. 1980-1991 board member and Chairman Grand Hotel, Oslo (Chairman from 1989).

Knut Dyre Haug (51), employee elected. Ass. director Storebrand Life Insurance. Officer's Training School, authorised insurance advisor. 2000-, Storebrand Livsforsikring AS. 1998-1999 Markets director Sparebank1 Livsforsikring. 1978-1998 Storebrand. 1990-2006 BI Center for Finance and Forsikringsakademiet as lecturer and author. 1999-2001 board member Eiendomsstyret Asker Kommune. 2002-2006 member of Board of Representatives, Asker og Bærum Boligbyggelag. 2002-, head of project board for authorisations FNH. 2001-, board member and later chairman Boligstiftelsen Ungdomsboliger, Asker.

Barbara Rose Milian Thoralfsson (47), Director, Fleming Invest AS. Columbia University, Graduate School of Business, New York. MBA . 2001-2005 CEO NetCom AS. 1995-2001 CEO Midelfart & Co. AS. 1998-1995 EVP sales and marketing Midelfart & Co AS. 1987-1988 product manager AS Denofa and Lilleborg Fabrikker. 1984-1987 product manager General Foods Corp., New York. 1983, marketing Pepsi Cola Company, New York. 1981-1983 marketing, General Foods Corp., New York. 2006-, board member SCA AB. 2006-, board member Storebrand ASA. 2006-, board member Norfolier AS. 2006-, board member Tandberg ASA. 2005-, board member Stokke AS. 2005-, counsel member SOS Barnebyer. 2005-, board member Fleming Invest AS. 2003-, board member and member of audit committee Electrolux AB. 2002-, board member Rieber & Søn ASA. 2000-2005 member of Board of Representatives Storebrand ASA.

retail customers in 2006. The re-launch of P&C insurance was successful, and Storebrand's new Internet service makes it easy for customers to check prices and buy insurance products online.

Measured in terms of share price, Storebrand performed strongly in 2006. Storebrand shareholders enjoyed a total return of 44% for the year.

The new Insurance Activities Act came into force on 1 July 2006, but with transitional rules that mean the new business rules come into force from 2008. One change that did come into force in 2006 was the opportunity to sell traditional insurance products and unit linked products from the same company. As a result of this change, Storebrand Livsforsikring AS and Storebrand Fondsforsikring AS were merged with accounting effect from 1 January 2006.

Storebrand continues to work in a systematic and co-ordinated manner to realise its vision of being the leading and most respected institution in the Norwegian market for long-term savings and insurance. The key requirement for realising this vision is that Storebrand is recognised for its customer orientation, expertise and corporate responsibility. This work is combined with continuing attention to improving productivity.

Earnings performance

The Storebrand group produces its consolidated accounts in accordance with the EU-approved International Financial Reporting Standards (IFRS). The accounts of the holding company, Storebrand ASA, are produced in accordance with Norwegian accounting legislation, and the company has elected not to apply IFRS to the holding company's unconsolidated accounts. The Storebrand group reports an operating profit of NOK 5,549 million for 2006 as compared to NOK 4,740 million for 2005. Group profit before tax and changes to security reserves was NOK 1,585 million as compared to NOK 1,453 million in 2005. Earnings per share, based on the average number of shares outstanding over the year, amounted to NOK 6.03 in 2006 and NOK 5.41 in 2005.

Group profit

NOK million	2006	2005
Life Insurance	1 198	1 229
Asset Management	156	24
Storebrand Bank	190	241
Other activitis	41	-41
Group profit	**1 585**	**1 453**

The level of operating profit generated by Storebrand Life Insurance for allocation between customers and owner is to a large extent dependent on conditions in the financial markets and the company's ability to generate investment returns in excess of benchmark indices. In 2006 the company produced a return in excess of benchmark on 10 out of 13 active mandates, and generated an interest result, which is the return in excess of the interest guaranteed to customers, of NOK 5,573 million as compared to NOK 4,402 million in 2005.The administration result was lower than in 2005 due to the investment in the mandatory occupational pensions market and higher costs for asset management.

The risk result was NOK 145 million lower than in 2005. Individual endowment and individual pension business showed an improvement, while group pension, group life insurance and non-life products showed a decline. The decline in risk result for group pension insurance was caused by a weaker disability result. Group life insurance showed a decline due to lower premium tariffs. The decline for non-life products was mainly due to industrial injuries claims, where the regulations dictate that an increase in business volume is reflected in higher security reserves and a lower risk result.

The profit allocated to the owner of Storebrand Life Insurance was NOK 1,191 million, a reduction of NOK 33 million from 2005. The group's 50% interest in Storebrand Helseforsikring produced a profit of NOK 7 million, an improvement of NOK 2 million from 2005.

The group's banking activities saw a falling trend for net interest income in 2006, mainly due to pressure on margins and increased competition in the lending market, while net fee and commission income was higher following the successful launch of new savings products. Operating costs as a percentage of total operating revenue moved higher. Losses and write-downs on loans and guarantees represented a net write-back of NOK 47 million.

The improved profit reported by Storebrand Investments was mainly due to strong investment performance, a good inflow of assets under management and favourable stockmarket conditions. The company maintained good control of costs, and total costs as a percentage of operating revenue fell in 2006.

The profit reported by other activities, which in addition to Storebrand Skadeforsikring includes the profit reported by Storebrand ASA excluding dividend, group contributions and certain minor subsidiaries, amounted to NOK 41 million in 2006, of which Storebrand Skadeforsikring contributed NOK 21 million in 2006 and NOK 19 million in 2005. Storebrand Skadeforsikring incurred a high level of costs in 2006 in connection with the re-launch of P&C insurance.

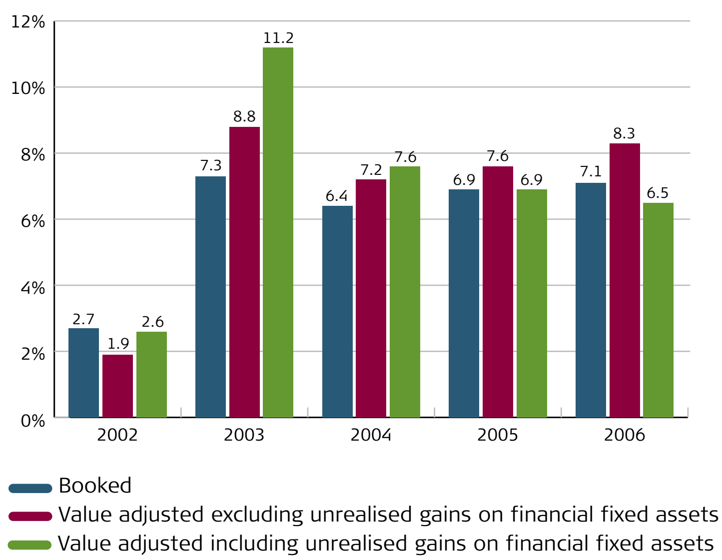
In accordance with Norwegian accounting legislation, the Board confirms that the company meets the requirements for the accounts to be prepared on a going concern basis.

Business areas

Life Insurance: The introduction of mandatory occupational pension (OTP) schemes characterised 2006. All companies had to have occupational pension arrangements in place for their employees by 31 December 2006. Storebrand has established a sizeable number of framework agreements with employers' organisations and trade associations, including the main organisations of the Confederation of Norwegian Enterprise and the Federation of Norwegian Commercial and Service Enterprises, and this has played an important role in Storebrand's sales of OTP products.

Following the introduction of OTP, the occupational pension market will in future mainly be a market for transfers between pension suppliers. Storebrand is well equipped for this. As in 2005, Storebrand was again a winner in the market for transfers of occupational pension schemes in 2006, with notified transfers of NOK 2.6 billion. Sales of savings-related life insurance products levelled off in 2006 after 2-3 record years. The market for life insurance, health insurance and child insurance has grown steadily in recent years, and continuing growth is expected. Total life insurance policyholders' funds increased by 9.4% in 2006 to NOK 153.6 billion. Storebrand Life Insurance achieved a good investment return in 2006, and unrealised gains on current asset investments totalled NOK 5.9 billion at year-end.

Investment returns

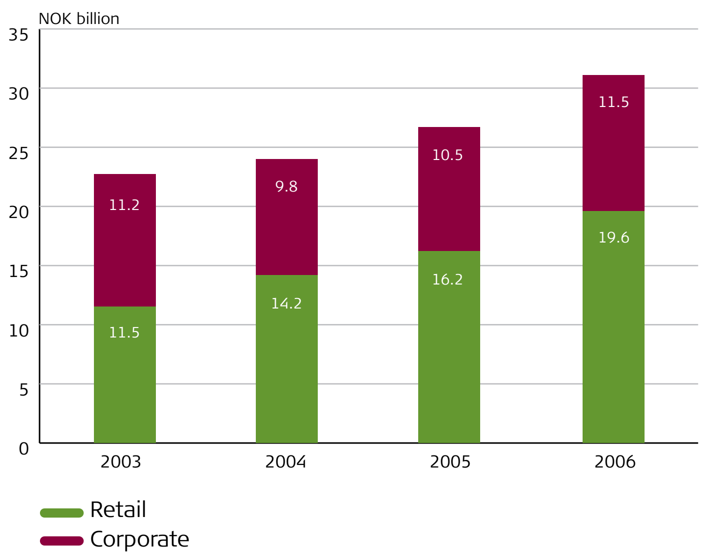


The regulatory and operating framework for life insurance is undergoing a process of change in a number of areas. Storebrand is working on preparations for these changes. This includes changes to prices and investment portfolios, as well as changes to risk management and systems.

Banking: The bank's growth ambitions were in focus in 2006. Storebrand Bank maintained its position as a 'no-fees' bank, while significantly strengthening its competitive position for residential mortgage lending. This resulted in significant growth in both business volumes and customer numbers. As part of its commitment to developing attractive products, Storebrand Bank ASA launched the Storebrand Eiendomsfond (real estate mutual fund) 2005. The fund performed well in 2006.

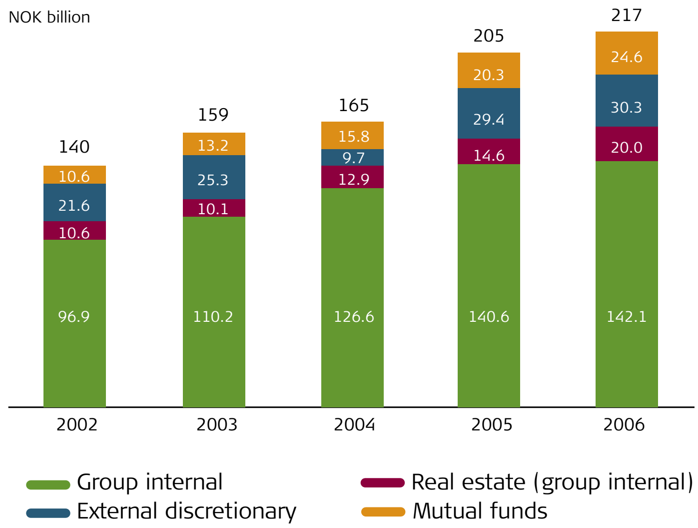
In the fourth quarter of 2006, Storebrand Bank ASA launched the company Storebrand Optimèr ASA, a new investment product that combines investment in shares and real estate. This product was also well received by the market. Storebrand Bank established a stockbroking operation in the second quarter of 2006. The business has so far focused on executing orders for Storebrand Investments, and reports a good performance. The quality of the bank's lending portfolio at the close of 2006 was satisfactory. The bank will continue to monitor the growth it expects in 2007 in lending to the retail and corporate markets and the effects this will have for the bank's earnings, costs and risk exposure in a very competitive market. Storebrand Bank experienced a further decline in lending margins over the course of 2006 as a result of intense competition in the residential mortgage market. The level of risk in the corporate lending portfolio reduced over the course of the year.

Gross lending



Asset management: 2006 was characterised by strong investment performance and a good inflow of new assets under management. Assets under management by Storebrand Investments totalled NOK 217 billion at the close of 2006. During the course of the year, Storebrand Investments attracted 64 new institutional customers, setting a new record. A separate unit of highly qualified investment advisers is responsible for the company's institutional customers. The unit works closely with customers to develop customised investment strategies that meet the customer's financial objectives, investment time horizon and risk profile. The company maintained its strong position in the market segments of municipalities, pension funds and other organisations.

Total assets under management



Despite improving conditions in stockmarkets over recent years, sales of equity mutual funds to the retail market have remained at a low level.

Other activities:

Property and casualty insurance: Storebrand Skadeforsikring underwent major changes in 2006. It started the year as a company in run-off, but on 28 March 2006 the Board of Directors of Storebrand ASA resolved to re-launch a P&C insurance business. Following a rapid period of preparation, Storebrand Skadeforsikring moved from a project phase into ordinary operation in October 2006, and on 8 December the company opened for sales of P&C products by telephone and over the Internet. The re-launch of P&C insurance completes Storebrand's product range and strengthens its commitment to the retail market. The re-launch was accomplished in line with the original plan and schedule, and the new business has attracted a stronger inflow of customers than expected. The company had 2,044 customers at the close of 2006.

The Norwegian P&C insurance market is currently dominated by relatively few companies. Storebrand's return to this market paves the way for increased price competition and greater mobility among customers. Storebrand Skadeforsikring will focus on profitable and steady growth, and its target is to win a 15% share of the market over the next seven to nine years.

Storebrand sold its 50% interest in Fair Forsikring in 2006.

Storebrand ASA reported a pre-tax profit of NOK 1,020 million, as compared to NOK 1,009 million in 2005. Income from investments in subsidiaries totalled NOK 1,036 million, an increase of NOK 10 million from 2005. The consolidated accounts of Storebrand ASA are not produced in accordance with IFRS. The proposed dividend of NOK 442 million is charged to reported equity at 31 December 2006 in the company accounts, but in the consolidated accounts prepared in accordance with IFRS the proposed dividend does not reduce equity at year-end. In the consolidated accounts, the dividend payment for 2006 will be charged to equity once it has been approved at the 2007 Annual General Meeting.

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.

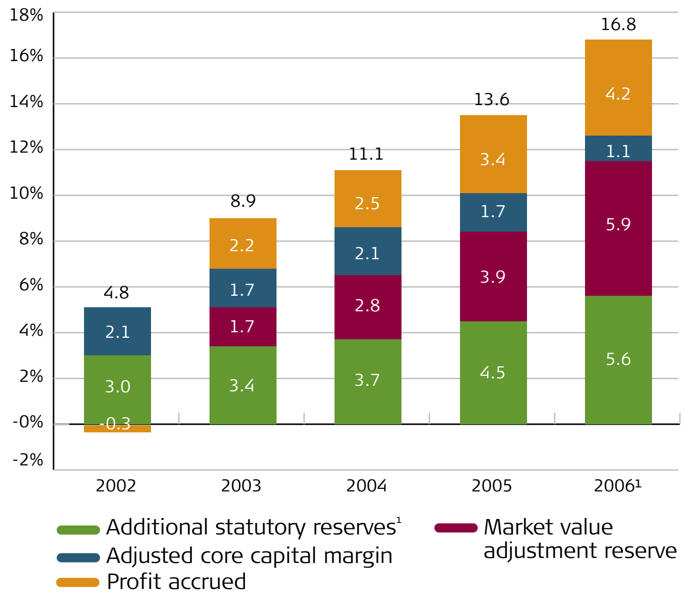
Life insurance activities: The majority of savings-related life insurance products incorporate a guaranteed minimum annual return, currently just under 3.6% on average. The average guaranteed return will fall over time since the return guaranteed on new policies cannot exceed 2.75%. The life company's financial risk principally relates to its ability to generate an investment return at least equal to the guaranteed minimum. This places particular demands on how the life insurance company allocates its investments between securities and other assets, and on the quality of the company's risk management.

Rising interest rates over the course of 2006 have helped to strengthen the life company's risk-bearing capacity. The company has invested a significant part of its financial fixed assets in bonds classified as hold to maturity, which generate a running yield in excess of 5%.

At the end of 2004, the Norwegian parliament approved a number of major changes to the Insurance Activities Act. One important aspect of the changes is that insurance companies must, for certain product areas, charge the cost of the interest rate guarantee included in products to the customer in advance. The new operational rules come into effect from 1 January 2008. The allocation of financial assets follows the company's investment policy. The investment policy establishes guidelines for the composition of financial assets by setting limits and rules for the company's risk management. The policy 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 at the same time creating the potential for a good investment return.

Total risk capital of the life insurance company increased by NOK 3.2 billion in 2006. Additional statutory reserves increased by NOK 1 billion and the market value adjustment reserve increased by NOK 2 billion. 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 that 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.

Risk capital as % of policyholders' funds excluding additional statury reserves



1 Risk capital includes NOK 0.6 billion of additional statutory reserves in excess of one year's guaranteed return.

Storebrand Bank: A separate unit has been established for risk management throughout the group, with particular focus on credit risk, market risk and liquidity risk from the owner's perspective. In addition, the risk management unit is working on implementing the new capital adequacy rules (Basle 2) that came into force on 1 January 2007. Storebrand expects to be able to use the underlying internal-rating based method (IRB) from the second quarter of 2009. The transition to the new regulatory framework involves major investments in systems and models as well as changes to the bank's organisation and its main business processes.

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 continued to reduce in 2006, evidenced by a reduction in the incidence of default and a shift towards retail and mortgage lending.

The volume of non-performing and loss-exposed loans totalled NOK 533 million following a reduction of NOK 221 million over the course of 2006, and is equivalent to 1.7% of gross lending. Storebrand has established sound liquidity buffers in Storebrand Bank and other group companies, and continuously monitors liquidity relative to internal limits. Committed credit facilities with other banks have also been established which the group companies can draw on if necessary.

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

In addition, the risk exposure arising from travel insurance may increase sharply in the event of possible catastrophe scenarios. Travel insurance is therefore now also included in the group's catastrophe reinsurance. Storebrand will monitor this portfolio carefully in 2007, and may consider laying off cumulative risk with reinsurers.

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

Identifying and managing 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 level of equity and debt in the company is managed relative to financial risk exposure and regulatory requirements. The group has set long-term targets for the capital ratio of its banking activities to be over 10% and for the life insurance company's solvency margin to be at least 150%. Both these targets were satisfied at 31 December 2006. Storebrand Life Insurance aims to be rated at the 'A' level. The holding company aims to have a net debt ratio of zero over the longer term.

Storebrand ASA bought back 7.3 million of its own shares in 2006 at a total cost of NOK 503 million. Storebrand ASA held 4.5 million of its own shares at the close of 2006. The company reduced its share capital in August 2006 by NOK 43.5 million to NOK 1,249.1 million by cancelling 8.7 million own shares held by the company at that time. The group's equity fell by NOK 209 million in 2006 to stand at NOK 8,900 million at year-end. The group's capital ratio was 10.6% at 31 December 2006, with a core capital ratio of 7.6%. The minimum capital requirement imposed by the authorities is 8%.

The group's capital base, which consists of equity, subordinated loan capital, the market value adjustment reserve and additional statutory reserves, amounted to NOK 24.1 billion at 31 December 2006 as compared to NOK 21.0 billion at the end of 2005.

Storebrand ASA had total liquid assets of NOK 2.2 billion at the close of 2006, and also has available an undrawn long-term credit facility of EUR 225 million.

At the close of 2006, Storebrand Livsforsikring AS was rated A and A2 respectively by Standard & Poor's and Moody's. Storebrand ASA was rated BBB+ and Baa2 respectively by Standard & Poor's and Moody's. Standard & Poor's rated Storebrand Bank ASA for the first time in 2006, giving the bank a rating of BBB+. Moody's rating for Storebrand Bank ASA is Baa2. All ratings of companies in the Storebrand group have a stable outlook.

Corporate responsibility

Storebrand's commitment to corporate responsibility is an integrated part of the group's activities. The company sets specific targets for the areas of building financial wealth, social responsibility and environmental issues, and communicates these to its most important stakeholders.

The group's two-year corporate responsibility action plan expired in 2006. The majority of the objectives were achieved. In addition, a number of measures were implemented that were not included in the two-year plan, including investment in microfinancing. Some of the targets in the action plan proved too challenging to achieve within the timetable set for various reasons, but these objectives are included in the next two-year action plan. A report on the status of all the objectives for 2006 can be found in the Corporate Responsibility article (page 18).

In 2006, Storebrand was included in the Global 100, a list of the hundred most sustainable companies in the world. Norwegian students voted Storebrand as the best company in Norway for business ethics and corporate responsibility, and Storebrand continued to qualify for inclusion in the sustainability indices FTSE4Good and Dow Jones Sustainability Index.

Environment: Storebrand is committed to reducing its impact on the environment. This includes measuring the group's consumption of water, reducing energy consumption and paper usage, sorting waste and recycling all electronic equipment through FairRecycling. In addition, Storebrand sets environmental standards for the management of its properties, and has developed a purchasing policy that imposes environmental and social responsibility requirements on its suppliers. Storebrand's holding of forest land at Værdalsbruket is certified in accordance with the Living Forest standard. During the course of 2008, Storebrand will start monitoring and reporting its CO_2 discharges and will evaluate measures to become a carbon-neutral company.

Human resources and organisation: Employment in the group totalled 1,429 full time equivalent positions at the year-end as compared to 1,295 at the start of 2006. Employment 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 10 years. All Storebrand employees are treated equally, regardless of gender, age, disability, faith, cultural differences or sexual orientation. With effect from 2006, Storebrand has included the following statement in all its recruitment advertising: "We are committed to diversity, and encourage applications from all qualified candidates regardless of age, gender, disability or cultural background".

Skills and training: The group carries out a systematic program of staff development, and further strengthened its focus on competence development in 2006. In order to ensure that the group has the expertise it needs available at all times, Storebrand has developed an expertise database tool that will come into use during 2007. All the group's development and training opportunities are made readily available to employees through a competence portal. A number of new measures have been introduced to develop expertise in technical areas and management skills. This has included the development of a compulsory module-based management program. Storebrand has a comprehensive system for employee appraisal and remuneration. Training requirements are agreed and documented through the performance appraisal process, and managers are committed to actively monitoring the development of their employees.

Gender equality/diversity: Storebrand is fully committed to increasing the number of women in senior management. The group's target is for 40% female representation among its management staff and on its internal and external boards of directors. In 2006, 50% of the shareholder-elected members of the Board of Storebrand ASA were women. 37.9% of the group's managers are female. Storebrand implemented targeted measures in the period to encourage more women to take on management responsibility. This included the company's active participation in an external mentoring program for female staff, and ensuring a virtually equal participation of men and female staff on internal management development programs. The group participated in 2006 in Futura, the Norwegian Financial Services Association's management training program for women. Storebrand insists that external recruitment consultants put forward both male and female candidates on short lists for management recruiting. Employee benefits, such as flexi-working, extending full salary for sick leave to include attending to children or parents, and full salary for maternity leave, are seen as important measures in encouraging gender equality. Storebrand produces salary statistics at specified management levels to facilitate the comparison of salaries between male and female employees.

Senior policy: Storebrand is committed to offering a good senior policy. The group employed 21 employees over the pension age of 65 in 2006 as compared to 13 in 2005. 45 new members of staff over the age of 45 were recruited in 2006. Storebrand carries out an annual senior survey, and one of its targets is that 90% of older employees should be satisfied with Storebrand as an employer. This target was not achieved in 2006, but continues unchanged for 2008. A particularly positive feature of the survey was that 39.4% of older employees wished to continue working after reaching 65 years of age as compared to 27.9% in 2004.

Ethical guidelines: Storebrand reviewed and updated its ethical guidelines in 2006, and distributed new ethical rulebooks to all employees. In addition, ethical issues were a standard agenda item at a number of employee gatherings. Employees can seek advice anonymously from an ethics page on the Storebrand Intranet, and the company publishes its replies for all employees to see. This can also be used for employees to anonymously communicate concerns directly to the Board of Directors. Storebrand has assisted the Norwegian Financial Services Association in producing ethical guidelines for financial advisers. These guidelines have been distributed to and reviewed by all Storebrand's advisers.

Absence due to illness: Storebrand has worked systematically to reduce absence due to illness over many years, and the group has participated in the 'Inclusive workplace' scheme since 1992. Absence due to illness in the group in 2006 was 5.1%. This represents an increase from 2005 and is somewhat above the target of 4.8%. The incidence of long-term sickness has increased, while short-term absence has remained stable. Storebrand will continue to concentrate on reducing absence due to illness, and this will include training employees in the internal procedures for sick leave that were reissued in 2006.

Storebrand did not incur any reported personal injury, property damage or accidents of significance in 2006.

Corporate governance

Storebrand established its policy on corporate governance in 1998. In order to strengthen Storebrand's work on corporate governance further, an in-house Corporate Governance committee was established in 2006. The Norwegian Code of Practice for Corporate Governance was first published in December 2004, and was most recently revised on 28 November 2006. Storebrand meets the recommendations set out in the Code in all major respects. The question of whether to elect a deputy chairman for the Board of Storebrand ASA was considered in 2006, but such an appointment was not considered necessary.

Further information on Storebrand's policies and procedures for corporate governance can be found in a separate article on page 37.

The Board carried out an evaluation of its work in 2006 where the executive management team also participated. The Board held 11 meetings and one Board Conference in 2006. 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 2006 were as follows:

Board of Directors: Barbara Rose Milian Thoralfsson was elected as a new member of the Board to replace Grace Reksten Skaugen, who had been a member since 2002.
Board of Representatives: Sven Ullring, Rune Selmar and Anders Berggren retired from the Board of Representatives. Arvid Grundekjøn was appointed as Chairman of the Board of Representatives. Terje Venold and Margareth Øvrum, both deputy members, became full members. Olaug Svarva was elected as a new member. Trond Bjørgan, Petter Jansen and Karen Helene Ulltveit-Moe were elected as new deputy members.
Election Committee: Sven Ullring and Rune Selmar retired from the Election Committee. Arvid Grundekjøn was elected as the new Chairman, and Olaug Svarva was elected as a new member.
Control Committee: Sverre Bjørnstad and Hanne Harlem retired from the Control Committee. Elisabeth Wille was elected as a new member and chairman of the committee, and Ida Hjort Kraby was elected as a new member.

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

Future prospects

Over recent years, Storebrand has built a sound financial and market foundation for further growth and improvement. The company has a strong position in an attractive and growing market for long-term savings and insurance.

The group's profitability is good, and the life company has satisfactory risk capital. This provides a good starting point for further financial success. Through its active risk management and the level of its risk capital, Storebrand is well prepared to manage any future turbulence in equity and fixed income markets.

Storebrand has attracted a very good inflow of customers over recent years in important areas such as pension saving, asset management and banking. In 2006, companies with some 200,000 employees set up pension schemes through Storebrand. These schemes represent regular annual savings, and provide the basis for growth in future business volumes.

The strong inflow of customers confirms the group's competitiveness, and provides the basis for a good level of sales in the future. At the start of 2007, Storebrand launched a major initiative to cross sell the group's products and to encourage the group's existing customers to use Storebrand for a greater range of products. This initiative addresses both the retail market and individual employees in companies that have pension arrangements with Storebrand. The launch of P&C insurance for the retail market has proved successful, and is expected to lead to significant growth in customer numbers in the future.

Development in society is considered positive in the areas targeted by Storebrand. Changes in the Norwegian pension system have increased people's interest in pensions and other welfare benefits. Sales of products and services linked to long-term savings and insurance will also benefit from demographic trends. Longer life expectancy, combined with a general wish to maintain a high standard of living in retirement, create increasing demand for products in this area.

Storebrand has anticipated and drawn attention to accelerating pressure on margins in certain product areas. Recent developments have confirmed these trends in the lending market and for mandatory occupational pension products. Storebrand is prepared for these trends, and has focused on improving its operational efficiency over recent years. Greater efficiency will ensure that Storebrand can handle increasing business volumes without an equivalent increase in costs. An extensive program of further product improvement is underway, and over the next two years this will be rolled out across the entire group. Storebrand expects this programme to deliver significant benefits.

The introduction of a new regulatory framework for life insurance with effect from 2008 will have a significant effect on Storebrand's business model and traditional pension products. Storebrand is working intensively to adapt products and systems for the new regime, as well as providing extensive guidance to customers in connection with the changes. Storebrand believes that the new regulatory framework represents a positive development, and will permit greater flexibility and improve the group's quality of earnings.

Storebrand maintains the financial objectives it has previously announced, and will continue to pursue its commitment to being the leading and most respected institution in the Norwegian market for long-term savings and insurance.

At the start of 2007, Storebrand looks forward to particularly exciting market conditions, both in terms of growth in business volumes and the pace of change. Through its long traditions and the expertise and motivation of its employees, Storebrand is well positioned to reach its financial and market objectives.

Application of Storebrand ASA's profit for the year

Storebrand ASA recorded a profit for 2006 of NOK 1,020 million. The company's dividend policy aims for stable year-on-year growth in dividend per share. The 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 above 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 dividend policy is that the Storebrand group should make effective use of a sufficient level of capital relative to its risk profile.

The Board is of the view that the group's capital situation is sound relative to Storebrand's risk profile and rating, and the Board therefore recommends a total dividend of NOK 1.80 per share (excluding shares bought back), equivalent to NOK 442 million. The Board proposes the following application of the profit for the year:

Amounts in NOK million:

To other equity:	579
Provision for dividend:	442

Distributable reserves amounted to NOK 3,636 million at 31 December 2006.

Oslo, 13 February 2007

Translation – not to be signed

Leiv L. Nergaard Chairman of the Board	Halvor Stenstadvold	Mette K. Johnsen	Knut G. Heje	Barbara Rose Millian Thoralfsson
Nina Elisabeth Smeby	Birgitte Nielsen	Erik Haug Hansen	Knut Dyre Haug	Idar Kreutzer Chief Executive Officer

Shareholder matters

Share capital and shares

Shares in Storebrand ASA are quoted on the Oslo Stock Exchange (OSE) with the ticker code STB. Share capital at the start of 2006 was NOK 1,293 million. Following a resolution passed by the annual general meeting of the company held on 3 May 2006, the share capital was reduced on 11 August 2006 by cancelling 8,707,140 own shares held by the company. Following this reduction, share capital at 31 December 2006 amounted to NOK 1,249 million, made up of 249,819,105 shares each with a par value of NOK 5.

The annual general meeting held on 3 May 2006 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 2006 the company held 4.5 million of its own shares, equivalent to 1.80% of total share capital. The company has not issued any options that could dilute share capital.

Shareholders

Storebrand ASA is the seventh largest company listed on the OSE by number of shareholders. The company has shareholders from almost all the municipalities in Norway and from 41 countries. In terms of market capitalisation, Storebrand was the 15th largest company listed on the OSE at the close of 2006.

Share purchase arrangements for employees

Every year since 1996, Storebrand ASA has given its employees the opportunity to purchase shares in the company through a share purchase scheme. The object of the scheme is to involve employees more closely in the company's value creation. Employees were again offered this opportunity in 2006. In March 2006, each employee was offered the opportunity to buy between 100 and 410 ordinary shares at NOK 58.97 per share. 45% of employees participated and purchased 171,270 shares. Note 11 provides information on shares held by senior management.

Foreign ownership

As at 31 December 2006 total foreign ownership amounted to 70.6%, as compared to 66.1% at the end of 2005.

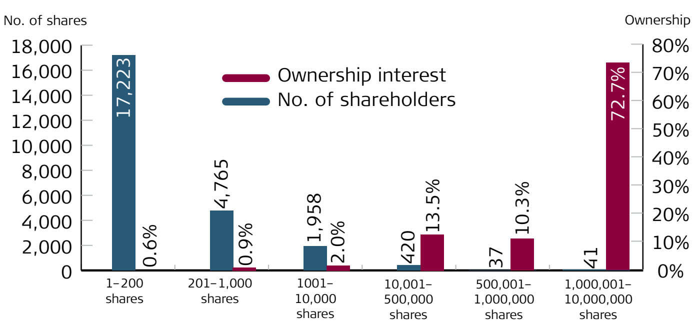
Geographic distribution of shares

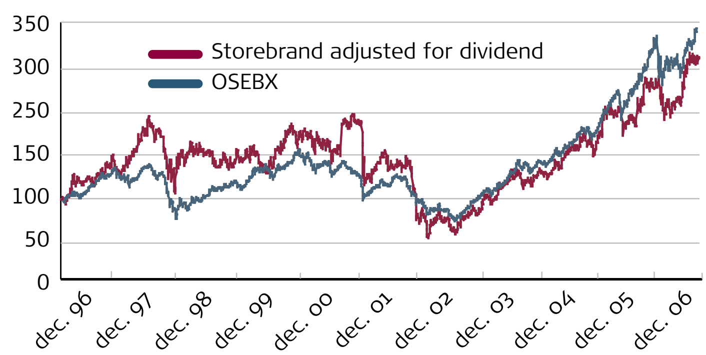
At 31.12.2006		At 31.12.2005	
Norway	29.39%	Norway	34.90%
Great Britain	21.47%	USA	19.00%
USA	16.96%	Great Britain	16.70%
Luxembourg	10.14%	Luxembourg	9.10%
Germany	5.47%	Italy	3.80%
36 other countries	16.57%	35 other countries	16.50%

Turnover in the Storebrand share

Almost 564 million Storebrand shares changed hands in 2006, 9% more than 2005. Trading in Storebrand shares has grown strongly since 2002, with average annual growth of 17%. The value of shares traded in 2006 was NOK 39,825 million, up from NOK 30,318 million in 2005. This made Storebrand the 14th most traded share on the OSE in 2006 in terms of value, with a turnover rate of 222%.

Analysis of shareholders by number or shares and ownership at 31 December 2006





20 largest shareholders at 31 December 2006:

Shareholder	Account type[1]	No. of shares	%	Country
Gjensidige Forsikring	ORD	24 956 550	9.99	NOR
Folketrygdfondet	ORD	20 111 600	8.05	NOR
State Street Bank & Trust Co	NOM	12 155 074	4.87	USA
Dresdner Bank AG	ORD	11 450 000	4.58	DEU
Arion Custody	NOM	10 505 274	4.21	ISL
JPMorgan Chase Bank	NOM	10 304 771	4.12	GBR
Fidelity Funds-Europe	ORD	10 232 640	4.10	LUX
Bank of New York, Brussel	ORD	6 864 127	2.75	GBR
USB AG, London Branch	NOM	5 256 796	2.10	GBR
Kaupthing Bank	NOM	4 915 355	1.97	LUX
JPMorgan Chase Bank	ORD	4 895 000	1.96	USA
Storebrand ASA	ORD	4 500 000	1.80	NOR
Bank of New York, Brussels	ORD	4 250 000	1.70	USA
Credit Agricole Investment	NOM	4 179 705	1.67	FRA
Mellon Bank AS Agent	NOM	3 733 481	1.49	USA
Bank of New York, Brussels	NOM	2 551 096	1.02	USA
Citibank, N.A.	NOM	2 549 037	1.02	GBR
Standard Life Invest	ORD	2 400 600	0.96	GBR
State Street Bank & Trust Co.	NOM	2 380 169	0.95	USA
The Northern Trust Co.	NOM	2 179 469	0.87	GBR

1 NOM indicates client account

Share price development

The Storebrand share produced a total return (including dividend) of 44% over the course of 2006. The OSE benchmark index (OSEBX) rose by 32% over the same period. Over the last three years, the Storebrand share has produced a total return of 124%, while the OSEBX index showed a return of 158% for the same period.

Dividend policy

Storebrand's dividend policy shall contribute towards giving shareholders a competitive return and optimising the company's capital structure. The dividend to shareholders will normally represent above 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 2006, the Board of Storebrand ASA recommends that the Annual General Meeting approve a dividend of NOK 442 million for 2006, equivalent to NOK 1.8 per share.

RISK adjustment (Only relevant for Norwegian shareholders.)

RISK amounts for shares in Storebrand ASA:

As at	RISK amount NOK	As at	RISK amount NOK
1.1.1993	-2.59	1.1.2000	0.49
1.1.1994	0.12	1.1.2001	1.88
1.1.1995	0.84	1.1.2002	4.99
1.1.1996	-0.14	1.1.2003	4.52
1.1.1997	0.75	1.1.2004	-2.21
1.1.1998	0.31	1.1.2005	-6.70
1.1.1999	-0.89	1.1.2006	-4.24

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.

On 1 January 2006, new rules came into force in Norway for the taxation of dividends and gains on shares held by private individuals. The new rules are termed the "shareholder model" and replace the previous RISK and tax credit systems. Under the new shareholder model, the amount of a dividend, less a standard deduction, is taxable, currently at 28%. If shares are sold, any standard deduction not utilised can be deducted from the gain on sale. The standard deduction is calculated on the basis of the cost price of the share multiplied by the average three-month interest rate on treasury bills, which is effectively the risk-free rate of interest. The interest rate for calculating deductions in 2006 is set at 2.1%.

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 a high priority. The group has a separate investor relations unit responsible for establishing and co-ordinating contact with analysts, the stock exchange, shareholders, investors and others.

All interim reports, press releases and presentations of interim reports are published on the Storebrand website 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 able to attend, but not vote.

Shareholders' contact with the company

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

Storebrand share (NOK)	2006	2005	2004	2003	2002
Highest closing price	81.30	66.50	58.50	43.60	57.00
Lowest closing price	57.25	47.00	40.40	20.50	19.20
Closing price on 31.12.	79.30	58.25	58.50	43.30	26.00
Market cap 31.12. (NOK million)	19 811	15 059	16 274	12 040	7 223
Dividend for the accounting year[1]	1.80	4.00	7.00	0.80	-
Annual turnover (1,000 shares)	564 195	516 323	471 331	372 970	301 691
Average daily turnover (1,000 shares)	2 248	2 041	1 863	1 492	1 212
Annual turnover (NOK million)	39 825	30 318	22 149	12 842	11 934
Rate of turnover (%)	222	187	169	134	109
No. of ordinary shares at 31.12 (1,000)	249 819	258 526	278 181	278 070	277 715
Earnings per ordinary share	6.03	5.41	8.49	2.67	-3.73
Total return (%)	44	13	38	67	-50

1 In 2004 and 2005 the ordinary dividend per share was NOK 1.20 and NOK 1.50 respectively.

Corporate governance

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

In order to strengthen Storebrand's work on corporate governance further, an in-house Corporate Governance committee was established in 2006. The committee is responsible for ensuring good corporate governance practice across the Storebrand group.

In December 2004, a broadly based working group published a Norwegian Code of Practice for Corporate Governance. Storebrand has been actively involved in developing the Norwegian Code of Practice. The Code of Practice takes into account international developments and other national codes, but is built on national considerations such as Norwegian legislation and practice. The Code of Practice is updated annually, most recently on 28 November 2006. The rules of Oslo Børs make it compulsory for listed companies to issue an annual statement of practice in accordance with the Norwegian Code of Practice for Corporate Governance.

An account of the major features of Storebrand's corporate governance is provided below. The account deals with a number of issues that are not included in the Code of Practice, but which we consider to be central to the discussion of corporate governance. The headings used below refer to the equivalent sections of the Code of Practice, with comments on any deviation from the Code. We have chosen to deal with certain other issues related to corporate governance elsewhere. This applies to the account of the use of financial risk management (page 51-53), shareholder matters (Sections 3,4 and 5 of the CoP), and corporate responsibility (pages 16-19).

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

IMPLEMENTING AND REPORTING THE GROUP'S OBJECTIVES, STRATEGIES AND VALUES (CoP sections 1 and 2)

The Articles of Association of Storebrand ASA stipulate that it is the holding company of a financial institution and its objective is to manage its equity interests in the group in compliance with the relevant legislation.

Storebrand launched its own principles for corporate governance in 1998, and sees the Norwegian Code of Practice as a natural extension of its own principles. The Board of Directors (the "Board") has resolved that the company shall adhere to the Norwegian Code of Practice, and its statement on adherence to the Code of Practice can be found on page 28. An account of the definition and implementation of Storebrand's corporate values can be found in the Corporate Responsibility Report and Action Plan for 2007-2008, and also at pages 16-19 of this annual report. The group has produced guidelines for business ethics. Monitoring and compliance with these guidelines is subject to a thorough internal process. Further information in this respect can be found on page 28, and also in the Corporate Responsibility Report and Action Plan for 2007-2008. Further information on the company's objectives and main strategies can be found on pages 38-39. In addition, Storebrand keeps the market advised of its objectives and strategies through investor presentations held in connection with presentations of its interim and annual reports and other specialised presentations, such as the capital market days that are held every second year.

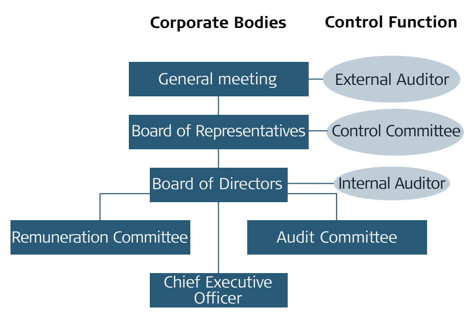
Deviation from Sections 1 and 2 of the Code of Practice: None

SHAREHOLDER MATTERS (CoP sections 3,4 and 5)

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

Deviation from Sections 3,4 and 5 of the Code of Practice: None

STOREBRAND'S CORPORATE BODIES



Annual General Meeting (CoP section 6)

Storebrand ASA holds its AGM no later than the end of June each year. The 2006 AGM was held on 3 May. 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, including the candidates nominated by the election committee.

All shareholders are entitled to attend general meetings, and arrangements are also made for proxy voting. Shareholders can only exercise their formal rights through the general meeting. Norwegian law does not permit shareholders to exercise their rights through what is known as "written consent" (formal group action outside the general meeting). Storebrand has considered a system for future use that would encourage a high level of participation by allowing shareholders to vote over the Internet, but this kind of arrangement is not currently permitted by Norwegian law.

Deviation from Section 6 of the Code of Practice: None

The Norwegian Code of Practice for Corporate Governance addresses the following major topics:

1) Implementation and reporting on corporate governance	6) General meetings	11) Remuneration of the board of directors
2) Business	7) Nomination committee	12) Remuneration of the executive management
3) Equity and dividends	8) Corporate assembly and board of directors: composition and independence	13) Information and communications
4) Equal treatment of shareholders and transactions with close associates	9) The work of the board of directors	14) Take-overs
5) Freely negotiable shares	10) Risk management and internal control	15) Auditor

The full text of the Norwegian Code of Practice for Corporate Governance is available on the Oslo Børs website at: http://www.oslobors.no/ob/cg

Election Committee (CoP section 7)

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

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

Board of Representatives (CoP section 8)

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

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

Deviation from Section 8 of the Code of Practice: None

Board of Directors (CoP section 8)

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 Chief Executive Officer 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 are provided on pages 22–23 and on the group's website. The Board of Storebrand ASA satisfies the requirements for the independence of the Board of Directors stipulated in the Norwegian Code of Practice.

Deviation from Section 8 of the Code of Practice: None

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

The Board meets at least nine times each year. In 2006, the Board held 11 meetings and one Board conference. Attendance records of individual Board members can be found on the group's website. The work of the Board is subject to a specific mandate. In order to ensure sound and well-considered decisions, meetings of the Board are well prepared so that all members can participate in the decision making process. The Board prepares an annual schedule for its meetings and the issues to be considered. The agenda is set by the Chairman based on the approved schedule for the year and a list of matters carried forward from previous meetings. Time is made available at every second Board meeting to discuss matters without the management present. The Board is entitled to appoint external advisers whenever it considers this necessary.

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

Board committees (CoP section 9)

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

The Remuneration Committee monitors the remuneration of the group's senior managers, and assists the Board in setting terms and conditions for the Group CEO. The Remuneration Committee held four meetings in 2006.

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 2006, where the external and internal auditors participated.

Deviation from Section 9 of the Code of Practice: There is no requirement in legislation or the company's Articles of Association for the appointment of a Deputy Chairman to the Board of Storebrand ASA. The Board may elect a Deputy Chairman if it so requires. The question of electing a Deputy Chairman was considered in 2006, but was not considered necessary. The Board considers that such an appointment could cause undesirable differentiation between members of the Board. When necessary, for example due to the absence of the elected Chairman or because the Chairman is not able to participate in a particular matter, the Board considers it sensible and appropriate to elect one of its members as chairman of the meeting in question as required.

Control Committee

The Control Committee of Storebrand ASA is a legal requirement, and has five members elected by the AGM. The committee is independent of the company's Board and management. Further information on the members of the Control Committee can be found on the group's website. Members are elected for a two-year term of office. The Control Committee is responsible for ensuring that the entire group conducts its activities in a prudent and proper manner. This includes paying particular attention to close collaboration with the control committees of the group companies. The committee ensures that the group adheres to all relevant legislation and regulations, and that it operates in accordance with the Articles of Association and resolutions passed by the group's corporate bodies. The committee is entitled to look into any matter, and has access to all relevant documentation and information. The committee has the power to demand information from any employee and any member of the company's corporate bodies. The Control Committee met 10 times in 2006 and submitted reports to the Board of Representatives for 2005 and the first six months of 2006 on 28 February 2006 and 29 August 2006 respectively. The control committees for Storebrand Life Insurance and Storebrand Skadeforsikring are identical to the Storebrand ASA Control Committee. Storebrand Bank has its own control committee.

GROUP MANAGEMENT

Internal management bodies

Storebrand's business model has a particular emphasis on life insurance. This 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 drawn from the group's senior employees, together with employee representatives, as well as external members with expertise relevant to the business of the company in question. Storebrand re-launched its P&C insurance business in 2006, and the Group Chief Financial Officer is chairman of the board of the P&C insurance company.

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

Storebrand's executive management is charged with implementing the strategies approved by the Board, and is directly responsible for the group's overall profitability and for making optimal use of resources across the entire group. Storebrand works systematically to build up the system value of expertise across the group, and annually carries out succession planning for the entire executive management team. A good process for succession management plays an important role in ensuring the long-term stability and continuity of executive management in Storebrand. Succession planning is submitted to the Board for approval. In addition, in order to ensure continuity of expertise in key positions, all the members of the executive management team are subject to a written agreement to give six months' notice of termination of employment. Information on the executive management team can be found on page 36.

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

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

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

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

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

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

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

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

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

The Norwegian Code of Practice for Corporate Governance addresses the following major topics:

1) Implementation and reporting on corporate governance	6) General meetings	11) Remuneration of the board of directors
2) Business	7) Nomination committee	12) Remuneration of the executive management
3) Equity and dividends	8) Corporate assembly and board of directors: composition and independence	13) Information and communications
4) Equal treatment of shareholders and transactions with close associates	9) The work of the board of directors	14) Take-overs
5) Freely negotiable shares	10) Risk management and internal control	15) Auditor

The full text of the Norwegian Code of Practice for Corporate Governance is available on the Oslo Børs website at: http://www.oslobors.no/ob/cg

Each business area carries out an annual strategy and planning process used to produce a rolling three-year plan for the group, including detailed targets, strategies and budgets. The Board of Storebrand ASA is involved throughout the strategy and planning process. Risk evaluation and internal control reporting form an integrated part of the strategy and planning process. The management teams work actively to identify areas of risk and measures to promote the company's strategy and objectives. This work is summarised in an internal control report submitted to the Audit's Committee and the boards.

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

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

Management through group-wide policies and guidelines

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

Business ethics and "whistle blowing"

Storebrand has established ethical rules for the group and its employees. Business ethics and ethical dilemmas are a standard feature of seminars for new employees, and are discussed annually by all departments. Employees can seek advice anonymously from a business ethics page on the Storebrand Intranet, and can refer any concerns directly to the chairman of Storebrand ASA's Audit Committee.
Deviation from Sections 10 and 15 of the Code of Practice: None

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

The remuneration of the members of the Board is decided annually by the AGM. The fees paid to the members of the Board are not linked to profits, option programs or similar arrangements. The members of the Board do not receive incentive-based consideration, but receive a fixed annual fee plus an additional payment for each Board meeting in excess of 11 meetings in any one year. The shareholder-elected members of the Board do not participate in the company's pension arrangements. None of the shareholder-elected members of the Board carries out any duties for the company other than their appointment to the Board. More detailed information on remuneration, loans and shareholdings of the members of the Board can be found in Notes x and x of the notes to the accounts. Members of the Board are encouraged to hold shares in the company.

Guidelines for the remuneration of members of the executive management have previously been submitted to the AGM for information each year, and will from 2007 be submitted to the AGM for advisory voting. The salary and other remuneration of the Chief Executive Officer are decided by the Board. More detailed information on remuneration, loans and shareholdings of the members of executive management can be found in Notes 11 and 14 of the notes to the accounts. Members of the executive management are encouraged to hold shares in the company.
Deviation from Sections 11 and 12 of the Code of Practice. None

Information and communications (Section 13 of the Code of Practice)

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the AGM. The group's financial calendar is published both on the Internet and in the company's annual report. All reporting is based on the principle of openness, and takes into account the need for equal treatment of all participants in the securities markets. Further information can be found on pages 30-31.
Deviation from Section 13 of the Code of Practice. None

Take-overs (CoP section 14)

The Articles of Association do not impose any restrictions on the purchase of shares in Storebrand. The Board has detemined guiding principles on how a take-over bid will be handled.
Deviation from Section 14 of the Code of Practice. None

Other matters

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

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

Management report:

Financial performance and business development

Executive Management Group of Storebrand

Egil Thompson (42), Executive Vice Presedent, Corporate Communications. Degree in political science, University of Oslo. 1999–2000 Deputy Director, Corporate Communications, Storebrand ASA. 1994–1999 Journalist and head of editorial staff, Aftenposten. 1990–1994 Journalist with the Norwegian News Agency (NTB).

Hans Henrik Klouman (45),Executive Vice President, General Counsel. Law Graduate, University of Oslo. 1993–1994 Lawyer, Oslo Stock Exchange. 1990–1993 Lawyer, Thommessen, Krefting, Greve & Lund. 1989–1990 Assistant Judge. 1987–1989 first consultant Kredittilsynet.

Roar Thoresen (49), Executive Vice President, Chief Operating Officer. Programme for Executive Development (PED), IMD Lausanne. MSc in Naval Technology, Norwegian Institute of Technology, Trondheim. 2002-2006 Executive Vice President Strategic Business Development, Storebrand ASA. 1989-2002 Consultant, Managing Partner and CEO, PA Consulting Group AS. 1986-1989 Vice President, Mandator AS.

Maalfrid Brath (41), Executive Vice President, Retail Market. State Authorised Accountant, Norwegian School of Economics and Business Administration (NHH). Master of General Business, Norwegian School of Management (BI). 2002–2004 Head of Storebrand Group Private Sector Distribution. 1999–2002 Deputy Managing Director, Storebrand Livsforsikring AS. 1997–2002 Managing Director Storebrand Fondsforsikring AS. 1995–1996 Vice President, Internal Audit, Storebrand ASA. 1989–1995 Arthur Andersen & Co.

Idar Kreutzer (44), Group Chief Executive Officer, Storebrand ASA and Managing Director, Storebrand Livsforsikring AS. Norwegian School of Economics and Business Administration (NHH). 1995–2000 Chief Financial Officer, Storebrand ASA. 1992–1995 Various positions in treasury and business development, Storebrand. 1988–1991 Consultant, Medinor Project. 1986–1987 Political Secretary & Advisor to the City Council, the Municipality of Oslo.

Hans Aasnæs (43), Managing Directors Storebrand investments. Agronomist, Agricultural University of Norway. Advanced studies business analysis, Norwegian School of Economics and Business Administration (NHH). Authorised Financial Analyst (AFA). Program for Executive Development, IMD. 2001-2005 Investment Director, Storebrand Kapitalforvaltning AS. 1994-2001 Portfolio Manager, Norwegian and International equities, Storebrand Kapitalforvaltning AS. 1990-1994 Derivatives Specialist, Orkla Finans.

Lars Aa. Løddesøl (42), Executive Vice President, Corporate Life Insurance. Master of General Business, Norwegian School of Management (BI). MBA, Thunderbird (AGSIM), USA. 2001–2004 Executive Vice President, Finance Director Storebrand ASA. 1994–2001 Vice President, Citibank International plc. 1990–1994 Assistant Treasurer, Scandinavian Airlines Systems.

Odd Arild Grefstad (41), Executive Vice President, Chief Finance Officer. State Authorised Accountant, Norwegian School of Economics and Business Administration (NHH). 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.

Klaus-Anders Nysteen (41), Managing Director Storebrand Bank ASA. AFF Solstrand Management Programme. MBA Norwegian School of Management and Administration (NHH). Management Programme in Logistics, Norwegian School of Management (BI). Royal Norwegian Naval Academy. 2001-2006 Executive Vice President and CFO, Posten Norge AS. 1999-2000 CFO, Hydro Seafood AS. 1998-1999 acting CEO and CFO, Hydro Seafgood GSP Ltd, Scotland. 1997-1998 Finance Director, Hydro Seafood Norway AS. 1993-1997 Lecturer in Logistics, Norwegian School of Management (BI) Bergen campus.

This report provides an account of the Storebrand group's financial performance in 2006 set against the background of historical performance and the trends apparent at the start of 2007. 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 Report of the Board of Directors 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 subsidiaries' annual reports.

Key figures – strategic and financial development

Summary of key figures

(All amounts in NOK million unless stated otherwise)		2006	2005	2004	2003	2002
Group	Group profit	1 585	1 453	2 555	894	-1 701
	Earnings per ordinary share (NOK)	6.03	5.41	8.53	2.67	-3.73
	Return on equity[1]	19.0%	17.1%	26.5%	9.3%	-9.3%
	Ordinary dividend per share (NOK)	1.80	1.50	1.20	0.80	
	Extraordinary dividend per share (NOK)		2.50	5.80		
	Average number of shares (in million)	248.0	258.6	272.9	277.9	277.7
	Capital ratio	10.6%	11.2%	15.3%	14.9%	16.0%
Life Insurance	Total policyholders' funds (traditional life insurance)	146 126	134 508	121 014	108 760	99 108
	Total policyholders' funds (unit linked and defined contribution pension)	7 364	5 719	4 476	3 975	3 259
	Total premium income (excluding policy transfers)	13 069	16 805	15 822	9 754	7 281
	Balance of pension transfers (including unit linked)	5 260	564	-758	1 493	381
	Operating costs as % of policyholders' funds[2]	1.10%	1.10%	0.96%	1.00%	0.98%
	Booked investment return	7.12%	6.89%	6.41%	7.26%	2.73%
	Value-adjusted investment return (excl. unrealised gains on hold to maturity bonds)	8.28%	7.55%	7.19%	8.84%	1.92%
	Risk capital in excess of the minimum requirement (excl. unrealised gains on hold to maturity bonds)	16 773	13 583	11 053	8 941	4 836
Storebrand Bank	Net interest margin	1.32%	1.59%	1.69%	1.85%	1.90%
	Cost/income	71%	62%	84%	87%	97%
	Deposits/loans	43%	42%	48%	55%	51%
	Gross lending	31 181	26 758	24 047	22 661	25 851
	Retail mortgages as proportion of total lending	54%	55%	55%	48%	43%
	Volume of non-performing and loss-exposed loans	533	754	909	1 717	2 362
	Loan loss provisions as % of non-performing and loss-exposed loans	81%	64%	62%	49%	35%
Storebrand Investments	Total funds under management	216 900	204 800	165 000	158 800	139 700
	Of which funds under management for external clients	54 800	49 700	25 400	38 500	32 300
	Percentage of total funds under management invested in equities	22%	23%	21%	17%	16%
	Ratio of external funds under management retail/institutional clients (%)	19 / 81	20 / 80	26 / 74	17 / 83	16 / 84
	Total net new business	3 200	23 300	1 600	800	2 100
	Cost/income[3]	70%	96%	88%	95%	107%

Figures for 2004, 2005 and 2006 are based on IFRS. Figures for 2001 - 2003 are based on NGAAP.
1 Post-tax profit/(Opening equity - provision for dividend - 50% of own shares purchased during the year)
2 2005 includes 10 basis points of non-recurring costs in respect of pensions.
3 Excluding financial income

The group's strategic development

Strong growth continues for the Norwegian economy. 2006 was the third year in a row with GDP growth for mainland Norway of around 4.5%. The Norwegian central bank provided an account of the state of the Norwegian economy at the close of 2006 in its Financial Stability Report . The central bank concluded that the economy is enjoying a continued upturn, driven by relatively low interest rates, high oil prices and a high level of activity in the global economy. Norwegian unemployment is at the lowest level since the previous peak of the economic cycle at the end of the 1990s. The central bank's deposit rate was 3.5% at the close of 2006, up from 2.25% at the start of the year. The positive economic picture is favourable for Storebrand in relation to the products and services the company offers.

Storebrand's vision is to be the leading and most respected institution in the Norwegian market for long-term savings and insurance. The three key themes for Storebrand's strategic development over the next few years will be growth, productivity and capital efficiency.

Growth. 2006 was a good year for Storebrand. In the corporate market, Storebrand reinforced its strong position for pension schemes and employee insurance products. During the course of the year, Storebrand attracted over 15,500 new corporate customers in connection with the introduction of mandatory occupational pensions, and these customers represent about 200,000 employees in total. 2006 was also a good year for traditional occupational pension schemes, with transfers of business between insurance companies generating a net inflow of pension reserves to Storebrand of NOK 5.1 billion. The Norsk Kundebarometer survey showed that - for the third year in a row - Storebrand was the insurance company with the highest level of customer satisfaction in the corporate pensions market.

Storebrand Life Insurance's branch office in Sweden continues to expand. The Swedish branch has so far focused on sales of traditional life and pension insurance products with guaranteed returns. In 2007, it will expand its activities to include mutual fund products. This will make Storebrand a complete alternative supplier in the Swedish market.

In the area of asset management for institutional customers, Storebrand has developed a sound position in the Norwegian market over many years. In 2006, Storebrand Investments attracted 64 new institutional customers, and assets under management for institutional customers totalled NOK 30 billion at the close of 2006.

Storebrand Bank intends to continue its focus on selected segments of the corporate market. The bank operates as a niche player for property developers and real estate investors in the Oslo and Akershus region.

In the retail market, Storebrand has a broad focus on long-term savings and insurance. The market for life insurance and long-term savings is growing, and Storebrand has high ambitions for the future of these products. It sees an important role for lending products (principally residential mortgage lending) and bank account products in recruiting new customers to the group. The introduction of no-fees routine banking by Storebrand Bank, together with more competitive mortgage lending products, started a positive trend in 2005. This trend continued throughout 2006, and 21,000 new customer accounts were opened in the year. The re-launch of P&C insurance for the retail market is also playing a role in recruiting new customers, and is furthermore important for the group's commitment to increasing the average number of Storebrand products per customer. In the first months of operation, almost 75% of P&C sales were to existing Storebrand customers.

Productivity. Strong growth for Storebrand's core businesses, combined with increasing competition, make it essential to improve the efficiency of the group's internal processes. Storebrand works continually to improve its operational efficiency, and at the capital markets day in 2004 the company announced a number of efficiency targets to be achieved by the close of 2007. These targets covered all the most important business areas in the group, namely life insurance, banking, asset management and the holding company. At the 2006 capital markets day, the company issued a new evaluation of the objectives based on performance to date and changes in operating conditions.

The efficiency targets announced in 2004 were confirmed, but the target for Storebrand Bank's cost/income ratio (C/I ratio) was adjusted from 55% to 60%, and the target date was extended to 2008. The change in this target principally reflects the level of growth expected over the next few years, as well as the relocation of Storebrand's retail market distribution from the bank to the life insurance company. The bank reported a C/I ratio of 71% for 2006, up from 62% in 2005.

The target for the asset management activities is to achieve a C/I ratio of under 75%. This area reported a C/I ratio of 64% in 2006, down from 91% in 2005. The improvement reflects very strong performance-based fee income in 2006 as a result of good investment management performance, particularly in respect of the outperformance achieved for the life company's securities portfolio.

The target announced for Storebrand ASA (the holding company) was a reduction by 2007 of NOK 50 million in annual operating costs from the level at the start of 2004. Operating costs for 2006 were NOK 82 million, which is NOK 31 million lower than at the start of 2004.

Storebrand Life Insurance announced a target in 2004 for costs expressed as a percentage of policyholders' funds to be 0.7% by the close of 2007. The transition to a new regulatory environment for life insurance in 2008, the introduction of mandatory occupational pensions in 2006 and the expectation that many customers will consider switching from defined benefit pensions to defined contribution pensions have made this target much less relevant. A new target was announced at the capital markets day in 2006, whereby the company is expected to generate a positive administration result for the owner when the new insurance legislation comes into force in 2008. This will accordingly apply to the product area of group pension insurance (defined benefit schemes), including paid up policies.

Capital efficiency. Storebrand's subsidiaries currently have sufficient capital resources for the growth expected over the next few years. Storebrand ASA (the holding company) aims to achieve zero net indebtedness over time. This implies that liquid assets shall be equivalent to the level of interest-bearing liabilities. Maintaining an efficient capital base is one of the essential factors in ensuring that the company is able to generate a satisfactory annual profit relative to the group's equity (return on equity). The Board will ask the 2007 Annual General Meeting (AGM) for a new mandate to buy back more of the company's own shares.

Financial objectives for the group

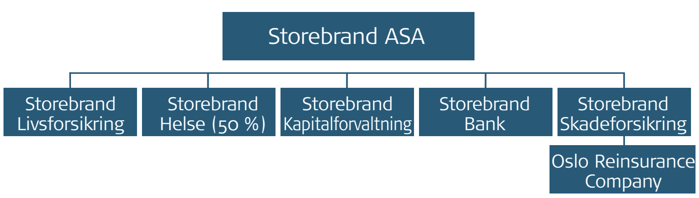
Storebrand has published financial objectives for the group and for each business area. This provides the basis for setting targets for each department and employee. Storebrand has communicated its financial objectives to the market, most recently at the capital markets day held in 2006. The objectives 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%
Capital ratio - banking activities	>10%
Life company solvency margin	>150%
Life company rating	A level

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:



The merger of Storebrand Fondsforsikring AS and Storebrand Livsforsikring AS was approved in the third quarter of 2006. The merger was implemented with accounting effect from 1 January 2006. 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 table below. These figures include the life insurance business of Storebrand Livsforsikring AS (including subsidiaries) and the ownership interest in Storebrand Helseforsikring AS.

Banking activities comprise Storebrand Bank ASA and its subsidiaries. Asset management activities comprise Storebrand Kapitalforvaltning AS including subsidiaries and Storebrand's ownership interest in Storebrand Alternative Investments ASA. Other activities comprises the holding company Storebrand ASA and Storebrand Skadeforsikring AS with its subsidiary Oslo Reinsurance Company ASA.

The sale of Fair Forsikring, which was announced at the end of 2005, was completed as planned in the first half of 2006.

Group profit in 2006

Analysis of earnings by business area

NOK million	2006	2005	2004	2003	2002
Life insurance	1 198	1 229	941	800	-304
Asset management	156	24	47	22	-13
Banking	190	241	121	-137	-476
Other activities[1]	41	-41	1 446	209	-908
Group profit	**1 585**	**1 453**	**2 555**	**894**	**-1 701**
Change in P&C security reserves etc.		10	16	66	199
Profit before tax	**1 585**	**1 463**	**2 571**	**960**	**-1 502**
Tax	-79	-41	-218	-169	612
Profit for year	**1 506**	**1 422**	**2 353**	**791**	**-890**

Figures for 2004–2006 are based on IFRS. Figures for 2002 and 2003 are based on NGAAP.
1 Includes NOK 1,571 million of profit contribution from the sale of shares in If Skadeförsäkring in 2004.

Strong group profit. The Storebrand group reported a group profit of NOK 1,585 million for 2006 compared to NOK 1,453 million in 2005. Earnings per share, based on the average number of shares outstanding, amounted to NOK 6.03 in 2006 and NOK 5.41 in 2005. Further information on the business areas can be found on pages 40–51.

The Storebrand group produced a post-tax return on equity (RoE) of 19.2% in 2006.

Storebrand has made plans for the next few years to continue to achieve the profitability target of 15% ROE.

Capital situation

Storebrand pays particular attention to the active management of its equity and borrowings. The composition of its business areas and their growth will be an important driver for the group's capital requirements. The level of indebtedness is managed in relation to the company's commercial risk and capital requirements. The group has set long-term targets for the capital ratio of its banking activities to be 10% and the life insurance solvency margin to be at least 150%. Storebrand Life Insurance also aims to be rated at the A level. The holding company aims to have a net debt ratio of zero over the longer term.

Storebrand ASA (the holding company) held liquid assets of NOK 2.2 billion at the close of 2006. Taking into account expected receipts of net dividends and group contributions from subsidiaries and the proposed dividend payment to shareholders, the holding company had liquid assets of NOK 2.6 billion. Storebrand ASA also has an undrawn long-term committed credit facility of EUR 225 million. The table on the next page shows development in key capital figures for the group.

Storebrand's capital situation - key figures	2006	2005	2004	2003	2002
Storebrand Group:					
Capital ratio	10.6%	11.2%	15.3%	14.9%	16.0%
Core capital ratio	7.7%	7.8%	10.9%	9.9%	10.3%
Storebrand ASA:					
Net debt ratio[1]	-4%	-9%	-13%	15%	16%
Storebrand Livsforsikring AS:					
Capital ratio	9.7%	11.0%	14.5%	15.9%	18.5%
Core capital ratio	6.5%	7.0%	9.0%	9.4%	10.3%
Solvency margin	174.6%	175.9%	174.3%	158.8%	161.3%
Storebrand Bank ASA:					
Capital ratio	11.0%	10.4%	13.8%	12.3%	11.4%
Core capital ratio	8.8%	8.2%	11.6%	9.8%	8.8%

1 Net debt ratio is debt minus liquid assets divided be assets minus liquid assets 2004–2006 based on IFRS, 2002–2003 based on NGAAP

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 2007 AGM should approve a dividend payment for 2006 of NOK 1.80 per share, representing a total distribution of NOK 442 million.

Storebrand ASA repurchased 7.3 million of its shares in 2006 at an average price of NOK 68.69 per share, representing a total cost of NOK 503 million (after taking into account own shares sold through the employee purchase scheme). The shares were bought in the market, with purchases taking place on 36 trading days. The company reduced its share capital in August by 8.7 million shares to 249.8 million shares by cancelling own shares. The 2006 AGM granted the Board a mandate to purchase up to 10% of the company's own shares in the period up to the 2007 AGM. Storebrand held 4.5 million of the company's own shares at the close of 2006.

Taxation

The Storebrand group's effective tax rate for 2006 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. This is particularly the case for Storebrand Life Insurance. Investments in shares in the EEA area held by Storebrand Life Insurance have caused sizable permanent differences in the accounts. On the taxation exemption principle, gains and losses and dividends on such shares are not taxable, and similarly losses on such shares are not tax deductible.

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 6 to the annual accounts on page 67. The group has net negative timing differences between accounting and tax values of around NOK 10.6 billion that provide the basis for a deferred tax asset of NOK 3 billion (28% tax rate). This amount includes losses carried forward of NOK 8.7 billion and tax allowances carried forward of NOK 1.4 billion. Tax allowances can be carried forward for 10 years, but expire if not used within this period.

The basis figure used for recognising deferred tax asset in the balance sheet has been written down by NOK 10.3 billion. The book value of deferred tax asset in the balance sheet is NOK 0.2 billion, and deferred tax is NOK 0.1 billion. The net book value of deferred tax asset is therefore NOK 0.1 billion. The basis figure has been written down as a result of uncertainty over whether future taxable income will reach a level that will allow all the tax losses carried forward to be used.

INFORMATION ON THE BUSINESS AREAS

Life insurance activities

Markets and strategy

Strong position for pensions and life insurance. Storebrand Life Insurance is one of the leading companies in Norway for pensions and life insurance products for private individuals, companies and public sector bodies. The company has a market share of 27% in terms of policyholders' funds in the Norwegian life insurance market. This market is expected to grow strongly, and Storebrand intends to develop its position by delivering customer-oriented and attractive product solutions.

Norway's most satisfied customers. Storebrand Life Insurance's objective is to be recognised by customers as the most respected and customer-focused life insurance company in Norway. Storebrand's competitive position was confirmed by the number of major new customers that it won in 2006, as well as the high level of customer satisfaction reported by the Norsk Kundebarometer survey.

Group pension insurance represents the major part of activities as measured in terms of both policyholders' funds and profit to the owner. Group pension insurance accounted for 72% of Storebrand's policyholders' funds at 31 December 2006, while individual pensions and life insurance products represented 28% of total policyholders' funds. In terms of profit to the owner, group pension insurance contributed 59%, personal life insurance products contributed 36% and group life insurance contributed 5% in 2006.

The introduction of mandatory occupational pension schemes dominated the pensions market in 2006. All companies had to have occupational pension arrangements in place for their employees by 31 December 2006. Companies must contribute at least 2% of each employee's salary (on salary between 1 and 12 times the current National Insurance Scheme basic amount), starting no later than 1 July 2006. The employer must also meet the administration and management costs of the pension scheme.

Storebrand has developed a new standard product, Storebrand Folkepensjon, which is specifically designed for companies required to establish a occupational pension scheme for their employees in 2006. The product emphasises customer-friendly service solutions that make it easy for companies to administer their pension arrangements.

Storebrand has established a sizeable number of framework agreements with employers' organisations and trade associations over recent years. These agreements played an important role when mandatory occupational pension schemes were introduced, and accounted for 55% of all the company's sales of mandatory schemes.

Work on improving the efficiency of customer service systems continued in 2006. The retail market unit carried out a project to improve the efficiency of opening new policies and settlement for life insurance products, as well as projects for the external distribution channel and for deposits and sales support at Storebrand Bank. The objective of this program is to address efficiency in all units before the start of 2009.

One of the major surprises of 2006 was the Norwegian government's decision to abolish the favourable taxation treatment of private pension saving. With effect from 12 May 2006, contributions to personal pension plans (IPA pensions) are no longer tax deductible. In addition, from 1 January 2007 annuity policies are no longer exempt from wealth tax. At the close of 2006, Storebrand managed some NOK 18 billion of investments in IPA pensions and NOK 6.5 billion of annuity policies.

Analysis of results by class of insurance Storebrand Livsforsikring AS

NOK million	Group pension private	Group pension corporate	Group life-insurance	Individual endowment insurance	Individual pension insurance	Non-life insurance	2006	2005	2004
1. Financial income	6 817	956	51	1 412	1 994	11	11 241	9 888	7 807
2. Guaranteed yield	-3 489	-248	-4	-722	-1 204		-5 668	-5 486	-4 679
- of which transferred to premium reserve	-126	-14			-7		-147	-125	-134
3. Interest result	**3 327**	**708**	**47**	**690**	**790**	**11**	**5 573**	**4 402**	**3 128**
4. Risk premium	428	39	373	389	-81	156	1 303	1 247	1 280
5. Risk supplement	-204	-109	-314	-305	53	-119	-998	-798	-968
6. Net reinsurance etc.	-22		-28			-34	-84	-84	-104
7. Risk result	**202**	**-70**	**31**	**84**	**-29**	**2**	**220**	**365**	**208**
8. Administration premium	537	89	59	276	165	29	1 154	1 074	941
9. Operating expenses	-855	-117	-71	-384	-270	-58	-1 755	-1 458	-1 139
10. Administration result	**-318**	**-28**	**-12**	**-108**	**-105**	**-29**	**-601**	**-384**	**-198**
11. Change in premium reserve/security fund	**-10**	**-6**	**-1**	**-1**			**-18**	**-11**	**-181**
12. Gross result by sector (3+7+10+11)	**3 201**	**604**	**65**	**665**	**656**	**-16**	**5 175**	**4 372**	**2 958**
13. Transferred to policyholders' funds	**-2 601**	**-512**		**-412**	**-469**		**-3 994**	**-3 215**	**-2 019**
To(-)/from(+) owner's equity:									
-net return on share capital[1]							579	491	409
-0.40% of policyholders' funds							567	521	455
-risk margin earned by owner's equity							49	47	46
-other							-15	98	29
14. Profit/loss for the year							**1 181**	**1 157**	**938**

1 Includes: Security reserve subordinated loan capital book equity and liability items.

Of which: products with investment choice		**2006**		
NOK million	Group pension	Individual endowment	Individual pension	Total
Financial income	139	94	516	748
Guaranteed yield	-123	-89	-474	-685
Interest result	**15**	**6**	**42**	**63**
Risk premium		1	1	2
Risk supplement			2	2
Risk result	**0**	**1**	**3**	**4**
Administration premium	23	13	32	68
Operating costs	-133	-16	-61	-211
Administration result	**-110**	**-3**	**-30**	**-143**
Transfer to security fund			-1	-1
Gross result by sector	**-95**	**3**	**15**	**-77**

Gross financial income is the total return on both customers' and owner's assets.
Required yield is the return on customers' assets.
Surplus/deficit on result elements solely for the company's account.

Financial results for 2006

Storebrand Fondsforsikring AS merged with Storebrand Livsforsikring AS with accounting effect from 1 January 2006.

The total contribution of profit from the life insurance activities to group profit in accordance with IFRS amounted to NOK 1,198 million in 2006 compared to NOK 1,229 million in 2005. The following table shows the breakdown of this profit contribution between the life insurance business areas.

Life Insurance activities

NOK million	2006	2005
Storebrand Life Insurance Group	1 191	1 224
Other life insurance activities	7	5
Group profit – life insurance	**1 198**	**1 229**

The following sections provide an account of the financial results for Storebrand Life Insurance. This is followed by the financial results for other life insurance activities. Finally, information is provided on embedded value figures for Storebrand Life Insurance in accordance with the principles for European Embedded Value.

Norwegian insurance companies are not currently permitted to prepare their accounts in accordance with IFRS. Except as otherwise stated, the following comments apply to accounting figures prepared in accordance with Norwegian accounting legislation and accounting regulations for insurance companies.

Good operating result and profit to owner. Operating profit for 2006 was NOK 5,175 million, compared to NOK 4,372 million in 2005. The profit allocated to policyholders for 2006 was NOK 3,994 million (including NOK 1,000 million allocated to additional statutory reserves) and the profit to the owner was NOK 1,182 million, including NOK 135 million from products not subject to profit sharing. In addition, insurance products with investment choice generated a loss of NOK 77 million. The good result for policyholders means that pensions currently in payment and fully paid-up pension policies will increase.

After IFRS effects of NOK 8 million, the Storebrand Life Insurance group produced a pre-tax profit in 2006 of NOK 1,191 million, equivalent to 23% return on equity, in line with 2005 and 2004.

Analysis of results – explanatory notes. Interest result is the difference between the net booked return, including interest costs on subordinated loan capital, and the guaranteed return on policies. The average guaranteed return on insurance policies in 2006 was 3.6%. 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 and actual operating costs.

Growth in premium income in most areas. Storebrand Life Insurance's total premium income for 2006, excluding policy transfers, was NOK 13,069 million. This represents a decline of 22% from NOK 16,805 million in 2005. The largest percentage growth was seen for products with investment choice, where group pension insurance was up by 139% and individual endowment/pension insurance was up by 59%.

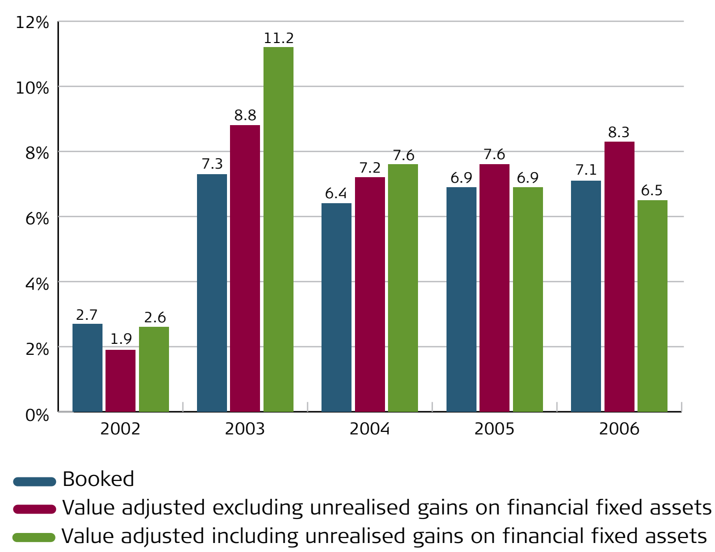
Non-life insurance (products provided within the life insurance regulatory framework) also showed good growth, with a 42% increase. Defined benefit group pension insurance and group life insurance showed increases in premium income of 16% and 6% respectively. Individual endowment insurance showed a decline of 65% due to the restrictions imposed by the company on sales of life insurance related savings products to the retail market. If these savings products are excluded, premium income showed an increase of 21%. Individual annuity/personal pension products showed a decline of 27% from 2005. This was caused by the Norwegian Government's proposal to abolish the current tax arrangements for personal pensions.

Good net pension transfer inflows. Storebrand Life Insurance saw net inflows of pension reserves of NOK 5,260 million in 2006, compared to NOK 564 million in 2005. The main reason for the good net pension inflow was strong sales to both the public and private sectors.

Satisfactory investment return, solidity and risk capital. Storebrand Life Insurance produced a satisfactory investment return in 2006. The booked investment return for 2006 was 7.1%, compared to 6.9% for 2005. The value-adjusted return on current asset investments was 8.3% compared to 7.6% in 2005. The value adjusted return including bonds held to maturity was 6.5% in 2006 compared to 6.9% in 2005. At the close of 2006 unrealised gains on current asset investments totalled NOK 5,890 million, while unrealised gains on bonds held to maturity totalled NOK 1,097 million. The overall increase in unrealised gains in 2006 was NOK 2,041 million.

The life insurance company's risk bearing capacity was satisfactory at the close of 2006. The solvency margin was 174.6% compared to 175.9% at the close of 2005. The company's capital ratio was 9.7% in 2006 while the minimum required is 8%.

Investment return



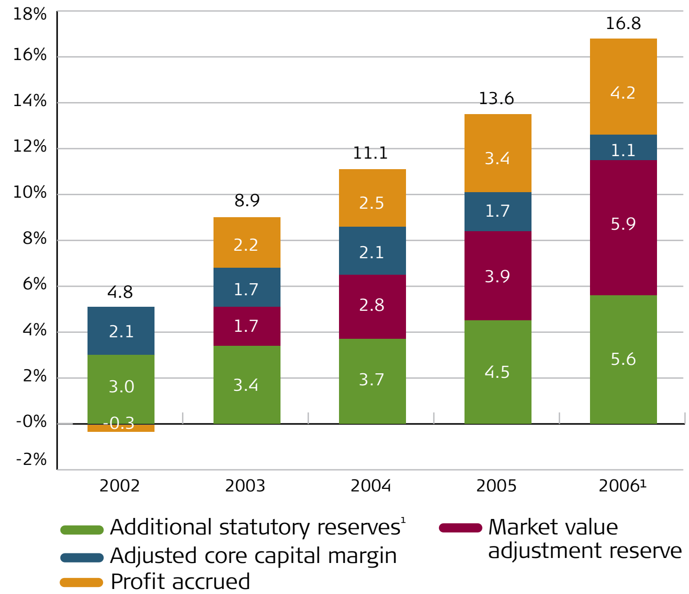
Risk result. The risk result for 2006 was NOK 220 million compared to NOK 365 million in 2005. The decrease of NOK 145 million reflects decreases of NOK 99 million for group pension insurance due to a weaker disability result, NOK 47 million for group life insurance due to reduced premium tariffs and NOK 32 million for non-life insurance lines, mainly due to increased industrial injuries claims. The regulations dictate that an increase in group life insurance business requires an increase in security reserves, leading to a lower risk result. The risk result for individual endowment policies and individual pensions business improved by NOK 9 million and NOK 24 million respectively.

Costs. The administration result showed a loss of NOK 601 million, which represents a deterioration of NOK 217 million from 2005.

Storebrand Life Insurance incurred operating costs of NOK 1,755 million in 2006 compared to NOK 1,457 million in 2005. The increase of NOK 298 million was caused mainly by increased investment management fees as a result of the good investment return achieved, the launch of the Swedish branch office, and work on mandatory occupational pension products. Policyholders' funds, excluding insurance products with investment choice, increased by 9% in 2006. Costs relative to average policyholders' funds were unchanged from 2005 at 1.10%. Storebrand Life Insurance aims to improve the efficiency of its working processes to provide a foundation for managing future growth without an equivalent increase in costs.

Additional statutory reserves strengthened. Additional statutory reserves are conditionally allocated policyholders' funds that act as risk capital to absorb price fluctuations in the investment portfolio. These strengthened by NOK 1,000 million in 2006 to stand at NOK 5,551 million at the close of the year. This combined with the strength of risk management systems ensures that Storebrand Life Insurance is again well equipped to generate a good investment return in 2007.

Risk Capital as % of policyholders' funds excluding additional statutory reserves



1 Including NOK 0.6 billion of additional statutory reserves in excess of one year's interest guarantee.

Investment return and asset allocation

(NOK million) Portfolios	2006 Return %	2006 Market value	2006 Asset allocation in %	2006 Asset allocation Exposure[1]	2005 Asset allocation Market value	2005 Asset allocation Exposure[1]
Total invested assets	8.3%	161 064				
Securities	**8.6%**	**128 138**	**85.1%**	**85.3%**	**89.6%**	**89.4%**
Shares	19.7%	37 301	24.8%	25.5%	24.1%	22.9%
Bonds	1.3%	30 699	20.4%	20.2%	19.4%	19.7%
Money market in total	3.0%	13 986	9.3%	9.2%	14.9%	15.2%
Hold to maturity bonds	5.5%	46 152	30.6%	30.4%	31.2%	31.6%
Real estate	13.0%	20 096	13.4%	13.2%	10.0%	10.2%
Loans		2 296	1.5%	1.5%	0.4%	0.4%

1 Exposure is adjusted for derivative holdings in the separate portfolios.

Changes to the investment portfolio. It is Storebrand Life Insurance's investment strategy to make efficient use of risk capital in order to increase the expected investment return for the company and its policyholders. The company accordingly increased its equity exposure, including derivatives, from 23% to 28% over the course of 2006. The proportion of Norwegian shares in the equity portfolio reduced in 2006 from around 25% to 15%. The proportion of the portfolio allocated to Private Equity increased to 2.2% in 2006. Hedging programs were again used for the equity portfolio in 2006 to limit the effect on risk capital in the event of a sudden sharp fall in the financial markets.

The proportion of the portfolio invested in international bonds held as current assets was somewhat lower than the target allocation throughout 2006, reflecting the low level of international interest rates. The increases in interest rates seen both in Norway and internationally in 2006 caused a fall in the value of bonds in the short term. Over the long term, rising interest rates will lead to an increased return from the investment portfolio and increase the company's risk bearing capacity. The money market portfolio responds relatively quickly to increases in short-term interest rates. In total, the company's money market and bond investments are robust to changes in interest rates.

A smaller proportion of the company's unrealised gains on bonds arises from the portfolio of government and government guaranteed bonds held to maturity. The hold to maturity portfolio represented 28% of total investment assets at the close of 2006, with an average duration of around 5 years and an average effective yield in excess of 5.2% on book value.

The allocation of assets to real estate increased over the course of 2006 from around 10% to 13%. The value of the real estate portfolio was written up by NOK 928 million in 2006, partly due to an increase in the value of the portfolio and partly against the background of inflation adjustment.

Financial results for other life insurance activities

Storebrand Helseforsikring AS. Storebrand Helsefors ikring, in which Storebrand ASA owns 50%, reported an operating profit of NOK 14 million for 2006 and a pre-tax profit of NOK 13 million compared to NOK 10 million and NOK 9 million respectively in 2005. Premium income for health insurance products increased by 20% from 2005 to 2006, and totalled NOK 169 million for 2006. The growth in premiums earned for own account was equally divided between Norway and Sweden.

European Embedded Value

Embedded Value (EV) is defined as the net present value of future profits to the owner from existing business, including the value of shareholder surplus. Embedded Value does not include the net present value of future new business. The method used is based on accepted actuarial principles, and follows the standard for European Embedded Value (EEV) reporting issued by the CFO Forum. This standard imposes requirements for more consistent and transparent reporting by the insurance industry, in particular the valuation of financial options and guarantees associated with insurance products, and a more realistic cost of capital.

Storebrand has calculated Embedded Value for 2006 in accordance with the new principles, using the same structure as in 2005. Embedded value at the close of 2006 was NOK 14,544 million, compared to NOK 12,025 million in 2005. Dividend paid and other equity movements in 2006 totalled NOK 832 million, giving a total Embedded Value result (change in EV before dividend and other equity movements) of NOK 3,351 million.

Storebrand has issued a separate document on the company's results for European Embedded Value. This document can be downloaded from: www.storebrand.no/ir.

European Embedded Value 2004–2006

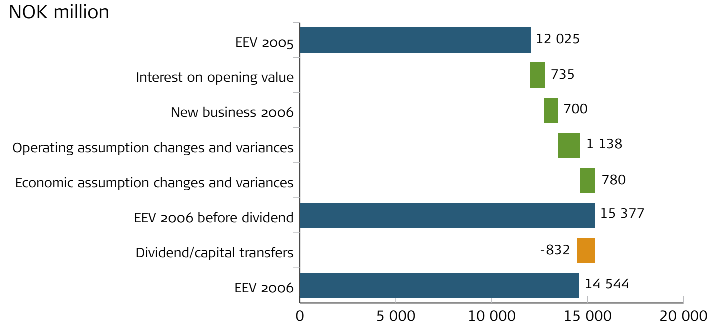
NOK million	EEV 2006	EEV 2005[1]	EEV 2004[1]
Total shareholder surplus	**5 977**	**5 512**	**4 955**
Comprising			
- Required capital	4 111	3 713	3 544
- Free surplus	1 865	1 799	1 411
Cost of capital	**-986**	**-711**	**-628**
Value of in-force	**10 813**	**8 614**	**7 252**
Comprising			
- Group with-profit business[1]	7 317	5 508	4 596
- Individual with-profit business[1]	1 148	1 135	1 192
- Defined contribution business	1 021	612	245
- Unit-linked business	175	184	188
- Other non-profit-sharing business	1 151	1 175	1 031
Cost of volatility	**-1 259**	**-1 158**	**-551**
Tax	**0**	**-232**	**-130**
Total Embedded value	**14 544**	**12 025**	**10 898**

1 Including value previously reported for Storebrand Fondsforsikring AS

Interest on the opening balance based on the economic assumptions in the model amounted to NOK 735 million. The value of new business written in 2006 increased Embedded Value by NOK 700 million. Operating variances from lower outward transfers of business and better than expected claims experience, together with changes in operation assumptions, caused an increase in Embedded Value of NOK 1,138 million. Higher interest rates in 2006 caused a reduction in relative terms of the cost of financial options and guarantees to a total of NOK 1,259 million. This combined with a good investment return in 2006, as well as higher expected returns and wage inflation, to give an increase in Embedded Value of NOK 780 million for economic variances and assumption changes.

Movement analysis: EEV Storebrand Life Insurance

NOK million



Sensitivity analysis. The sensitivity analysis shows the effect of changes in assumptions on the Embedded Value of Storebrand Life Insurance.

Sensitivity analysis European Embedded Value

NOK million	Total EEV	Change in %	Value of new business	Change in %
EEV at 31.12.06	**14 544**		**700**	
1. Risk discount rate +1%	13 410	-7.8%	596	-14.9%
2. Risk discount rate -1%	15 878	9.2%	823	17.6%
3. Beta 1.2	14 273	-1.9%	675	-3.6%
4. Beta 1.0	14 825	1.9%	726	3.7%
5. Interest rates +1%[1]	16 704	14.8%	811	15.8%
6. Interest rates -1%[1]	10 246	-29.6%	523	-25.2%
7. Equity and property risk premiums +1%	15 800	8.6%	752	7.4%
8. Equity and property market values -10%	12 612	-13.3%	701	0.1%
9. Salary and expense inflation +0.5%	14 804	1.8%	712	1.7%
10. Maintenance expenses -10%	14 704	1.1%	740	5.7%
11. Mortality rates -5%	14 393	-1.0%	698	-0.2%
12. Lapse rates +10%	14 217	-2.2%	645	-7.9%

1 Change in market value of unit funds not considered for defined contribution pensions and unit linked.

New Norwegian life insurance legislation

The new Insurance Activities Act comes into force from 1 January 2008. The new Act will create considerable changes for the life insurance industry, and Storebrand is developing new products and systems solutions in order to be as well prepared as possible for the transition. The overall objective of the new legislation is to make the pricing of pension products more predictable and transparent, and to make a clearer distinction between the assets of the insurance company and its policyholders. As an overall rule, the new legislation requires that premiums must be fixed and paid in advance.

The new legislation will introduce a new profit sharing model for paid up policies, with a reduction from 35% to 20% for the maximum proportion of the profit that can be allocated to the company. However, the company will receive the return on all capital in the balance sheet that does not belong to policyholders. In addition, any surplus or deficit on the administration result will be for the owner's account. The owner must also meet any deficit in the risk result.

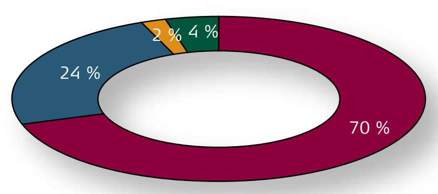
In the case of defined benefit group pension schemes, as well as new individual products with guaranteed return, the new Act will bring to an end the traditional allocation of profit between the customer and the life insurance company. The various elements of pension products must in future be priced separately, and the pricing must include the insurance company's remuneration. The following rules will apply to products that are no longer subject to profit sharing:

- Premium for the interest rate guarantee: The customer (company or private individual) must pay for the interest guarantee in advance. The investment return in excess of the guaranteed level will accrue to the customer, less any allocations to additional statutory reserves. Additional statutory reserves cannot be used to cover any negative return, but can be used to offset a shortfall in return between 0% and the guaranteed return. The new Act stipulates the maximum size of additional statutory reserves. The insurance company carries all the downside risk, and must carry reserves against the policy if the buffer is not sufficient or not available. The price charged for the interest guarantee will depend on factors such as the level of buffer capital associated with the policy, the level of exposure to equities in the portfolio, the level of the interest guarantee and the current market situation, including the level of interest rates. Currently there is no specific premium for the interest rate guarantee and it is paid for through the allocation of profit between the life insurance company and its policyholders.

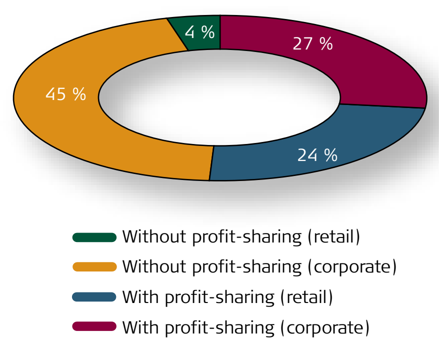
- Risk premium: The customer (company or private individual) will receive any surplus from the risk result achieved on insurance cover for death, disability and dependants in the pension policy, but the insurance company will, in principle, be responsible for meeting any deficit on risk result. There is, however, provision for up to half of any risk surplus on a particular line of insurance to be held in a risk equalisation fund. Deficits in subsequent years can then be met out of the equalisation fund before the insurance company is required to contribute from its own equity.

- Premium for pension scheme administration: Administration costs must be charged in advance and represent the final cost for the customer (company or private individual). The insurance company must then meet any deficit in the administration result, and similarly any surplus is retained by the insurance company. Where a policy's assets are managed in the investment trust portfolio, the price of asset management must also be shown as a separate element of the overall charge.

Allocation of reserves prior to implementation of the new legislation 31.12.2006



Allocation of reserves following implementation of the new legislation 1.1.2008



New opportunities: investment choice, separating group portfolios and long-term contracts

At present, Storebrand determines how a pension policy's assets are invested, and the entire portfolio is managed in the same portfolio. The new legislation will allow companies with defined benefit pension schemes to exercise greater influence over the portfolio's asset allocation and risk profile. The new legislation will also make it possibl for group pension policies to be divided into sub-portfolios with different asset allocation and risk profile.

Policies with a low interest rate guarantee and high risk capital (additional statutory reserves and unrealised gains) may therefore be able to maintain a higher exposure to equities in their portfolio at the same price as similar contracts that have a higher level of guaranteed interest or lower buffer capital. The basis for pricing the interest rate guarantee is the risk to which the available equity is exposed. This means that the customer can choose an investment profile with a lower equity exposure and therefore lower risk exposure in order to reduce the level of premium, although this will also reduce the expected return. A higher exposure to equities represents a higher expected return and higher contributions to the premium fund. Under the new Act, a shortfall in the return on the customer's policy can be met from its additional statutory reserves, and the new rules allow greater flexibility in building up the level of additional statutory reserves.

The new legislation also permits a new type of long-term policy. The interest rate guarantee has so far been linked to a single financial year, but it will now be possible to agree a guaranteed return for periods of up to five years. The premium for a guaranteed return over a number of years will be lower than for annual guarantees over the same period. The employer's liabilities must still be supported by sufficient insurance reserves. If necessary, equity can be used to ensure satisfactory reserves during the agreed guarantee period.

Asset management activities

Markets and strategy

Strong performance. Storebrand Investments offers a complete asset management concept that includes discretionary portfolio management of Norwegian and international securities, global special products with absolute return targets, as well as effective management of market risk. Norwegian institutional customers have historically been the company's main market, but it has recently placed increasing importance on the Norwegian retail market and foreign institutional investors.

Storebrand Investments' objective is to be the preferred manager for long-term savings and pension assets. It will achieve this by continuing to develop its current asset management concept, extending into specialised investment areas and developing particular expertise in major asset management functions. The company had NOK 217 billion of assets under management at the close of 2006. This is made up of discretionary portfolios and mutual funds marketed under the brand names Storebrand and Delphi.

Attractive products. Storebrand Investments offers a full range of savings and investment products, from equity and bond funds for personal saving to advanced specialist funds for professional investors. The company has a well-established team of investment managers, and many of its managers have extensive experience. A survey carried out by Formuesforvaltning identified investment manager Alf Inge Gjerde of Storebrand Investments as the best manager for Norwegian equities in 2006. Gjerde and his team manage the Storebrand Verdi retail market mutual fund. The fund is based on a model portfolio that provides the basis for all our customers' Norwegian equity portfolios. The Storebrand AksjeInnland fund is based on the same model portfolio. This fund is designed for large institutional investors, and has outperformed its benchmark index for seven successive years.

Meeting new customer requirements. Storebrand Investments expects to see increasing demand from its customers for new types of products. This makes innovation all the more important. Storebrand Rente+ was the best performing money market fund in Norway in 2006 , and the fund attracted net inflows of NOK 1.7 billion in the year. The Storebrand Optimér product developed in 2006 represents a new type of savings product, combining investment in commercial property managed by Storebrand Eiendom with investment in international equities managed by Storebrand Investments. Storebrand Optimér is not structured as a traditional mutual fund, but is a limited company and investors buy shares in the company.

Strong sales to institutional customers. A separate unit of investment advisers works closely with major institutional customers to develop customised investment strategies that meet customers' financial objectives, investment time horizon and risk profile. 2006 saw increased demand for investment products, particularly from private investment companies, and a larger proportion of customers showed interest in specialised products such as absolute return alpha-products. Fund products for the retail market are distributed through Storebrand's network of financial advisers, external distributors and direct sales channels such as the Internet and customer call centres. 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.

Automation. Storebrand Investments works continually to simplify its procedures and standardise and automate its work processes from investment decision through to settlement, control and reporting. This focus has improved the cost effectiveness and scalability of its activities, ensuring a robust and flexible asset management platform that can produce stand-alone asset management products as well as managing the complex and flexible investment profiles offered through defined contribution pension schemes. One year ago, Storebrand took over management of Gjensidige Forsikring's investment portfolio. Taking on the responsibility for managing over NOK 30 billion assets did not require any significant investments in systems or staffing. This created an increase in economies of scale, and served to confirm the scalability of the Storebrand Investments operation.

A good return, but not at any price. Storebrand's funds will not invest in companies involved in breaches of human rights, breaches of employees' rights, serious environmental damage, corruption, land mines, cluster bombs, nuclear weapons or tobacco, as well as companies that are among the worst 10% in high-risk industries. This group-wide standard meant that 80 companies were excluded from consideration for investment as at 31 December 2006. It is important to stress that the overall objective is not to exclude companies, but to encourage improvement. We wish to use our role as an investor and owner to encourage more sustainable development over the longer term. Our experience demonstrates that investment returns are just as good even if we set restrictions on the investment choices our managers can make.

Financial results for 2006

Storebrand's asset management activities produced an overall pre-tax profit of NOK 156 million in 2006 compared to NOK 24 million in 2005. The good result for the year is principally due to the very good investment returns achieved, which caused an increase in performance-based fees, as well as higher business volumes and an increase in volume-based fees. The good return also caused an increase in performance-based salaries and so increased total costs.

Asset management activities		
NOK million	2006	2005
Total revenue	399	242
Total costs	-280	-232
Net financial items	7	4
Storebrand Alternative Investments	30	11
Pre-tax profit	**156**	**24**

Higher revenue. Total revenue increased by 65% in 2006. The main increase came from performance-based revenue, which was NOK 132 million higher, but fixed and volume-based revenue also increased by NOK 25 million, equivalent to 11%. The increase in volume-based revenue was driven by the generally good return seen for stock market investments. 2006 saw some shift away from discretionary portfolios to mutual funds, and this also helped to increase fixed and volume-based revenue. Storebrand Alternative Investments also enjoyed a very good year in 2006, and contributed NOK 30 million of revenue to the asset management activities. This represents an increase of NOK 19 million from 2005.

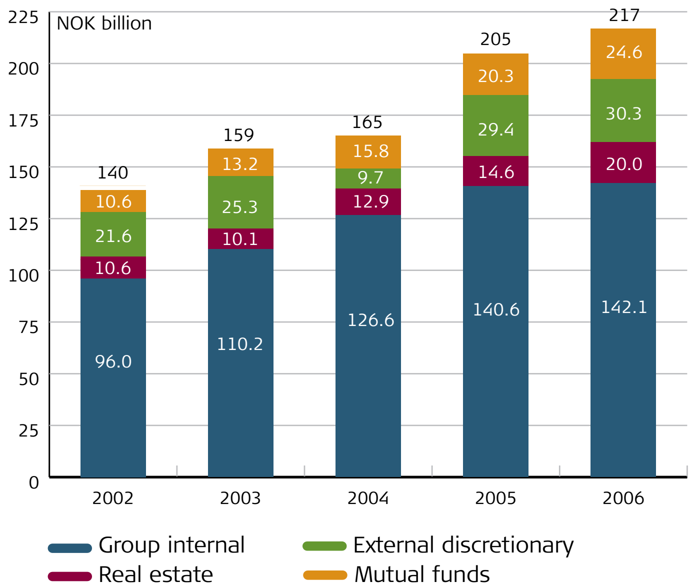
Lower c/i. Total costs increased by 20% in 2006. This was due almost entirely to performance-based costs, since other operating costs only increased by NOK 3 million or 1.5%. Performance-based costs, principally personnel costs, are largely linked to performance-based revenue, and were therefore higher as a result of the increase in this revenue. Stabilising other costs caused an improvement in the ratio of fixed costs to fixed and volume-based revenue from 86% in 2005 to 79% in 2006. The total cost/income ratio (including Storebrand Alternative Investments) improved from 90% in 2005 to 64% in 2006.

Increase in assets under management. Assets under management increased by NOK 12 billion in 2006 to NOK 217 billion at year-end. This reflects both a net inflow of assets under management during the year and growth in the stock markets.

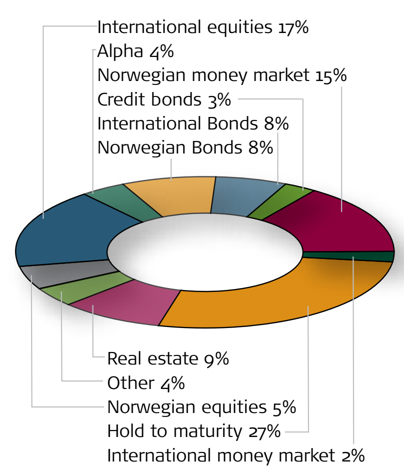
Following a weak year in Norway in 2005 for new business in retail market equity funds (including unit linked), with a net outflow of NOK 3.5 billion, the market improved in 2006 to give an overall net inflow of NOK 1.9 billion. Storebrand's retail market equity funds saw a net outflow of NOK 0.3 billion in 2006, which represents a lower outflow than the NOK 0.8 billion seen in 2005. Looking at the total Norwegian market for equity funds, 2006 saw a net inflow of NOK 24.2 billion, and Storebrand's net inflow was NOK 2.2 billion.

Storebrand Investments' market share of Norwegian registered mutual securities funds at the close of 2006 was 10.7%, in line with the two previous years. Assets managed by Storebrand in Norwegian registered mutual funds increased by NOK 6.7 billion (22%) in 2006.

Total assets under management



Analysis of assets under management at 31 December 2006



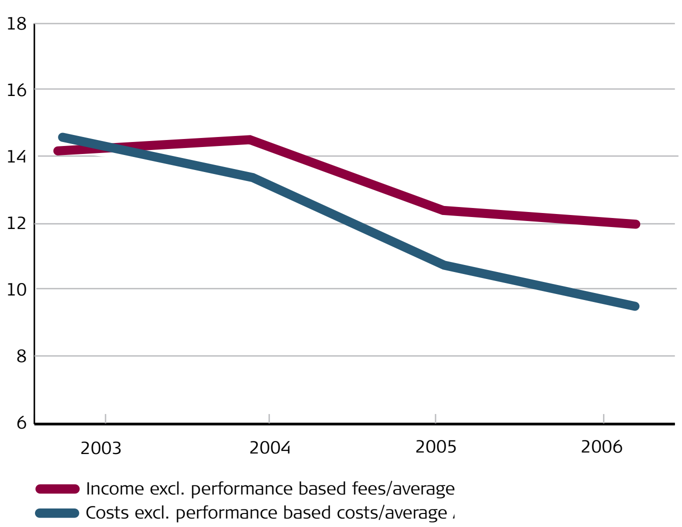
Excellent investment returns for Storebrand Life Insurance. Storebrand Investments produced a better return than the comparable benchmark indices in 2006 on 10 of the 13 discretionary portfolios it manages for Storebrand Livsforsikring AS. Performance was strong across the board, but particularly in fixed income markets and in the Norwegian equity portfolio, which produced a return NOK 220 million ahead of benchmark. The total return on the life company's portfolios was NOK 636 million.

The investment management activities have worked systematically over recent years to develop funds that are not exposed to systematic (market) risk. These hedge funds produced exceptionally strong returns in 2006, and made an important contribution to the total outperformance of NOK 290 million.

Storebrand's mutual funds produced very good returns in 2006. Returns on Norwegian equity funds were particularly strong. This reflects both the performance of the Oslo stock exchange in 2006 and a degree of outperformance relative to the benchmark index. Fixed income funds also produced very good returns in 2006. Global equity funds produce a good absolute return in 2006, and Delphi Europa stands out for its return of 34% in 2006.

Profitable growth. Storebrand Investments continued its work to improve cost efficiency and simplify its asset management products in 2006. Higher volumes and more complex instruments were handled without any need to increase staffing and with consistently good quality. The increase in assets under management, particularly mutual funds, provides a good foundation for profitable growth in future years. The results of this work are shown in the chart below. This shows a clear improvement in the underlying margin generated by Storebrand Investments.

Margin development Storebrand Investment



Banking

Markets and strategy

A modern bank. Storebrand Bank's objective is to be the smart choice for the modern customer. The bank aims to be seen as a bank that is easy to relate to, with popular products at competitive prices. The Storebrand Bank group has total assets of NOK 34.2 billion and 183 employees.

Selective growth. The bank set ambitious targets for growth in 2006. Storebrand Bank maintained its position as a 'no-fees' bank, while significantly strengthening its competitive position for residential mortgage lending. This resulted in significant growth in both business volumes and customer numbers. The lending portfolio increased in 2006 from NOK 26.8 billion to NOK 31.2 billion. The upward trend in customer numbers that started with the launch of free everyday banking in 2005 continued in 2006. The bank opened 21,000 new customer accounts in 2006 compared to 11,700 in 2005. At the close of 2006, Storebrand Bank had 61,000 active customers.

Storebrand Bank established a stockbroking operation in the second quarter of 2006. The business has so far focused on executing orders for Storebrand Investments, and reports a good performance. The stockbroking operation helps to reduce costs for the Storebrand group, and provides a basis to develop additional products for banking customers.

The quality of the bank's lending portfolio at the close of 2006 was satisfactory.

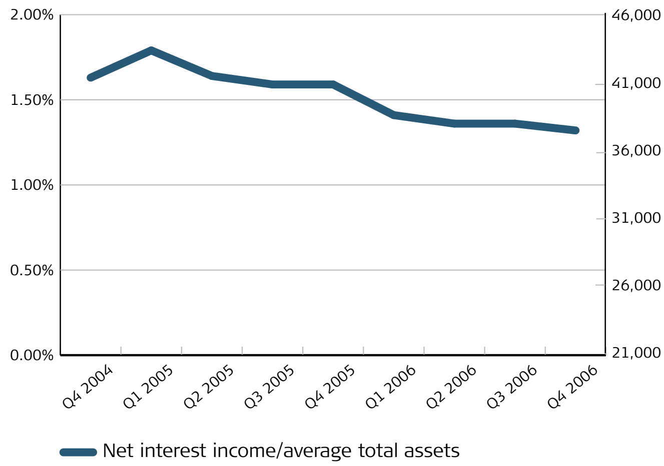
Financial results for 2006

The Storebrand Bank Group reported a profit before loan losses of NOK 143 million in 2006, compared to NOK 207 million in 2005. Loan and guarantee losses and write-downs represented a net write-back of NOK 47 million for 2006, compared to a write-back of NOK 34 million in 2005. Post-tax profit for 2006 was NOK 147 million, compared to NOK 194 million in 2005.

Storebrand Bank		
NOK million	2006	2005
Net interest income	419	447
Net fee and commission income	32	18
Other income	47	76
Operating expenses	-355	-334
Loan losses and write-downs	47	34
Pre-tax profit	**190**	**241**
Post-tax profit	**147**	**194**

Lower net interest income. Net interest income amounted to NOK 419 million compared to NOK 447 million in 2005. This represents a net interest margin calculated on average total assets of 1.32%, compared to 1.59% in 2005. Net interest income showed a falling trend in 2006, mainly due to pressure on margins and increased competition in the lending market.

Net interest margin



Net fee and commission income/other operating income. Net fee and commission income amounted to NOK 32 million in 2006, compared to NOK 18 million in 2005. The increase results from the successful launch of new savings products. Other operating income amounted to NOK 47 million, compared to NOK 76 million in 2005 that included a gain on the sale of Finansbanken A/S in Denmark.

Operating expenses. Operating expenses totalled NOK 355 million, compared to NOK 334 million in 2005, equivalent to 71% of operating income compared to 62% and 84% for 2005 and 2004 respectively. The bank is committed to a continuous program of measures to reduce operating expenses relative to its total assets and revenue. As part of this, the bank has implemented measures to ensure continuous improvement and greater efficiency for its internal processes.

Loan portfolio and loan write-downs

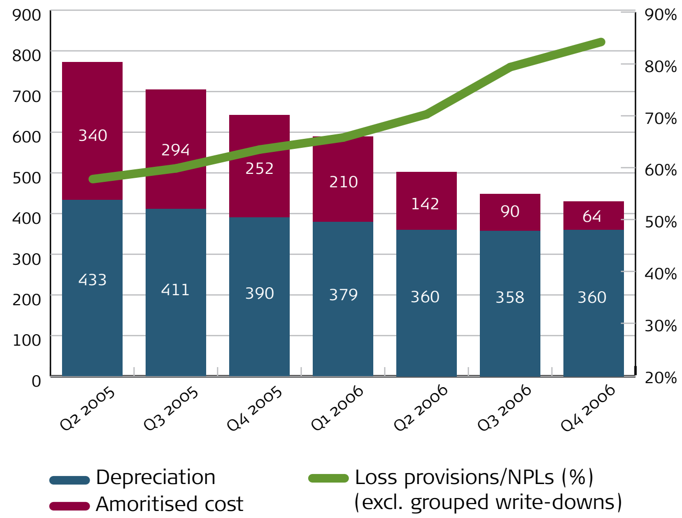
Gross lending to customers increased by NOK 4.4 billion in 2006, equivalent to 17%. Lending to both the retail and corporate markets increased, by 21% and 24% respectively after taking into account lending booked on the balance sheet of Storebrand Livsforsikring AS that is managed by Storebrand Bank. Growth in retail lending reflects interest rate changes applied in 2006 that made Storebrand Bank relatively more competitive for loans in excess of NOK 1 million, as well as continued marketing based on the 'no-fees' banking concept.

Non-performing and loss-exposed loans, loan losses and assets repossessed

The volume of non-performing and loss-exposed loans with identified impairment amounted to NOK 424 million at the end of 2006. This represents a reduction of NOK 218 million from 31 December 2005. Non-performing and loss-exposed loans where no impairment is identified totalled NOK 109 million at the close of 2006 compared to NOK 113 million a year earlier. Net non-performing and loss-exposed loans (after individual write-downs) totalled NOK 173 million at the close of 2006 compared to NOK 364 million at the close of 2005. Gross non-performing and loss-exposed loans represented 1.7% of gross lending at the close of the year compared to 2.8% at the close of 2005. The reduction reflects the reduced level of risk in the lending portfolio.

Losses and write-downs on loans and guarantees represented a net write-back of NOK 47 million in 2006. By the close of the year, write-downs of individual loans in the balance sheet totalled NOK 360 million, a reduction of NOK 30 million from 31 December 2005. Grouped write-downs totalled NOK 73 million at 31 December 2006, equivalent to 0.24% of gross lending compared to 0.33% of gross lending at the close of 2005. This represents a provisioning level of 81% at the close of 2006.

Development in non-performing and loss exposed loans and provisioning ratio



Capital adequacy

Storebrand Bank's total assets increased in pace with the growth in its lending portfolio in 2006. The bank's deposit-to-loan ratio was 43% at the close of 2006 compared to 42% in 2005. The bank has a balanced and appropriate funding structure, and bases its funding on ordinary customer deposits, issuing securities and borrowing from the Norwegian and international capital markets. At the close of 2006, the bank had available unused committed credit facilities equivalent to NOK 1.6 billion.

Storebrand Bank group's net primary capital amounted to NOK 2.4 billion at the close of 2006. This represents a capital ratio of 11.0% and a core capital ratio of 8.8%. Primary capital includes a group contribution of NOK 200 million received from Storebrand ASA.

Storebrand Bank ASA had sound capital adequacy and liquidity at the close of 2006.

Basle II

Storebrand Bank intends to implement internal rating-based methods (IRB) for the new capital adequacy regime that came into force on 1 January 2007. The bank expects to be able to use the underlying IRB method from the second quarter of 2009. The bank's preparations for Basle II focus on the commercial opportunities of the new regime. The transition to Basle II requires 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 benefits.

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

Other activities

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

Other Activities		
NOK million	2006	2005
Storebrand ASA[1]	1 012	599
Fair Forsikring	-1	22
Storebrand Skadeforsikring	21	19
Other companies/elimination[2]	-990	-681
Pre-tax profit	**41**	**-41**

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

Storebrand ASA (holding company)

The following table shows the profit before tax of Storebrand ASA in accordance with IFRS. The statutory accounts of Storebrand ASA are prepared in accordance with Norwegian accounting legislation and NGAAP and can be found on page 94. Storebrand ASA reported profit before tax in accordance with IFRS of NOK 1,012 million for 2006 compared to NOK 599 million for 2005.

Storebrand ASA		
NOK million	2006	2005
Group contributions and dividends	1 028	611
Interest income	73	58
Interest expense	-77	-53
Gains/losses on securities	70	213
Other financial items		-116
Net Financial items	**66**	**101**
Operating costs	-82	-113
Pre-tax profit	**1 012**	**599**

Storebrand ASA's operating revenue is principally made up of return on the capital invested in subsidiaries through group contributions and dividends. Revenue in 2006 was in line with 2005. The life company accounted for the major part of revenue at NOK 885 million, an increase of 14% from 2005. The contribution to revenue made by asset management activities was NOK 150 million, representing a sharp improvement from 2005.

Performance for selected value drivers	2006	2005	Performance
Finance			
Ranking of life company's investment return relative to selected competitors (1-5)[1]	2	3	Satisfactory
Growth in SBL (inc. SBFF) premium income excluding transfers, last year (NOK million)	-3 737	984	Room for improvement
Profit from products not subject to profit-sharing (NOK million)	135	122	Very good
Growth in net interest income, last year (SBB) (NOK million)	-28	7	Room for improvement
Growth in investment management fees from external clients, last year (SBK) (NOK million)	36	-28	Very good
Customers			
Market share (new business)[2]			
- Occupational pensions (benefit/contribution) excluding transfers	32%	43%	Very good
- Corporate group life[3]	23%	40%	Satisfactory
- Long-term pension savings and mutual funds[4]	8%	6%	Room for improvement
- Individual endowment policies	23%	53%	Satisfactory
- Personal risk products	10%	12%	Room for improvement
Transfers of pension business (NOK million)	5 260	712	Very good
Customer satisfaction - Norsk Kundebarometer Survey[5]	70	67	Very good
Number of products per retail customer[6]	1.50	1.35	Room for improvement
Number of new banking customers (gross)[7]	9 631	5 427	Very good
Brand awareness[8]	44	1	Satisfactory

SBL=Storebrand Life SBB=Storebrand Bank SBK=Storebrand Investments SBFF=Storebrand Fondsforsikring

1 Investment return III. Storebrand's ranking in terms of Investment return III vs. SpareBank 1, Nordea, Vital and KLP as at Q3 2006.
2 Norwegian Financial Services Association and Norwegian Mutual Fund Association statistics at Q3 2006.
3 New value driver, identifying corporate sales separately.
4 Equity/combination funds, Unit Linked and Annuity/IPA weighted by total market sales volumes.
5 Scale from 0-100 showing whether corporate customers are satisfied with product delivery, whether we meet their expectations and their experience of Storebrand relative to our competitors.
6 Value driver is increased when a product is added. Comparable figure for 2005 was 1.48.
7 Both retail and corporate customers. Measures number of new customers.
8 New value driver, weekly survey of unprompted recognition as supplier of savings and/or life insurance products carried out by TNS Gallup.

Storebrand ASA's operating costs were 27% lower in 2006 than in 2005. The company continues to target a reduction in annual operating costs of NOK 50 million from the 2003 level to around NOK 60 million in 2007.

Net financial items were positive in 2006, principally due to unrealised gains on the company's shares in Steen & Strøm.

Storebrand Skadeforsikring

Following the sale of Storebrand's interest in Fair Forsikring in 2005, the group's property and casualty (P&C) insurance activities now consist of Storebrand Skadeforsikring AS and Oslo Reinsurance Company ASA.

The Board of Directors of Storebrand ASA resolved on 28 March 2006 to re-launch P&C insurance for the retail market through the existing company Storebrand Skadeforsikring AS. Following a rapid period of preparation, Storebrand Skadeforsikring moved from a project phase into ordinary operation on 12 October 2006, when the customer centre opened for incoming calls. Internet sales started on 8 December, and the company was launched externally. The re-launch of P&C insurance completes the group's product range and strengthens its commitment to the retail market. The re-launch was accomplished in line with the original plan and schedule, and the P&C company reports a good inflow of customers.

Oslo Reinsurance Company, 100% owned by Storebrand Skadeforsikring AS, is principally involved in the run-off of its own reinsurance business and managing other companies' run-off business. Alongside its re-launched activities and Oslo Re, the other activities of Storebrand Skadeforsikring AS are the run-off of its gross insurance commitments (fronting responsibility) which are reinsured with If Skadeförsäkring.

P&C insurance (including Oslo Re) generated an operating profit of NOK 20 million in 2006 compared to NOK 48 million in 2005.

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

Storebrand's strategic planning process brings together targets, action plans, reporting and employee remuneration, as described in the article on Corporate Governance on pages 32-35.

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 monthly management report, Storebrand Compass, reports on performance of key figures and value drivers relative to targets for each business area. Storebrand Compass is based on balanced scorecard management principles, with the value drivers divided into the areas of finance, customers and processes as well as skills and growth. The table on the previous page shows, as an example, selected parameters in the categories of finance and customers together with an evaluation of the company's performance in these areas in 2006.

Financial risk management

Storebrand assumes financial risk in the ordinary course of its core business activities. Good risk management and control of risk exposure is 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: Life insurance

Storebrand assumes risk in the ordinary course of its business activities. The major risk factor for Storebrand Life Insurance is financial risk. Financial risk arises through the process of investing customers' savings and pension assets until they are paid as benefits, with the objective of achieving the highest possible return, while at the same time managing the overall portfolio in relation to 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 3.6% on average. This has an effect on how the life insurance company allocates its investments between asset classes such as shares, bonds and real estate.

The aim of risk management is to achieve the highest possible return for customers, pensioners and the owner over the long term at an acceptable risk level. The investment portfolio is subject to a range of quantitative and qualitative limits, and risk is measured and monitored continuously using a range of reports, models and tests. For instance, Storebrand uses 'Conditional Value at Risk' as a method for calculating the potential for loss on a one-year horizon for a given probability, including worst-case losses. This 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 asset allocation and the expected return on asset classes based on historic return, expected risk premium and forward prices. Expected return for the next few years is calculated to be between 5% and 6%. Continuous active risk management, together with hedging transactions, reduce the likelihood of a low investment return. If investment return is not sufficient to meet the guaranteed interest rate on policyholders' funds, currently 3.6% on average, the shortfall will be met by using risk capital built up from previous surpluses. The owner is responsible for meeting any remaining shortfall. The average guaranteed interest rate is expected to fall in future years since the guaranteed rate on new contracts is 2.75%.

The Norwegian authorities specify that the company's risk capital is the total of the market value adjustment reserve, additional statutory reserves, core capital in excess of the regulatory minimum and accrued earnings.

Risk exposure is monitored using a stress test that estimates potential loss in the event of extreme market movements. Storebrand ensures that it meets all regulatory requirements, such as capital ratio and solvency capital ratio, by a satisfactory margin. The Board of Directors approves limits for these and other risk measures. The life insurance company monitors risk exposure and reports to management regularly (daily if required).

Financial markets can fluctuate widely in a short space of time, affecting the company's risk exposure. Storebrand continually manages its risk exposure to keep it within limits approved by the Board of Directors in several ways: Firstly, considerable importance is attached to building sufficient risk capital to absorb losses. Secondly, risk exposure is diversified as much as possible by investing in assets that are not expected to cause losses as the same time. Thirdly, risk is managed dynamically in relation to the company's risk bearing capacity by buying and selling securities with different levels of risk. Finally, hedging instruments such as options are used. This combination allows a good control of the life insurance company's total exposure to financial risk.

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

Life insurance profits are shared between the owner and policyholders (except products without profit sharing). 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, the proportion of surplus allocated to the owner is limited by the profit sharing model already communicated to the market.

When the new Insurance Activities Act comes into force from 2008, parts of the portfolio will be included in a modified profit sharing model, but profit sharing will, in principle, cease to apply to other elements of the portfolio. The introduction of the new legislation will place heavy demands on monitoring, control and management of financial risk. The Kredittilsynet (Financial Supervisory Authority of Norway) has circulated a proposal for a new stress test for consultation. The proposed stress test is part of the new risk-based supervision methodology that Kredittilsynet is currently developing for Norwegian financial institutions. The test is not intended to determine capital adequacy, but is meant to contribute to better risk management by insurance companies and forms part of the preparations for the new European solvency regulations that are expected to be implemented in 2010 at the earliest.

In brief, Solvency II will require insurers' liabilities to be discounted using the current risk-free interest rate applicable at any time, and assets will be subject to a stress test. Introducing such a regime in Norway involves challenges related to the limited size of the Norwegian government bond market, the weak correlation between the Norwegian currency and foreign currencies, interaction with the new Insurance Activities Act, the unique Norwegian rules on transfers of insurance business and the arrangements for unconditional profit sharing in Norwegian insurance companies. Storebrand is of the view that an uncritical acceptance of the proposed regulations may have unfortunate consequences for policyholders and owners, and the company is working actively to contribute to a satisfactory formulation of Solvency II in Norway.

For Norwegian life insurance companies, the annual interest guarantee included in long-term insurance policies creates a number of challenges in respect of interest rate risk. In the short term, the most apparent risk is that the company's investments will fall in value if bond prices are reduced by an increase in interest rates. In the longer term, however, a low level of interest rates could cause weaker earnings for the company if interest rates and 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. Rising interest rates in 2006 have improved the situation in this area, but Storebrand takes a serious view of the consequences that low interest rates in the future may represent over the longer term, and has implemented measures to limit this risk. The most important measure is that the group 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.

The company pays great attention to closely evaluating investment opportunities that offer a higher return, but the prospects for higher return are balanced against the risk of losses and falls in the value of such investments. Real estate is an asset class that offers a relatively high future running yield, but where the risk of loss or depreciation is higher than for government bonds. Other alternative investment classes include infrastructure and natural resources (forestry, commodities etc.). Storebrand works continually to develop its investment portfolio to include such new alternative asset classes.

Risk management: Asset management

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

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

Risk management: Banking

Storebrand Bank ASA places great importance on maintaining close relationships with its corporate customers and monitoring credit risk, and has credit review policies in place. A significant proportion of Storebrand Bank's corporate lending is linked to real estate in the greater Oslo area. Storebrand follows economic conditions and the real estate market in this region closely.

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

The risk classification system estimates the likelihood of a borrower defaulting (ability to pay/financial condition) and the likely loss given default (collateral). All loans on the bank's watch list are reviewed at least quarterly in respect of the condition of the borrower and collateral, and of the steps being taken to protect the bank's position.

Storebrand Bank has significantly upgraded its lending policies and credit approval procedures over recent years. Separate credit approval processes are now used for retail lending on the basis of credit scoring, combined with case-by-case evaluation of the borrower's ability to repay. Approximately 70% of lending to retail customers is secured by mortgages with loan to value ratios not exceeding 60%.

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

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

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

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

Overall risk management for the group

Storebrand has invested over recent years in building a model to handle risk management and reporting based on integrated balance sheet management of its life insurance activities. This allows the liabilities and assets of the life insurance company to be evaluated in relation to changes in exogenous variables such as interest rate levels. The model also incorporates established management principles for handling financial risk. The model is used for reporting European Embedded Value, and is used increasingly for management purposes, including risk management.

As part of its preparations for Basle II, Storebrand Bank has made significant investments in systems, and the bank will use these systems in its risk management in the future.

The group Accounting and Finance function is responsible for financial risk management in all the group's component businesses. This ensures more efficient control and management of the group's overall financial risk exposure.

Profit and loss account Storebrand Group

1 January–31 December

NOK million	Note	2006	2005	2004
Net premium income	35	19 539.1	19 383.4	18 473.4
Net interest income - banking	18	418.8	447.3	427.2
Net income and gains from financial assets at fair value:				
- shares and other equity investments	18	6 057.5	7 439.9	4 400.0
- bonds and other fixed-income securities	18	1 356.1	1 585.4	1 227.8
- financial derivatives	18	673.3	-1 619.9	1 239.5
- income from financial assets with investment choice	18	685.4	721.3	252.6
Net income from bonds at amortised cost	18	2 397.2	2 409.9	2 492.0
Net Income from investment properties	15	1 997.5	885.7	905.2
Profit from investments in associated companies	12	19.1	6.8	195.3
Other income	3	930.9	464.4	693.0
Total income		**34 074.9**	**31 724.2**	**30 306.0**
Insurance claims for own account		-14 493.0	-10 823.1	-10 451.2
Change in insurance reserves		-9 238.8	-12 422.8	-11 529.1
Interest expense	18	-212.9	-197.1	-247.1
Loan losses/write backs of earlier losses	19	47.0	34.4	7.4
Operating costs	4	-2 520.7	-2 169.4	-2 186.1
Other costs	5	-79.8	-255.9	-271.0
Total costs		**-26 498.2**	**-25 833.9**	**-24 677.1**
To/from market value adjustment reserve	35	-2 027.3	-1 150.1	-1 077.6
Operating profit/loss		**5 549.4**	**4 740.2**	**4 551.3**
To/from additional statutory reserves - life insurance	35	-1 000.0	-950.0	-500.0
Funds allocated to policyholders - life insurance	35	-2 964.1	-2 336.8	-1 496.0
Group profit/loss		**1 585.3**	**1 453.4**	**2 555.3**
Changes in security reserves etc. - P&C insurance	35	-0.2	10.0	16.2
Profit/loss from ordinary activities before tax		**1 585.1**	**1 463.4**	**2 571.5**
Tax payable	6	-79.3	-41.1	-218.0
Profit/loss for the period		**1 505.8**	**1 422.3**	**2 353.5**
Profit is due to:				
Minority interests' share of profit		9.5	3.6	1.6
Majority interest's share of profit		1 496.3	1 418.7	2 351.9
Total		**1 505.8**	**1 422.3**	**2 353.5**
Earnings per ordinary share (NOK)		6.03	5.41	8.53
Average number of shares as basis for calculation (million)		248.0	258.6	272.9
Storebrand has not issued any options or other financial instruments that could cause dilution of its shares.				

Balance sheet Storebrand Group

31 December

NOK million	Note	2006	2005	2004
Assets				
Deferred tax assets	6	207.0	290.0	354.5
Intangible assets	7	540.7	508.2	503.5
Pension assets	10	58.4	57.0	55.9
Tangible fixed assets	8	842.9	752.0	762.1
Investments in associated companies	12	237.1	138.3	137.5
Bonds at amortised cost	20,21,24	43 098.8	40 671.6	39 351.5
Lending to financial institutions	20,21,32	114.9	41.7	179.2
Lending to customers	20,21,31,32	33 087.6	26 942.1	23 945.1
Reinsurers' share of technical reserves	35	1 799.7	2 395.5	2 804.8
Real estate at fair value	15	17 447.0	13 503.6	12 240.8
Other assets		73.1	150.7	109.0
Due from customers and other current receivables	20,21	5 046.5	6 278.0	4 111.4
Financial assets at fair value:				
- Shares and other equity participations	20,21,25	46 604.0	39 589.1	28 311.3
- Bonds and other fixed-income securities	20,21,26,32,33	50 782.7	57 539.3	51 262.8
- Derivatives	20,21,28,32,33	2 117.7	1 481.1	1 103.0
- Life insurance assets with investment choice	20,27	7 364.1	5 719.4	4 476.4
Other current assets		119.8	52.1	432.8
Bank deposits	20,21	13 216.0	5 768.7	6 957.8
Total assets		**222 758.0**	**201 878.4**	**177 099.4**
Equity and liabilities				
Paid in capital		3 045.2	3 081.8	3 133.2
Retained earnings		5 817.1	6 007.7	7 035.3
Value adjustment fund		24.0	12.0	7.2
Minority interests		13.5	6.8	2.0
Total equity		**8 899.8**	**9 108.3**	**10 177.7**
Subordinated loan capital	20,21,29	3 711.7	3 524.9	3 611.3
Market value adjustment reserve	35	5 889.7	3 862.5	2 767.2
Insurance reserves - life insurance	35	146 203.4	134 621.7	121 118.4
Reserve for life insurance with investment choice	35	7 364.1	5 719.4	4 476.4
Premium and claims reserves - P&C insurance	35	2 268.7	2 992.1	3 396.9
Security reserves etc. - P&C insurance	35	40.9	40.7	47.6
Pension liabilities	10	870.9	715.4	712.6
Deferred tax	6	116.5	189.6	174.3
Financial liabilities				
- Liabilities to financial institutions	20,21,29	2 786.0	1 464.6	2 151.8
- Deposits from banking customers	20,21,29	13 533.7	11 187.0	11 463.0
- Securities issued	20,21,29	16 395.3	15 653.7	12 033.8
- Derivatives	20,21,28,32,33	1 797.2	1 719.4	1 693.3
Other current liabilities	20,21	12 880.1	11 079.2	3 275.2
Total equity and liabilities		**222 758.0**	**201 878.4**	**177 099.4**

Comparable figures for 2004 and 2005 have been restated for the effect of changed accounting principles for pensions.

Oslo, 13 February 2007

Translation – not to be signed

Leiv L. Nergaard Chairman of the Board	Halvor Stenstadvold	Mette K. Johnsen	Knut G. Heje	Barbara Rose Millian Thoralfsson
Nina Elisabeth Smeby	Birgitte Nielsen	Erik Haug Hansen	Knut Dyre Haug	Idar Kreutzer Chief Executive Officer

Cash flow analysis Storebrand Group

1 January–31 December

NOK million	2006	2005	2004
Cash flow from operational activities			
Net premiums received - direct insurance	10 691.8	16 116.4	14 773.9
Net claims and benefits paid - direct insurance	-13 321.7	-8 629.9	-7 185.5
Net claims and benefits paid - reinsurance	5 051.0	-3.9	
Net receipts/payments - policy transfers		505.1	-382.5
Interest, commission and fees received from customers	1 388.0	1 229.9	2 094.7
Interest, commission and fees paid to customers	-927.8	-651.9	-981.9
Net receipts/payments - lending to customers	-6 025.3	-3 055.5	-407.3
Net receipts/payments - loans to and claims on other financial institutions	-52.1	153.7	-921.5
Net receipts/payments - customer deposits with the banking activities	2 517.0	84.2	-788.2
Net receipts/payments - deposits from Norges Bank and other financial institutions	1 321.7	-687.2	2.4
Net receipts/payments - securities in the trading portfolio:			
- shares and other equity participations	-1 853.9	-7 447.6	-6 606.6
- bonds and other fixed-income securities	8 671.7	-3 787.5	-1 991.6
- financial derivatives and other financial instruments	505.8	2 806.7	1 237.8
- dividend receipts from the trading portfolio	3.2	36.4	134.4
Net receipts - discretionary asset management and funds management	369.3		
Payments to third parties for goods and services	2 932.0	1 713.3	-1 801.2
Net receipts/payments - real estate activities	-2 015.9	-315.2	-2 090.2
Payments to employees, pensioners, employment taxes etc.	-1 124.4	-1 078.9	-1 286.6
Payments of tax, duties etc.	-83.6	25.8	-4.2
Net receipts/payments - other operational activities	-0.9	0.4	
Net cash flow from operational activities	**8 045.8**	**-2 985.8**	**-6 204.1**
Cash flow from investment activities			
Net receipts from sales of subsidiaries	261.7	250.2	4 852.0
Receipts on sale of real estate			2.7
Payments on purchase of real estate		-12.4	-2.7
Net receipts/payments on sale/purchase of fixed assets etc.	-104.1	-40.9	14.4
Net cash flow from investment activities	**157.6**	**196.9**	**4 866.4**
Cash flow from financing activities			
Repayment of long term lending	-0.5	-79.5	-1 039.7
Receipts from taking up term loans	1.3	1 578.2	
Receipts from issue of short-term debt instruments/loans		182.2	
Payments on short-term debt instruments/loans	-737.4		
Receipts from issue of subordinated loan capital	100.3	6.9	
Interest payments on subordinated loans	-80.0	-255.3	178.2
Receipts from issue of bond loans and other long term funding	1 462.3	3 007.6	3 612.5
Payments on redemption of bond loans and other long term funding			-0.1
Receipts from issue of new share capital		0.7	4.2
Payments on redemption of share capital	-502.8	-1 017.8	
Dividend/group contribution payments	-999.3	-1 823.4	-222.5
Net cash flow from financing activities	**-756.1**	**1 599.7**	**2 532.6**
Net cash flow for the period	**7 447.3**	**-1 189.1**	**1 194.9**
Net movement in cash and cash equivalent assets	7 447.3	-1 189.1	1 194.9
Cash and cash equivalent assets at start of the period	5 768.7	6 957.8	5 762.9
Cash and cash equivalent assets at the end of the period	**13 216.0**	**5 768.7**	**6 957.8**

Storebrand Group equity reconciliation

	Majority's share of equity						
			Other equity				
NOK million	Paid-in capital	Value adjust-ment fund	Revenue & costs applied to equity	Other equity	Total other equity	Minority interests	Total equity
Equity at 1.1.04	**3 204.4**			**5 978.6**	**5 978.6**	**1.8**	**9 184.8**
Profit and loss items applied directly to equity:							
Pension experience adjustments			-176,0		-176,0	-0.3	-176.3
Revaluation of properties for own use		7.2					7.2
Restatement differences			-4.6		-4.6		-4.6
Profit for the period				2 351.9	2 351.9	1.6	2 353.5
Total revenue and costs for the period		**7.2**	**-180.6**	**2 351.9**	**2 171.3**	**1.3**	**2 179.8**
Other items applied directly to equity:							
New accounting principle for security reserves				27.2	27.2		27.2
Own shares	-76.3			-668.1	-668.1		-744.4
Employee share issue	5.1						5.1
Dividend paid				-222.5	-222.5	-1.0	-223.5
Other				-251.2	-251.2	-0.1	-251.3
Equity at 31.12.04	**3 133.2**	**7.2**	**-180.6**	**7 215.9**	**7 035.3**	**2.0**	**10 177.7**
Profit and loss items applied directly to equity:							
Pension experience adjustments			-49.7		-49.7	-0.1	-49.8
Revaluation of properties for own use		4.8					4.8
Restatement differences			-1.6		-1.6		-1.6
Profit for the period				1 418.7	1 418.7	3.6	1 422.3
Total revenue and costs for the period		**4.8**	**-51.3**	**1 418.7**	**1 367,4**	**3.5**	**1 375.7**
Equity transactions with owners:							
IAS 39 effects				-1.6	-1,6		-1.6
Own shares	-51.4			-567.1	-567.1		-618.5
Dividend paid				-1 823.4	-1 823.4	-1.7	-1 825.1
Other				-2.9	-2.9	3.0	0.1
Equity at 31.12.05	**3 081.8**	**12.0**	**-231.9**	**6 239.6**	**6 007.7**	**6.8**	**9 108.3**
Profit and loss items applied directly to equity:							
Pension experience adjustments			-239.7		-239.7		-239.7
Revaluation of properties for own use		12.0					12.0
Restatement differences			11.8		11,8		11.8
Profit for the period				1 496.3	1 496,3	9.5	1 505.8
Total revenue and costs for the period		**12.0**	**-227.9**	**1 496.3**	**1 268,4**	**9.5**	**1 289.9**
Equity transactions with owners:							
Own shares	-36.6			-466.2	-466.2		-502.8
Dividend paid				-999.3	-999.3	-2.9	-1 002.2
Other				6,5	6.5	0.1	6.6
Equity at 31.12.06	**3 045.2**	**24.0**	**-459.8**	**6 276.9**	**5 817.1**	**13.5**	**8 899.8**

Notes to the accounts of Storebrand Group

Accounting Principles

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

Basic principles

The consolidated accounts of Storebrand ASA are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). The accounts are prepared in accordance with the historic cost principle, with the exception of:

- Investment properties valued at fair value
- Properties valued at fair value
- Financial instruments valued at fair value

Use of estimates in preparing the annual accounts

The preparation of the accounts in accordance with IFRS requires management to make valuations and estimates and decide upon assumptions that affect assets, liabilities, revenue, costs, the notes to the accounts and information on potential liabilities. The final values realised may differ from these estimates.

Changes to accounting principles

Storebrand changed its accounting principles for experience adjustments in 2006, and such adjustments are now applied directly to equity. Prior to this change, experience adjustments were amortised over the average remaining period for accrual of pensions entitlement to the extent that the effect exceeded 10% of the higher of either pension liability or pension assets. The changes this causes are reported in the reconciliation of changes in equity, and comparable figures for previous periods have been restated.

Storebrand has changed its accounting principle for valuing security reserves with very high security margins in P&C insurance. Such reserves are not treated as liabilities. This change is shown in the reconciliation of equity, and comparable historical figures have been restated.

Storebrand has elected to use the following standard

IFRS 7 introduces new additional information in respect of financial instruments. The standard does not affect the evaluation or classification of financial instruments. (IFRS 7 is obligatory from 2007).

Consolidations

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

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

Presentation currency and currency translation of foreign companies

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

Elimination of internal transactions

Internal receivables and payables, internal profits and losses, interest and dividends, etc. between group companies are eliminated in the consolidated accounts.

Consolidation of fund investments

In the consolidated accounts, fund investments are consolidated if they are considered to be of particular importance for Storebrand's investment needs and Storebrand holds more than 50% of the units in the fund and in addition is the fund manager.

Segment reporting

The group is organised into life insurance activities, banking activities, asset management activities and other activities, which include P&C insurance. Business areas are the group's primary reporting segments. Financial information in respect of these segments is presented in note 2. No geographic segment information is produced since there are no material differences in risk or yield profile between different geographic areas within Norway, and the group's foreign activities are immaterial in relation to the activities in Norway.

Tangible fixed assets

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

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

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

Straight-line depreciation is applied over the following periods:	
Properties	15–50 years
Equipment, fixtures and fittings	4 years
Vehicles	6 years
IT systems	3–8 years

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

Consideration is given to writing down the value of an asset if there are indications of a fall in its value.

Investment properties

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

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

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

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

Intangible assets

Other than goodwill, the group's intangible assets largely relate to customised software developed in-house. Such intangible assets are valued at acquisition cost reduced by accumulated depreciation and any write-downs. The depreciation period and the method of depreciation are reviewed annually. New intangible assets are only capitalised if it can be demonstrated that it is likely that the group will gain future commercial benefit that is directly applicable to the asset in question. In addition, it must be possible to estimate the cost price of the asset reliably. The value of an intangible asset is tested for impairment if there are indications of a fall in its value, otherwise intangible assets are subject to write-downs and reversals of write-downs in the manner described for tangible fixed assets.

Goodwill

Excess value arising from the acquisition of business activities that cannot be allocated to specific asset or liability items at the date of acquisition is classified as goodwill in the balance sheet.

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

Pension liabilities for own employees

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

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

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

Tax

The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent it is considered likely that the companies in the group will have sufficient taxable profit in the future to make use of the tax asset.

Provision for dividend

Proposed dividend is classified as equity until such time as the general meeting approves the dividend payment.

Accounting for insurance business

The accounting standard IFRS 4 addresses the accounting treatment of insurance policies. The Storebrand group's insurance policies fall within the scope of the standard. The accounting reserves required in respect of insurance policies are the subject of specific Norwegian legislation and are in accordance with IFRS 4.

Life insurance

Premium income

Net premium income comprises premium amounts that 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 fund.

Claims paid

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

Transfers of premium reserves etc.

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

Profit allocated to insurance policyholders

The guaranteed yield on the premium reserve and on the premium fund is recognised to profit and loss as part of the item 'changes in insurance reserves'. Other profit allocated to customers is shown under the item 'funds transferred to policyholders'.

Premium reserve

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

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

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

Additional statutory reserves

The company is permitted to make additional statutory allocations to the insurance fund in order to ensure the solidity of its life insurance business. The maximum additional statutory reserve is set at the difference between the premium reserve calculated on the basis of a 3.5% guaranteed return on policies outstanding, and the premium reserve calculated on the basis of the actual guaranteed return in the policies. Kredittilsynet (the Financial Supervisory Authority of Norway) has specified a limit for the additional statutory reserves that apply to each policy defined as the premium reserve for the policy multiplied by twice the basic interest rate for the policy.

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

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

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

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

Security reserve
The security reserve is a statutory reserve to cover unexpected insurance risks. The calculations are made by an actuary in accordance with regulations published by Kredittilsynet. It is possible to increase the reserve by 50% above the minimum allocation. In special situations Kredittilsynet may permit all or part of the reserve be used to cover a fall in the value of bonds or of shares classified as current assets. In the accounts the entire reserve is shown as a mandatory reserve.

Sufficiency test
In accordance with IFRS 4, Storebrand Life Insurance has carried out a sufficiency test to ensure that the level of premium reserves is sufficient relative to insurance liabilities to customers, cf. Note 35.

Unit Linked/defined contribution pensions
Financial assets are valued at market value. The level of technical reserves required in respect of such policies is determined by the market value of the financial assets. Unit Linked products are not exposed to any investment risk on customers' funds since they do 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.

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

Premium reserve and claims reserve
The standard does not provide specific valuation rules other than for certain minor matters. It is permissible to use technical insurance reserves in accordance with Norwegian rules and regulations, save for the rules that require reserves to cover future claims on future policies.

The company maintains the following reserves:
The *premium reserve* is a reserve for unearned premiums in respect of the risk period on current policies. Allocation to the reserve is on a pro rata basis without deductions for costs.

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

The insurance companies in the group are subject to their own specific legal requirements for technical insurance reserves, including administration reserves, security reserves, guarantee reserves and reinsurance reserves (credit risk in respect of reinsurers). In Storebrand's consolidated accounts, which are prepared in accordance with IFRS, security reserves with high security margin, guarantee reserves and reinsurance reserves are not treated as liabilities.

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

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

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

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

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

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

Impairment of financial assets

In the case of financial assets that are not recognised at fair value, consideration is given on each balance sheet date to whether there are objective signs that the value of a financial asset or a group of financial assets is impaired. If there is objective evidence that impairment has occurred, the amount of the loss is measured as the difference between the asset's book value and the present value of estimated cash flows (excluding future credit losses that have not occurred) discounted at the financial asset's original effective interest rate. (i.e. the effective interest rate calculated at the time of inception). The book value of the asset is reduced either directly or by using a provision account. The amount of the loss is recognised to profit and loss.

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

Classification and measurement of financial assets and liabilities

Financial assets are classified into one of the following categories:

- available for sale,
- at fair value through profit or loss in accordance with the fair value option (FVO),
- hold to maturity investments,
- loans and receivables.

Available for sale

A financial asset is classified as available for sale if it is:

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

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

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

At fair value through profit and loss in accordance with the fair value option

Upon first recognition, any financial asset or liability can be classified at fair value through profit and loss if it is the case that:

- such classification reduces a mismatch that would otherwise have occurred in measurement or recognition as a result of different rules for measurement of assets and liabilities
- the financial assets form part of a portfolio that is managed and reported on a fair value basis.

A significant proportion of Storebrand's holdings of financial instruments fall into this category.

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

Hold to maturity investments

Hold to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the intention and ability to hold to maturity, with the exclusion of:

- assets that are designated at inception as assets at fair value through profit and loss
- assets that are defined as loans and receivables.

Hold to maturity investments are valued at amortised cost, using the effective interest method. All investments in this category are owned by Storebrand Life Insurance.

Loans and receivables

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

Loans and receivables are valued at amortised cost using the effective interest method. Assets in this category relate principally to loans made by Storebrand Bank.

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

Stock lending

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

Derivatives

Derivatives are defined as follows:
A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying'),
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it is settled at a future date.

Accounting treatment of derivatives that are not hedging

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

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

Accounting treatment of derivatives for hedging

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

Hedge accounting is principally used for interest rate hedging of fixed rate funding and lending carried out by Storebrand Bank. In view of the unified principles for measuring hedged items and hedging instruments in the other parts of the group, this hedging reflects the group's ordinary valuation rules.

Market value adjustment reserve

Net unrealised gains/losses for the current year on financial assets at fair value 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, 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. The market value adjustment reserve applies only to Storebrand Life Insurance. In accordance with the accounting standard for insurance policies (IFRS 4) the market value adjustment reserve is shown as a liability.

Net unrealised gains/losses for the current year on financial current assets denominated in foreign currencies that can be attributed to movements in exchange rates are not transferred to the market value adjustment reserve if the investment is hedged against currency movements. Similarly, the change in the value of the hedging instrument is not transferred to the market value adjustment reserve, but is charged directly to profit and loss. The foreign exchange risk associated with investments denominated in foreign currencies is to a very large extent hedged through foreign exchange contracts on a portfolio basis.

Financial liabilities

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

Structured products

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

Commercial paper/Bonds

The accounting treatment applied is as for structured products.

Interest income and interest expense-banking

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

Income recognition for asset management activities

Asset management fees and performance fees are recognised when the income can be measured reliably and it is likely that Storebrand Kapitalforvaltning AS will receive the commercial benefit arising from the transaction. In accordance with the contractual agreements for performance fees, performance fees are recognised to income at year-end.

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

Notes to the accounts of Storebrand Group

01 Critical accounting estimates and judgements

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

Investment properties
Investment properties are valued on the basis of a long-term yield requirement specific to the property in question. The overall return is made up of the direct yield earned and increases in value. A small change in the yield requirement has a relatively large effect on the calculated value. Values are calculated using internal models. External valuations are also sought for selected properties. Investment Property Databank LTD produces statistical information that covers real estate worth over NOK 70 billion in Norway. In the latest statistics published by Investment Property Databank, the average yield reported was virtually identical to the average yield requirement on Storebrand›s investment property after taking into account sectoral allocation.

Fixed assets
Goodwill is tested annually for impairment. Consolidated goodwill subject to impairment testing relates almost exclusively to the banking activities, where goodwill had a book value of NOK 422 million at 31 December 2006. The recoverable amount is calculated as the net discounted present value of future cash flows based on the group›s rolling planning process as approved by the Board of Directors, which covers a future period of 3 years. In addition, the calculations take into account estimated cash flows in years 4-9 based on annual growth rates varying between 2.5% and 3%. A 10% discount rate is applied, and the calculation assumes that no tax is payable.

Fixed assets and intangible assets, of which intangible assets mainly relate to customised software developed in-house, are reviewed annually to ensure that the depreciation period and method of depreciation used correspond with commercial reality for the asset in question. This also applies to the disposal value. The value of an asset is written down if there are indications of a fall in its value. The future commercial life of the various intangible assets was tested in 2006, and some changes were made. Properties used for the group's own activities are valued at written-up value less accumulated depreciation and write-downs. The fair value of these properties is tested annually in the same way as described for investment properties. See note 8.

Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market (for example unlisted shares and derivatives) is determined by using valuation techniques. Such valuation techniques are principally based on market conditions on the balance sheet date.

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

Storebrand Bank makes use of both individual loan write-downs and write-downs of groups of loans. Grouped write-downs are calculated separately for corporate lending and retail lending. In the case of corporate lending, the objective criteria for determining write-down amounts are judged to be closely correlated with changes in the risk classification of lending relationships. This classification takes the form of three scores in respect of the borrower´s debt service capacity, the loan to value ratio and commercial risk factors. In the case of retail lending, the objective criteria for determining write-down amounts are judged to be closely correlated with default status and the historic payment record. Default status for loans not subject to individual write-downs is divided into 30-90 days and over 90 days. The payment record is updated quarterly in line with the overall performance of the portfolio. See also notes 19 and 31.

Technical insurance reserves:
Life insurance: The major areas of risk and uncertainty in life insurance are associated with the incidence of death and disability. Most lines of life insurance include cover for disability either through disability pensions, exemptions from premiums or lump sum disability payments. Pension insurance provides cover for the surviving partner of the assured, with payments starting in the event of the death of the assured. Changes to the rules for payment from the national social security scheme for disability benefits etc. may have a significant effect on insurance companies in terms of the number of claims for disability and disability reserves. In terms of death benefits, increasing life expectancy will affect future expected payments and reserves, although reserves are currently considered to be sufficient. The company´s premium tariffs do not include any assumptions on inflation or voluntary termination/transfers. No changes were made to premium tariffs in 2006 that caused any additions to or withdrawals from the premium reserve. The company also manages its exposure to insurance risk through its reinsurance program. A significant proportion of the company´s insurance liabilities are subject to an annual interest guarantee. If the company produces a return lower than the guaranteed interest rate, up to one year´s guaranteed interest can be met out of additional statutory reserves. The company maintains additional statutory reserves in excess of one year´s guaranteed interest.

P&C insurance: The main risk for the newly established P&C business is that it will initially have a small portfolio to absorb claims. This can mean that single large claims may have a disproportionate impact on profit. In order to offset this risk, Storebrand has arranged reinsurance. The commercial operations of Oslo Reinsurance Company are concentrated on the run-off of its existing reinsurance portfolios, either by paying claims that are reported to the company or by seeking to extricate itself from policies by negotiating a settlement amount with the insured party (cedent) by commuting the cover. For further information on insurance risk, see note 35.

Pensions
The discounted current value of pension liabilities depends on the economic and demographic assumptions used in the calculation. The assumptions used must be realistic, mutually consistent and kept up to date in that they should be based on uniform expectations of future economic conditions.

The rate of discount applied represents a major assumption for the calculation of pension liabilities. Norwegian insurance companies must base their calculation of discount rate on the return on Norwegian government bonds. With the exception of pensioners of the holding company Storebrand ASA, the payment horizon for pensions paid by Storebrand is estimated to be around 25 years, and there are no Norwegian government bonds with such a long maturity. The discount rate estimated for a 20-30 year duration is arrived at by adding 15 to 20 basis points to the yield on 10-year government bonds. Other key assumptions include the expected return on pension assets, the expected annual increase in the national insurance base amount (the 'G' amount), expected increases in pensions in payment and expected salary inflation. When estimating expected salary inflation, growth in income not eligible for pension benefits is also taken into account.

The calculation of pension liabilities at 31 December 2006 was carried out by an actuary. The calculation includes 1,486 active members and 2,283 pensioners.

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

Deferred tax

A number of companies in the group, including Storebrand Livsforsikring AS, have sizeable tax losses carried forward. In order to capitalise the tax asset associated with tax losses carried forward, it is necessary to establish that the company in question will have taxable profits in the future. In a normal year, companies in the group such as Storebrand Livsforsikring AS will have significant tax free income arising from holdings of shares within the EEA area, and this income does not increase taxable profit. A number of companies in the group have therefore decided to write-down their deferred tax assets. See also note 6.

A more detailed description of the various matters considered in this note can be found in the statement of accounting principles.

02 Segment reporting

Revenue is generated almost entirely within Norway

	Life insurance								
	Products with profit sharing			Product without profit sharing			Banking		
NOK million	2006	2005	2004	2006	2005	2004	2006	2005	2004
Revenue from external customers	29 536	27 885	25 909	3 655	2 724	1 608	495	540	527
Revenue from other group companies[1]				117	88	24	2	1	159
Group profit	1 109	1 065	928	89	164	14	190	241	121
Assets	172 175	157 330	134 901	10 635	8 104	5 886	34 156	29 430	27 289
Liabilities	166 462	151 840	130 041	10 247	7 792	5 649	32 496	27 683	25 277

	Asset management			Other/eliminations			Group		
NOK million	2006	2005	2004	2006	2005	2004	2006	2005	2004
Revenue from external customers	246	169	179	143	406	2 083	34 075	31 724	30 306
Revenue from other group companies[1]	196	93	150	-316	-182	-332			
Group profit	156	24	47	41	-41	1 446	1 585	1 453	2 555
Assets	458	296	343	5 334	6 718	8 681	222 758	201 878	177 099
Liabilities	234	140	217	4 420	5 315	5 737	213 858	192 770	166 922

Revenue from other group companies

Storebrand Investments manages financial assets for other group companies. Asset management fees are made up of a fixed management fee and a performance-related fee. Performance-related fees apply to the portfolios qualifying for such fees from time to time. The performance-related fee is calculated as 20% of return in excess of benchmark return measured in NOK. If the investment return on a portfolio is less than the benchmark return, no performance-related fee is payable on the portfolio in question.

Storebrand Livsforsikring earns revenue from other group companies for sales and management of products. These services are priced on commercial terms.

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

Products with profit sharing
Products with profit sharing include individual endowment insurance with a savings element, personal pension insurance and group pension insurance, including paid up policies.

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

Banking
The banking business includes the following areas:
Corporate: Loans to and deposits from corporate customers of Storebrand Bank relate principally to property developers and property investors.
Retail: This area includes deposits from and loans to personal customers, including credit cards. Lending is principally residential mortgage lending.
Savings: Includes all structured products (equity index bonds), real estate investment funds and others.
Stockbroking: The bank established a stockbroking business in 2006. Its main activity is broking Norwegian and foreign shares.
Real estate broking: This segment comprises solely Ring Eiendomsmegling AS, in which the bank had a 70% interest at the close of 2006.

Asset management: Asset management company with license for active management. Manages assets in mutual securities funds and client portfolios for insurance companies, pension funds, municipalities, institutional investors and private individuals.

Other/elimination
Principally comprises the holding company Storebrand ASA and Storebrand Skadeforsikring. Storebrand started sales of P&C insurance products to the retail market in 2006. This completes the group's product range, and strengthens its business in the retail market.

Key figures

NOK million	2006	2005	2004
Group			
Earnings per ordinary share (NOK)	6.03	5.41	8.53
Equity	8 900	9 108	10 178
Capital ratio	10.6%	11.2%	15.3%
Storebrand Life Insurance[1]			
Premiums for own account	19 619	19,227	18,352
– of which products with investment choice	1 763	992	620
Policyholder's funds inc. accrued profit	153 568	140 276	125 526
Investment yield I[2]	7.1%	6.9%	6.4%
Investment yield II[2]	8.3%	7.6%	7.2%
Capital ratio (Storebrand Life group)	9.7%	10.9%	14.4%
Operatng costs as % of policyholders' funds	1.1%	1.1%	1.0%
Storebrand Bank			
Interest margin %	1.32%	1.59%	1.69%
Cost/income %	71.3%	61.8%	83.5%
Non-interest income/total income %	15.8%	17.4%	35.3%
Net lending	30 748	26 286	23 474
Capital ratio	11.0%	10.5%	13.8%
Storebrand Investments (Asset management)			
Total assets under management	216 902	204 825	165 009
Assets under management for external clients	54 825	49 176	25 389

1 Key figures are presented in accordance with NGAAP, except for premiums and policyholders' funds that are presented in accordance with IFRS.
2 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.

03 Other income

NOK million	2006	2005	2004
Fee and commission income, banking	112.3	44.5	62,2
Fee and commission expense, banking	-80.3	-26.9	-20,1
Net fee and commission income, banking	32.0	17.6	42,1
Management fees, asset managment activities	228.8	169.6	169,5
Interest income on bank deposits	127.0	110.2	106,0
Revenue from real estate broking	14.2	9.3	0,1
Interest from lending, insurance activities	73.7	21.0	58,3
Currency gains/losses, banking	138.4	-145.0	-121,5
Interest income, insurance	35.0	19.7	66,9
Other financial income	158.2	135.0	257,5
Other revenue from companies other than banking and insurance	123.6	127.0	114,1
Total other income	**930.9**	**464.4**	**693,0**

Total fee and commisssion income from financial instruments not at fair value totalled NOK 38.3 million in 2006.
Total fee and commission expenses on financial instruments not at fair value totalled NOK 25.9 million in 2006.

04 Operating costs

	SB Life	SB Bank	Other	Storebrand Group		
NOK million	2006	2006	2006	2006	2005	2004
Personnel costs	-764.0	-148.6	-263.3	-1 175.9	-991.4	-1 040.1
Depreciation	-58.0	-18.6	-11.4	-88.0	-81.0	-87.5
Other operating costs	-1 033.8	-187.3	-35.7	-1 256.8	-1 097.0	-1 058.5
Total operating costs	**-1 855.8**	**-354.5**	**-310.4**	**-2 520.7**	**-2 169.4**	**-2 186.1**

05 Other costs

NOK million	2006	2005	2004
Pooling	-33.1	-69.4	-88.0
Interest costs, insurance	-26.2	-29.5	-50.9
Currency losses, banking and insurance	-12.8	-28.8	24.0
Insurance related costs			-42.1
Loss on repaying borrowings		-113.1	-98.2
Other costs	-7.7	-15.1	-15.8
Total other costs	**-79.8**	**-255.9**	**-271.0**

06 Tax

Tax charge to profit

NOK million	2006	2005	2004
Tax payable for the period	-8.0	-2.9	-1.2
Change in deferred tax	-71.3	-38.2	-216.8
Total tax charge	**-79.3**	**-41.1**	**-218,0**

Reconciliation of expected and actual tax charge

NOK million	2006	2005	2004
Ordinary pre-tax profit	1 585.3	1 463.4	2 571,5
Expected tax on income at nominal rate	-443.9	-409.8	-720.0
Tax effect of:			
- realised/unrealised shares	1 537.3	1 318.3	748.1
- dividends received	436.2	129.5	163.8
- associated companies	11.4	5.1	53.3
- permanent differences	47.0	54.4	5.0
- write-down of deferred tax assets	-1 667.3	-1 138.6	-468.2
Tax charge	**-79.3**	**-41.1**	**-218.0**
Effective tax rate	**-5.0%**	**-2.8%**	**-8.5%**

Calculation of deferred tax assets and deferred tax on timing differences and losses carried forward:

NOK million	2006	2005	2004
Tax increasing timing differences			
Securities	26.1	30.6	582.1
Real estate	763.3	1 050.1	965.9
Operating assets	4.8	616.3	604.0
Pre-paid pensions	58.4	60.4	149.9
Gains/losses account	982.1	1 255.1	1 542.6
Other	479.4	123.5	150.0
Total tax increasing timing differences	**2 314.1**	**3 136.0**	**3 994.5**
Tax reducing timing defferences			
Securities	-2 006.2	-1 635.4	-866.6
Real estate		-100.6	-126.4
Operating assets	-97.1	-157.7	-215.1
Provisions	-97.0	-75.9	-95.4
Accrued pension liabilities	-576.3	-711.5	-711.8
Gains/losses account	-62.9	-61.1	-76.3
Other	-30.4	-12.6	-22.0
Total tax reducing the timing differences	**-2 869.9**	**-2 754.8**	**-2 113.6**
Losses carried forward	-8 697.0	-5 680.6	-3 479.4
Allowances carried forward	-1 352.0	-1 358.4	-1 139.8
Total losses and allowances carried forards	**-10 049.0**	**-7 039.0**	**-4 619.2**
Basis for net deferred tax/tax assets	**-10 604.8**	**-6 657.8**	**-2 738.3**
Write-down of basis for deferred tax assets	10 281.4	6 299.2	2 094.7
Net basis for deferred tax/tax assets	-323.4	-358.6	-643.6
Net deferred tax asset/liability in the balance sheet	**-90.5**	**-100.4**	**-180.2**

Booked in the balance sheet:

Defered tax assets	207.0	290.0	354.5
Deferred tax	116.5	189.6	174.3

Deferred tax assets have been written down as a result of uncertainty as to whether future taxable income will be sufficient for all losses carried forward to be used. The 2004 tax reform introduced exemption from taxation for dividends and gains/losses on shares in the EEA area, and it is expected that the group will continued to derive income from such investments in future years. Allowances carried forward date from the years 1998 - 2003, and must be used within 10 years.

07 Intangible assets and goodwill

NOK million	Projects under development	Other intangible assets	Goodwill	Total 2006	Total 2005	Total 2004
Acquisition cost 1.1.		173.2	611.9	785.1	782.6	749.6
Additions in the period:						
Developed in-house		28.0		28.0	0.1	0.2
Purchased separately	5.4	36.2		41.6	22.7	1.2
Acquired through mergers, acquisitions etc.		0.5		0.5		
Disposals in the period					-5.4	
Acqusition costs 31.12.	**5.4**	**237.9**	**611.9**	**855.2**	**800.0**	**751.0**
Accumulated depreciation and write-downs 1.1.		-120.5	-157,5	-278.0	-262.4	-220.7
Depreciation in the period		-36.4		-36.4	-34.3	-26.8
Disposals in the period					4.9	
Accumulated depreciation and write-downs 31.12.		**-156.9**	**-157.5**	**-314.4**	**-291.8**	**-247.5**
Book value 31.12.	**5.4**	**81.0**	**454.4**	**540.7**	**508.2**	**503.5**

Intangible assets are depreciated linearly over 3–7 years.

Analysis of goodwill by business acquisition

NOK million	Acquisition cost 1.1.	Accumulated write-downs 1.1.	Balance sheet value 1.1.	Additions/ disposals	Write-downs	Balance sheet value 31.12.
Goodwill						
Storebrand Bank ASA	563.2	-140.8	422.4			422.4
Delphi Fondsforvaltning AS	48.3	-16.7	31.6			31.6
Sjølyst Eiendom	0.4		0.4			0.4
Total	**611.9**	**-157.5**	**454.4**			**454.4**

Goodwill is not depreciated, but is tested annually for impairment.

08 Tangible fixed assets

Properties and operational assets

NOK million	Equipment	Vehicles	Fixtures and Fittings	Properties[1]	Total 2006	Total 2005	Total 2004
Book value at 1.1.	**31.2**	**2.2**	**40.2**	**675.7**	**749.3**	**742.9**	**777.9**
Additions	14.4	9.5	2.7	74.9	101.4	37.1	41.3
Disposals	-0.6	-0.8	-3.0		-4.4	-2.9	-10.4
Changes to value over the balance sheet				48.1	48.1	24.5	28.9
Depreciation	-17.8	-1.2	-3.8	-28.8	-51.6	-52.0	-75.6
Other changes						2,4	
Book value at 31.12.	**27.1**	**9.7**	**36.1**	**769.9**	**842.9**	**752.0**	**762.1**
Acquisition cost opening balance	101.0	4.1	67.8	1 403.7	1 576.6	1 110.9	1 337.1
Acquisition cost closing balance	114.8	11.6	62.7	1 551.5	1 740.5	873.3	1 322.8
Accumulated depreciation and write-downs opening balance	-70.0	1.1	3.0	71.8	5.8	-407.7	-582.8
Accumulated depreciation and write-downs closing balance	-87.8	0.1	1.8	77.3	-8.6	-177.4	-609.5
Revaluation fund opening balance				11.9			
Changes in the period				12.1			
Revaluation fund closing balance				24.0			

1 Properties for own use, see also note 15.

For each class of fixed assets:

Depreciation method: Linear

Depreciation plan and commercial life:

Equipment	4 years
Vehicles	6 years
Fixtures and fittings	4 years
Real estate	15 years

09 Tangible fixed assets - operational leasing

Minimum future payments on operational leases for fixed assets are as follows:

NOK million	Minimum lease payment less than 1 year	Minimum lease payment 1–5 years	Minimum lease payment greater than 5 years
Minimum future lease payments	36.8	51.9	2.8
Of which future lease income	14.7	13.3	

	2006	2005	2004
Lease payments through profit and loss	40.9	39.1	38.1
Future lease income through profit and loss	19.2	23.8	25.1

Assets leased in by company relate to leasing of cars and copying machines, and leases of office premises. Assets leased out by the company relate to office premises at Aker Brygge (Oslo) and in Bergen.
Lease contracts for cars are normally for 36 months. Lease contracts for copying machines expire in 2007 and 2010.
Lease contracts for office premises and leasing out offices at Aker Brygge (Oslo) expire July/September 2007
Other leases on office premises are for 3-6 years with options for renewal.

10 Pensions

Employees are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme with Storebrand Livsforsikring AS. Pension payments from this scheme come into effect from the pension age, which is 67 for employees and 65 for underwriters. Pension payments to employees between 65 and 67 are paid directly by the company. Pension rights are part to the group's collective employment agreement.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK million	2006	2005	2004
Present value of insured pension benefit obligations including employment taxes	3 105.5	2 762.4	2 820.9
Pension assets as fair value	-2 747.3	-2 599.4	-2 626.9
Net pension liability/surplus for the insured schemes	358.1	163.0	194.1
Present value of the uninsured pension benefit obligations including employment taxes	454.3	495.4	462.6
Net pension liabilities in the balance sheet	**812.5**	**658.4**	**656.7**

Booked in the balance sheet:	2006	2005	2004
Pension assets	58.4	57.0	55.9
Pension liabilities	870.9	715.4	712.6

NOK million	2006	2005	2004
Experience adjustments for the year included in equity	239.7	49.8	176.3
Accumulated experience adjustments included in equity	465.8	226.1	176.3

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

NOK million	2006	2005	2004
Net pension liability at 1.1. including provision for employment taxes	3 257.8	3 307.0	3 138.7
Net pension cost recognised in the period including provision for employment taxes	111.6	88.9	97.6
Interest on pension liabilities	144.1	143.1	153.6
Experience adjustments	252.1	-18.3	126.1
Pensions paid	-205.9	-207.8	-232.5
Changes to the pension scheme		-55.1	
Net pension liability at 31.12.	**3 559.8**	**3 257.8**	**3 283.5**

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

NOK million	2006	2005	2004
Fair value of pension assets at 1.1.	2 599.9	2 627.0	2 580.7
Expected return	151.4	145.5	164.7
Experience adjustments	23.8	-37.6	-36.6
Premium paid	147.9	83.1	87.0
Pensions paid	-175.8	-173.4	-168.9
Changes to the pension scheme		-45.3	
Net pension assets at 31.12.	**2 747.3**	**2 599.4**	**2 626.9**

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

	2006	2005	2004
Properties and real estate	11%	10%	9%
Bonds held to maturity	28%	28%	37%
Secured and other lending	1%	1%	1%
Shares and other equity participations	29%	27%	17%
Bonds	28%	29%	18%
Commercial paper		4%	15%
Other short-term financial assets	2%	1%	3%
Sum	**100%**	**100%**	**100%**

The table shows the percentage asset allocation of pension assets managed by Storebrand Livsforsikring at year-end. The booked (realised) investment return on assets managed by Storebrand Livsforsikring was 7.1 % in 2006, 6.9 % in 2005 and 6.4 % in 2004.

Net pension cost booked to profit and loss account, specified as follows:

NOK million	2006	2005	2004
Current service cost including employment taxes	87.8	94.1	88.9
Interest on pension liabilities	143.6	143.1	153.6
Expected return on pension assets	-150.6	-151.5	-164.7
Experience adjustments		-1.3	
Changes to the pension scheme		-9.8	
Net pension cost booked to profit and loss in the period	**80.8**	**74.6**	**77.9**

Net pension cost is included in operating costs.

Main assumptions used when calculating net pension liability at 31.12.:

	2006	2005	2004
Financial:			
Discount rate[1]	4.3%	4.7%	4.7%
Expected retun on pension fund assets in the period	5.6%	6.0%	6.0%
Expected earnings growth	4.3%	3.0%	3.0%
Expected annual increase in social security pensions	4.3%	3.0%	3.0%
Expected annual increase in pensions in payment	1.7%	2.0%	2.0%

1 Storebrand ASA applied 4.1 % 31.12.06.

Actuarial:
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.

Net pension liability/surplus pr. 31.12.:

NOK million	2006	2005	2004
Discounted current value of defined benefit pension liabilities	3 559.8	3 257.8	3 283.5
Fair value of pension assets	2 747.3	2 599.4	2 626.9
Deficit	**812.5**	**658.4**	**656.7**

11 Remuneration of senior employees and elected officers of the company

NOK 1 000	Ordinary salary	Bonus paid	Other Benefits[1]	Post-termina-tion salary (months)	Pension ac-crued for the year	Discounted present value of pension	Loan	Interest rate at 31.12.06	Repayment period
Senior employees									
Idar Kreutzer	3 539	1 822	232	24	726	10 077	9 210	3-3.6	2031
Hans Henrik Klouman	3 101	1 153	218	24	627	6 851	1 151	3	2025
Odd Arild Grefstad	2 286	789	152	18	411	4 571	4 567	3-3.6	2024
Maalfrid Brath	2 319	902	188	18	401	4 249	5 056	3-3.45	2035
Egil Thompson	1 536	282	141	18	268	1 770	751	3	2021
Lars Aa. Løddesøl	2 274	1 006	161	18	467	2 181	4 390	3-3.7	2029
Per Kumle	2 861	5 835	3 813		965	3 777			
Klaus-Anders Nysteen	720		44	18	331	332	3 528	3-3.45	2026
Nina Arstal	1 295	208	115	12	184	902	1 122	3	2028
Roar Thoresen	2 562	1 404	213	18	754	3 004	989	3	2022
Hans Aasnæs	2 063	1 997	115	18	438	4 963			

	No. of shares held[2]	Bonus bank[3]	Return on shares bank[4]
Idar Kreutzer	29 288	4 516	823
Hans Henrik Klouman	1 976	2 550	513
Odd Arild Grefstad	4 078	1 653	354
Maalfrid Brath	2 113	1 240	413
Egil Thompson	1 513	503	130
Lars Aa. Løddesøl	2 213	1 491	451
Per Kumle			
Klaus-Anders Nysteen	200		
Nina Arstal	610	363	92
Roar Thoresen	1 038	1 819	676
Hans Aasnæs	2 082	904	853

NOK 1 000	Remuneration	Bonus bank[3]	No. of shares held[2]	Loan	Interest rate at 31.12.06	Payment period
Board of Directors						
Leiv L. Nergaard[5]	544		40 000			
Halvor Stenstadvold	229		3 593			
Knut G. Heje	209		8 500			
Mette K. Johnsen	244		997			
Grace Reksten Skaugen	35		13 000			
Rune Eikeland	89			1 073	3	2021
Erik Haug Hansen	229	87	1 853	1 090	3	2025
Barbara Rose Milian Thoralfsson	179		1 000			
Knut Dyre Haug	128	156	1 118	1 505	3-3.55	2026
Birgitte Nielsen	221					
Nina Elisabeth Smeby	225		68	1 174	3	2021

NOK 1 000	Remuneration	Bonus bank[3]	No. of shares held[2]	Loan	Interest rate at 31.12.06	Payment period
Control Committee						
Elisabeth Wille	123		88			
Harald Moen	149		322			
Hanne Harlem	48					
Carl Graff-Wang	145					
Ida Hjort Kraby	97					
Jon Ansteinsson	199					
Sverre Bjørnstad	0					

1 Comprises company car, telephone, insurance, concessionary interest rate, other contractual benefits and compensation on termination of employment.
2 The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence (cf. Accounting Act § 7-26).
3 Outstanding at 31.12.2006. Senior executives are contractually entitled to performance related bonuses related to the group's value-based management system. The group's value creation finances the overall amount of the bonus, but individual performance determines what proportion of the bonus is allocated. The bonus allocated to an individual is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. When the bonus accounts were introduced, Storebrand created an initial deposit. If the employee leaves the company, the positive amount of the initial deposit will be retained by Storebrand. The balance of the bonus account is exposed 50% to Storebrand's share price and 50% to the best interest rate paid by Storebrand Bank. Over time the balances in the "share bank" and "interest bank" will grow separately.
4 The return on the "share bank" shows the annual gain in value of the individual's bonus account caused by the performance of the Storebrand share price in 2006 adjusted for dividend.
5 Directors' fees from Storebrand ASA and Storebrand Livsforsikring.

The Board will submit a statement to the Annual General Meeting on the salary and other remuneration of senior employees, cf. Section 6-16a of the Public Limited Liabilities Companies Act.

Loans to employees of the group total NOK 1,237 million.

Shares in Storebrand ASA held by members of the Board of Representatives

Arvid Grundekjøn		Roar Engeland	
Merete Egelund Valderhaug		Per Alm Knudsen	
Randi Paulsrud	200	Inger Lise Gjørv	
Stein Erik Hagen		Margrethe Øvrum	
Terje R. Venold	500	Vibeke Hammer Madsen	
Eli Sætersmoen		Tor Haugom	5
Ole Enger		Astrid Olive Aanerud	625
Olaug Svarva		Ann-Mari Gjøstein	140
Johan H. Andresen jr.[2]		Rune Perdersen	410

No loans have been made to any member of the Control Committee, and loans to members of the Board of Representatives total NOK 3 million.

Remuneration paid to Deloitte AS (excl. VAT):

NOK million	2006	2005
Statutory audid	5.9	6.0
Other reporting duties	0.2	0.7
Taxation advice	0.7	1.2
Other non-audit services	1.7	6.1

12 Investments in associated companies

Main accounting figures for associated companies - figures shown are for 100 % of the company/companies.

NOK million	2006	2005	2004
Revenue			
Nordben Life and Pension Insurance Co. Ltd.	70.8	64.8	69.2
Caveo ASA			
Inntre Holding AS	210.7	185.1	182.5
Bertil O Steen Finans AS		52.4	49.3
Seilduksgaten 25/31 AS	2.8	3.1	
Profit/loss			
Nordben Life and Pension Insurance Co. Ltd.	20.0	31.0	25,9
Caveo ASA			
Inntre Holding AS	9.7	4.3	10.3
Bertil O Steen Finans AS		35.3	31.8
Seilduksgaten 25/31 AS	-1.2	-0.3	
Assets			
Nordben Life and Pension Insurance Co. Ltd.	7 108.0	6 417.0	6 013.2
Caveo ASA	165.4		
Inntre Holding AS	160.6	149.3	156.5
Bertil O Steen Finans AS		52.8	61.2
Seilduksgaten 25/31 AS	24.2	24.9	
Liabilities			
Nordben Life and Pension Insurance Co. Ltd.	6 804.8	6 165.1	5 766.6
Caveo ASA	48.3		
Inntre Holding AS	43.5	38.5	48.5
Bertil O Steen Finans AS		9.4	23.2
Seilduksgaten 25/31 AS	23.2	22.7	

Ownership interests in associated companies

NOK million	Ownership interest	Acquisition cost	Balance sheet value at 1.1	Additions/ disposals	Share in profit	Balance sheet value 31.12
Nordben Life and Pension Insurance Co. Ltd	25%	29.5	62.0	-4.2	18.0	75.8
Caveo ASA	34%			89.3		89.3
Norsk Pensjon AS	25%	2.5		2.5		2.5
Inntre Holding AS	34%	2.2	38.0	2.2		40.2
Bertil O Steen Finans AS	0%	5.0	8.3	-10.2	1.9	0.0
Seilduksgaten 25/31 AS	50%	35.0	30.0		-0.8	29.2
Total		**74.2**	**138.3**	**79.6**	**19.1**	**237.1**

13 Joint Ventures

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

The consolidated accounts include the following companies in the amounts shown:

NOK million	2006	2005	2004
Revenue			
Storebrand Helseforsikring AS	85.0	70.8	57.4
Fair Financial Ireland plc.[1]	43.0	182.7	168.1
Sjølyst Eiendom AS	145.0		
Group profit			
Storebrand Helseforsikring AS	6.5	5.3	3.2
Fair Financial Ireland plc.	-4.8	10.4	2.5
Sjølyst Eiendom AS	30.0		
Assets			
Storebrand Helseforsikring AS	119.9	99.0	83.0
Fair Financial Ireland plc.		326.2	297.9
Sjølyst Eiendom AS	727.0	330.0	
Liabilities			
Storebrand Helseforsikring AS	80.6	72.9	59.1
Fair Financial Ireland plc.		307.0	286.0
Sjølyst Eiendom AS	417.0		

1 Company sold in 2006

14 Contingent liabilities and conditional assets

Storebrand ASA has issued the following guarantees:

	Currency	Terms	Accounts provision
Institute of London Underwriters (ILU)[1]	USD	Unlimited	

1 Counter indemnity of Oslo Reinsurance Company ASA , which is 100% owned by Storebrand Skadeforsikring AS.

15 Investment properties

The following amounts are included in the profit and loss account:

NOK million	2006	2005	2004
Rental income from investment properties	1 246.8	977.4	825.0
Operating costs (including maintenance and repairs) for investment properties that produced rental income in the period.	-156.5	-128.3	-110.3
Total	**1 090.3**	**849.1**	**714.7**
Change in fair value of investment properties	907.2	36.6	190.5
Total income from investment properties	**1 997.5**	**885.7**	**905.2**

Values booked in the balance sheet

NOK million	2006	2005	2004
Book value at 1.1.	13 503.6	12 240.7	9 036.9
Additions from new purchases	3 387.5	962.3	2 910.1
Additions caused by supplementary expenditure	151.0	264.0	129.9
Disposals	-502.2		
Net revaluation/write-downs	907.2	36.6	163.9
Book value at 31.12.	**17 447.0**	**13 503.6**	**12 240.8**

Type of property	2006	2005	2004	2006			
				Average rental per square metre	Remaining term of lease contract	Space (square metres)	Occupancy rate
Offices (including parking and storage)	9 648.4	7 643.7	6 881.0	924.6	5.6	639 950	97.0
Shopping centres (including parking and storage)	7 312.0	5 464.1	4 964.0	1 251.2	3.3	390 078	98.5
Car parks	486.5	395.8	395.8	734.5	14.0	44 085	100.0
Total investment properties	**17 447.0**	**13 503.6**	**12 240.8**	**1 036.5**	**4.8**	**1 074 113**	**97.8**
Properties for own use	769.9	657.7	730.2	1 568.1	3.0	59 945	100.0
Total properties	**18 216.9**	**14 161.3**	**12 891.0**	**2 604.6**	**4.7**	**1 134 058**	**97.9**

The group entered into commitments in 2006 to purchase properties for NOK 0.27 billion, but completion of these contracts and transfer of risk does not take place until 2007.

16 Capital adequacy

	2006					2005	2004
NOK million	SB Life Group	P&C Group	SB Bank Group	SB ASA	Group	Group	
Risk-weighted calculation base	82 171	112	21 918	7 121	105 270	95 163	71 998
Core (Tier 1) capital	5,361	227	1 831	6 459	8 536	8 042	8 382
Perpetual subordinated loans			275		275	229	273
Goodwill and other intangible assets	-14	-27	-180		-753	-828	-821
Net core (Tier 1) capital	5 347	200	1 926	6 459	8 058	7 443	7 834
Tier 2 Capital	**2 857**		**484**		**3 332**	**3 245**	**3 248**
Deductions	-234				-192	-19	-78
Net primary capital	**7 970**	**200**	**2 410**	**6 459**	**11 198**	**10 669**	**11 004**
Capital ratio (%)	**9.7%**	**178.4%**	**11.0%**	**90.7%**	**10.6%**	**11.2%**	**15.3%**

17 Number of employees

	2006	2005
Number of employees at 31.12.	1 455	1 321
Average number of employees	1 388	1 305
Full time equivalent positions at 31.12.	1 429	1 295
Average number of full time equivalentes (FTEs)	1 362	1 260

18 Net income analysed by class of financial instrument

Net interest income from banking activities

NOK million	2006	2005
Interest income[1]	1 220.0	1 027.1
Interest expense[2]	-801.2	-579.8
Net interest income from banking activities	**418.8**	**447.3**

Net income and gains from financial assets at fair value

NOK million	2006	2005
Dividends from shares and other equity investments	747.8	646.9
Net gains/losses on disposal of shares, other equity investments and equity derivatives	3 628.9	4 149.3
Net unrealised gains/losses on shares, other equity investments and equity derivatives	1 680.8	2 643.7
Total shares and other equity investments	**6 057.5**	**7 439.9**
- of which FVO (fair value option)	**6 066.0**	**7 509.9**
Interest income[1]	1 817.7	1 610.2
Net gains/losses on disposal of fixed-income securities and interest rate derivatives	-348.0	27.8
Net unrealised gains/losses on fixed-income securities and interest rate derivatives	-113.5	-52.6
Total bonds, bond funds and other fixed-income securities	**1 356.1**	**1 585.4**
- of which FVO (fair value option)	**814.6**	**1 413.4**
Interest	53.8	8.5
Net gains/losses on disposal of financial devivalentes	66.0	-390.5
Net gains/losses on disposal of financial devivalentes	553.5	-1 237.9
Total financial derivatives	**673.3**	**-1 619.9**
Income from financial assets with investment choice	**685.4**	**721.3**
Net income and gains from financial assets at fair value	**8 772.4**	**8 090.8**
- of which FVO (fair value option)	**6 880.6**	**8 923,3**

Net income from bonds at amortised cost

NOK million	2006	2005
Interest income from bonds held to maturity	1 739.9	1 879.7
Interest income from other bonds at amortised cost	657.3	530.1
Net income from bonds at amortised cost	**2 397.2**	**2 409.9**

Interest expense

NOK million	2006	2005
Interest expense - subordinated loans	-135.2	-141.6
Interest expense - funding	-76.7	-50.6
Interest expense on other financial indebtedness	-1.0	-4.9
Total interest expense[2]	**-212.9**	**-197.1**

1 Interest income from financial instruments not at fair value totalled NOK 1,141.5 million in 2006 (compared to NOK 949.9 million in 2005).
2 Interest expense on financial instruments not at fair value totalled NOK 780.3 million in 2006 (compared to NOK 579.9 million in 2005).

19 Lending write-downs

NOK million	2006	2005
Write-downs/write-backs of lending, guarantees etc. for the period		
Change in individual loan write-downs for the period	29.6	107.5
Change in grouped loan write-downs for the period	15.9	26.5
Other corrections to write-downs	22.4	-19.3
Realised losses on loans where provisions have previously been made	-17.2	-81.9
Realised losses on loans where no provisions have previously been made	-6.2	-0.9
Recovery of loan losses realised previously	2.4	2.5
Write-downs/write-backs for the period	**47.0**	**34.4**

Provisions for credit losses

NOK million	2006	2005
Write-downs of individual loans at 1.1.	389.6	501.0
Losses realised in the period for which individual write-downs have previously been made	-17.2	-81.9
Write-downs of individual loans in the period	43.1	66.8
Reversals of write-downs of individual loans in the period	-59.6	-103.4
Other corrections to write-downs	4.0	7.1
Write-downs of individual loans at 31.12.	**360.0**	**389.6**

Grouped write-downs of loans, guarantees etc. at 1.1.	89.2	115.7
Grouped write-downs in the period	-15.9	-26.5
Grouped write-downs of loans, guarantees etc. at 31.12.	**73.3**	**89.2**

20 Classification of financial assets and liabilities 2006

NOK million	Loans and receivables	Hold to maturity	Fair value, trading	Fair value, FVO	Amortised cost	Total
Financial assets						
Bank deposits	13 216.0					13 216.0
Shares and other equity instruments			4 779.9	41 824.1		46 604.0
Bonds and other fixed-income securities		29 922.3	9 909.6	40 873.0	13 176.5	93 881.4
Lending to financial institutions	114.9					114.9
Lending to customers	32 829.1			258.5		33 087.6
Customer receivables and other short-term receivables	5 046.5					5 046.5
Derivatives			2 117.7			2 117.7
Life insurance assets with investment choice				7 364.1		7 364.1
Total financial assets	**51 206.5**	**29 922.3**	**16 807.2**	**90 319.7**	**13 176.5**	**201 432.2**
Financial liabilities						
Subordinated loan capital					3 711.7	3 711.7
Liabilities to financial institutions					2 786.0	2 786.0
Deposits from banking customers					13 533.7	13 533.7
Securities issued				1 196.0	15 199.3	16 395.3
Derivatives			1 796.8	0.3		1 797.1
Other current liabilities	4 811.5		8 068.6			12 880.1
Total financial liabilities	**4 811.5**		**9 865.4**	**1 196.3**	**35 230.7**	**51 103.9**

21 Fair value of financial assets and liabilities

NOK million	2006 Balance sheet value	2006 Fair value	2005 Balance sheet value	2005 Fair value
Assets				
Bank deposits	13 216.0	13 216.0	5 768.7	5 768.7
Financial assets at fair value				
Shares and other equity instruments	46 604.0	46 604.0	39 589.1	39 589.1
Bonds and other fixed-income securities	50 782.7	50 782.7	57 539.3	57 539.3
Derivatives	2 117.7	2 117.7	1 481.1	1 481.1
Life insurance assets with investment choice	7 364.1	7 364.1	5 719.4	5 719.4
Loans and receivables:				
Loans to and due from financial institutions, amortised cost	114.9	114.9	41.7	41.7
Loans to customers, fair value	2 598.3	2 598.3	908.9	908.9
Loans to customers, amortised cost	30 489.3	30 484.4	26 033.2	26 033.2
Customer receivables and other short-term receivables	5 046.5	5 046.5	6 278.0	6 278.0
Other bonds at amortised cost	13 176.5	13 086.4	9 259.5	9 898.9
Bonds held to maturity	29 922.3	31 108.9	31 412.1	34 346.1
Total assets	**201 432.2**	**202 526.4**	**184 031.0**	**187 604.4**
Financial liabilities				
Derivatives, trading	1 797.2	1 797.2	1 719.4	1 719.4
Securities issued, fair value	1 196.0	1 196.0		
Securities issued, amortised cost	15 199.3	15 153.6	15 653.7	15 647.9
Liabilities to financial institutions, amortised cost	2 786.0	2 786.0	1 464.6	1 464.4
Deposits from banking customers, amortised cost	13 533.7	13 532.8	11 187.0	11 187.0
Other current liabilities	12 880.1	12 880.1	11 079.2	11 079.2
Total other financial liabilities	**47 392.3**	**47 345.7**	**41 103.9**	**41 097.9**
Subordinated loan capital, amortised cost	3 711.7	3 786.9	3 524.9	3 615.3
Total financial liabilities	**51 103.9**	**51 132.6**	**44 628.8**	**44 713.2**

22 Collateral

Collateral pledged and received

NOK million	2006	2005
Guarantees	290.2	237.1
Book value of assets pledged as security for lending etc.[1]	1 698.6	1 703.1
Undrawn amounts of committed lending facilities	1 687.4	1 285.7
Security pledged for Futures trading	115.1	1 429.5
Total contingent liabilities	**3 791.3**	**4 655.4**

1 Security pledged and charges.

NOK million	2006	2005
Book value of bonds pledged as security for Storebrand Bank's D-facility at Norges Bank	1 698.6	1 703.1
Total	**1 698.6**	**1 703.1**

23 Hedge accounting

Storebrand Bank uses fair value hedging to hedge interest rate risk. The effectiveness of hedging is monitored at the individual security level, except for structured bond loans where effectiveness is monitored at the portfolio level. Each portfolio consists of swaps and hedged objects with maturity within the same six-month period.

	2006			2005		
NOK million	Contract/ nominal value	Fair value[1] Assets	Liabilities	Contract/ nominal value	Fair value[1] Assets	Liabilities
Interest rate swaps	3 802.0	0.3	79.5	3 166.0	17.1	4.3
Total interest rate derivatives	**3 802.0**	**0.3**	**79.5**	**3 166.0**	**17.1**	**4.3**
Total derivatives	**3 802.0**	**0.3**	**79.5**	**3 166.0**	**17.1**	**4.3**

	Contract/ nominal value	Hedging value[1] Assets	Liabilities	Contract/ nominal value	Hedging value[1] Assets	Liabilities
Underlying items	3 695.1	132.8	3 418.0	3 159.1	142.9	2 964.0
Hedging effectiveness - prospective		111%	96%		81%	91%
Hedging effectiveness - retrospective		116%	101%		87%	95%

Gain/loss on fair value hedging:[2]

	2006	2005
NOK million	Gain / loss	Gain / loss
On hedging instruments	-85.1	-57.9
On items hedged	83.3	61.1

1 Book value at 31.12.
2 Amounts are included in the accounts in the item "Net interest income".

Hedging effectiveness is measured on the basis of a 2% interest rate shock at the level of the individual security. In future periods, hedging effectiveness will be measured using the simplified Dollar Offset method for calculating both prospective and retrospective effectiveness.

24 Bonds at amortised cost

	2006				2005	
NOK million	Nominal value	Acquisition cost	Book value	Fair value	Book value	Fair value
Bonds held to maturity	29 271.4	30 194.9	29 922.3	31 108.9	31 412.1	34 346.1
Other bonds at amortised cost	13 141.5	13 184.7	13 176.5	13 086.4	9 259.5	9 898.9
Total bonds	**42 412.9**	**43 379.6**	**43 098.8**	**44 195.3**	**40 671.6**	**44 245.0**
Analysis by sector:						
Public sector	28 803.4	29 805.5	29 507.6	30 726.2	30 613.2	33 553.5
Financial institutions	13 258.5	13 221.9	13 240.1	13 110.5	9 550.9	10 155.0
Other issuers	351.0	352.1	351.1	358.6	507.4	536.5
Total	**42 412.9**	**43 379.6**	**43 098.8**	**44 195.3**	**40 671.6**	**44 245.0**
Modified duration				4.54		4.74
Average effective yield			5.22	4.65	5.50	3.72

Interest accrued but not due totals NOK 1,216 million, total book value including interest accrued but not due is NOK 44,314 million. The effective yield for each security is calculated using the booked value and the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity. Sectoral allocation is based on the issuer.

25 Shares and other equity investments

NOK million	2006 Acquisition cost	2006 Fair value	2006 Fair value inc. indirect investments in funds	2005 Fair value	2005 Fair value inc. indirect investments in funds
Listed shares Norway	4 391.5	6 567.0	6 618.6	8 266.0	8 307.0
Listed shares within EEA	4 972.4	6 855.2	7 642.6	7 703.1	6 499.1
Listed shares outside EEA	8 418.8	12 426.2	18 990.9	9 703.6	17 592.1
Unlisted shares Norway	581.8	601.6	622.7	285.4	321.4
Unlisted shares within EEA	184.1	158.3	164.1	274.3	274.7
Unlisted shares outside EEA	982.7	1 040.5	1 040.9	80.5	116.7
Fund units managed by SB Investments Norway	13 826.1	11 586.7	4 054.7	8 431.7	1 546.5
Other fund units Norway	143.4	159.1	159.1	11.5	11.5
Other fund units within EEA	2 653.5	2 773.3	2 874.4	2 022.5	2 109.6
Other fund units outside EEA	4 035.2	4 435.9	4 435.9	2 810.5	2 810.5
Total shares	**40 189.5**	**46 604.0**	**46 604.0**	**39 589.1**	**39 589.1**

26 Bonds and other fixed-income securities

NOK million	2006 Commercial paper	2006 Bonds	2006 Total	2006 Bond funds	2006 Total including bond funds	2005 Total including bond funds
Commercial paper, bonds and bond funds, fair value	4 194.5	45 443.7	49 638.2	1 144.5	50 782.7	57 539.3
Of which listed	2 839.5	32 900.9	35 740.3		35 740.3	32 355.3
Direct investments in bonds and commercial paper	4 194.5	45 443.7	49 638.2		49 638.2	
Indirect investments in commercial paper and bonds through funds managed by Storebrand	45.2	-3 140.4	-3 095.2		-3 095.2	
Other indirect investments				827.9	827.9	
Interest accrued but not due	6.0	418.2	424.1		424.1	
Base amount for analysis by sector and currency	**4 245.8**	**42 721.4**	**46 967.2**	**827.9**	**47 795.1**	
Public sector	3 549.9	10 051.4	13 601.3	10.4	13 611.7	
Financial institutions	597.6	23 698.0	24 295.6	817.5	25 113.1	
Other issuers	98.3	8 971.9	9 070.3		9 070.3	
Total	**4 245.8**	**42 721.4**	**46 967.2**	**827.9**	**47 795.1**	
NOK	2 889.6	21 260.5	24 150.0	17.2	24 167.2	
EUR	754.1	13 457.5	14 211.6	157.0	14 368.7	
USD	602.1	5 203.4	5 805.5	653.7	6 459.2	
DKK		145.7	145.7		145.7	
GBP		1 267.1	1 267.1		1 267.1	
CAD		298.2	298.2		298.2	
SEK		134.4	134.4		134.4	
JPY		808.7	808.7		808.7	
CHF		103.3	103.3		103.3	
AUD		42.6	42.6		42.6	
Total	**4 245.8**	**42 721.4**	**46 967.2**	**827.9**	**47 795.1**	

	Commercial paper	Bonds	Total
Modified duration	0.36	2.11	1.98
Average effective yield	3.93	4.41	4.40

The note includes short positions in indirect investments.
The effective yield for each security is calculated using the observed market price.
Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

27 Assets in life insurance with investment choice

NOK million	Fair Value	
	2006	2005
Equity funds	3 028.7	2 601.3
Bond funds	127.0	119.1
Money market funds	1 094.7	1 098.4
Combination funds	2.0	1.6
Units in investment portfolios	3 111.8	1 899.0
Total	**7 364.1**	**5 719.4**

28 Financial derivatives

Nominal volume
Financial derivative contracts are related to underlying amounts which are not capitalised in the balance sheet. In order to quantify a derivative position, reference is made to underlying concepts such as nominal principal, nominal volume, etc. Nominal volume is arrived at differently for different classes of derivatives, and gives an indication of the size of the position and risk the derivative creates. Gross nominal volume principally indicates the size of the exposure, whilst net nominal volume gives an indication of the risk exposure. However nominal volume is not a measure which necessarily provides a comparison of the risk represented by different types of derivatives. Unlike gross nominal volume, the calculation of net nominal volume also takes into account which direction of market risk exposure the instrument represents by differentiating between long (asset) positions and short (liability) positions. A long position in an equity derivative produces a gain in value if the share price increases. For interest rate derivatives, a long position produces a gain if interest rates fall, as is the case for bonds. A long position in a currency derivative produces a gain if the currency strengthens against the NOK. Figures for average gross nominal volume are based on daily calculations of gross nominal volume.

NOK million	Gross nom. volume	Average nom. volume	Net nom. volume	Fair value		Fair value - hedging	
				Asset	Liability	Asset	Liability
Equity options	15 738.5	17 147.6	-11 518.4	626.5	469.9		
Equity index forwards	2 009.6		2 009.6	179.0			
Equity index futures	7 291.6	5 369.0	5 782.0				
Total equity derivatives 2006	**25 039.7**	**22 516.6**	**-3 726.8**	**805.5**	**469.9**		
Total equity derivatives 2005	22 654.1	18 937.4	-10 990.9	590.9	404.9		
Forward rate agreements	403 786.1	390 779.7	9 573.4	168.2	135.9		
Interest rate futures	1 799.5	3 690.6	1 095.7				
Interest rate swaps	110 641.6	141 670.0	99 287.6	169.6	133.7	0.3	79.5
Interest rate options	78 907.2	63 979.0	13 864.5	397.3	587.1		
Total interest rate derivatives 2006	**595 134.4**	**600 119.3**	**123 821.2**	**735.1**	**856.8**	**0.3**	**79.5**
Total interest rate derivatives 2005	475 549.1	379 060.1	171 865.8	717.3	497.0	17.1	4.3
Foreign exchange forwards	69 480.5	63 491.5	-50 375.3	490.1	393.3		
Basis swaps		33.7					
Total currency derivatives 2006	**69 480.5**	**63 525.2**	**-50 375.3**	**490.1**	**393.3**		
Total currency derivatives 2005	59 108.1	55 370.2	-44 874.4	120.2	681.7		
Credit derivatives	19 148.7	28 435.7	5 083.8	86.9	77.1		
Total credit derivatives 2006	**19 148.7**	**28 435.7**	**5 083.8**	**86.9**	**77.1**		
Total credit derivatives 2005	31 329.8	22 444.3	2 658.1	72.4	128.4		
Total derivatives 2006	**708 803.3**	**714 596.8**	**74 802.9**	**2 117.7**	**1 797.2**	**0.3**	**79.5**
Total derivatives 2005	588 641.1	475 812.0	118 658.6	1 481.1	1 719.4	17.1	4.3

Interest rate swaps include interest accrued but not due.
Investments in credit derivatives relates only to indirect investments in securities funds managed by Storebrand Investments.
The above table includes net positions in indirect investments.

29 Financial liabilities

Subordinated loan capital

	2006			2005
NOK million	Amount NOK	Currency	Interest rate in %	Amount NOK
Perpetual subordinated bond issue 2004	108.5	NOK	5.9%	108.1
Perpetual subordinated bond issue 2004	166.6	NOK	NIBOR + 1.5%	166.4
Subordinated loan 2002-2012, call 2007	100.0	NOK	NIBOR + 2%	100.0
Subordinated loan 2003-2013, call 2008	100.0	NOK	NIBOR + 2.25%	100.0
Subordinated loan 2005-2015, call 2010	175.0	NOK	NIBOR + 0.70%	175.0
Subordinated loan 2006-2016, call 2011	99.8	NOK	NIBOR + 0.57%	
Subordinated loan 2003-2023, call 2008	1 526.7	EUR	EURIBOR + 2.2%	1 481.1
Subordinated loan 2004-2014, call 2009	1 435.1	EUR	EURIBOR + 0.9%	1 394.3
Total	**3 711.7**			**3 524.9**

Liabilities to financial institutions

NOK million	2006	2005
Loans and deposits from credit institutions without notice or fixed term	8.9	76.5
Loans and deposits from credit institutions with notice or fixed term	2 777.1	1 388.1
Total	**2 786.0**	**1 464.6**

Deposits from banking customers

NOK million	2006	2005
Corporate customers	5 578.0	4 524.2
Retail customers	7 569.8	6 380.8
International	385.9	282.0
Total	**13 533.7**	**11 187.0**

Liabilities created by issuing securities

NOK million	2006	2005
Commercial paper	3 727.8	4 465.2
Bonds	12 667.5	11 188.5
Total	**16 395.3**	**15 653.7**

30 Further information on financial risk

Liquidity risk
Storebrand has established good liquidity buffers in the group companies, and continuously monitors liquidity reserves against internal limits. Committed credit lines from banks have also been established that the companies can draw on if necessary. Storebrand Bank manages its liquidity position on the basis of a rolling liquidity gap and long-term funding indicators. The liquidity gap measures liquidity in excess of the minimum requirement over the next 90 days. The minimum requirement takes into account all deposit maturities and an exceptional outflow of customer deposits at 25% annually. Long-term funding indicators are calculated in accordance with the Kredittilsynet's guidelines, and show the mismatch between expected future inward and outward cash flows. Storebrand Life Insurance has NOK 14 billion invested in the money market and can therefore meet claims of an equivalent amount at short notice. In addition, the company has sizeable investments in bonds that can be liquidated if required.

Market risk
Market risk relates to the risk that the value of the group's assets might be reduced by unexpected and unfavourable movements in the market. At the close of 2006, 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 property values. Market risk is monitored continuously using a range of statistical tools and tests. For instance, Storebrand uses 'Conditional Value at Risk' as a method for calculating the potential for loss for the investment portfolio on a one-year horizon for a given probability. This method also takes into account the size of worst-case losses.

Storebrand Life Insurance is contractually committed to guarantee an annual return for all its savings customers, currently 3.6% on overage. The guaranteed annual return places particular demands on how investments are allocated between different classes of security and other assets. Given the current investment portfolio, the annual return will normally fluctuate between 2% and 10%. Active risk management and hedging transactions reduce the likelihood of a low investment return. If investment return is not sufficient to meet the guaranteed interest rate of 3.6%, the shortfall will be met by using risk capital built up from previous surpluses. The owner is responsible for meeting any shortfall that cannot be covered from risk capital. The average guaranteed interest rate is expected to fall in future years. New contracts include a guaranteed interest rate of 2.75%.

Under current legislation and regulations, the technical insurance reserves that Storebrand Life Insurance is required to hold are not affected by changes in market interest rates. Storebrand Bank manages its interest rate risk through swap agreements to minimise the effect of a change in interest rates on its deposits and lending.

It is Storebrand's policy to fully hedge currency risks. Currency position limits are set for investment management to ensure effective practical implementation of currency hedging. Currency hedging is mainly carried out through rolling short-term forward foreign exchange contracts.

Credit risk

Maximum limits for credit exposure to individual debtors and for overall credit exposure to rating categories for Storebrand Life Insurance and other companies in the group are set by the board. Particular attention is paid to ensuring diversification of credit exposure to avoid concentrating credit exposure on any particular debtors or sectors. Storebrand Investments monitors changes in the credit standing of debtors. Storebrand uses published credit ratings wherever possible, supplemented by the company's own credit evaluation where there are no published ratings.

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

31 Credit risk

Analysis of credit risk by rating

Short-term holdings of interest-bearing securities **Category of issuer or guarantor** NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Virkelig verdi	NIG Fair value	Total Fair value
Public sector	10 593.3	1 359.5	1 785.3	20.7		13 758.8
Financial institutions	259.8	2 331.8	15 484.0	5 661.5	466.1	24 203.1
Other issuers	6 193.6	229.9	681.8	1 187.7	712.2	9 005.1
Total 2006	**17 046.7**	**3 921.2**	**17 951.1**	**6 869.8**	**1 178.3**	**46 967.2**
Total 2005	**19 578.6**	**7 006.7**	**21 788.2**	**6 183.5**	**1 473.9**	**56 030.8**

Long-term holdings of interest-bearing securities **Category of issuer or guarantor** NOK million	AAA Amortised value	AA Amortised value	A Amortised value	BBB Amortised value	NIG Amortised value	Total Amortised value
Public sector	31 800.3	3 372.8	2 032.8			37 205.9
Financial institutions	2,720.1	4 022.1	366.2			7 108.4
Total 2006	**34 520.4**	**7 394.9**	**2 399.0**			**44 314.3**
Total 2005	**30 366.3**	**9 264.0**	**1 041.3**			**40 671.6**

Allocation to rating class is based on Standard & Poor's ratings.
NIG - Non investment grade

Lending

	2006								2005
Risk group NOK million	Lending	Undrawn committed facilities	Guaran-tees	**Total exposure**	Write-downs of individual loans	Write-downs of guaranties	Grouped write-downs	**Residual exposure**	Residual exposure
Low risk	30 041.5	1 186.4	245.7	**31 473.6**			-56.3	**31 417.3**	25 822.4
Medium risk	403.7	95.5	30.6	**529.8**			-13.6	**516.2**	1 087.1
High risk	8.0	1.6	4.7	**14.3**				**14.3**	195.9
Unclassified	2 535.1	403.9	4.2	**2 943.1**			-3.4	**2 939.7**	335.2
Loans in default and loss-exposed lending	532.7		5.0	**537.8**	-360.0	-4.0		**173.8**	357.0
Total	**33 520.9**	**1 687.4**	**290.2**	**35 498.5**	**-360.0**	**-4.0**	**-73.3**	**35 061.2**	**27 797.6**

Grouped write-downs	73.3
Individual write-downs	360.0
Book value of lending at 31.12.06	**33 087.6**

NOK million	2006	2005
Loans in default		
Loans in default without identified impairment	109.0	112.9
Loans in default and loss-exposed loans with identified impairment	423.7	641.1
Gross loans in default	**532.7**	**754.0**
Individual write-downs	360.0	389.6
Net loans in default	172.7	364.4

Loans past maturity not written down

NOK million	2006	2005
Number of days overdue:		
1-29 days	0.1	0.1
30-59 days	0.3	0.1
60-89 days	0.0	0.0
>90 days	0.1	0.1
Total loans past maturity not written down	**0.5**	**0.3**

Analysis of net lending

NOK million	2006	2005
Analysis by sector and industry:		
Commercial services and real estate operations	12 253.2	9 013.1
Retail customers	20 400.0	17 295.4
Other	434.0	633.6
Total	**33 087.2**	**26 942.1**

32 Liquidity risk

Amounts reported include accrued interest

NOK million	No contractual maturity date	Up to 1 month	1-3 months	3 months - 1 year	1-5 years	Over 5 years	Total value
Residual contractual period for financial assets							
Leading to financial institutions		107.8				7.1	114.9
Lending to customers	-433.3	1 684.7	214.5	1 387.8	3 138.9	27 095.0	33 087.6
Bonds at amortised cost		1 862.6	49.6	831.4	10 683.5	30 887.4	44 314.4
Bonds and other fixed-income securities	828.7	101.4	3 031.6	3 881.2	24 518.2	15 434.0	47 795.1
Fixed-term deposits		1 448.6	302.7				1 751.3
Derivatives[1]	19.3	5.1	122.2	261.8	172.9	-96.8	484.5
Total 2006	**414.6**	**5 210.2**	**3 720.6**	**6 362.2**	**38 513.5**	**73 326.6**	**127 547.8**
Total 2005		4 622.2	4 404.6	15 224.0	37 613.4	65 164.0	127 028.2

1 Figures for derivatives are net figures in this note

NOK million	Up to 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total value
Residual contractual period for financial liabilities						
Subordinated loan capital					3 711.7	3 711.7
Liabilities to credit institutions	1 032.7			1,153.3	600.0	2 786.0
Deposits from banking customers	13 271.5	193.0	58.3		10.9	13 533.7
Securities issued	200.0	781.1	4 883.0	10 531.3		16 395.3
Total 2006	**14 504.2**	**974.1**	**4 941.3**	**11 684.6**	**4 322.6**	**36 426.7**
Total 2005	11 208.5	1 398.7	5 153.2	8 615.7	5 454.0	31 830.0

Residual contractual period provides only limited information on the company's liquidity risk since the majority of investment assets can be realised in the secondary market earlier than expiry of the contractual period.

33 Interest rate risk

Period to next interest rate fixing for financial assets NOK million	No contractual maturity date	Up to 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total value
Leading to financial institutions		114.9					114.9
Lending to customers	29 842.2	145.1	1 232.1	1 143.1	600.8	124.3	33 087.6
Bonds at amortised cost		1 862.6	49.6	831.4	10 730.0	30 840.9	44 314.4
Bonds and other fixed-income securities[1]	828.7	7 139.4	21 230.3	4 904.5	6 248.4	7 443.8	47 795.1
Fixed-term deposits		1 448.6	302.7				1 751.3
Derivatives[2]		-2 924.7	-16 350.0	3 732.8	13 156.4	2 870.0	484.5
Total 2006	**30 670.9**	**7 785.8**	**6 464.8**	**10 611.9**	**30 735.6**	**41 278.9**	**127 547.8**
Total 2005		7 674.6	39 344.9	15 667.7	24 119.7	40 221.3	127 028.2

1 In this note, bonds and other fixed-income securities includes short positions.
2 In this note, derivatives are presented net and excluding short positions.

NOK million	No contractual maturity date	Up to 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total value
Period to next interest rate fixing for financial liabilities							
Subordinated loan capital		441.6	199.8	3 070.2			3 711.7
Liabilities to financial institutions		1 032.7	1 753.3				2 786.0
Deposits from banking customers	13 202.1	78.0	195.3	58.3			13 533.7
Securities issued		1 902.6	5 964.8	5 525.2	3 002.7		16 395.3
Total 2006	**13 202.1**	**3 454.9**	**8 113.2**	**8 653.7**	**3 002.7**	**-**	**36 426.7**
Total 2005		12 680.3	7 758.7	5 010.9	1 935.2	4 444.9	31 830.0

Interest rate sensitivity NOK million	Up to 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total value
Short-term holdings of financial assets						
AUD		1.2		-1.0	-0.6	-0.4
CAD	0.1	2.6	-0.3	-2.5	-13.1	-13.3
CHF		1.2	-0.4	-0.1		0.6
DKK		0.1	-	-1.4	-3.0	-4.3
EUR	-0.5	14.7	-25.2	111.7	-243.6	-142.9
GBP	0.2	4.5	11.2	-175.0	-62.7	-221.8
HKD		0.3				0.2
JPY	0.3	5.0		-17.0	-65.6	-77.4
MXN		-0.1				-0.1
NOK	-5.1	-73.2	-57.7	-168.6	-490.7	-795.3
NZD		0.7				0.7
PLN		0.2				0.2
SEK	-0.1	0.8	0.6	-1.6	-4.3	-4.6
SGD		0.2				0.2
USD	0.5	38.4	13.9	-35.8	-107.1	-90.2
Total short-term holdings of financial assets	**-4.8**	**-3.6**	**-57.9**	**-291.3**	**-990.7**	**-1 348.3**
Long-term holdings of financial assets						
EUR		0.2				0.2
NOK	-0.8	5.0	-7.8	-265.7	-1 790.2	-2 059.5
SEK						-0.1
Total long-term holdings of financial assets	**-0.7**	**5.2**	**-7.8**	**-265.7**	**-1 790.3**	**-2 059.3**
Total quantified interest rate sensitivity 2006	**-5.6**	**1.6**	**-65.8**	**-557.0**	**-2 780.9**	**-3 407.7**
Total quantified interest rate sensitivity 2005	-10.9	-21.0	-244.1	-380.2	-2 814.4	-3 470.5

Interest rate 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 2006 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.

34 Currency risk

Financial assets and liabilities in foreign currency	Balance sheet items excluding currency derivatives	Currency forwards	Net position	
NOK million	Net balance sheet value	Net sales	in currency	in NOK
AUD	162.3	-144.8	17.5	85.7
CAD	232.8	-229.9	2.9	15.7
CHF	188.6	-176.1	12.4	63.4
DKK	265.9	-230.3	35.6	39.2
EUR	2 323.2	-2 327.9	-4.7	-38.7
GBP	369.4	-351.7	17.8	217.5
HKD	308.6	-240.7	68.0	54.5
JPY	70 919.9	-69 000.0	1 920.0	100.4
SEK	846.0	-774.6	71.3	64.9
SGD	37.1	-26.4	10.7	43.4
USD	3 604.6	-3 584.9	19.6	122.4
Other				28.2
Total short-term foreign currency				**796.3**
EUR	-369.1	358.8	-10.3	-84.5

SEK	83.8	-70.6	13.3	12.2
USD	0.6		0.6	3.6
Total long-term foreign currency				**-68.7**
Total net currency position 2006				**727.6**
Total net currency position 2005				869.8

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 2006 are typical of the group's small limits for currency positions.

35 Technical insurance information

Technical insurance reserves

Specification of balance sheet items in respect of life insurance and non-life insurance:

NOK million	Group pension insurance private sector	Group pension insurance public sector	Group life insurance	Individual endowment insurance	Individual annuity/ pension insurance	Non-life insurance	Total 2006	Total 2005
Reinsurers' share of technical insurance reserves						1 799.7	1 799.7	2 395.5
Receivables in respect of insurance policies	2.0	2.0		0.3		64.8	69.1	63.9
Total assets	**2.0**	**2.0**	**-**	**0.3**	**0.0**	**1 864.5**	**1 868.8**	**2 459.4**
Premium reserve	85 632.5	14 145.3	389.1	16 757.9	23 582.0		140 506.8	129 737.5
- of which RBNS	239.7	96.3	16.1	14.2	10.2		376.5	132.9
- of which IBNR	7.1	2.9	167.2	16.7	23.3		217.2	163.0
- of which premium income received in advance	642.5	0.1	63.2	21.1	81.0		807.9	780.6
Additional statutory reserves	3 778.6	374.9		374.2	1 022.9		5 550.6	4 537.5
Pensioners' surplus reserve	280.0						280.0	215.0
Premium reserve/deposit reserve	5 450.1	992.1			226.2		6 668.4	5 357.0
Claims reserve	46.3	21.8	116.7	180.4	17.4		382.6	334.9
- of which RBNS	45.5	21.5	69.7	89.6	5.1		231.4	174.1
- of which IBNR	0.7	0.3	47.0	90.8	11.7		150.5	160.8
Security reserve - life insurance	118.5	20.9	17.0	13.0	9.6		179.0	159.2
Total reserves - life insurance	**95 306.0**	**15 555.0**	**522.8**	**17 325.5**	**24 858.1**		**153 567.4**	**140 341.1**
Premium and claims reserves - non-life						2 268.7	2 268.7	2 992.1
Security reserve etc. - non-life						40.9	40.9	40.7
Total reserves - non-life						**2 309.6**	**2 309.6**	**3 032.8**
Insurance fund reserves 2006	**95 306.0**	**15 555.0**	**522.8**	**17 325.5**	**24 858.1**	**2 309.6**	**155 877.0**	
Insurance fund reserves 2005	86 778.0	9 723.1	816.4	20 015.0	24 420.0	3 089.5		143 373.9
Reinsurance liabilities	**46.1**		**38.5**	**-2.0**		**76.7**	**246.2**	**145.9**
Insurance liabilities 2006	**95 352.1**	**15 555.0**	**561.3**	**17 323.5**	**24 858.1**	**2 386.3**	**156 123.2**	**143 519.8**

Life Insurance:
The item Reserves – life insurance includes NOK 7.2 billion that the company assumes will be paid as claims or benefits in 2007.

P&C insurance:
The item Reinsurers' share of technical insurance reserves includes NOK 353 million that the company assumes will fall due/be recognised to income in 2007. The item Reserves – P&C insurance includes NOK 375 million that the company assumes will fall due/be recognised to income in 2007.

Insurance liabilities	2006						2005
NOK million	Premium reserve	Reserve for Unit Linked	Premium reserve Deposit reserve	Additional statutory reserves	Security reserve	Total	Total
Balance at 1.1.	124 447.6	5 622.7	5 572.0	4 537.5	161.3	140 341.1	125 594.8
+ Gross premium income	17 890.4	1 691.5		190.9		19 772.8	19 379.2
- Gross claims	-13 647.0	-639.7	-395.6	-92.6		-14 774.9	-11 894.7
+ Guaranteed interest rate/unit linked return	4 777.0	680.9	147.2			5 605.1	5 447.0
- Administration contribution	-1 086.0					-1 086.0	-1 017.9
- Risk result	-283.7			-18.6		-302.3	-453.4
+/- Transfers and additions to reserves	85.5		-19.0	-66.5	17.7	17.7	-
+ Share of profit	1 350.2		1 643.8	1 000.0		3 994.0	3 286.1
Balance at 31.12.	**133 534.0**	**7 355.4**	**6 948.4**	**5 550.7**	**179.0**	**153 567.5**	**140 341.1**

Market value adjustment reserve

NOK million	2006	2005	Endring 2006	Endring 2005
Equities	6 150.7	3 639.0	2 511.7	1 502.2
Interest-bearing	-261.0	223.5	-484.5	-352.1
Gains/losses/write-downs - current assets	5 889.7	3 862.5	2 027.2	1 150.1
Gains/losses - bonds held to maturity[1]	1 096.6	3 573.4	-2 476.8	-639.3
Total	**6 986.3**	**7 435.9**	**-449.6**	**510.8**

1 Unrealised gains on hold to maturity bonds are not included in the accounts.

Changes in insurance liabilities – life insurance

NOK million	2006	2005
Reinsurers' share of technical insurance reserves		
Balance at 1.1.	**2 395.5**	**2 804.8**
Change in claims reserve	-589.0	-434.5
Currency movements	-6.8	24.9
Other changes		0.3
Balance at 31.12.	**1 799.7**	**2 395.5**
Insurance liabilities		
Balance at 1.1.	**3 032.8**	**3 444.4**
Change in claims reserve	-706.5	-459.9
Change in security reserve	1.2	-7.3
Currency movements	-17.9	54.5
Other changes		1.1
Balance at 31.12.	**2 309.6**	**3 032.8**

In Autumn 2006, Storebrand re-launched sales of P&C insurance products to the Norwegian retail market. Premium and claims reserves for the newly established P&C business amounted to NOK 10 million at the close of 2006. The major part of insurance liabilities at year-end relate to the run-of business of Oslo Reinsurance Company and Storebrand Skadeforsikring. Premium and claims reserves for 2005 include NOK 169 million in respect of Fair Forsikring, which was sold in 2006.

Profit and loss items:

Analysis of net premium income

NOK million	2006	2005
Group pension insurance - private sector	8 486	6 929
Group pension insurance - public sector	5 812	1 867
Group life insurance	496	467
Individual endowment insurance	3 486	8 547
Individual annuity and pension insurance	980	1 226
Non-life insurance	280	347
Total	**19 539**	**19 383**

Life insurance – profit sharing between policyholders and the owner
Storebrand Life Insurance offers both products subject to profit sharing with policyholders and products not subject to profit sharing. Products not subject to profit-sharing are defined contribution pensions, personal insurance policies with investment choice, group life insurance, annual risk policies (including non-life cover) in the life account, and annual policies in connection with group pension insurance that do not include entitlement to paid-up value. The profit or loss earned on these products is entirely for the account of the owner.

For products subject to profit sharing, the profit is in principle allocated between policyholders and the owner in accordance with the company's internal profit-sharing model. The profit to the owner is made of three elements: net return on the company's equity, a return of up to 0.40% of policyholders funds (subject to investment return being sufficiently higher than the guaranteed return to permit this) and a risk margin of 12% of actual risk premium (subject to the risk surplus being sufficient to permit this). Under current legislation, the owner's share of profit cannot exceed 35%.

The proportion of profit allocated to each customer is determined on the basis of the contribution the customer's policies have made to the total profit available for sharing. The amount allocated to the individual customer therefore depends on the product group(s) to which the customer's policy/policies belongs.

For individual endowment insurance (life account) policies, profit allocations are accumulated on each policy and are paid out together with the sum assured. In the cases of traditional individual endowment insurance and individual annuity and pension insurance, the profit allocated is applied to increasing the insured benefit. Individual policies based on group schemes are handled in an equivalent manner. In the case of group pension insurance, the profit allocated is credited to the surplus on the scheme's premium reserve and pensioners' surplus reserve in accordance with the legislation on occupational pensions.

Profit-sharing model

NOK million	2006	2005
-net return on equity [1]	579	491
-0.40% of policyholders' fund	567	521
-risk margin earned by owner	49	47
-products without profit sharing	58	159
-other	-62	5
Profit allocated to the owner	**1 191**	**1 224**

1 Includes security reserve, subordinated loan capital, book equity and liability items

In the short-term the company aims to build up the level of additional statutory reserves to an amount equivalent to the guaranteed return for one year. The allocation to additional statutory reserves from the profit for the represents a balance between this objective (subject to a continuing intention to satisfy this objective by the close of 2007), and the desire to produce a reasonable return on equity, including building up solvency capital, and the desire for the unconditional profit allocation to customers to be of a reasonable size.

Risk exposure/sensitivity
Life insurance
The following table shows the net annual risk premium for the most common types of cover. The premiums apply to persons of normal health and risk.

Mortality and disability

Net annual risk premium for a sum assured of NOK 100,000.
In the case of disability pension policies, the premium shown is for an annual disability pension of NOK 10,000 paid until 67 years of age.

	Male			Female		
	30 years	45 years	60 years	30 years	45 years	60 years
Life cover, individual endowment insurance	122	325	1 416	61	163	711
Disability lump sum, individual	273	590		352	1 368	
Disability pension, individual	248	639	1 975	371	1 577	2 490
Critical illness, non-smoker, individual	226	573	1 602	203	433	1 059
Life cover, group life insurance	55	146	821	33	88	493
Life cover, group pension insurance	48	238	1 174	34	124	625
Disability pension, group pension	285	621	1 717	470	1 097	1 685

Tariffs for group life insurance and certain risk insurances within group pensions also depend on industry/occupation in addition to age and gender. Group life insurance also applies tariffs based on claims experience.

For individual insurance, the premiums for life and accident cover are based on tariffs produced by insurance companies on the basis of their shared experience, namely T1984 for endowment insurance and R1963 for pensions insurance. Disability premiums are based on the company's own experience, and were last amended in 2002.

The company's standard tariff for group life insurance, both for life and disability cover, is based on the company's own experience and was last amended in 2003.

Premiums for group pension insurance follow the industry tariff K1963 for traditional life and dependents' risk. Premiums for disability pensions are based on the company's own experience, and were last amended in 2003 for the private sector and 2004 for the public sector. Premiums for risk cover with and without entitlement to a paid-up value taken out in connection with a defined contribution pension are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

The company's tariffs do not involve any assumptions on inflation or voluntary termination/transfers.

No changes were made to premium tariffs in 2006 that caused any additions to or withdrawals from the premium reserve.

Basic interest rate
Kredittilsynet sets the highest basic interest rate permitted for new policies and for new members/new accrual of benefits in group pension insurance. The highest basic interest rate for new policies was set at 3% in 1993 and subsequently reduced in 2005 to 2.75% for policies entered into after 1 January 2006. The highest basic interest rate for new members/new accrual of benefits in group pension insurance was reduced from 4% to 3% with effect from renewals in 2004.

The following table shows the proportions of insurance fund reserves at 31 December relating to policies with various basic annual interest rates:

Guaranteed interest rate	2006	2005
6%	0.7%	0.8%
5%	0.9%	1.1%
4%	61.0%	66.2%
3.4%	4.9%	4.6%
3%	27.2%	23.4%
2.75%	0.9%	0.0%
0%	4.4%	3.9%

The above table includes the premium reserve, deposit reserve and pensioners' surplus reserve with 3% and additional statutory reserves with 0%.

The total average guaranteed interest rate for all lines of insurance has reduced from 3.83% in 2000 to 3.57% in 2006. The guaranteed interest rate must be delivered on an annual basis. If the company's investment return in a year is lower than the guaranteed interest rate, current legislation permits the equivalent of up to one year's guaranteed return to be met by transfer from additional statutory reserves. Any negative return must be met from the company's equity.

Average guaranteed interest rate	2006	2005
Individual endowment insurance	3.2%	3.2%
Individual pension insurance	3.6%	3.7%
Group pension insurance	3.6%	3.7%
Group life insurance	0.8%	0.9%
Non-life insurance	0.0%	0.0%
Aggregate	**3.6%**	**3.6%**

New business written in 2006 is subject to a 2.75% basic interest rate. In the case of policies transferred to the company, the basic interest rate is determined by the rate applied to the policy by the insurance company from which the business is transferred, subject to a maximum of 4%.

Premiums and reserves for pension entitlements earned in 2005 and 2006 in group pension insurance are calculated on the basis of a 3% basic interest rate.

Insurance risk:
Most of the company's lines of insurance include cover for disability through either disability pension, exemptions from premiums or one-off payments. Individual policies and group life policies also include life cover. Group pension insurance also provides widow or widower's pensions with payment commencing on the death of the insured.

Changes to the rules for payment from the national social security scheme for disability benefits etc. may have a significant effect on insurance companies in terms of the number of claims for disability and disability reserves. This currently relates principally to group pension insurance for the public sector, where insurance benefits are fully linked to national social security scheme benefits. The proposed changes to occupational pensions legislation may also cause changes in this respect for private sector occupational pensions.

In terms of death benefits, increasing life expectancy will affect future expected payments and reserves, although reserves are currently considered to be sufficient.

Right to transfer insurance between companies:
The right to transfer insurance between companies, subject to two months' notice for policies where the transfer value exceeds NOK 300 million, can represent a liquidity risk for smaller life insurance companies if one or more customers elect to transfer large policies to other companies in the space of a short time. The fee that can be charged for transfers is limited to NOK 5,000. For large insurance companies, if transfers out exceed transfers in for an extended period, this will have an adverse effect on future cash flow.

Risk management – life insurance:
Evaluation of insurance risk (underwriting):
When writing individual risk cover, the customer is subject to a health check. The result of the health check is reflected in the level of premium quoted. When arranging group policies with risk cover, all employees of small companies are subject to a health check, while for companies with many employees Storebrand requires declarations of fitness for work. Underwriting also takes into account the company's industrial category, sector and sickness record.

Control and monitoring of insurance risk:
Insurance risk is separately monitored for every line of insurance in the current insurance portfolio. The risk result for each product group is broken down

into the elements of death, accident and disability. The development of risk result is followed throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the company has collected for the period and the sum of provisions and payments that must be made for insured events that occur in the period. The risk result takes into account insured events that have not yet been reported but which the company, on the basis of its experience, assumes will have occurred.

Reinsurance:
The company also manages its insurance risk through a variety of reinsurance programs. Through catastrophe reinsurance (excess of loss) the company covers losses (single claims and reserves provision) where a single event causes more than 3 deaths or disability. This cover is also subject to an upper limit. Surplus reinsurance on life policies covers death and disability risk that exceeds the maximum risk amount for own account the company is permitted to carry by its articles of association. The company's maximum risk amount for own account is relatively high, and the risk reassured is therefore relatively modest. Quota reinsurance covers part of the company's risk for workmen's compensation insurance. In connection with the re-launch of P&C insurance, the company purchased "excess of loss" cover for unlimited liability for motor insurance and included travel insurance in the catastrophe reinsurance cover.

Sufficiency test:
Storebrand Livsforsikring is required by IFRS 4 to carry out a sufficiency test to ensure that the company has sufficient margins in the various constituent elements that make up the company's reserves. IFRS permits two alternative methods for the sufficiency test. Where a company has an established form of analysis that demonstrate the margins in the various constituent elements, Section 16 of the standard allows this analysis to be used to demonstrate that the test has been satisfied. Where a company has not establish such analysis, it is required to discount future cash flows to present value in accordance with IAS37.

Storebrand continued its existing practice in 2006 whereby, as in the previous years subject to IFRS, it carried out the sufficiency test in accordance with Section 16. The required analysis is carried out on the basis of Norwegian principles for premium reserves, which applies conservative calculation elements. The established form of analysis is based on the assumptions used for the calculation of Embedded Value. This analysis derives expected future surplus to the owner generated by insurance business in force, including the value of free equity. The company uses best judgement estimates of future constituent elements based on current experience. The sufficiency test is carried out by analysing the current margins between the assumptions used for setting reserves and the assumptions of the Embedded Value analysis.

The sufficiency test for 2006 did not identify any need to increase reserves held in respect of liabilities to insurance customers.

Property and casualty insurance
Premiums written by the newly established P.C business in 2006 totalled NOK 8.8 million. Of this, premium earned was only NOK 0.7 million. Cost of claims in 2006 was NOK 0 million. No premiums were received in respect of the run-business which is 100% reinsured by If.

Risk exposure and insurance risk – Storebrand Skadeforsikring AS
The main risk for the newly established P&C business is that it will initially have a small portfolio to absorb claims. This can mean that single large claims may have a disproportionate impact on profit. The largest claims will typically arise from liability and motor insurance. In order to offset this risk, Storebrand has arranged reinsurance with a deductible of NOK 5 million per loss and unlimited capacity. In addition, the risk exposure arising from travel insurance may increase sharply in the event of possible catastrophes such as the tsunami in South East Asia in 2004. Travel insurance is therefore now also included in the group's catastrophe reinsurance. We will monitor this portfolio carefully in 2007, and may consider laying off cumulative risk with reinsurers.

In 2000, Storebrand Skadeforsikring transferred all its run-off land-based Norwegian non-life insurance and all direct marine insurance to If through a 100% reinsurance arrangement. The result is that the company has retained fronting responsibility, but has no commercial responsibility for the business transferred unless If becomes insolvent. This risk is therefore limited to a credit exposure to If. If has a Standard & Poor's rating of 'A', which suggests that this represents a very limited risk exposure for Storebrand.

Risk exposure and insurance risk – Oslo Reinsurance Company
The company's commercial operations are concentrated on the run-off of its existing reinsurance portfolios, either by paying claims that are reported to the company or by seeking to extricate itself from policies by negotiating a settlement amount with the insured party (cedent) by commuting the cover.

The portfolios with the largest remaining risk exposure are liability insurance and cover for large market losses in the 1980s. In addition, certain types of claim have shown an adverse development over the last 10 years, principally claims related to asbestos and environmental damage, but also other types of health-related claims. For these types of cover, the company estimates its liabilities by evaluating each cedent's exposure for the types of claim mentioned and evaluating the claims history. The company has some degree of reinsurance for its own risks, but this cover is largely commuted and cover is not complete for asbestos, environmental and health claims.

Insurance risk
The principal source of insurance risk lies in the risk of increasing asbestos-related claims. The company has strived for some considerable time to reduce this risk by entering into commutation agreements with insured parties/cedents, and this has resulted in a significant reduction in exposure to this type of claim.

Actual claims experience compared with earlier forecasts
Storebrand Skadeforsikring AS has reinsured all its insurance risk, and its claims performance is therefore largely dependent on the requirements imposed by Kredittilsynet for the minimum level of claims reserves that must be held for the various lines of insurance.

Oslo Reinsurance Company's claims experience over recent years has largely been dependent on the extent to which the company has succeeded in commuting its incoming reinsurance contracts, i.e. reaching agreement on early settlement of its liability to policyholders (cedents). The company has been particularly active in commuting policies in liability-related lines, and this has caused a reduction in exposure and IBNR requirements.

Profit and Loss Account Storebrand ASA

1 January–31 December

NOK million	Note	2006	2005	2004
Operating income				
Income from investments in subsidiaries	1	1 036.2	1 026.5	643.5
Net income and gains from financial assets at fair value:				
– shares and other equity investments		74.9	199.9	2 076.5
– bonds and other fixed-income securities		65.3	62.2	73.9
–financial derivatives/other financial instruments		-1.6	10.9	-83.1
Other financial income		7.5	2.7	27.4
Total operating income		**1 182.3**	**1 302.2**	**2 738.2**
Interest costs	12	-77.1	-53.0	-112.1
Other financial costs		-3.2	-118.7	-121.8
Operating costs				
Salary and personnel costs	2,3,4	-11.6	-20.6	-71.6
Depreciation	10	-0.1	-0.7	-1.6
Other operating costs		-70.1	-100.5	-70.8
Total operating costs		**-81.8**	**-121.8**	**-144.0**
Total costs		**-162.1**	**-293.5**	**-377.9**
Profit before tax		**1 020.2**	**1 008.7**	**2 360.3**
Tax	5			-231.5
Profit for the year		**1 020.2**	**1 008.7**	**2 128.8**
Allocations				
Other equity		-578.6	1.9	-288.4
Provision for dividend payment		-441.6	-1 010.6	-1 840.4
Total allocations		**-1 020.2**	**-1 008.7**	**-2 128.8**
Receipts of dividend/group contribution booked as equity transactions				112.0
Payments of dividend/group contribution booked as equity transactions		200.0		22.4

Comparable figures for 2004 are restated to reflect the new pension accounting standard.

Balance Sheet Storebrand ASA

31 December

NOK million	Note	2006	2005	2004
Fixed assets				
Pension assets	3	222.2	183.2	147.3
Tangible fixed assets	10	36.2	37.7	38.2
Shares in subsidiaries	6	5 976.1	5 967.1	6 300.3
Lending	14			10.0
Total fixed assets		**6 234.5**	**6 188.0**	**6 495.8**
Current assets				
Intra-group receivables	14	1 039.5	1 031.3	717.1
Other current receivables		41.9	73.0	66.9
Trading portfolio investments:				
– shares and other equity investments	7	271.4	119.3	492.6
– bonds and other fixed-income securities	8	1 919.6	2 394.6	3 300.7
– financial derivatives/other financial instruments			1.3	248.5
Cash and cash equivalents		90.9	92.9	119.4
Total current assets		**3 363.3**	**3 712.4**	**4 945.2**
Total assets		**9 597.8**	**9 900.4**	**11 441.0**
Equity capital and liabilities				
Share capital		1 249.1	1 292.6	1 390.9
Own shares		-22.5	-29.4	-76.3
Premium reserve		1 818.6	1 818.6	1 818.6
Total paid in equity	**11**	**3 045.2**	**3 081.8**	**3 133.2**
Other equity		3 636.0	3 510.5	4 061.3
Total equity capital	**11**	**6 681.2**	**6 592.3**	**7 194.5**
Long-term liabilities and commitments				
Pension liabilities	3	192.5	212.0	235.5
Securities issued	12	1 998.6	1 996.5	1 800.2
Total long-term liabilities and commitments		**2 191.1**	**2 208.5**	**2 035.7**
Current liabilities				
Intra-group liabilities	14	198.4		29.7
Other financial liabilities	9	0.3		194.7
Provision for dividend	11	441.6	1,010.6	1 840.4
Other provisions		11.3	20.8	40.2
Other current liabilities		73.9	68.2	105.8
Total current liabilities		**725.5**	**1 099.6**	**2 210.8**
Total equity capital and liabilities		**9 597.8**	**9 900.4**	**11 441.0**

Comparable figures for 2004 are restated to reflect the new pension accounting standard. Guarantees issued: See note 16

Oslo, 13 February 2007

Translation – not to be signed

Leiv L. Nergaard
Chairman of the Board

Halvor Stenstadvold

Mette K. Johnsen

Knut G. Heje

Barbara Rose Millian Thoralfsson

Nina Elisabeth Smeby

Birgitte Nielsen

Erik Haug Hansen

Knut Dyre Haug

Idar Kreutzer
Chief Executive Officer

Cash flow analysis Storebrand ASA

1 January–31 December

NOK million	2006	2005	2004
Cash flow from operational activities			
Interest, commission and fees received from customers	73.5	82.9	85.2
Interest, commission and fees paid to customers	-77.3	-72.7	-236.4
Shares and other equity investments	43.9	-933.0	95.8
Bonds and other fixed-income securities	358.9	909.1	-2 612.2
Financial derivatives and other financial instruments	-22.6	-11.5	211.1
Dividend receipts from the trading portfolio	2.2	2.5	60.3
Payments to third parties for goods and services	-92.1	-143.6	-62.2
Payments to employees, pensioners, employment taxes etc.	-7.3	-58.9	-124.2
Dividends received from subsidiaries	1 028.1	733.1	568.5
Net cash flow from operational activities	**1 307.3**	**507.9**	**-2 014.1**
Cash flow from investment activities			
Net receipts from sale of subsidiaries	247.0		4 852.0
Net payments on purchase/capitalisation of subsidiaries	-55.0	398.7	-800.0
Net payments/receipts on purchase/sale of fixed assets etc.	0.8		-15.2
Net cash flow from investment activities	**192.8**	**398.7**	**4 036.8**
Cash flow from financing activities			
Repayment of long term lending		-79.0	-1,039.7
Receipts from taking up term loans		1 577.8	
Receipts from taking up subordinated loans		10.0	
Repayment of subordinated loans			-10.0
Receipts from issue of new capital			4.2
Payments on redemption of share capital	-502.8	-618.5	-744.4
Dividend/group contribution payments	-999.3	-1 823.4	-222.5
Net cash flow from financing activities	**-1 502**	**-933.1**	**-2 012.4**
Net cash flow for the period	**-2.0**	**-26.5**	**10.3**
Net movement in cash and cash equivalent assets	-2.0	-26.5	10.3
Cash and cash equivalent assets at start of the period	92.9	119.4	109.1
Cash and cash equivalent assets at the end of the period	**90.9**	**92.9**	**119.4**

Notes to the accounts of Storebrand ASA

Accounting Principles

The accounts of Storebrand ASA have been prepared in accordance with the Accounting Act and Norwegian generally accepted accounting principles. The company has not elected to use IFRS for the company's unconsolidated accounts.

Use of estimates and assumptions

The preparation of the annual accounts has involved the use of estimates and assumptions that have affected assets, liabilities, revenue, costs and information on potential liabilities. Future events may cause these estimates to change. Such changes will be recognised in the accounts when there is sufficient basis to use new estimates.

Classification and valuation principles

Assets and liabilities have been valued in accordance with the general valuation rules of the Accounting Act. Assets intended for permanent ownership and use are classified as fixed assets, while assets and receivables due for payment within one year are classified as current assets. Equivalent principles have been applied to liability items.

Dividends and group contribution

In the company's unconsolidated accounts, investments in subsidiaries and associated 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. Group contributions and dividends received in respect of these investments are therefore recorded as operating income. Proposed and approved dividends and group contributions from subsidiaries are recognised in the unconsolidated accounts of Storebrand ASA as income in the accounting year. This treatment can only be applied to income earned by subsidiaries during Storebrand's ownership. Otherwise, receipts are recognised as equity transactions, and the value of the investment in the subsidiary is reduced by the amount of group contribution or dividend received.

Tangible fixed assets

Tangible fixed assets for own use are valued at acquisition cost reduced by accumulated depreciation. Fixed assets are written down if the value in the balance sheet exceeds the recoverable value of the asset.

Pension liabilities in respect of own employees

The company uses the Norwegian standard for pensions accounting NRS 6A, which permits the use of IAS 19 (International Financial Reporting Standards) 'Employee Benefits'.

The net pension cost for the period consists of the sum of pension liabilities accrued in the period (current service cost), the interest charge on the calculated liability and the expected return on pension fund assets.

Pension costs and pension liabilities for defined benefit schemes are calculated using a linear profile for the accrual of pension entitlement and expected final salary as the basis for calculating the benefit obligation, based on assumptions on discount rate, future increases in salary, pensions and social security pension benefits, the future return on pension assets and actuarial assumptions on mortality, staff turnover etc. The discount rate used is the risk-free interest rate appropriate for the remaining maturity. Where a scheme is funded, the pension assets are valued at fair value and deducted to show the net liability in the balance sheet.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions is amortised over the remaining period for accrual of pensions entitlement to the extent that it exceeds 10% of the higher of either the pension liability or pension assets (corridor approach).

The effect of changes to the pension scheme is charged to the profit and loss account as incurred, unless the change is conditional on future accrual of pension entitlement. If this is the case, the effect is allocated on a linear basis of the period until the entitlement is fully earned. Employment taxes payable by the employer are included as part of the pension liability, and are included both in the balance sheet value of pension liabilities and in experience adjustments.

Tax

The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of timing differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly to equity to the extent that it relates to items that are themselves directly applied to equity.

Foreign currency

Current assets and liabilities are translated at the exchange rate on the balance sheet date. Shares held as fixed assets are translated at the exchange rate on the date of acquisition.

Financial instruments

Shares and other equity investments

Investments in shares in subsidiaries and associated companies are valued at cost price less any write-down of value. The need for any write-down is assessed at the end of each accounting period in the same way as for other fixed assets.

Other shares and participations are valued at fair value. Where the share or participation in question is listed on a stock exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the date of the balance sheet.

Purchases of the company's own shares are treated as an equity transaction, and holdings of own shares are reported as a reduction in equity capital.

Bonds and other fixed income securities.
Financial assets and liabilities are included in the balance sheet from such time as Storebrand becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are booked on the transaction date. When a financial asset or a financial liability is first recognised in the accounts, it is valued at fair value plus, in the case of a financial asset or a financial liability that is not a financial asset or a financial liability at fair value through profit and loss, transaction costs directly related to the acquisition or issue of the financial asset or the financial liability.

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

Bonds and other fixed income securities are recognized at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial assets that are listed on a stock exchange or another regulated market place, fair value is determined as the bid price on the last trading day up to and including the balance sheet date, and in the case of an asset that is to be acquired or a liability that is held, the offer price.

Financial derivatives.
Financial derivatives are valued at fair value, cf. Section 5-8 of the Accounting Act. Financial derivatives are designated as financial assets or financial liabilities at fair value through profit and loss.

Bond loans.
Bond loans are valued at amortised cost using the effective yield method. Amortised cost includes transaction costs at the date of issue.

01 Income from investments in subsidiaries

NOK million	2006	2005	2004
Storebrand Livsforsikring AS	885.3	775.4	538.7
Storebrand Kapitalforvaltning AS	134.8	26.6	8.8
Storebrand Bank ASA		222.4	61.6
Adviso AS			33.2
Storebrand Felix kurs- og konferansenter AS	1.0		
Storebrand Alternative Investments ASA	15.1	2.1	1.2
Total	**1 036.2**	**1 026.5**	**643.5**

02 Personnel expenses

NOK million	2006	2005	2004
Ordinary wages and salaries	-8.4	-18.6	-47.7
Employer's social security contributions	-5.4	-4.8	-9.9
Pension costs	12.1	13.4	3.2
Other benefits	-9.9	-10.6	-17.2
Total	**-11.6**	**-20.6**	**-71.6**

03 Pension costs and pension liabilities

Employees are assured a retirement pension equivalent to 70% of pensionable salary at the time of retirement. The ordinary retirement age is 65. Staff pensions are provided by a group pension scheme with Storebrand Livsforsikring AS. Pension payments from the this scheme come into effect from the pension age, which is 67 for employees and 65 for underwriters. Pension payments to employees between 65 and 67 are paid directly by the company. Pension rights are part of the group's collective employment agreement.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK million	2006	2005	2004
Present value of insured pension benefit obligations inc. employer's social security payments	1 914.4	1 905.0	1 978.3
Pension assets at fair value	-1 972.8	-1 962.0	-2 033.3
Net pension liability/surplus for the insured schemes	-58.4	-57.0	-55.0
Present value of uninsured pension benefit obligations including employment taxes	200.0	223.7	227.2
Experience adjustments not applied to profit and loss	-171.3	-137.8	-84.1
Net pension liabilities in the balance sheet	**-29.7**	**28.8**	**88.2**
Booked in the balance sheet:			
Pension assets	222.2	183.2	147.3
Pension liabilities	192.5	212.0	235.5

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

NOK million	2006	2005	2004
Net pension liability at 1.1. including provision for employment taxes	2 128.6	2 205.5	2 262.4
Pension cost including provision for employment taxes	2.4	4.9	6.5
Interest on pension liability	94.5	97.8	110.7
Experience adjustments	72.7	15.5	64.9
Pensions paid	-183.7	-195.1	-217.0
Other			-21.9
Net pension liability at 31.12.	**2 114.4**	**2 128.6**	**2 205.5**

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

NOK million	2006	2005	2004
Fair value of pension assets at 1.1.	1 962.0	2 033.3	2 077.5
Expected return	112.6	117.4	130.3
Experience adjustments	38.8	-35.9	-20.2
Premiums paid in	24.3	11.9	16.2
Pensions paid	-164.8	-164.7	-161.6
Other			-8.9
Net pension assets at 31.12.	**1 972.8**	**1 962.0**	**2 033.3**

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

	2006	2005	2004
Properties and real estate	11%	10%	9%
Bonds held to maturity	28%	28%	37%
Secured and other lending	1%	1%	1%
Shares and other equity participations	29%	27%	17%
Bonds	28%	29%	18%
Commercial paper	0%	4%	15%
Other short-term financial assets	2%	1%	3%
Total	**100%**	**100%**	**100%**

The table shows the percentage asset allocation of pension assets managed by Storebrand Livsforsikring at year-end.
The book investment return on assets managed by Storebrand Livsforsikring was 7.1% in 2006, 6.9% in 2005 and 6.4% in 2004.

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

NOK million	2006	2005	2004
Current service cost including employment taxes	5.9	6.2	16.4
Interest on pension liabilities	94.5	97.8	110.7
Expected return on pension scheme assets	-112.6	-117.4	-130.3
Net pension cost in the profit and loss account	**-12.1**	**-13.4**	**-3.2**

Net pension cost is included in operating costs.

Main assumptions used when calculating net pension liability at 31.12.:

	2006	2005	2004
Financial:			
Discount rate	4.1%	4.7%	4.7%
Expected return on pension fund assets in the period	5.6%	6.0%	6.0%
Expected earnings growth	4.3%	3.0%	3.0%
Expected annual increase in social security pensions	4.3%	3.0%	3.0%
Expected annual increase in pensions in payment	1.7%	2.0%	2.0%

Actuarial:
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.

Net pension liability at 31.12.

NOK million	2006	2005	2004
Present value of defined benefit pension obligations	2 114.4	2 128.6	2 205.5
Pension assets at fair value	1 972.8	1 962.0	2 033.3
Deficit	**141.6**	**166.6**	**172.2**

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

NOK 1.000	2006	2005	2004
Chief Executive Officer			
Salary	3 539	3 404	3 293
Bonus (performance-based)	1 822	1 489	754
Extraordinary bonus			2 528
Total remuneration	**5 361**	**4 893**	**6 575**
Other taxable benefits	232	207	152
Pension cost[1]	726	706	414
Board of Representatives	534	436	509
Control Committee[2]	798	872	999
Chairman of the Board	399	480	404
Board of Directors including the Chairman	2 360	2 075	1 707
Remuneration of the auditor (excl. VAT)			
Statutory audit	2 237	2 167	
Other reporting services		61	
Taxation advice		52	
Other services not audit-related	71	2,660	

1 Pension cost relates to accrual for the year.
2 The Control Committee covers all the Norwegian companies in the group which are required to have a control committee, except for Storebrand Bank ASA and Oslo Reinsurance Company ASA which have their own control committees. For further information on senior employees, the Board of Directors and the Control Committee, see note 11 to the accounts of the Storebrand Group.

Idar Kreutzer is Chief Executive Officer of Storebrand ASA and Managing Director of Storebrand Livsforsikring AS, and the figures provided in the notes are for total remuneration from the group. He is entitled to 24 months' salary following the expiry of the normal notice period. All forms of work-related income from other sources, including consultancy assignments, will be deducted from such payments. Kreutzer is entitled to a performance-related bonus based on the group's ordinary bonus scheme which is linked to the group's value-based management system. The group's value creation finances the overall amount of the bonus, but individual performance determines allocation. Kreutzer's individual bonus entitlement is credited to a bonus account, and 1/3 of the balance on the bonus account is paid each year. The amount credited to the bonus bank is exposed 50% to Storebrand's share price and 50% to the best interest rate paid by Storebrand Bank. Kreutzer is a member of the Storebrand pension scheme. The discounted present value of his pension entitlement amounts to NOK 10.1 million. These amounts represent the liability calculated on a linear basis using the financial assumptions specified in the accounts.

05 Tax

NOK million	2006	2005	2004
Profit before tax	1 020.2	1 008.7	2 360.3
+ Prior year dividend from subsidiaries			
- Dividend	-903.6	-1 012.5	-695.2
+/- Shares realised	58.1	-466.5	-1 593.2
+/- Permanent differences	-231.0	42.4	30.4
+/- Changes in temporary timing differences	-106.2	-194.9	-61.6
Tax base for the year	**-162.5**	**-622.8**	**40.7**
- Tax losses carried forward	162.5	622.8	-40.7
Tax base for calculation of tax payable	**0.0**	**0.0**	**0.0**
Change in deferred tax			
Tax payable	**0.0**	**0.0**	**0.0**
Calculation of deferred tax assets and deferred tax			
Tax increasing timing differences			
Pre-paid pensions	222.2	182.6	147.3
Gains/losses account			8.0
Total tax increasing timing differences	**222.2**	**182.6**	**155.3**
Tax reducing timing differences			
Securities	-1.9	-31.8	-146.5
Operating assets	-45.4	-58.2	-75.9
Provisions	-8.7	-13.0	-24.8
Accrued pension liabilities	-192.5	-212.1	-235.5
Total tax reducing timing differences	**-248.5**	**-315.1**	**-482.7**
Net timing differences before losses carried forward	**-26.3**	**-132.5**	**-327.4**
Losses carried forward	-1 180.2	-1 017.7	-400.4
Allowances carried forward	-660.1	-660.1	-661.3
Write-down of deferred tax assets[1]	1 866.6	1 810.3	1 389.1
Net tax increasing/(reducing) timing differences	**0.0**	**0.0**	**0.0**
Deferred tax/Deferred tax assets	**0.0**	**0.0**	**0.0**
Reconciliation of tax charge and ordinary profit			
Pre-tax profit	1 020.2	1 008.7	2 360.3
Expected tax at nominal rate (28%)	-285.7	-282.4	-660.9
Tax effect of			
-dividends received	253.0	283.5	194.7
-gains on shares	-16.3	130.6	446.1
-permanent differences	64.7	-11.9	30.1
-write-down of deferred tax assets	-15.8	-119.8	-262.3
-previous years			20.9
Tax charge	**0.0**	**0.0**	**-231.5**
Effective tax rate	0%	0%	10%

1 The balance sheet value of deferred tax assets has been written down. This is because future income from subsidiaries will principally be in the form of dividends rather than taxable group contribution. Allowances carried forward date from the years 1998 - 2003, and must be used within 10 years.

06 Holding company's shares in subsidiaries and associated companies

NOK million	Registered office	Share capital	No. of shares (1 000)	Par value NOK	Interest/ votes in %	Book value
Subsidiaries						
Storebrand Livsforsikring AS	Oslo	1 411.2	14 112	100	100.0%	2 733.9
Storebrand Bank ASA[1]	Oslo	916.6	64 037	14	100.0%	2 666.1
Storebrand Kapitalforvaltning AS	Oslo	50.0	50	1 000	100.0%	162.4
Storebrand Skadeforsikring AS	Oslo	7.8	13,807	0.56	100.0%	324.0
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%	8.6
Storebrand Alternative Investments ASA	Oslo	2.0	101	11	56.0%	1.1
Associated/jointly-controlled companies						
Storebrand Helseforsikring AS	Oslo	31.0	16	1,000	50.0%	70.0
AS Værdalsbruket[2]	Værdal	4.8	2	625	24.9%	
Total						**5 976.1**

1 Storebrand ASA has made a group contribution of NOK 200 million to Storebrand Bank ASA. This is recognised as an equity transaction.
2 74.9% held by Storebrand Livsforsikring AS. Minority interests amount to 0.2%

07 Shares and other equity investments

Shares and other equity investments

NOK million	Acquisition cost	Fair value
Listed Norwegian shares	56.0	183.5
Unlisted Norwegian shares	86.1	86.0
Unlisted shares within the EEA	7.5	1.5
Unlisted shares outside the EEA	0.9	0.3
Total shares	**150.6**	**271.4**

08 Commercial paper and bonds

Bonds and other fixed-income securities

NOK million	Commercial paper	Bonds	Total
Commercial paper and bonds	853.8	1 065.8	1 919.6
Of which listed	597.3	598.8	1 196.1
Acquisition cost	848.5	1 066.2	1 914.7
Nominal value	867.5	1 056.0	1 923.5
Direct investments in bonds and commercial paper	853.8	1 065.8	1 919.6
Interest accrued but not paid	4.5	3.8	8.3
Base figure for allocation by sector and currency	858.3	1 069.6	1 927.9
Public sector	766.3	45.3	811.6
Financial institutions	92.0	834.8	926.8
Other issuers		189.5	189.5
Total	**858.3**	**1 069.6**	**1 927.9**
NOK	858.3	1 069.6	1 927.9
Modified duration	0.46	0.54	0.51
Average effective yield	3.87	4.14	4.03

09 Financial derivatives

NOK million	Gross nom.volume	Average. nom. volume	Net nom. volume	Fair value	
				Asset	Liability
Forward rate agreements	1 100.0	1 015.8	600.0		0.3
Forward foreign exchange contracts	2.8	6.6	-2.8		
Total derivatives	**1 102.8**	**1 022.4**	**597.2**		**0.3**

10 Real estate and operating assets

NOK million	Real estate	Equipment, vehicles, fixtures and fittings	Total
Acquisition cost at 1.1.	34.6	282.6	317.2
Accumulated depreciation	-21.7	-257.8	-279.5
Book value at 1.1.	12.9	24.8	37.7
Additions		1.5	1.5
Disposals		-2.3	-2.3
Depreciation/write-down for the year	-0.5	-0.1	-0.6
Book value at 31.12.	**12.3**	**23.9**	**36.2**

Straight line depreciation periods for operating assets are as follows:
Equipment, fixtures and fittings: 4 years
Vehicles: 6 years
IT systems: 3 years

11 Equity capital

NOK million	Share-capital[1]	Own shares	Share premium	Other equity	Equity capital		
					2006	2005	2004
Equity at 1.1.	1 292.6	-29.4	1 818.6	3 510.4	6 592.3	7 194.5	8 097.9
Profit for the year				1 020.2	1 020.2	1 008.7	2 128.8
Own shares bought back[2]		-36.6		-466.2	-502.8	-618.5	-744.4
Cancellation of own shares	-43.5	43.5					
Pensions applied to equity[3]							-452.5
Over-provision for dividend				11.3	11.3	17.0	
Allocated to dividend[4]				-441.6	-441.6	-1 010.6	-1 840.4
Employee share issue				1.7	1.7	1.2	5.1
Equity at 31.12.	**1 249.1**	**-22.5**	**1 818.6**	**3 636.0**	**6 681.2**	**6 592.3**	**7 194.5**

1 249,819,105 shares of nominal value NOK 5.
2 Share capital reduced by NOK 43.5 million in 2006 by cancellation of 8,707,140 shares. 7,329,140 own shares were bought back in 2006. The company held 4,500,000 own shares at 31.12.2006. Shares have been bought back to help maintain an appropriate capital structure for the group and to benefit shareholders.
3 Effect of implementing NRS 6A as at 01.01.04.
4 No dividend is provided for in respect of holdings of own shares.

12 Bonds issued

NOK million	Interest rate	Currency	2006	2005	2004
Bond loan 2005/2009	3 mnd NIBOR+0.20	NOK	829.6	829.2	
Bond loan 2005/2011	3 mnd NIBOR+0.30	NOK	749.3	748.9	
Exchangeable bond 2002/2006	2.25%	EUR			1 304.0
Bond loan 2002/2007	7.18%	NOK	210.3	209.7	208.2
Bond loan 2002/2007	3 mnd NIBOR+0.80	NOK	209.4	208.8	288.0
Total[1]			1,998.6	1,996.5	1,800.2
Interest expense on bonds issued			**-77.1**	**-53.0**	**-112.1**

1 Loans are booked at amortised cost. Storebrand ASA has an undrawn committed credit facility of EUR 225 million.

13 Shareholders

20 largest shareholders

	Holding in %
Gjensidige Forsikring	9.99
Folketrygdfondet	8.05
State Street Bank & Trust Co	4.87
Dresdner Bank AG	4.58
Arion Custody	4.21
JPMorgan Chase Bank	4.12
Fidelity Funds-Europe	4.10
Bank of New York, Brussel	2.75
UBS AG, London Branch	2.10
Kaupthing Bank	1.97
JPMorgan Chase Bank	1.96

	Holding in %
Storebrand ASA	1.80
Bank of New York, Brussels	1.70
Credit Agricole Investment	1.67
Mellon Bank AS Agent	1.49
Bank of New York, Brussels	1.02
Citibank, N.A.	1.02
Standard Life Invest	0.96
State Street Bank & Trust Co.	0.95
The Northern Trust Co.	0.87
Foreign ownership of total share capital	70.6%

14 Holdings of shares in Storebrand ASA by executive management and members of corporate bodies

	No. of shares owned[1]
Senior executives[3]	
Idar Kreutzer	29 288
Hans Henrik Klouman	1 976
Odd Arild Grefstad	4 078
Maalfrid Brath	2 113
Egil Thompson	1 513
Lars Aa. Løddesøl	2 213
Roar Thoresen	1 038
Hans Aasnæs	2 082
Klaus Anders Nysteen	200
Board of Directors	
Leiv L. Nergaard	40 000
Halvor Stenstadvold	3 593
Knut G. Heje	8 500
Mette K. Johnsen	997
Erik Haug Hansen	1 853
Nina Elisabeth Smeby	68
Barbara Rose Milian Thoralfsson	1 000
Knut Dyre Haug	1 118
Grace Reksten Skaugen	13 000
Birgitte Nielsen	0
Control committee	
Sverre Bjørnstad	0
Elisabeth Wille	88

	No. of shares owned[1]
Hanne Harlem	0
Harald Moen	322
Ida Hjort Kraby	0
Carl Graff-Wang	0
Jon Ansteinsson	0
Board of Representatives	
Arvid Grundekjøn	0
Merete Egelund Valderhaug	0
Randi Paulsrud	200
Stein Erik Hagen	0
Terje R. Venold	500
Eli Sætersmoen	0
Ole Enger	0
Olaug Svarva	0
Johan H. Andresen jr.	0
Roar Engeland	0
Per Alm Knudsen	0
Inger Lise Gjørv	0
Margrethe Øvrum	0
Vibeke Hammer Madsen	0
Tor Haugom	5
Astrid Olive Aanerud	625
Ann-Mari Gjøstein	140
Rune Perdersen	410

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

Transactions between group companies

NOK million	2006	2005	2004
Profit and loss account items:			
Group contribution and dividends from subsidiaries	1,036.2	1,026.5	643.5
Purchase and sale of services (net)	-33.7	-50.1	4.6
Balance sheet items:			
Subordinated loans to group companies			10.0
Due from group companies	1,039.5	1,031.3	717.1
Payable to group companies	198.4		29.7

15 No. of employees/Full time equivalent positions

	2006
No. of employees at 31.12.	7
No. of full time equivalent positions at 31.12.	7
Average number of employees	8

16 Guarantees issued

Storebrand ASA has issued the following guarantees:

	Currency	Terms	Accounts provision
Institute of London Underwriters (ILU)[1]	USD	Unlimited	0

1 Counter indemnity of Oslo Reinsurance Company ASA, which is 100% owned by Storebrand Skadeforsikring AS.

Auditor's report for 2006

To the Annual Shareholders' Meeting of Storebrand ASA

We have audited the annual financial statements of Storebrand ASA as of 31 December 2006, showing a profit of NOK 1.020,2 million for the parent company and a profit of NOK 1.505,8 million for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to produce the parent company's financial statements. The rules of the International Financial Reporting Standards as adopted by the EU have been applied to produce the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standard 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 good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2006, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the group accounts are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2006, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Oslo, 13 February 2007
Deloitte AS
Translation – not to be signed

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

Control Committee's Statement for 2006

At its meeting on 26 February 2007, the Control Committee of Storebrand ASA reviewed the Board of Directors' proposed Annual Report and Accounts for 2006 for Storebrand ASA and the Storebrand Group.

With reference to the auditor's report of 13 February 2007, 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 2006.

Oslo, 26 February 2007
Translation – not to be signed

Elisabeth Wille
(Signed)
Chair of the Control Committee

Board of Representatives' Statement – 2006

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, 6 March 2007
Translation – not to be signed

Arvid Grundekjøn
(Signed)
Chairman of the Board of Representatives

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 Eiendom Holding AS	100.0%
Storebrand Systemutvikling AS	100.0%
Sjølyst Eiendom AS	50.0%
UNI Norden Personforsikring Holding AS	100.0%
Norben Life and Pension Insurance Co. Ltd.	25.0%
AS Værdalsbruket[1]	74.9%
UNI Norden Personförsäkring AB[2]	40.0%
Caveo ASA	34.0%
Norsk Pensjon AS	25.0%
Storebrand Bank ASA	100.0%
Storebrand I AS	100.0%
Storebrand II AS	100.0%
Storebrand III AS	100.0%
Filipstad Tomteselskap AS	100.0%
Neskollen Eiendom AS	100.0%
Filipstad Eiendom AS	100.0%
Ring Eiendomsmegling AS	70.0%
Seilduksgaten 25–31 AS	50.0%
Storebrand Kapitalforvaltning AS	100.0%
Storebrand Luxembourg S.A.	99.8%
Storebrand Alternative Investments 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%
Storebrand Leieforvaltning AS	100.0%
Storebrand Felix kurs- og konferansesenter AS	100.0%

1 Storebrand ASA owns 24.9% directly and Storebrand's total interest is 99.8%.
2 Storebrand Livsforsikring AS holds 40% and Uni Norden Personforsikring Holding AS holds 60%.

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.

P&C INSURANCE

Claims: Total claims amount for losses incurred.

Claims ratio: Claims incurred as a percentage of premiums earned.

Combined ratio: The sum of the cost ratio and the claims ratio.

Cost percentage: Operating expresses as a percentage of premiums written.

Cost portion: Operating expenses as a percentage of premiums earned.

F.o.a.: For own account.

Gross claims: The sum of total claims amount for losses incurred in the period and any changes in losses which occurred in earlier periods.

Gross premiums: Used both for premiums written and earned and corresponds to total premiums without deduction for reinsurance ceded.

Insurance (technical) profit/loss: Premium income less claims and operating costs.

Premiums earned: Premiums for the risk the company has incurred during the accounting period.

Premiums written: The sum of all notified (invoiced) premiums with the main due date in the accounting period for direct insurance, together with premiums booked in the period for insurance assumed from other companies (reinsurance).

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 Derivates

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.

Credit derivatives: Credit derivatives are financial contracts that transfer all or part of the credit risk associated with loans, bonds or similar instruments from the purchaser of the protection (seller of the risk) to the seller of the protection (purchaser of the risk). Credit derivatives are tradable instruments that make it possible to transfer the credit risk associated with particular assets to a third party without selling the assets.

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

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

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

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

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

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

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

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

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