Annual Report 2007

Storebrand ASA

storebrand

September:
SPP and Storebrand employees gather for the announcement of the acquisition.

Highlights 2007

January

Most sustainable – again. Storebrand is again included on the list of the 100 most sustainable companies in the world.

February

Storebrand decides to move the company's head office to Lysaker.

May

Storebrand launches separate cancer insurance. The Norwegian Cancer Society will receive NOK 100 for every policy sold.

June

- The Norwegian Customer Barometer shows that Storebrand has the most satisfied mandatory occupational pension customers.

July

- Storebrand commits itself to becoming climate neutral from 2008, the first financial institution to do so in the Nordic region.

September

- Storebrand announces the group will acquire SPP, the Swedish life insurance and pensions provider.

October

- The extraordinary general meeting approves the rights issue to finance the acquisition of SPP.

December

- Storebrand's 2006 Annual Report is named the best with respect to reporting on corporate governance.
- The acquisition of SPP is completed.

Content

Storebrand Life Insurance

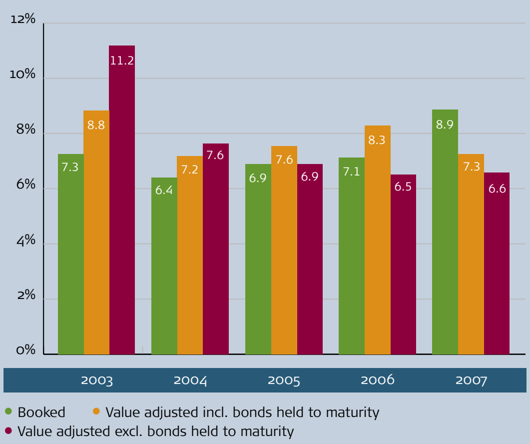
NOK 16.6 billion of premium income

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 branch in Sweden offers occupational pension products based on Norwegian law in the Swedish market.

Storebrand Life Insurance's objective is to be the most respected and customer focused life insurance company in Norway by offering its customers the most attractive products and the best advice and customer service.

Key figures (NOK million)	2007	2006
Operating profit	4 138	5 174
Profit allocated to policyholders	-2 797	-3 994
- of which allocated to additional statutory reserves	-400	-1 000
Profit to owner- Storebrand Livsforsikring AS	1 341	1 180
Profit to owner- Storebrand Livforsikring Group	1 365	1 182
Other activities	13	7
IFRS effects	258	8
Total for life insurance	**1 635**	**1 198**
Net inflow of pension transfers	**4 100**	**2 600**
Assets under management (excl. SPP)	**197 000**	**172 000**
Total premium income (excl. premium reserves transfers)	**16 600**	**13 100**

Development in investment return



Storebrand Investments

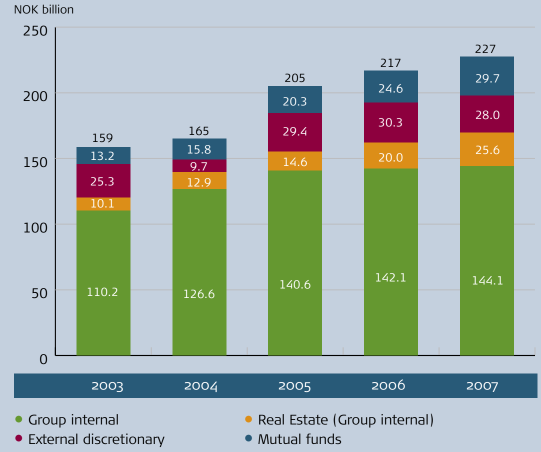
NOK 10 billion increase in assets under management

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)	2007	2006
Total revenue	331	399
Total costs	-259	-280
Net financial/other	66	37
Pre-tax profit	**138**	**156**
Cost/income	65%	64%

Total assets under management

NOK billion



SPP

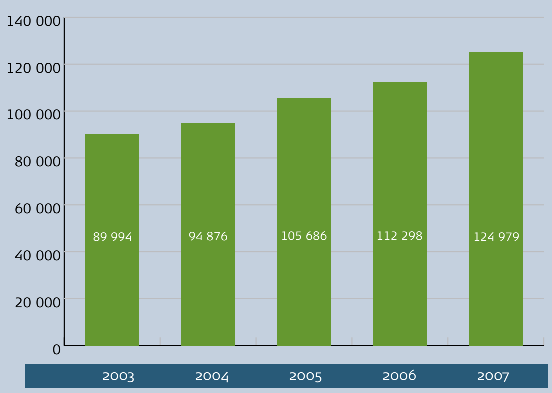
We will become the leading provider in the Nordic region

SPP offers a wide range of pension solutions to companies, organisations and private individuals in Sweden. SPP holds a particularly strong position in traditional products – policies with guaranteed interest rates – in the Swedish corporate market. Storebrand acquired SPP from Handelsbanken in December 2007 and with this became the leading provider of life insurance and pensions in the Nordic region.

Key figures (SEK million)	2007	2006
Administration income	1 006	938
Administration costs	-888	-893
Administration result	118	45
Pre-tax profit[1]	**189**	**2 217**

1 SPP profit had no effect on Storebrand's profit and loss account in 2007.

Assets under management
SEK billion



All years include SPP Fonder, which Handelsbanken Liv acquired 1.7.2004.

Storebrand Bank

19% increase in lending

Storebrand Bank offers traditional banking services such as accounts and lending in the retail market, as well as project financing for selected corporate customers. The bank is a commercial bank with total assets of NOK 42 billion. The bank aims to actively recruit new customers to Storebrand by offering 'no-fees' banking for routine banking services.

Key figures (NOK million)	2007	2006
Pre-tax profit	235	190
Gross lending	37 096	31 181
Customer deposits	17 470	13 534

Storebrand Skadeforsikring

Launched in record time, with a market-leading online solution

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

Key figures	2007
No. of customers	16 000
Annual premium	NOK 129 million
Share of P&C policies purchased online	59%

Storebrand Group

Group profit of NOK 2,020 million

Following the acquisition of SPP, the Swedish life insurance and pensions provider, Storebrand is now a leading provider of long-term savings and insurance in the Nordic market. The group consists of life insurance in Norway and Sweden, and property and casualty insurance, asset management and banking in Norway. Storebrand offers a comprehensive range of products to private individuals, companies, municipalities and the public sector.

Storebrand can trace its history back to 1767. Storebrand has provided occupational pensions to Norwegian employees since 1917, the same year SPP was established in Sweden. Storebrand Bank opened for business in 1996, and in 2006 the group relaunched its property and casualty insurance business as part of a comprehensive range of services for retail market customers.

At the close of 2007, the Storebrand group had 2,219 employees compared with 1,455 at the start of the year. 600 of these are employed in SPP.

The average Storebrand employee is 42 years old and has worked for us for 10 years. The group employs virtually equal numbers of men and women.

Corporate responsibility is an integral part of the group's activities, and all assets and pension portfolios managed by Storebrand are subject to strict ethical criteria. The group's corporate responsibility work is based on a dedicated action plan.

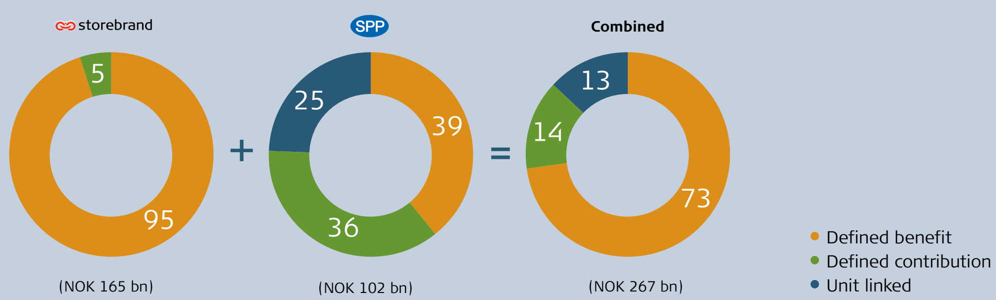
Storebrand strives for diversity. All Storebrand employees are treated equally, regardless of gender, age, disability, religious beliefs, cultural differences or sexual orientation.

Key figures	2007	2006	2005
Group profit (NOK million)	2 020	1 585	1 455
Storebrand share (NOK):			
Closing price at 31.12.	56.7	79.3	58.25
Market cap at 31.12. (NOK million)	25 510	19 811	15 059
Dividend for the accounting year	1.20[1]	1.8	4
Earnings per ordinary share	7.95	6.03	5.41
Total shareholder return (%)	-13	44	13

1 *The dividend is equivalent to NOK 2.18 per share in relation to the total number of shares prior to the issue.*

More legs to stand on with SPP

Insurance reserves by product (%)



From Norwegian to Nordic

With the acquisition of SPP, Storebrand has gone from being second largest in Norway to being number one in the Nordic region within the core area of life insurance and pensions. In addition, we are building a solid platform for future growth and development. The acquisition of SPP also indicates that we are moving from national markets to a common Nordic domestic market within life insurance and pensions.

2007 was a strong year for Storebrand. The results were satisfying, with a profit for the year of NOK 2,020 million and a return on equity of 24 per cent. Storebrand's competitiveness also improved during the year. 2007 saw a net notified inflow of pension reserves of NOK 4.1 billion to Storebrand Life Insurance. The number of corporate customers increased by 1,650 to 22,725.

The asset management business increased the amount of assets under management from NOK 217 billion to NOK 227 billion, the group has gained 9,155 new active retail banking customers, and during the year it gained 13,8947 new P&C insurance customers. The number of customers with three or more products in Storebrand has quadrupled from 2006 to 2007.

Major projects have been completed as planned. Our extensive project in connection with the new life insurance act was delivered as intended. The Storebrand Competitiveness project has covered 43 departments through 21 projects and realised productivity gains of 24 per cent. The group's most important development goal is satisfied customers and once again Storebrand has the market's most content occupational pension customers. Establishing accounts for and servicing the more than 16,000 corporate customers we acquired through the mandatory occupational pension schemes has also been successful, as evident by Storebrand's number one ranking in customer satisfaction surveys in this market as well.

At the same time, our role as a socially responsible player was confirmed by Storebrand being named on the World Economic Forum's list of the 100 most sustainable companies in the world in 2007, for the second year in a row.

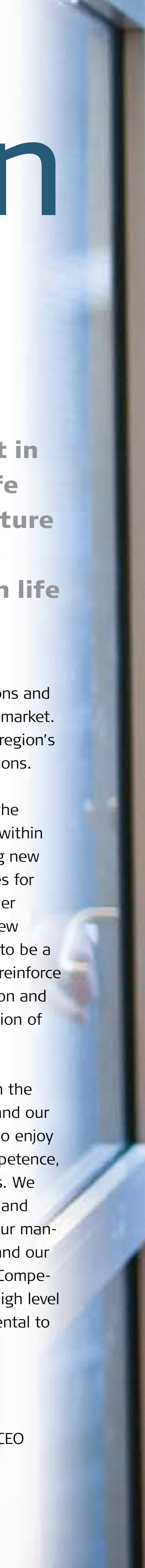
The SPP acquisition creates a significant basis for synergies and increased value creation. The integration work is well underway, and the announced objectives of increased earnings, lower cost consumption, and better utilisation of the group's total capital have been confirmed. At the same time, the expansion of the group intensifies the need for operational efficiency and coordination across the companies and departments. The ongoing Storebrand Competitiveness project has already been initiated in SPP. The goal of 20 per cent increased productivity in all of the important processes in the group remains.

SPP supplies Storebrand with 33 130 new corporate customers and 553 500 retail customers. The total premium volume increases by 44 per cent and total assets under management grows by 73 per cent to NOK 329 billion. We are acquiring a company that is highly competent, has long traditions and is a well-embedded brand in its core market. Sweden is without doubt the Nordic region's largest market for occupational pensions.

The acquisition of SPP will establish the Nordic region's leading expert group within the field of pensions. We are creating new career and development opportunities for employees on both sides of the border and improving our ability to attract new employees. Storebrand's objective is to be a leader in occupational pensions and reinforce the resources it allocates to innovation and the development of the next generation of product and service solutions.

The Storebrand brand is built through the interaction between our employees and our customers. Motivated employees, who enjoy their jobs and possess the right competence, form the core of our competitiveness. We plan to continuously attract, develop and retain the right employees through our management development programmes and our focus on competence development. Competence, the ability to innovate and a high level of customer satisfaction are fundamental to our future growth and profitability.

Idar Kreutzer, Storebrand Group CEO



NOK 4.1 billion

Storebrand was the winner in the transfer market for occupational pension schemes in 2007. The net inflow amounted to NOK 4.1 billion.

Vision:

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

Core values:

Reliable
Enabling
Easy to relate to
Forward looking

Oslo 1947. Callisthenics at work
Callisthenics have been part of the working day in Storebrand ever since 1944. The photo shows Storebrand's typists exercising to gramophone music. Photo: Aktuell / Scanpix

History of Storebrand

1767–1919: Roots

1767
In 1767, Den almindelige Brand-Forsikrings-Anstalt is established in Copenhagen to administer the compulsory fire insurance scheme for properties in Norwegian towns.

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 called Norges Brannkasse.

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

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

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

1917
Seven existing life insurance companies jointly establish Norske Folk as a life insurance company. Idun is one of the initiative takers.

1920–1969: Growth and consolidation

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

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

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

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

1963
Storebrand and Idun are the first insurance companies to move into their new premises in the restored Vest-Vika. Later, Brage-Fram and Norske Folk follow their lead and move into the district further down the road.

Storebrand acquires Norske Fortuna. Brage and Fram merge to become Brage-Fram Livs og Pensjonsforsikring A/S and becomes the country's largest life insurance company.

1970–1989: Group formation

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

1982
The Norden Group and Storebrand agree to merge with effect from 1983.

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

1990–1999: Crisis and change

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

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

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

1998
The company moves into new premises on Filipstad Brygge.

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

2000–2007: New challenges

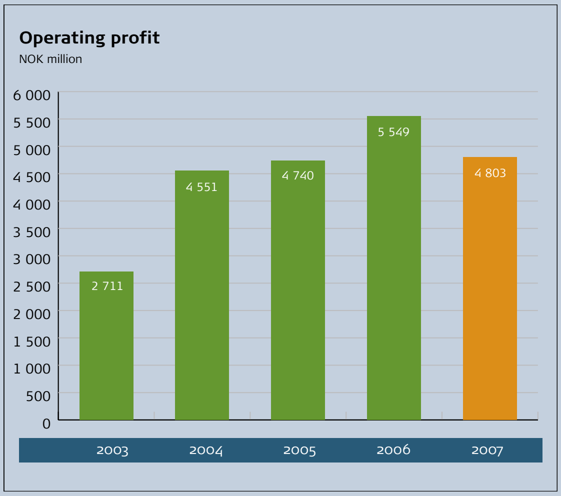
2001
Norwegian and international stock markets fall sharply from September 2000 to February 2003.

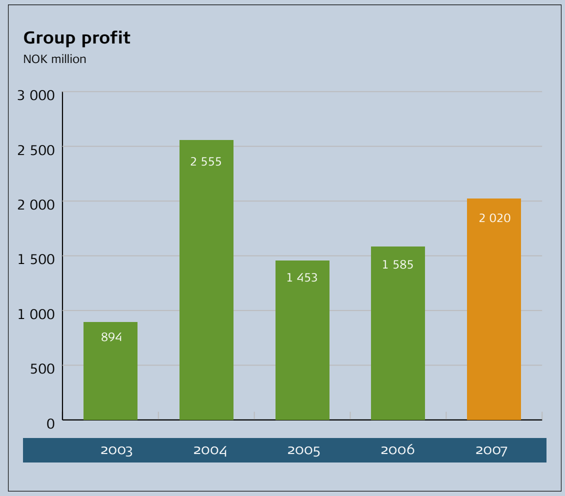
2005
The Storting, the Norwegian parliament, rules that all companies must have an occupational pension scheme in place by 2007. Storebrand responds to the challenge with its new product, Storebrand Folkepensjon.

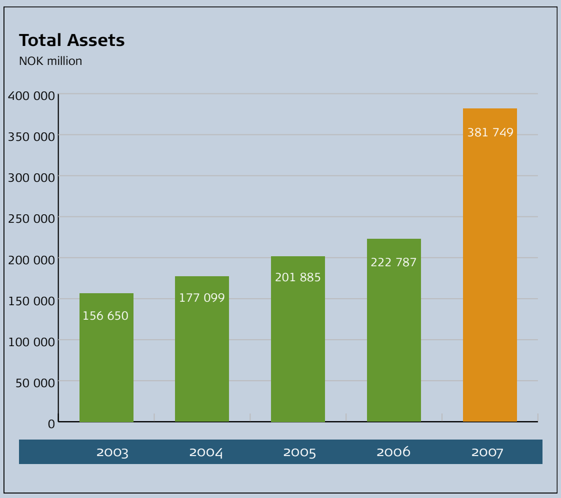
2006
Storebrand decides to return to P&C insurance.

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

Key figures







Key figures for the Storebrand group

NOK million	2007	2006	2005	2004	2003
Operating profit	4 803	5 549	4 740	4 551	2 711
Group profit	2 020	1 585	1 453	2 555	894
Total assets	381 749	222 787	201 885	177 099	156 650
Equity capital	19 241	8 900	9 108	10 178	9 396
No. of employees (full time equivalents)	2 151	1 429	1 295	1 224	1 263
Capital ratio (%)	9.2%	10.6%	11.2%	15.3%	14.9%

Figures for 2003 are historic NGAAP figures, while the figures for 2004–2007 are prepared in accordance with IFRS.

Key figures per share					
Average number of ordinary shares (1,000)[1]	251 517	247 965	258 576	272 933	277 927
Earnings per ordinary share[2] (NOK)	7.95	6.03	5.41	8.53	2.67
Dividend per ordinary share (NOK)	1.20[3]	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.*
3 *In terms of the number of shares before the share issue, the dividend is equivalent to NOK 2.18 per share.*

SPP acquisition starts a new era for Storebrand

On 3 September 2007, Storebrand entered into an agreement with Handelsbanken for the acquisition of SPP and related companies, including the asset management business of SPP Fonder. The transaction was closed 21 December 2007. SPP is a leading Swedish life insurance and occupational pension provider.

SPP provides unit linked products, traditional insurance and defined benefit products as well as consulting services covering occupational pensions, and insurance and administrative solutions for municipalities and other organisations.

Clear trend for consolidation within life insurance and pensions market

Storebrand sees the following industry trends within the life insurance and pensions market in the Nordic region:

- the development of more harmonised regulatory regimes and similar products across the Nordic region, as well as Europe, which makes cross-country synergies more visible and easier to realise, especially within the growing markets for defined contribution and unit linked pension products;
- the advantages of long-term economics of scale within IT, underwriting, administration, product development and asset management;
- the advantages of revenue synergies from using the best product, personnel and processes from a combined entity;
- the advantages of capital synergies arising from geographic diversification of the portfolio, which is encouraged in Solvency II; and
- the enhanced strategic and financial flexibility resulting from larger market capitalisation.

Storebrand's acquisition of SPP has created the leading Nordic life insurance and pension provider and a strong platform for future growth. Storebrand and SPP combined is a leading participant in the Nordic occupational pensions market, building on the skill sets, experience, market position and product offerings of both businesses. The enlarged group will have a strong dual-home market structure evidenced by a 10 per cent market share in Sweden[1] and a 31 per cent market share in Norway for occupational pension funds under management as of 31 December 2007. The combined entity is well positioned to participate in the further consolidation of the fast-growing Nordic life insurance and pensions sector.

Expansion into a highly attractive growth market in Sweden

The Nordic life insurance and pension market has historically enjoyed high growth with a growth rate for total premium income of 8 per cent[2] over the last 10 years (1997–2006), and 10 per cent within the occupational pension segment.

The Swedish life insurance market has a growth rate for total premium income of 9 per cent over the last 20 years[3].The growth within the occupational pensions segment has been even higher, with 13 per cent average annual premium income growth between 1998 and 2007[4]. The total competitive market in 2007 is estimated at SEK 139 billion (NOK

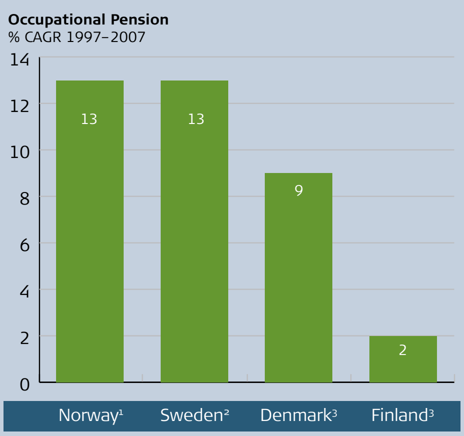
Storebrand and SPP is a good strategic fit and provides advantages to both customers and shareholders.

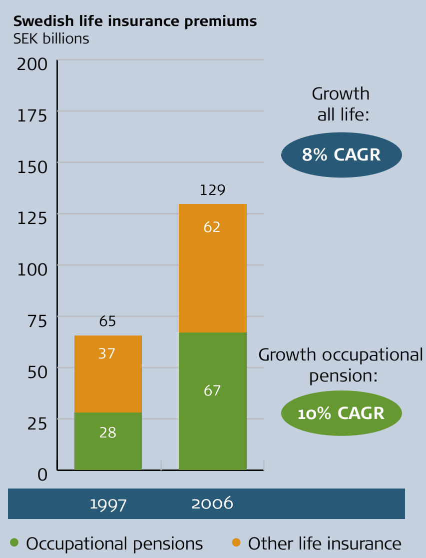
Göran Holgerson (executive vice president, SPP) and Idar Kreutzer (CEO).

Nordic Occupational Pensions is a Fast Growing Market

Market volume
total/occupational pensions (€bn), 2006

Norway	Sweden	Denmark	Finland
7/5	14/7	12/10	3/0.4





CAGR- Compounded Annual Growth Rate

1 2007 figures for Norway are preliminary

2 2007 growth figures are estimates based on quarterly statistics from the Swedish Insurance Federation

3 CAGR 1997–2006

Source: National insurance associations

117 billion) based on premium income[5]. The key drivers behind this growth have been, among others, demographic changes, growth in employment, changes in the regulatory framework and high wage growth.

The main segments of the competitive Swedish life insurance market are the tick-the-box occupational pensions market, the conventional occupational pensions market, and the private life insurance market, with a share of the overall market of 20 per cent, 37 per cent and 43 per cent respectively in 2007 (based on premium income in the competitive market and excluding capital insurance solutions[6]). The tick-the-box occupational pension market consists of all companies which have a collective agreement with the trade unions. The trade unions enter into frame contracts with selected life insurance companies. These frame contracts restrict the number of products that are available for each employee to choose from. Each employee selects the desired level of life insurance coverage by ticking appropriate boxes on a form that is received either by mail or online. The conventional occupational pensions market consists of companies that are not part of collective agreements with the trade unions. In this market, each company selects their own life insurance providers (life insurance companies or brokers), from which its employees select life insurance products. The private life insurance market is made up of individuals that invest in life insurance products above the levels provided by their employers.

The occupational pensions market is likely to form an increasing share of the total Swedish life insurance market. Occupational pensions have seen more stable growth than other life insurance segments, which have shown greater sensitivity to financial markets, tax legislation and other factors. In addition, the increased size of the unfunded Swedish municipalities market (estimated at SEK 300 billion[7] (NOK 252 billion)) is a potential for further growth. Furthermore, the Swedish occupational pensions market has evolved in recent years and become increasingly complex. The Storebrand Group's, including SPP, experience, scale and competence in all aspects of the Swedish insurance industry is expected to provide the basis for increased market shares for SPP.

As in most other countries, unit linked products' relative share of the market is expected to increase at the expense of traditional guaranteed life and pension products. Furthermore, the relative market share of defined contribution products is expected to increase, while the relative share of defined benefit products is expected to be reduced.

Good strategic fit between Storebrand and SPP

The acquisition provides an opportunity to capitalise on the complementary skills and experience of the two groups.

- Storebrand will use its experience in managing broker relationships to significantly strengthen SPP's distribution capabilities in the Swedish market.
- Storebrand's more than 15 years of experience in the competitive pensions transfer market in Norway will assist SPP when the Swedish market opens up for transfers of occupational pensions (expected in May 2008).
- SPP's unit linked product scale and skills will help Storebrand to further capitalise on the shift in the Norwegian market from traditional life insurance products to unit-linked products.
- Develop SPP's strong brand to expand its asset management business.
- Optimise SPP's risk management and asset/liability management policies to improve returns to customers and owners, and lower asset management expenses.

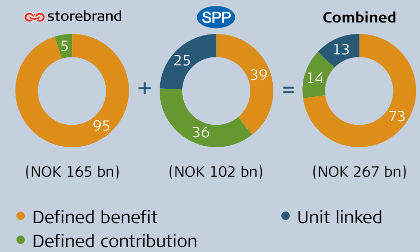
The history of the two companies is similar and both are significant participants in their domestic markets for occupational pensions. Storebrand and SPP have co-operated with each other previously when founding Euroben and were co-owners of Nordben. Storebrand expects the similarities between the two businesses to result in a smooth integration.

The integration process has revealed that the initial synergies from the acquisition were conservatively estimated. Storebrand has thus announced the following adjusted synergies resulting from the transaction:

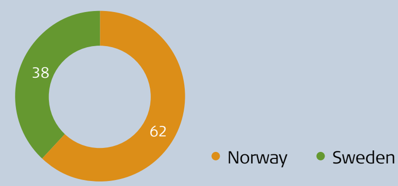
- *Cost synergies:* Cost synergies are expected to amount to approximately NOK 150 million pre-tax per annum and are expected to be phased in 35 per cent in 2008, 75 per cent in 2009 and to take full effect in 2010.

Good Strategic Fit

Insurance reserves by product (%)



Insurance reserves by country (%)



- *Investment management synergies:* Storebrand expects the integration of SPP into its asset and liability management processes and principles to increase investment returns and improve results to the owner by more than NOK 100 million per annum.
- *Revenue synergies:* Storebrand expects to grow SPP's revenue base to generate in excess of NOK 100 million in additional new business profit by 2010.
- *Tax benefits:* Based on current tax legislation, Storebrand expects to extract approximately NOK 120 million in tax synergies per annum. The tax synergies are expected to have full effect from 2008.
- *Distribution synergies:* The relationship with Handelsbanken, an important distributor of Storebrand's health insurance products in the Swedish market, is expected to be further strengthened by the transaction.
- *Diversification benefits:* the acquisition is also expected to provide capital synergies through diversification benefits. The importance of diversification benefits is further increased by the Solvency II regulatory requirements, which are currently being prepared by the European Union and

which are expected to be adopted by the EU in 2012 at the earliest.

SPP Business Description

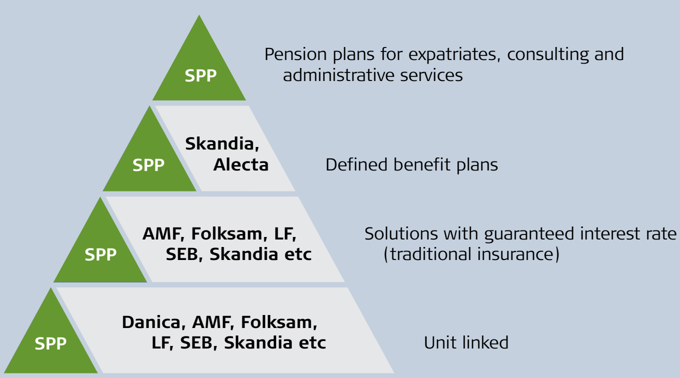
SPP is a leading Swedish life insurance and pension provider with a 10.1 per cent market share in the competitive Swedish occupational pensions market in 2007. SPP has a leading position in the conventional occupational pension segment with a 12.6 per cent market share and in the tick-the-box market with a 6.3 per cent market share. In addition, SPP has a 3.5 per cent market share in the private pension segment. Based on new sales of occupational pensions, the SPP Business had a market share in the Swedish occupational pensions market of 12.7 per cent for 2007. SPP also provides advanced consulting services covering occupational pensions, as well as insurance and administrative solutions for municipalities and organisations. Sales mainly occur via SPP's internal sales team, insurance agents and direct marketing.
SPP was demutualised on 1 January 2006. The profit-sharing between SPP and the policyholders with respect to traditional life insurance is stipulated in a well-defined model whereby SPP receives 10 per cent of the return on the policyholders' assets, subject to returns exceeding the guaranteed level. The administration and risk results are not subject to profit-sharing and are fully at the risk and benefit of the company.

SPP is the only company represented within all products and service areas in the Swedish market with both unit linked, traditional insurance with guaranteed interest rate, and defined benefit products. SPP's key products are defined contribution pensions, defined benefit pensions, unit linked pensions and occupational health insurance products (disability insurance).

SPP has a strong brand and customer franchise in Sweden. SPP also has long-standing relationships with unions, particularly white collar unions, and employer organisations such as Svenskt Näringsliv. Furthermore, SPP has a strong position in fee-driven business, in particular pensions consulting and administration and specialised products (for example for top management and expatriates).

As at 31 December 2007, the SPP Business had AuM of SEK 152 billion (NOK 128 billion), of which SEK 93 billion (NOK 78 billion) were traditional life assets, SEK 31 billion (NOK 26 billion) were unit linked assets and SEK 28 billion (NOK 24 billion) were in PPM (premium pension) and other mutual funds (excluding unit linked). PPM is part of the Swedish public old-age pension system.

SPP is Uniquely Positioned in the Swedish Occupational Pensions Market



1 Source: Handelsbanken/SPP based on statistics from Sveriges Försäkringsförbund (The Swedish Insurance Federation).
2 Compound average annual
3 Source: Handelsbanken/SPP based on statistics from Svenska Försäkringsföreningen (The Swedish Insurance Association). Compound average annual
4 2007 growth figures are estimates based on quarterly statistics from Sveriges Försäkringsförbund (The Swedish Insurance Association).
5 Source: Handelsbanken/SPP based on statistics from Sveriges Försäkringsförbund (The Swedish Insurance Federation).
6 Source: Handelsbanken/SPP based on statistics from Sveriges Försäkringsförbund (The Swedish Insurance Federation).
7 Source: Handelsbanken/SPP based on statistics from Sveriges Konmuner och Landsting.
8 Source for market shares in this paragraph: Handelsbanken/SPP based on statistics from Sveriges Försäkringsförbund (The Swedish Insurance Federation).

Corporate responsibility

We believe that industry winners in the future will be businesses that develop products and services in a way which unites global, social and environmental challenges with profitable growth. Our most important contribution to resolving society's challenges must therefore come through our core activities.

This year's corporate responsibility article covers some of the highlights of 2007 as well as our primary focus areas for 2008. For more comprehensive information please see the group's 2007-2008 Corporate Responsibility Report, available on: www.storebrand.com.

Corporate responsibility in SPP

When Storebrand acquired SPP, the Swedish life insurance and pensions provider, it adjusted its vision: Storebrand shall be the leading and most respected institution in the Nordic market for long-term savings and insurance.

During 2008, we will systematically integrate the work on corporate responsibility in SPP by continuing to build on existing measures and by implementing Storebrand's standards in SPP. We are already implementing our group standard on responsible investments for the administration of SPP's assets.

Organising Corporate Responsibility

Storebrand's focus on corporate responsibility has been further strengthened now that this area is directly represented in the executive management. This will enable the Executive Vice President, Corporate Responsibility, to contribute to all important discussions in the group. It signals increased strategic focus and strengthens the basis for further work in this area.

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 monitors all Storebrand's investments focusing on areas such as environmental degradation, corruption, labour and human rights, and weapons.

All our funds and pension portfolios are subject to comprehensive corporate responsibility criteria. We call these our group standard for responsible investments (see figure next page). As of 1 January 2008, 91 companies were excluded for unacceptable activities or engagements, or contributing to unacceptable activities, in relation to the group standard. The objective is not to exclude companies, but to promote more sustainable business practices. In our experience, the return on investments has not been negatively affected by the restrictions concerning investment options to which our portfolio managers are subject.

Microfinance involves providing financial services to people who would not normally have access to bank savings, credit and insurance. This has proved to be an effective means of reducing poverty. Storebrand first got involved in microfinancing in 2005, and during 2007 increased its investments from USD 9 million to USD 15 million. We have also

expanded the investment scope for this type of investments from NOK 100 million to NOK 500 million.

In November 2007, we launched a new ethical hedge fund in partnership with the Swedish company Folksam and the Swiss company Harcourt – Belair Sustainable Alternatives SRI Fund. The fund meets strict ethical criteria and our hope is that it will place corporate responsibility even higher up on the agenda within the area of hedge funds.

Diversity

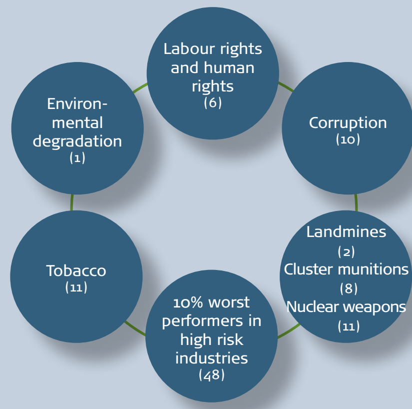
Storebrand wants to recruit more people from groups that are underrepresented in the labour market, including the disabled and people with diverse ethnic backgrounds. As a responsible and inclusive company, we have therefore established a Diversity Committee. This systematic work on diversity is intended to ensure the company can reach new customer groups and provide a better service to a steadily more diverse population. The committee will also continue our work on gender equality.

New Health and Safety concept

Storebrand wants to motivate and inspire its customers and employees to create health promoting and inclusive workplaces. If we, together with many of our customers, work towards the same goal this will help reduce sick leave, fewer people will be occupationally disabled, and the average age of retirement may increase. Fewer people will be on state benefits, value creation in society will increase, and social costs may fall significantly.

Good health and safety in the working environment (HSE) is also profitable for our customers, who will experience more satisfied employees, increased productivity and lower sick leave costs.

Storebrand Group Standard on Responsible Investments



A total of 91 companies are excluded from all Storebrand funds and pension portfolios as of 1 January 2008. The number of companies excluded is stated in brackets. Some companies are excluded in more than one area.

FTSE4Good

Global Challenges Index

Dow Jones Sustainability Indexes Member 2007/08

	We measure our performance by	Status 2006	Status 2007	Target 2008
Shareholders	Return on capital employed (annualised)	19%	24%	15%
	Percentage of post-tax group profit distributed as dividend	29.3%	27%	> 30%
	Sound capital adequacy (Storebrand Bank)	11%	10.5%	> 10%
	Storebrand Life Insurance solvency margin	174.6%	136%	> 150%
	Dow Jones Sustainability Index and FTSE4Good	Included	Included	Included
Customers	Percentage of problem-free customer enquiries via internet[1]	97%	98.2%	98%
	Proportion of tel. calls answered within 20 sec. (customer centre)	81%	73%	80%
	Proportion of tel. calls answered within 20 sec. (main switchboard)	91%	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	64	65	66
	Time taken to process complaints	-	65% within 3 weeks	70% within 3 weeks[2]
	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[3]	0.07%	-6.4%	Better than benchmark index
	Investment in microfinance	USD 9 million	USD 15 million	Increase, given sensible investment opportunities
	Corporate responsibility criteria for P&C insurance	-	Started	Complete
Employees	Percentage of management positions held by women	38%	37%	40%
	Male/female participation in management development programmes	52/48%	43/57%	Within 40/60%
	Percentage of employees satisfied with personal development opportunities	-	60%	70%[4]
	Employee satisfaction among senior employees	80%	-[5]	90%
	Illness absence as an average annual percentage[6]	5.1%	4.6%	Max 4.8% (4%)[7]
	Percentage of employees agreeing that Storebrand is a «great place to work»	90%	90%	85%
	Percentage of employees aware of what the ethical guidelines mean for their everyday duties	88%	86%	100%
	Percentage of employees who understand/are aware of Storebrand's corporate responsibility	75%	79%	80%
	Anti-corruption policy	-	Work started	Developed and implementation started
	Code of conduct	-	Work started	Developed and implementation started
Suppliers	Purchasing policy	-	Work started	Implement
Society as a whole	Financial support for charitable organisations and other measures for society as a whole	NOK 3.35 million	NOK 3.35 million	Stable
	Charity partners' satisfaction with Storebrand	85%	Not measured	80%
	International collaboration: Membership of WBCSD, UNEP, Global Compact and TI	Member	Member	Member
Environmental issues	Energy consumption (head office)	Reduced by 14%	Reduced by 15.8%	Reduce by 5%
	Energy consumption (managed properties)	Reduced by 9%	Reduced by 0.1%	Reduce by 5%
	Waste sorted by type (head office)	52%	55%	60%
	Waste sorted by type (tenants of managed properties[8])	40%	42%	50%
	Paper consumption (head office)	61 tonn	73.2 tonn	Reduce by 10%
	Water consumption (head office)	27 618 m^3	26,766 m^3	Stable level
	Water consumption (managed properties)	95 461 m^3	94,957 m^3	Monitor consumption
	Proportion of electronic equipment recycled or reused	100%	100%	100%
	«Living forest» certification for Værdalsbruket	Certified	Certified	Certified
	Air travel	-	13 729 one-way flights[9]	Measure
	Direct CO2 emissions (tonnes)	-	3 800 tonnes[10]	Measure

1 Measures availability of customer/employee portal between 07:00 and 01:00.
2 The target was new in 2006 and has been adjusted because it proved unrealistic and inappropriate to deal with all complaints within 3 weeks.
3 Return compared to the Morgan Stanley Capital International World Index, annualised, last 5 years.
4 The goal is reduced from 80% to 70% as this is deemed more realistic.
5 The survey is only conducted every other year.
6 Includes both self-certified and doctor-certified sick leave.
7 Long-term target of 4% is maintained, but with an interim 2-year target of 4.8%.
8 Only applies to properties with EOS (energy monitoring system, 14 of 19 properties).
9 There are some uncertainties linked to this number as it is the first time Storebrand reports on air travel
10 There are some uncertainties linked to this number as it is the first time Storebrand estimates our carbon footprint

In the autumn of 2005, we launched a HSE product for our corporate customers in the private and public sectors. In order to reach more customers we developed our HSE provision in 2007 to also include network groups and experience sharing conferences, as well as seminars and consulting services. We have also commenced a HSE partnership with the Confederation of Norwegian Enterprise (NHO).

Best reporting on corporate governance

The Norwegian Corporate Governance Board (NUES) presented Storebrand with the award for best reporting on corporate governance for its 2006 Annual Report. Storebrand has been a driving force behind the development of the corporate governance principles that apply to Norwegian companies.

The Norwegian Cancer Society – our new principal partner

Working with non-profit organisations has been a mainstay of Storebrand's sponsorship strategy for many years. During 2007, we arranged many joint events with the Norwegian Red Cross and MOT. At the beginning of 2008, we started a new principal partnership with the Norwegian Cancer Society. The partnership agreement aims to help prevent cancer, primarily with respect to Storebrand's customers and employees. Through this partnership, we also want to offer information and support to customers and employees who have cancer.

A Christmas gift with a difference

One very visible social initiative in 2007 was the Christmas gift Storebrand gave to four non-profit organisations. An internal survey revealed that 70 per cent of our employees wanted to give the money spent on Christmas gifts to good causes rather than receive a gift from the group themselves. The recipients of the gifts were the Norwegian Cancer Society, the Church City Mission, the Salvation Army and the Norwegian Red Cross. The organisations presented specific projects they wanted support for during the Christmas season. All of the employees had an opportunity to decide which organisation they wanted to support. NOK 300,000 was thus distributed to the organisations based on the percentage of people who nominated each organisation.

Increased climate focus

2007 was a year in which people focused on the climate and the environment, as was the case in Storebrand. As well as systematically working to achieve the environmental targets we have set for ourselves, including energy, paper and water consumption, waste sorting and recycling, we took new steps to reduce the burden our business operations place on the environment.

Environmental classification of cars

In June, we developed and launched, in partnership with the environmental foundation GRIP, a unique environmental and safety classification system for all types of cars. Storebrand is thus the first company in Norway to apply the EU environmental standards for the classification of cars. Consumers can test their own cars on www.storebrand.no. Here they will automatically be told the environmental and safety classification, at the same time as they calculate their insurance premium.

First climate neutral financial institution

Storebrand also signed up to the Norwegian Climate Campaign in 2007 – an action programme for business organised by the Norwegian Ministry of the Environment. We have thus committed ourselves to estimating our carbon footprint and to implement measures, and in the next phase wholly or partly compensate for our own emissions through the voluntary purchase of climate quotas.

Since the middle of the 1990s, we have done a lot as far as measures are concerned, both internally and in relation to establishing environmental criteria for our suppliers and the companies in which we invest. We have now also started drawing up our carbon footprint for the company. Our first estimated footprint is based on energy consumption in all of our offices, all the business flights we make, as well as company cars and travel allowances. We have also decided to purchase UN certified climate quotas (certified emissions reductions – CER) equivalent to our direct emissions as early as from 2008, which makes Storebrand the first climate neutral financial institution in the Nordic region (see fact box).

Storebrand's quota purchase:

Wind power in India

Storebrand has purchased UN certified carbon emission credits from a wind power project in Satara and Supa in the Indian state of Maharashtra in order to become climate neutral.

The project consists of windmills connected to an electricity supply grid that supplies the state with renewable electricity, which in turn reduces the need for fossil fuels. The project thus helps to reduce emissions of climate gases.

CARBON NEUTRAL

The Norwegian Climate Campaign

Report of the Board of Directors

Main features

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

The single most important event in 2007 for Storebrand was the acquisition of SPP. On 3 September, Storebrand announced that it had signed an agreement with Handelsbanken concerning the take-over of Handelsbanken's subsidiary, the life insurance and pensions provider SPP, as well as associated companies, including the fund management company SPP Fonder. The acquisition was approved by an extraordinary general meeting on 24 October 2007. The transaction was completed on 21 December 2007, once all the proper approvals from the authorities were in place. In the opinion of the Board the acquisition will result in significant future synergies. The trends within the Nordic and European markets for life and pension insurance reinforce the basis for the establishment of cross-boarder activities. The harmonisation of general conditions and products make the cross-boarder synergies clearer and easier to realise. In addition, geographic diversification produces capital synergies that will be stimulated in future capital adequacy regulations. Concrete effects have been defined in a number of areas that entail that Storebrand and SPP can benefit from each other's strengths and experience. For example, SPP will be able to draw on Storebrand's long experience in the pensions transfer market when the Swedish market is expected to permit the transfer of pension schemes sometime in the spring of 2008. SPP's long experience from the provision of unit linked and mutual fund products in Sweden will provide Storebrand with a better insight into and ability to deliver in this market. Moreover, SPP's mutual fund products portfolio worth more than NOK 30 billion provides the group as a whole with a good platform for extracting economies of scale in the long-term.

Storebrand started selling P&C insurance one year ago and has since then gained more than 16,000 retail customers. 59% of the customers bought their policies online and in 2008 the company will start selling standardised corporate products to defined target groups.

Developments in the financial markets are of great importance to Storebrand and 2007 was characterised by volatile stock markets. There were also major movements in the fixed income markets in 2007. In the first half of the year interest rates increased, but fell in the second half of the year, especially in the USA. This turbulence has continued into 2008. Despite the turbulent markets, the return on Storebrand's assets was satisfactory: the management of Storebrand Life Insurance's assets in 2007 resulted in a value-adjusted return of 7.3% and a booked investment return of 8.9%.

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 4,803 million for 2007 compared with NOK 5,549 million for 2006. Group profit before tax and changes to security reserves was NOK 2,020 million compared with NOK 1,585 million in 2006. Earnings per share, based on the average number of shares outstanding over the year, amounted to NOK 7.95 in 2007 compared with NOK 6.03 in 2006. No share of the profit from SPP has been included in the 2007 accounts, since SPP had no significant effect on the profit from the transaction date up to 31 December 2007.

Group profit

NOK million	2007	2006
Life insurance	1 635	1 198
Asset management	138	156
Storebrand Bank	235	190
Other activities	12	41
Group profit	**2 020**	**1 585**

The operating profit generated by *Storebrand Livsforsikring AS* (Storebrand Life Insurance) before distribution between customers and the owner was NOK 4,138 million compared with NOK 5,175 million in 2006.

The Board of Directors of Storebrand

LEIV L. NERGAARD (63), partner, Norscan Partners AS.
MBA, Norwegian School of Economics and Business Administration (NHH). 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. 1997- board member and later Deputy Chairman and Chairman of the Board, Storebrand ASA (Chairman of the Board from 2000). 2007- Chairman of the Board, Clean Marine AS. 2004-, board member, Yara International ASA (Chairman of Audit Committee from 2007). 2004- Chairman of the Board, GRIP. 2003- Chairman of the Board, Joma International AS. 2003-2007 board member, Tinfos AS. 2004- 2008 Chairman of the Board, Storebrand Life Insurance. 1997-2006 board member, Rieber & Søn ASA (Chairman of the Board 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.

The company achieved an interest result, which is the return in excess of the interest guaranteed to customers, of NOK 7,887 million compared with NOK 5,523 million in 2006. The administration result was lower because the growth in costs was higher than the growth in the administration premium in 2007. The risk result was somewhat lower than in 2006. The risk result improved for the individual sectors overall and for corporate group insurance, non-life products were at around the same level as in 2006, while retail group pension insurance and group life experienced a minor decline. NOK 3.3 billion was allocated to the premium reserve in 2007 to take account of the population's increased life expectancy. The profit allocated to the owner of Storebrand Life Insurance pursuant to IFRS was NOK 1,622 million, which is an improvement of NOK 432 million on the previous year. The profit was affected by a one-time effect of NOK 215 million. The one-time effect was due to a write-back of an earlier expense booked against equity pursuant to IFRS and linked to pension costs included in the allocation of profit model in the life insurance company. The group's 50% interest in Storebrand Helseforsikring provided a profit of NOK 13 million, which is an improvement of NOK 7 million compared with 2006. The total profit for the life insurance business was thus NOK 1,635 million in 2007.

Storebrand Bank Group achieved an operating profit before loan losses of NOK 157 million in 2007 compared with NOK 143 million in 2006. Loan and guarantee losses and write-downs represented a net write-back of NOK 78 million, such that the bank's total pre-tax profit was NOK 235 million. Net interest income experienced a downward trend in 2007, mainly due to pressure on margins, credit risk and increased competition in the lending market. Net fee and commission income increased as a result of the successful launch of new savings products. The underlying cost/income ratio experienced a positive development, driven by the bank's efficiency measures.

Storebrand Kapitalforvaltning's (Storebrand Investments') profit was characterised by high fixed and volume-based income due to the high net inflow of assets under management. Performance-based revenues were lower than in 2006 due to the weaker investment returns. The company maintained good control over its costs throughout the year and thus has a good platform for continued profitable operations in the future. As previously stated, Storebrand Investments' goal has been to achieve a costs/income rate of less than 75%. This goal has been achieved and the company achieved a profit of NOK 138 million in 2007.

Other activities primarily consist of the P&C business and the holding company Storebrand ASA. The deficit experienced in 2007 in the P&C business amounting to NOK 18 million was expected and was due to start-up costs associated with the new business in Storebrand Skade. IT investments and marketing costs from achieving the desired growth in sales particularly contributed to the deficit. Despite the deficit the company has maintained good control over costs and the result is in line with expectations.

Storebrand ASA achieved a pre-tax profit of NOK 696 million compared with NOK 1,020 million in 2006. The income from investments in subsidiaries amounted to NOK 672 million, which represents a fall of NOK 364 million compared with 2006. Storebrand ASA does not present its company accounts pursuant to IFRS. A dividend payment of NOK 534 million was booked against equity as per 31 December 2007, while it is still included in equity in the consolidated accounts, which are produced pursuant to IFRS. The dividend payment will be booked in the consolidated accounts once it has been approved by the annual general meeting in 2008.

Other: In addition to the profit reported from Storebrand Skade and Storebrand ASA, Storebrand Leieforvaltning AS and Storebrand Felix Kurs og Konferansesenter AS together reported a profit totalling NOK 12 million, after eliminations, and a profit contribution of NOK 5 million.

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

Business areas

Life insurance: Good results from the management of customers' assets are the most important element for profitability with respect to savings related products. The company achieved a good booked return in 2007. Net gains on securities amounting to NOK 4,278 million were achieved in 2007 compared with NOK 3,402 million in 2006.

The retail market achieved good sales of pension, savings and risk products in 2007.

In May 2007, Storebrand Life Insurance became the first company in Norway to launch its own cancer insurance. After two campaign periods,

BIRGITTE NIELSEN (44), partner, JMI Invest II AS.
General Management Programme, CEDEP/Insead. 1986 Bachelor of Commerce, international relations. 1993 Bachelor of Commerce, economics and finance. 2003-2006 advisor, Nielsen + Axelsson Asp. 1992-2003 latest as CP/CFO, FLS Industries AS. 1983-1992 Danske Bank, 1990-1992 as VP. 2006- board member, JMI Invest II AS. 2006- board member, Netconcept AS. 2006- board member, Novenco AS. 2006- board member, Arkil AS. 2005- board member, Buy-Aid. 2005- board member, IDEAS AS. 2005- board member, Storebrand ASA. 2005- board member, Faber AS. 2005- board member, Energinet.dk. 2004- board member, Team Denmark. 2004- board member, Royal Greenland.

more than 3,900 policies have been sold, and its introduction is regarded as successful.

Investment return

Following the introduction of mandatory occupational pensions (OTP) the market for occupational pensions will primarily be a transfer market, a market Storebrand is well equipped for. Storebrand was again the winner in the transfer market for occupational pension schemes in 2007 with a net inflow of assets of NOK 4.1 billion.

A new insurance act came into effect on 1 January 2008. The new act entails extensive changes for the insurance sector and Storebrand has worked intensively to ensure it is as well equipped as possible for this restructuring. The objective of the new insurance act is to achieve greater predictability and transparency in the pricing of pension products, and to create a clearer difference between the customers' and the companies' own assets. The general rule in the new legislation is that prices shall be set with final effect and paid in advance.

Banking: The bank primarily focused on growth and improving profitability throughout 2007. Storebrand Bank's position as a 'no-fees' bank and its competitiveness within home mortgages have been maintained. This can be seen from the substantial growth in both volumes and the number of customers. The lending portfolio increased from NOK 31.2 billion to NOK 37.1 billion in 2007. The positive growth in the number of customers experienced by the bank after it became a 'no-fees' bank in 2005 continued in 2007.

Storebrand Bank has developed its good position within the property segment for corporate customers. A new strategy has been developed for the area. The main goal of this strategy is to expand the range of products for the customers in order to increase the proportion of non-balance sheet driven income. Storebrand Bank wants to be a complete provider of financial services to property investors in key districts. Storebrand Markets was established as a new business area in 2007 to ensure there is sufficient strength behind the property venture. The business area has been built from a combination of existing business within foreign currency, stockbroking and structured savings products. Storebrand Bank ASA has acquired Hadrian Næringsmegling and established a small corporate team with competence in business property in order to offer a more complete range of services.

Gross lending

As part of its commitment to developing attractive products, Storebrand Bank ASA launched the Storebrand Eiendomsfond (a real estate mutual fund) in 2005 and Storebrand Optimér in 2006 (a product that combines

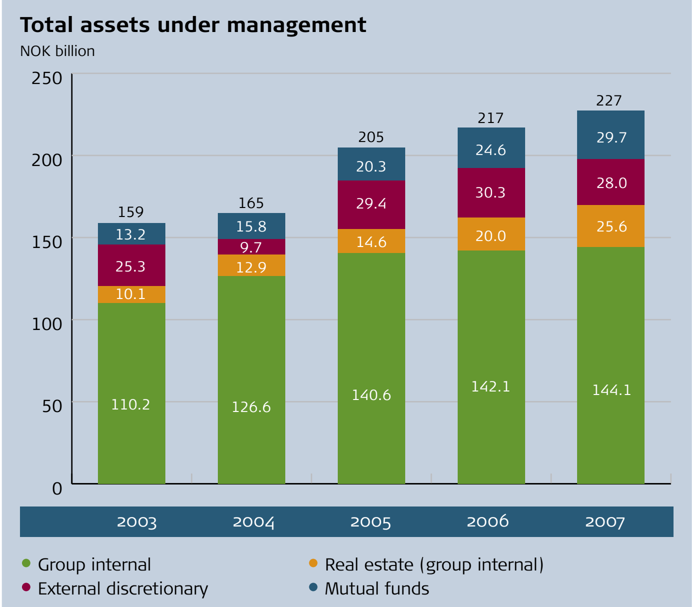
BARBARA ROSE MILIAN THORALFSSON (49), Director, Fleming Invest AS.
MBA, Graduate School of Business, Columbia University, New York. 2001-2005 CEO, NetCom AS. 1995-2001 CEO, Midelfart & Co. AS. 1998-1995 EVP Sales and Marketing, Midelfart & Co AS. 1987-1988 Product Manager, AS Denofa and Lilleborg Fabrikker. 1984-1987 Product Manager, General Foods Corp., New York. 1983 marketing, Pepsi Cola Company, New York. 1981-1983 marketing assistant, 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- council 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.

equity and real estate investments in a single portfolio). The funds performed well in 2007.

Asset management: At the end of 2007, Storebrand Investments was managing NOK 227 billion in mutual funds and individual portfolios for insurance companies, pension funds, municipalities, institutional investors and retail customers.

In the retail market Storebrand Investments has turned a net departure of NOK 300 million in 2006 into a net inflow of NOK 300 million in 2007. The inflow was greatest in the fixed income funds. Storebrand Investments has a market share of 8.1% of the total assets under management for Norwegian retail customers, an increase from 7.3% in 2006. In 2007, Storebrand Investments gained 44 new institutional customers. Its strong position within the municipality, pension fund and organisation segments has been maintained. These customers will continue to be important and great emphasis is placed on good customer service. The strategy of directing the sales focus at private investment companies has been successful and will be continued in 2008. In 2007, the unit of highly qualified investment advisers responsible for the company's institutional customers in cooperation with the department for operational services achieved a breakthrough with respect to sales of investment support services, SIOS (Storebrand Investment Operation Services).

Property and casualty insurance: Storebrand Skadeforsikring was re-established in the autumn of 2006. The new business area provides standard P&C insurance products in the retail market. Apart from the new business, Storebrand Skadeforsikring bears fronting responsibility for the risk associated with policies taken out before the transfer of the P&C insurance business to If in 1999 and the run-off of its own reinsurance business and managing other companies' run-off business through a subsidiary, Oslo Reinsurance Company. The retail P&C insurance market continues to be characterised by satisfactory profitability. However, in the company's opinion the competition was somewhat tougher in 2007. Storebrand Skadeforsikring has helped to set a new standard for online sales solutions within P&C insurance, and more players are now offering new and improved solutions in this area. It is anticipated that the proportion of online sales will increase dramatically in the years ahead. 2007 was a year characterised by strong growth in Storebrand Skadeforsikring. The annual premium increased from NOK 8 million to NOK 121 million. It is anticipated that the growth will continue in 2008 and that the annual



premium will more than double during the course of the year. At the same time as there has been significant growth, the company has focused on profitable growth. So far the development in claims suggests that the company is well positioned to succeed in this area. A claims ratio of 70% in the new business is regarded as satisfactory during the start-up phase.

Risk management

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

Identifying and managing operational risk forms an integral part of management responsibility in the organisation. In addition to this, the group's executive management conducts an annual risk assessment that

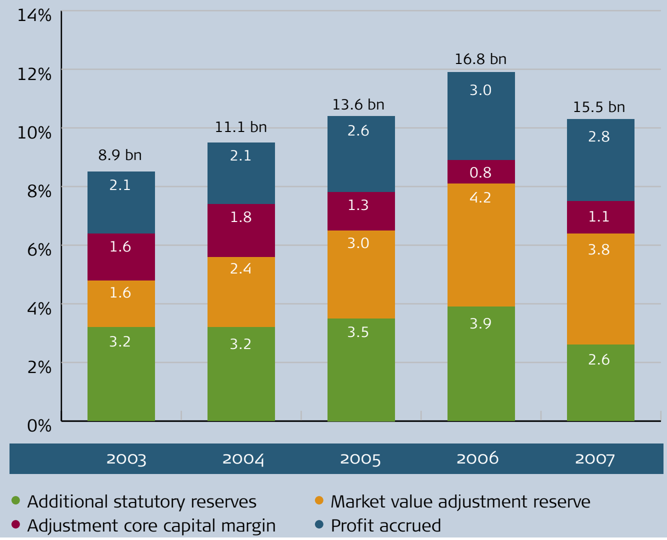
SIGURDUR EINARSSON (48), Executive Chairman, Kaupthing Bank.
Master's degree in Economics (Cand. Polit.), University of Copenhagen. 1994, Authorised Securities Dealer in the European Economic Area (EEA). 1997-2003, CEO, Kaupthing Bank. 1996-1997, Deputy Managing Director, Kaupthing Bank. 1994-1996, Executive Director, Capital Markets, Kaupthing Bank. 1988, Deputy to the Director of the International Department and Deputy to the Director of the Treasury Department, Islandsbanki hf. (now Glitnir banki hf.). 1982-1988, various positions, International Department and Financial Department, Den Danske Bank. 1993-1997, assistant professor, University of Iceland. Board member, various subsidiaries of Kaupthing Bank. Board member in Norvestia and Storebrand ASA. 1996-1997, Vice Chairman, Iceland Stock Exchange

results in a summary of risks and pertinent improvement measures. This summary is presented to and dealt with by the Board.

A significant proportion of savings-related **life insurance** products incorporate a guaranteed minimum annual return, currently just over 3.5% on average. The average guaranteed return will fall over time since the annual guarantee for new policies cannot exceed 2.75%. The life insurance company's financial risk principally relates to its ability to generate an annual investment return at least equal to the guaranteed minimum. This places particular demands on how the life insurance company allocates its investments between securities and other assets, and on the quality of the company's risk management. Rising interest rates over the course of 2007 have helped to strengthen the life insurance 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

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



the customer in advance. The new operational rules came into effect on 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. The company expects this to generate a good investment return, both in individual years and over time.

The total risk capital of the life insurance company declined by NOK 1.3 billion in 2007. Additional statutory reserves increased by NOK 0.2 billion while the market value adjustment reserve was reduced by NOK 2 billion. Insurance policies are long-term agreements, and involve uncertainty with respect to calculating future mortality and disability rates. The life insurance company uses tariffs based on historical statistical data that are notified to the authorities. The company follows developments in mortality and disability rates very closely, and adjusts its reserves in accordance with these trends. New premium and reserve tariffs that take into account the increased life expectancy of insured people that has been observed in recent years are being introduced in 2008. NOK 3.3 billion was allocated in the accounts as per 31 December 2007 in connection with this.

Storebrand Life Insurance has practised a policy of solvency-based risk management in connection with the instability in the financial markets at the beginning of 2008 and thus significantly reduced the proportion of equities in the customers' investment portfolios.

SPP is to a large extent exposed to the same types of risk as Storebrand Life Insurance, however the terms contained in the insurance products are somewhat different. SPP offers insurance products with a guaranteed return on received premiums and mutual fund products in which the customer bears the financial risk. SPP's defined benefit products also include inflation adjustment and parts of the portfolio are thus subject to inflation risk.

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

ERIK HAUG HANSEN (53), employee elected.
Sales Manager, Corporate Market, Storebrand Life Insurance. Higher insurance qualification, University of Oslo. 1979-1985 Ajungilak AS. 1977-1979 Consultant, Fred. Olsen Spedisjon AS. 2004- board member, Storebrand ASA. 1998-2002, board member, Storebrand Life Insurance.

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

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

The life insurance group's risk capital reports NOK 2.4 billion from interest-adjusted conditional bonuses in SPP.

Storebrand Bank ASA's financial risk primarily consists of credit, liquidity, interest rate and foreign currency risk. Credit risk is regarded as the most important. The Board places weight on the bank having a low level of financial risk.

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

The volume of non-performing and loss-exposed loans totalled NOK 448 million, equivalent to a reduction of NOK 85 million and 1.2% of gross lending over the course of 2007. The bank's total lending write-downs amounted to NOK 305 million at the end of 2007, of which NOK 58 million related to grouped write-downs.

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

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

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

In 2000, Storebrand Skadeforsikring AS transferred all its run-off land-based Norwegian non-life insurance and all direct marine insurance to If through a 100% reinsurance arrangement. The result is that the company has retained fronting responsibility for run-off business, but has no commercial responsibility 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.

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

Capital situation

The level of equity and debt in the company is managed relative to financial risk and capital requirements in the business. The goal of capital management is to ensure an effective capital structure and preserve an appropriate balance between internal goals in relation to the statutory and rating companies' requirements. The group has set long-term targets

CAMILLA M. GRIEG (44), CEO, Grieg Shipping Group AS.
Authorised Financial Analyst (AFA), NHHK/NFF. 1989 MBA, University of San Francisco. 1986 Cand. Mag., University of Bergen. 1998-2006 CEO, Grieg Shipping AS. 1995-1998 director, Grieg Shipping AS. 1993-1995 corporate market analyst, Star Shipping. 1990-1993, financial analyst, Bergen Fonds AS. 2007- Chairman of the Board, Bergen Shipowning Association. Board member, Grieg Shipping Group AS, Star Shipping AS, Grieg Maturitas AS, GCRieber AS, Storebrand ASA. 2005-2006, board member, Rieber Shipping AS. 2000-2005, board member, Serac AS

whereby the capital adequacy in its banking activities should be more than 10% and the solvency margin in the life insurance company should be at least 150%. As per 31 December 2007, Storebrand Bank's capital adequacy was 10.5% and the solvency margin in Storebrand Life Insurance was 136%. There has been a reduction in the solvency margin in the life insurance company due to the acquisition of SPP and the consolidation effects that follow from the acquisition. The solvency margin in SPP was 178% at the end of 2007. Storebrand Livsforsikring AS also has a goal of maintaining an A rating, which was achieved at the end of 2007. The holding company aims to have a net debt ratio of zero over the longer term.

Storebrand ASA bought back 1.0 million of its own shares in 2007 at a total cost of NOK 93 million. The company sold 236,300 shares as part of the company's share purchase programme for employees, raising a total of NOK 15 million. Storebrand ASA held 5.3 million of its own shares at the close of 2007. In connection with the acquisition of SPP, Storebrand ASA conducted a share issue that resulted in a net increase in equity of NOK 8,670 million. 200,090,786 shares were issued at a subscription price of NOK 45 per share. The group's equity increased by NOK 10,431 million during the course of 2007 and amounted to NOK 19,421 million at the end of the year.

The group's capital base, which consists of equity, subordinated loan capital, the market value adjustment reserve and additional statutory reserves, amounted to NOK 34.1 billion as per 31 December 2007 compared with NOK 24.1 billion at the end of 2006. The group's total capital base, including SPP's 'conditional bonuses', as per 31 December 2007 amounted to NOK 47.8 million. The group's capital adequacy was 9.2% as per 31 December 2007, and its core capital adequacy was 6.3%. The authorities' requirements are 8% for capital adequacy and 4% for core capital.

Storebrand ASA had total liquid assets of more than NOK 1.7 billion at the close of 2007, and also has available an undrawn long-term credit facility of EUR 225 million. Storebrand ASA has a bond issue of NOK 1.6 billion that falls due in 2009 and 2011. Storebrand ASA took out a loan of EUR 580 million in connection with the acquisition of SPP. The loan will be repaid when Storebrand Life Insurance issues new subordinated debt in 2008.

At the close of 2007, 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 confirmed the ratings of Storebrand Livsforsikring AS and Storebrand ASA in connection with the acquisition of SPP, however the rating outlooks were changed from stable to negative. Moody's rating has a stable outlook.

Storebrand Bank's rating was upgraded in 2007 by Moody from Baa2 to A2 (stable outlook). Standard & Poor's rating for Storebrand Bank was BBB+ (positive outlook).

Corporate responsibility

The industry winners in the future will be businesses that develop products and services in a way which unites global, social and environmental challenges with profitable growth. Storebrand's most important contribution to resolving the challenges faced by society must therefore be made through our core activities. The group has ensured that the focus on corporate responsibility will be strengthened further by ensuring that the area is directly represented in the executive management team from January 2008.

The 2007-2008 Corporate Social Responsibility Report describes the work done to achieve the goals we have set for ourselves (see se www.storebrand.no/samfunnsansvar). Some of the highlights in 2007, including the status of the around 40 goals we have set ourselves, are described in the article on corporate responsibility on page 14.

Among the highlights we should like to emphasise are the increased investments in microfinancing, the launch of an ethical hedge fund and our continued listing on sustainability indices, the Dow Jones Sustainability Index, FTSE4Good and Global 100, which is a list of the 100 most sustainable companies in the world. Development measures associated with the environment and the area of HR are described below.

The environment: 2007 was a year in which people focused on the climate and the environment, including in Storebrand. As well as systematically working to achieve the environmental targets we have set for ourselves, including with respect to energy, paper and water consumption, waste sorting and recycling, Storebrand took new steps to reduce the burden our business operations place on the environment. In June, we developed and launched, in partnership with the environmental

HALVOR STENSTADVOLD (63), independent advisor.
MSc Political Science, 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, Kreditkassen, Oslo. 1975-1979 Deputy Mayor and later Mayor of the Municipality of Bærum. 1974-1979 consultant, The Federation of Norwegian Industries. 1972-1974 assistant lecturer, University of Oslo. 2002- board member, Statkraft Group. 2000- board member, Storebrand ASA. 2005-2007 Chairman of the Board, The Oslo Stock Exchange (Chairman from 2006).1994-2000 Chairman of the Executive Board, The Research Council of Norway, 1994-2000 member of Board of Representatives, Storebrand ASA. 1986-1990 Chairman of the Board of NRK

foundation GRIP, a unique environmental and safety classification system for all types of cars. Storebrand is thus the first company in Norway to comply with the EU environmental standard for the classification of cars. Storebrand became the first financial institution to sign up to the The Norwegian Climate Campaign in 2007 – an action programme for business organised by the Norwegian Ministry of the Environment. In addition to actively working to reduce our CO2 emissions, developing products and services that help increase awareness of climate challenges and reducing emissions, Storebrand has decided to purchase UN certified climate quotas equivalent to our direct emissions as early as 2008. On 1 January 2008, Storebrand thus became the first climate neutral financial player in the Nordic region.

Human resources and organisation: Employment in the group, after the acquisition of SPP, totalled 2,219 employees at the end of the year compared with 1,455 at the start of the year. Employment is virtually equally split between male and female employees. The average age of the group's employees is 42, with an average length of service of 10 years. All Storebrand employees are treated equally, regardless of gender, age, disability, religious beliefs, 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: Storebrand places great weight on the development of its employees at all levels and we intensified this work in 2007. Tools for surveying competence and development plans for employees have been fully developed, and managers have undergone specific training in performance management and attaining goals. Managerial development has received extra attention in 2007. The company's managers undergo mandatory managerial training modules and an internal mentor programme for new managers has been introduced. Besides this, a special training programme is offered to young employees showing promise – the Young Professionals Programme (YPP). A significant increase in competence has been achieved within professional training. Our professional employees have, due to statutory changes within financial advice (MiFID) and occupational pensions (new insurance act), undergone skills training within these fields as well.

Gender equality/diversity: Storebrand is fully committed to increasing the number of women in senior management. In 2007, 44% of the members of the Board of Storebrand ASA were women. 37% of the group's managers are female. Women made up 11% of the group's executive management in 2007. This proportion has increased to 20% following changes to the group management model made in January 2008. 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 programme for female staff. 43% of the participants in internal development programmes were women. In 2006, the group participated in Futura, the Norwegian Financial Services Association's management training programme for women. This continued in 2007 and in 2008 the effort has been doubled. Storebrand insists that external recruitment consultants put forward both male and female candidates on short lists for management recruiting. Employee benefits, such as flexible working hours, extending full salary for sick leave to include attending to children or parents, and full salary during maternity leave, are seen as important measures in encouraging gender equality. Storebrand produces salary statistics at specified management levels to facilitate the comparison of salaries between male and female employees.

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

Senior policy: Storebrand is committed to offering a good senior policy. The group employed 34 employees over the pension age of 65 in 2007 compared with 21 in 2006. 30 new members of staff over the age of 45 were recruited in 2007. An increasing number (40%) of senior employees want to continue working after turning 65 years old, and 75% of all employees responded in the annual employee satisfaction survey that the staff are treated fairly regardless of age. Storebrand holds a significant number of seminars about senior policy for external parties every year.

Ethical guidelines: Storebrand updated its ethical guidelines in 2007, and developed new handbooks, which are also available online. In addition, ethical issues were a standard agenda item at all gatherings for new employees. Employees can seek advice anonymously from an ethics page on the Storebrand Intranet, and the company publishes its replies for all

ANN-MARI GJØSTEIN (45), employee elected.
Senior employee representative. Market Economist, BI Norwegian School of Management. 2001-2007, training manager and course consultant, Storebrand Bank. 1997-2001, financial advisor and funds advisor DnB. 2007- board member, Storebrand ASA.

employees to see. This can also be used by employees to anonymously communicate concerns directly to the Board of Directors.

Storebrand's ethical guidelines are distributed to and reviewed by all advisers in the group.

Sick leave: Storebrand has systematically worked to reduce sick leave over many years, and the group has participated in the 'Inclusive workplace' scheme since 2002. Sick leave in the group in 2007 was 4.6% compared with 5.1% in 2006. The target for 2008 is a sick leave rate of 4%. Internal guidelines, "If you fall ill", have been produced to support this work.

No injuries to people, property damage or accidents of significance were reported within Storebrand in 2007.

Corporate governance

Storebrand established its policy on corporate governance in 1998. The Board reviews these principles every year. In order to strengthen Storebrand's work on corporate governance further, a special 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 4 December 2007. 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 pages 31–35.

The Board carried out an evaluation of its work in 2007 in which the executive management team also participated. The Board held 21 meetings and one Board conference in 2007. The work of the Board is subject to a specific mandate. The Board has established advisory committees on remuneration and internal audit.

During 2007, the following changes in the membership of Storebrand's corporate bodies took place:

Board of Directors: Camilla M. Grieg was elected as a new board member to replace Mette K. Johnsen, who had been a member since 2003. Sigurdur Einarsson replaces Knut G. Heje as per 1 January 2008.
Board of Representatives: Ole Enger, Eli Sætersmoen and Petter Jansen retired from the Board of representatives. Terje Venold was appointed as the new chairman of the Board of Representatives. Trond Bjørgan and Karen Helene Ulltveit-Moe, both deputy members, became full members. Elin Korvald, Henrik O. Madsen and Einar Gaustad were elected as new deputy members.
Election Committee: Terje Venold was elected as the new chairman.
Control Committee: Carl Graff-Wang and Jon Ansteinsson retired from the Control Committee. Ole Klette 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 contributions they have made to the company.

Future prospects

In recent years, Storebrand has achieved solid profitability and strong competitiveness in an attractive and growing market for long-term savings and insurance. The acquisition of SPP expands the group's market area from one covering Norway to one covering the Nordic region. Storebrand has built up a solid financial and market basis for further positive growth. The company's future results will depend on developments in a number of areas, including social and macroeconomic developments, general conditions and the competitive situation in the sector.

The social developments in relation to Storebrand's areas of focus are regarded as positive. Changes in pension systems have increased the public's interest in pensions and other welfare benefits, and sales of long-term savings and insurance products and services are also being influenced by demographic trends. Increased life expectancy combined with people's wish to maintain a high standard of living during their retirement is creating demand for Storebrand's products.

The macroeconomic trends in the world generally, and in Norway and the Nordic region in particular, affect the financial markets, employment rates and income levels in the retail and corporate markets. These will in turn affect interest rates and share prices, the number of members in pension schemes, and the amount of money available for savings in society as

KNUT DYRE HAUG (52), employee elected.
Assistant Director, Retail Market, Storebrand Life Insurance. Officer's Training School, authorised insurance advisor. 2000- Storebrand Life Insurance. 1998-1999 Markets Director, Sparebank1 Livsforsikring. 1978-1998 various positions, Storebrand Life Insurance. 1990-2006 lecturer and author, BI Banking & Finance and BI Insurance. 2002- head of project committee for authorisations, FNH. 2007-, Chairman of the Board, Boligstiftelsen Ungdomsboliger in Asker. 2007- board member, Asker and Bærum housing cooperative. 2007- member, Board for Banking, Insurance and Finance Studies.

a whole. Storebrand has, through active risk management and adjusting its level of risk capital, prepared itself for possible instability in the stock and fixed income markets. It considers the macroeconomic situation in the Nordic region strong, despite the increased uncertainty in the global economy throughout 2007 and at the start of 2008.

On 1 January 2008, the general conditions for life insurance in Norway changed considerably with the introduction of new regulations for life insurance. The regulations significantly affect Storebrand's business model and the traditional pension products. Storebrand has worked intensively to adapt products and systems to the new regime, and provide extensive guidance to customers in connection with the transition. Storebrand believes that the new regulatory framework represents a positive development, and will permit greater flexibility and improve the group's quality of earnings.

The strong inflow of customers to Storebrand in recent years confirms the group's competitiveness, and provides a sound basis for a good level of sales going forward. In 2007, Storebrand launched a major initiative in the Norwegian market that will last for several years aimed at cross-selling the group's products and encouraging the group's existing customers to buy additional products. This initiative addresses both the retail market and individual employees in companies that have pension arrangements with Storebrand. The key goal in the Swedish market is to strengthen SPP's competitiveness further.

Storebrand has experienced accelerating pressure on margins in certain product areas, including in the lending market and in the market for mandatory occupational pensions in Norway. Storebrand is prepared for any further pressure on margins and continuously works to improve operational efficiency. Greater efficiency will ensure that Storebrand can handle increasing business volumes without an equivalent increase in costs. An extensive programme of further product improvement is underway, and will be rolled out across the entire Norwegian group during 2008. Storebrand anticipates significant effects from this. Productivity improvements and synergies have also been defined with respect to SPP's business.

At the start of 2008, Storebrand looks forward to an important year, especially with respect to the integration of SPP. The acquisition has resulted in the establishment of the leading Nordic provider of life insurance and pensions, and a strong platform for further growth. The acquisition makes it possible to take advantage of the complementary skills and experience in both companies, and through this achieve the planned synergies that follow from the transaction.

Storebrand's vision is to be the Nordic region's leading and most respected partner within long-term savings and insurance. The group's financial goals have been adjusted as a consequence of the acquisition of SPP.

Storebrand has, because of its long traditions and experienced and motivated employees, a good basis for successfully achieving the group's goals.

Application of the profit for the year

Storebrand ASA recorded a profit of NOK 696 million for 2007. During its discussion of the profit for the year in 2007, the Board of Storebrand ASA adopted a new dividend policy with an increased distribution ratio. The new dividend policy is as follows: "The dividend policy shall contribute towards providing shareholders with a competitive return and optimising the company's capital structure. The dividend to shareholders will normally represent more than 35% of the full-year profit after tax, but before amortisation costs. The Board wishes to have a dividend policy with a long-term horizon, and will aim for stable year-on-year growth in dividend per share."

Based on Storebrand's dividend policy, the Board of Storebrand ASA recommends that the annual general meeting approve a dividend of NOK 1.20 per share, excluding the company's holding of bought back shares, equivalent to NOK 534 million. The proposed dividend is based on the number of shares prior to the acquisition of SPP and the associated rights issue, since the acquisition took place at the end of 2007. The dividend is equivalent to NOK 2.18 per share in relation to the total number of shares prior to the issue.

Amounts in NOK million:	
To other equity:	162.6
Provision for dividend:	533.6

Distributable reserves amounted to NOK 3,728 million as per 31 December 2007.

Oslo, 12 February 2008
Translation – not to be signed

Leiv L. Nergaard Chairman of the Board	Halvor Stenstadvold	Sigurdur Einarsson	Camilla M. Grieg	Barbara Rose Milian Thoralfsson
Birgitte Nielsen	Knut Dyre Haug	Ann-Mari Gjøstein	Erik Haug Hansen	Idar Kreutzer Chief Executive Officer

Shareholder matters

The share capital, rights issue and shares

Shares in Storebrand ASA are quoted on the Oslo Stock Exchange (OSE) with the ticker code STB. Storebrand ASA's share capital at the start of 2007 was NOK 1,249 million. In connection with the acquisition of SPP, the company's extraordinary general meeting held on 24 October 2007 voted to conduct a rights issue of 200,090,786 new shares. Following the issue the share capital on 31 December 2007 amounted to NOK 2,249.5 million made up of 449,909,891 shares each with a par value of NOK 5.

The annual general meeting held on 25 April 2007 granted a mandate to the Board to buy back up to 10% of its own shares. Storebrand has used this mandate and as of 31 December 2007 the company held 5,263,700 of its own shares equivalent to 1.17% of the total share capital. The company has not issued any options that could dilute share capital.

Shareholders

Storebrand ASA is one of the largest companies listed on the OSE measured by the 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 12th largest company listed on the OSE at the close of 2007.

Share purchase arrangements for employees

Every year since 1996 Storebrand ASA has given its employees an opportunity to purchase shares in the company through a share purchase scheme. The objective of the scheme is to involve employees more closely in the company's value creation. Employees were also offered an opportunity to purchase shares in Storebrand in 2007. In March 2007, each employee was offered the opportunity to buy between 100 and 500 shares at NOK 65.11 per share. 46% of employees participated and purchased a total of 236,300 shares. See note 15 for information about the shares held by senior management.

Foreign ownership

As of 31 December 2007, total foreign ownership amounted to 75.7%. as compared to 70.6% at the end of 2006.

Geographic distribution of shares

At 31.12.2007		At. 31.12.2006	
Norway	24.30%	Norway	29.39%
Great Britain	20.86%	Great Britain	21.47%
Iceland	17.61%	USA	16.96%
Luxembourg	11.89%	Luxembourg	10.14%
USA	8.60%	Germany	5.47%
38 other countries	16.70%	36 other countries	16.57%

Turnover in the Storebrand share

Almost 540 million Storebrand shares changed hands in 2007 which was a small reduction compared to 2006. The value of shares traded in 2007 was NOK 39,338 million approximately equal to the same level as last year. This made Storebrand the 19th most traded share

20 largest shareholders at 31 December 2007

Shareholder	Account type[1]	No. of shares	%	Country
Gjensidige Forsikring	ORD	48 782 290	10.84	NOR
Kaupting Bank HF	ORD	44 964 004	9.99	ISL
Fortis Global Custod	ORD	24 909 453	5.54	ISL
Folketrygdfondet	ORD	22 593 091	5.02	NOR
Exista BV	ORD	21 134 610	4.70	NLD
ABN Amro Bank Luxemb.	ORD	20 000 000	4.45	LUX
Fidelity Funds – Europe	ORD	18 604 952	4.14	LUX
Exista BV	ORD	14 962 554	3.33	NLD
Bank of New York	NOM	12 644 900	2.81	GBR
State Street Bank & Trust	NOM	11 730 556	2.61	USA
Goldman Sachs International	NOM	9 061 796	2.01	GBR
Kaupting Bank	NOM	8 098 802	1.80	LUX
Bank of New York	ORD	7 871 137	1.75	USA
Citibank N.A.London	NOM	7 809 664	1.74	GBR
Citibank N.A.London	NOM	7 224 356	1.61	GBR
Credit Agricole Inv. Bank	NOM	5 749 569	1.28	FRA
Storebrand	ORD	5 263 700	1.17	NOR
JP Morgan Chase Bank	NOM	5 059 892	1.12	GBR
Dresdner Kleinwort S. Principal Acc.	ORD	4 939 815	1.10	GBR
Arion Costody	NOM	4 174 108	0.93	ISL

1 NOM indicates client account

on the OSE in 2007 in terms of value. In relation to the average total number of shares, the turnover rate for Storebrand's share was 186%.

Share price development

The Storebrand share produced a total return (including dividend) of -13% over the course of 2007. The OSE benchmark index (OSEBX) rose by 11% over the same period. Over the last three years, the Storebrand share has produced a total return of 41%. while the OSEBX index showed a return of 107% for the same period.

Dividend policy

Based on the company's dividend policy, the Board of Storebrand ASA recommends that the annual general meeting approve a dividend of NOK 1.20 per share, excluding the company's holding of bought back shares equivalent to NOK 534 million. The proposed dividend is based on the number of shares prior to the acquisition of SPP and the associated rights issue, since the acquisition took place at the end of 2007. The dividend is equivalent to NOK 2.18 per share in relation to the total number of shares prior to the issue.

The Board of Directors of Storebrand ASA has approved a new dividend policy that envisages distributing a higher proportion of earnings. The new dividend policy is as follows: "The dividend policy shall contribute towards giving shareholders a competitive return and towards optimising the company's capital structure. The dividend to shareholders will normally represent over 35% of the full-year profit after tax, but before amortisation costs. The Board wishes to have a dividend policy with a long-term horizon, and will aim for stable year-on-year growth in dividend per share."

RISK adjustment
(Only relevant for Norwegian shareholders)

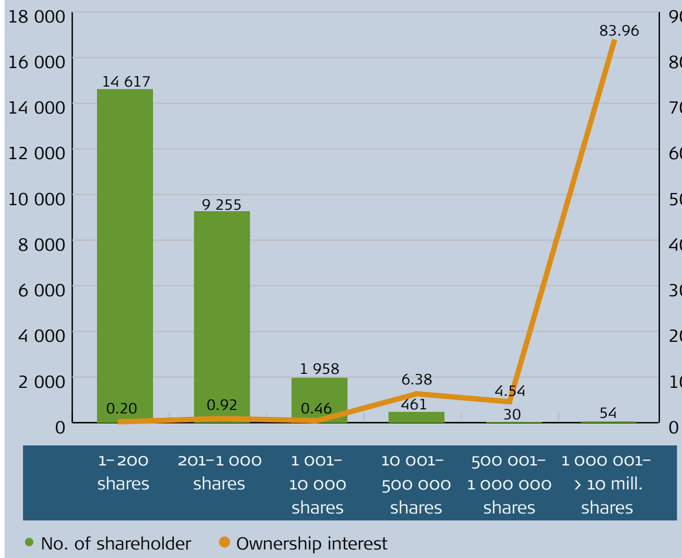
RISK amounts for shares in Storebrand ASA:

As at	RISK amount NOK	As at	RISK amount NOK
01.01.1993	-2.59	01.01.2000	0.49
01.01.1994	0.12	01.01.2001	1.88
01.01.1995	0.84	01.01.2002	4.99
01.01.1996	-0.14	01.01.2003	4.52
01.01.1997	0.75	01.01.2004	-2.21
01.01.1998	0.31	01.01.2005	-6.70
01.01.1999	-0.89	01.01.2006	-4.24

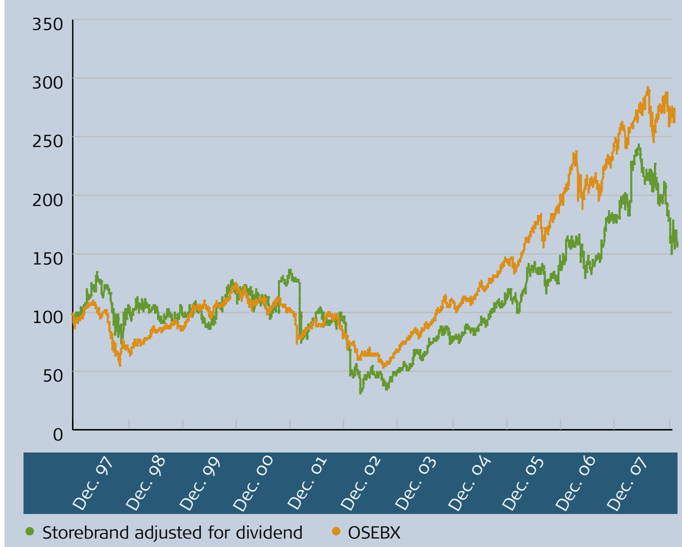
When shares are sold, the opening value/purchase price of the shares will be adjusted by the total of the RISK amounts during the period of ownership. An overview and summary of RISK-values together with selected historical acquisition values can be found at www.storebrand.no/ir.

On 1 January 2006, new rules came into force in Norway concerning the taxation of dividends and gains on shares held by private individuals. The new rules are termed the "shareholder model" and replace the previous RISK and tax credit systems. Under the new shareholder model, the amount of a dividend, less a standard deduction, is taxable, currently at 28%. If shares are sold, any unutilised

Analysis of shareholders by number or shares and ownership at 31 December 2007



Share price development



standard deduction can be deducted from the gain on sale. The standard deduction is calculated on the basis of the cost price of the share multiplied by the average three-month interest rate on treasury bills, which is effectively the risk-free rate of interest. The interest rate for calculating deductions in 2007 is set at 3.3%.

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 with connection this, the company has produced internal guidelines on 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 coordinating contact with analysts, the stock exchange, shareholders, investors and others.

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

General meetings

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

Shareholders' contact with the company

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

Financial calendar for Storebrand 2008	
23 April :	AGM
24 April :	Ex dividend
30 April :	1st quarter results 2008
12 August:	2nd quarter results 2008
20 October:	3rd quarter results 2008
February 2009:	4th quarter results 2008

Storebrand share (NOK)	2007	2006	2005	2004	2003
Highest closing price	87.37	68.30	55.87	49.15	36.63
Lowest closing price	54.60	48.10	39.49	33.94	17.22
Closing price on 31.12.	56.70	66.62	48.94	49.15	36.38
Market cap 31.12. (NOK million)	25 510	19 811	15 059	16 274	12 040
Dividend for the accounting year	1.20[1]	1.80	4.00	7.00	0.80
Annual turnover (1,000 shares)	540 207	564 195	516 323	471 331	372 970
Average daily turnover (1,000 shares)	2 161	2 248	2 041	1 863	1 492
Annual turnover (NOK million)	39 338	39 825	30 318	22 149	12 842
Rate of turnover (%)	186	222	187	169	134
No. of ordinary shares at 31.12. (1,000)	449 910	249 819	258 526	278 181	278 070
Earnings per ordinary share	7.95	6.03	5.41	8.49	2.67
Total return (%)	-13	44	13	38	67

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

1 In terms of the number of shares before the share issue, the dividend is equivalent to NOK 2.18 per share.

Corporate governance

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

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

In order to strengthen Storebrand's work on corporate governance further, a special 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 4 December 2007. The rules of the Oslo Stock Exchange 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 deviations 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 (pages 55–59), shareholder matters (sections 3, 4 and 5 of the CoP), and corporate responsibility (pages 14–17).

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

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

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

Storebrand launched its own principles for corporate governance in 1998, and views the Norwegian Code of Practice as a natural extension of 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 26. 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 on pages 14–17 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 26, 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 accounts and other specialised presentations, such as the capital market days that are held every second year.
Deviations from sections 1 and 2 of the Code of Practice: None

SHAREHOLDER MATTERS (CoP sections 3, 4 and 5)

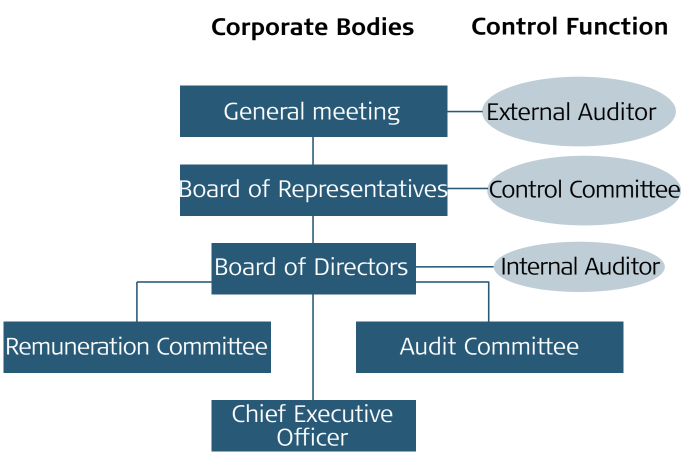
The Board continually monitors the company's capital adequacy in the light of its objectives, strategy and risk profile. The Board has established a clear and consistent dividend policy. The decision on payment of a dividend is made by the Annual General Meeting (AGM), based on a proposal put forward 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.

For a complete account of shareholder matters, see pages 28–30.
Deviations from sections 3,4 and 5 of the Code of Practice: None

STOREBRAND'S CORPORATE BODIES

Annual General Meeting (CoP section 6)

Storebrand ASA holds its AGM no later than the end of June each year. The 2007 AGM was held on 25 April. In addition, an extraordinary general meeting was held on 24 October 2007 in connection with the acquisition of SPP. All shareholders with known address receive written notice of the AGM by post, sent out no later than 14 days before the AGM. The notice calling the meeting includes supporting papers for all resolutions that will be considered by the meeting, including the candidates nominated by the Election Committee. The notice calling the meeting and supporting papers are published on the group's website 21 days before the general meeting.



All shareholders are entitled to attend general meetings, and arrangements are also made for proxy voting. Shareholders can only exercise their formal rights through the general meeting. Norwegian law does not permit shareholders to exercise their rights through what is known as "written consent" (formal group action outside the general meeting).
Deviations from section 6 of the Code of Practice: None

Election Committee (CoP section 7)

Storebrand ASA's Articles of Association regulate the company's Election Committee, which has four members. In accordance with the provisions of the Articles of Association approved by the AGM, the chairman of the Board of Representatives is a permanent member of the Election Committee and its chairman. The other members are elected by the AGM. The company's employees elect an observer to the committee, who participates as a full member in making recommendations for the election of the Chairman of the Board. The Election Committee is independent of the company's Board and management, and its composition 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.
Deviations from section 7 of the Code of Practice: Storebrand's Articles of Association stipulate that the chairman of the Board of Representatives is a permanent member of the Election Committee and is the committee's chairman. This means that the chairman of the Election Committee is not directly elected to this position by the AGM. However, the AGM elects 2/3 of the Board of Representatives, which elects the chairman. The arrangement is therefore assumed to satisfy the principle that the composition of an election committee should be decided by the AGM.

Board of Representatives (CoP section 8)

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

The duties of the Board of Representatives include making recommendations to the AGM on the Board's proposal for the annual report and accounts, electing the six shareholder nominated directors, including the Chairman, to the Board of Directors, determining the fees paid to the directors, issuing the mandate for the work of the Control Committee and considering reports from the Control Committee. The Board of Representatives is entitled to make recommendations to the Board of Directors on any matter.
Deviations from section 8 of the Code of Practice: None

Board of Directors (CoP section 8)

The Board of Directors of Storebrand ASA (the Board) has nine members, who up to now have been elected for a two-year term of office. From 2008 it will be proposed that the company's Articles of Association be amended such that the members of the Board are elected for a one-year term of office. Six members are elected by the Board of Representatives after considering recommendations made by the Election Committee. Three members are elected by and from the employees. The Chief Executive Officer of Storebrand ASA (the group's CEO) is not a member of the Board. None of the members elected by the Board of Representatives have any employment, professional or consultancy relationship with the group other than their appointment to the Board. CVs for the members of the Board are provided on pages 18–26 and on the group's website. The Board of Storebrand ASA satisfies the requirements concerning the independence of the Board stipulated in the Norwegian Code of Practice.
Deviations from section 8 of the Code of Practice: None

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

The Board meets at least nine times each year. In 2007, the Board held 21 meetings and one Board conference. The attendance records of individual Board members can be found on the group's website. The work of the Board is subject to a specific mandate. In order to ensure sound and well-considered decisions, meetings of the Board are well prepared so that all members can participate in the decision making process. The Board prepares an annual schedule for its meetings and the issues to be considered. The agenda 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 conducts an annual appraisal of its work, which is made available to the Election Committee for consideration in their work on candidates for the Board.

Board committees (CoP section 9)

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

The Remuneration Committee monitors the remuneration of the group's senior managers, and assists the Board in setting terms and conditions for the group's CEO. The Remuneration Committee held six meetings in 2007.

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 six meetings in 2007. The external and internal auditors participate in the meetings.
Deviations from section 9 of the Code of Practice: There is no requirement in legislation or the company's Articles of Association for the appointment of a Deputy Chairman to the Board of Storebrand ASA. The Board may elect a Deputy Chairman if it so requires. 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 unable to participate in a particular matter, the Board considers it sensible and appropriate to elect one of its members as chairman of the meeting in question as required.

Control Committee

The Control Committee of Storebrand ASA is a legal requirement, and has five members elected by the AGM. The committee is independent of the company's Board and management. Members are elected for a two-year term of office. The Control Committee is responsible for ensuring that the entire group conducts its activities in a prudent and proper manner. Particular attention is paid to close collaboration with the control committees of the group companies. The committee ensures that the group adheres to all relevant legislation and regulations, and that it operates in accordance with the Articles of Association and resolutions passed by the group's corporate bodies. The committee is entitled to look into any matter, and has access to all relevant documentation and information. The committee has the power to demand information from any employee and any member of the company's corporate bodies. The Control Committee met 10 times in 2007 and submitted a report on its work to the Board of Representatives on 6 March 2007. Storebrand Livsforsikring, Storebrand Skadeforsikring and Storebrand ASA have identical control committees. Storebrand Bank has its own control committee

GROUP MANAGEMENT

Internal management bodies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Management through group-wide policies and guidelines

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

Internal guidelines have been established for share trading by employees and insiders. The Storebrand group's Intranet also provides both rules and practical guidance on the security of information, contingency planning, money laundering and financial 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 all 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.
Deviations from sections 10 and 15 of the Code of Practice: None

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

The remuneration of the members of the Board is decided annually by the AGM. The fees paid to the members of the Board are not linked to profits, option programs or similar arrangements. The members of the Board do not receive incentive-based remuneration, but receive a fixed annual fee 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 carry out any duties for the company other than their appointment to the Board. More detailed information on the remuneration, loans and shareholdings of the members of the Board can be found in notes 12 (Group) and 15 (ASA) 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 from 2007 will be submitted to the AGM for required approval. The guidelines are available on the group's website. The salary and other remuneration of the CEO are decided by the Board. More detailed information on the remuneration, loans and shareholdings of the members of the executive management can be found in notes 12 (Group) and 15 (ASA) of the notes to the accounts. Members of the executive management are encouraged to hold shares in the company.
Deviations from sections 11 and 12 of the Code of Practice: None

Information and communications (CoP section 13)

The Board has issued guidelines for the company's reporting of financial and other information and for contact with shareholders other than through the AGM. The group's financial calendar is published both on the Internet and in the company's annual report. All reporting is based on the principle of openness and takes into account the need for the equal treatment of all participants in the securities markets, and the rules concerning good stock exchange practice. Further information can be found on pages 28–30.
Deviations from section 13 of the Code of Practice: None

Take-overs (CoP section 14)

The Articles of Association do not impose any restrictions on the purchase of shares in Storebrand. The Board has determined guiding principles on how a take-over bid will be handled. The Board will ensure that all shareholders are treated equally and have an opportunity to consider the presented bid. The Board will, as far as possible, obtain information about the bidder and make this available to all shareholders. The Board will also consider the bid and seek to issue a statement on the Board's assessment of the bid. The Board will in the event of any take-over bid seek, to the extent possible, to maximise the shareholders' assets.
Deviations from section 14 of the Code of Practice: None

Other matters

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

Further information on Storebrand's Corporate Governance can be found on www.storebrand.no/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.

Sitting from the left: Roar Thoresen, Göran Holgerson, Odd Arild Grefstad, Idar Kreutzer, Maalfrid Brath, Hans Aasnæs and Anders Røed. Standing from the left: Egil Thompson, Elin M. Myrmel-Johansen and Lars Aa. Løddesøl.

Storebrand's Executive Management

ROAR THORESEN (50), Executive Vice President, Chief Operating Officer. Programme for Executive Development (PED), IMD Lausanne, Master of Science, Naval Technology, Norwegian Institute of Technology (NTH), 2002–2006 Executive Vice President, Strategic Business Development, Storebrand ASA, 1989–2002 Consultant, Managing Partner and CEO, PA Consulting AS, 1986–1989 Vice President, Mandator AS.

GÖRAN HOLGERSON (47), Executive Vice President, SPP, Managing Director, SPP. A-Levels, Bromma Gymnasium. 2006–2007 Head of Business Area SPP and Deputy Managing Director, SPP, 2003–2006 Managing Director, SPP, 2002–2004 Integration Director, Handelsbanken Life and SPP, 1998–2002 Deputy Managing Director, Handelsbanken Life with responsibility for conversion to a plc.

ODD ARILD GREFSTAD (42), Executive Vice President, Chief Financial Officer. State Authorised Public Accountant and Authorised Financial Analyst (AFA), Norwegian School of Economics and Business Administration (NHH), 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.

IDAR KREUTZER (45), CEO. Master's degree in economics and business administration, Norwegian School of Economics and Business Administration (NHH), 1995–2000 CFO Storebrand, 1992–1995 various positions within corporate finance and internal audit Storebrand, 1988–1991 Director, Medinor Project, 1986–1987 Political Advisor, City of Oslo.

MAALFRID BRATH (42), Executive Vice President, Business Development. State Authorised Accountant, Norwegian School of Economics and Business Administration (NHH) and Master of General Business, Norwegian School of Management (BI), 2004–2007 Executive Vice President, Retail Market, Storebrand, 2002–2004 Executive Vice President, Storebrand Private Sector Distribution, 1999–2002 Senior Vice President, Storebrand Livsforsikring AS, 1997–2002 Managing Director, Storebrand Fondsforsikring AS, 1995–1996 Vice President, Internal Audit, Storebrand ASA, 1989–1995 Arthur Andersen & Co.

HANS AASNÆS (44), Executive Vice President, Long Term Savings and Asset Management, Managing Director, Storebrand Investments. Agronomist, Agricultural University of Norway, Advanced Studies Business Analysis, Norwegian School of Economics and Business Administration (NHH), Authorised Financial Analyst (AFA), programme for Executive development (IMD), 2001–2005 Investment Director, Storebrand Investments, 1994–2001 Head of Norwegian and International Equities, Storebrand Investments, 1990–1994 Derivatives Specialist, Orkla Finans.

ANDERS RØED (39), Chief Marketing Officer, Master's degree in economics and business administration, Norwegian School of Management (BI) and Ecole Superieur de Commerce de Paris (ESCP). 2004–2007 Marketing Director, Storebrand ASA, 2000–2004 Marketing Director, TINE BA, 2000 Sales Director, TINE BA, 1998–2000 Marketing Manager, TINE BA.

EGIL THOMPSON (43), Executive Vice President, Corporate Communications. Master of Science in Political Science, University of Oslo, 1999–2000 Deputy Director, Corporate Communications, Storebrand ASA, 1994–1999 journalist and head of editorial staff Aftenposten, 1990–1994 journalist, NTB.

ELIN M. MYRMEL-JOHANSEN (34), Executive Vice President, Corporate Responsibility. Master of Science in Political Science, University of Bergen, Master of Science in Comparative Politics, LSE, UK, 2005–2008 Manager, Corporate Responsibility, Storebrand, 2004–2005 Internal Brand Manager, Storebrand, 2002–2003 Acting Manager, Corporate Responsibility, Storebrand.

LARS AA. LØDDESØL (43), Executive Vice President, Life and Pension Norway, Managing Director, Storebrand Life Insurance. Master of General Business, Norwegian School of Management (BI), MBA, Thunderbird (AGSIM), USA, 2004–2007 Executive Vice President, Corporate Life (2003-2004 Senior Vice President, Storebrand Bank), 2001–2004 Executive Vice President, Finance Director, Storebrand ASA, 1994–2001 Vice President, Citibank International plc, 1990–1994 Asst. Treasurer, Scandinavian Airlines Systems.

Management report:

Financial performance and business development

This report provides an account of the Storebrand group's financial performance and business development in 2007 set against the background of historical performance and the trends apparent at the start of 2008. The strategic background for the acquisition of SPP can be found in a separate article earlier in this report.

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 otherwise stated		2007	2006	2005	2004	2003
Group	Group profit	2 020	1 585	1 453	2 555	894
	Earnings per ordinary share	7.95	6.03	5.41	8.53	2.67
	Return on equity[1]	24%	19%	17%	27%	9%
	Ordinary dividend per share	1.20	1.80	1.50	1.20	0.80
	Extraordinary dividend per share			2.50	5.80	
	Average number of shares (in million)	251.5	248.0	258.6	272.9	277.9
	Capital ratio	9.2%	10.6%	11.2%	15.3%	14.9%
Life Insurance	Total policyholders' funds (traditional life insurance)	241 757	146 155	134 515	121 066	108 760
	Total policyholders' funds (unit linked and defined contribution pension)	39 208	7 364	5 719	4 476	3 975
	Total premium income (excl. policy transfers) excl. SPP	16 578	13 069	16 805	15 822	9 754
	Balance of pension transfers (incl. unit linked) excl. SPP	1 056	5 260	564	-758	1 493
	Operating costs at % of policyholders' funds[2] excl. SPP	1.21%	1.10%	1.10%	0.96%	1.00%
	Booked investment return excl. SPP	8.86%	7.12%	6.89%	6.41%	7.26%
	Value-adjusted investment return (excl. unrealised gains on hold to maturity bonds) excl. SPP	7.26%	8.28%	7.55%	7.19%	8.84%
	Risk capital in excess of minimum requirement (excl. unrealised gains on hold to maturity bonds) excl. SPP	15 512	16 773	13 583	11 053	8 941
Bank	Net interest margins	1.07%	1.32%	1.59%	1.69%	1.85%
	Cost/ income	70%	76%	62%	84%	87%
	Deposits/ loans	47%	43%	42%	48%	55%
	Gross lending	37 096	31 181	26 758	24 047	22 661
	Retail mortgages as proportion of total lending	64%	54%	55%	55%	48%
	Volume of non-performing and loss-exposed loans	448	533	754	909	1 717
	Loan loss provisions as % of non-performing and loss-exposed loans	68%	81%	64%	62%	49%
Storebrand Investments	Total funds under management	227 356	216 900	204 800	165 000	158 800
	Of which funds under management for external clients	57 661	54 800	49 700	25 400	38 500
	Percentage of total funds under management invested in equities	23%	22%	23%	21%	17%
	Ratio of external funds under management retail/ institutional clients (%)	14 / 86	19 / 81	20 / 80	26 / 74	17 / 83
	Total net new business	2 867	3 200	23 300	1 600	800
	Cost/ income[3]	65%	64%	91%	86%	93%

Figures for 2004-2007 are based on IFRS. Figures for 2003 are based on NGAAP.
1 Post-tax profit/ (Opening equity – provision for dividend – 50% of own shares pruchased during the year)
2 2007 includes 14 basis points and 2005 includes 10 basis points of non-recurring costs in respect of pensions
3 Including net financial income and other income.

The group's strategic development

The overall strategy has been expanded to include Nordic life insurance and pensions. With SPP as an integrated part of the business, the Storebrand group's vision has changed to: "Storebrand´s objective is to be the leading and most respected institution in the Nordic market for long-term savings and insurance."

This vision indicates that Storebrand's long-term ambition is to be a leading Nordic player within the group's core areas.

At the same time, the group is determined to be a "respected institution". This means that the growth targets will be attained by continuing the work on customer satisfaction with competent, motivated staff and by taking its corporate responsibilities seriously.

A vision has been defined for SPP that results in a different geographic and product-related scope compared with the group's vision: "SPP shall be Sweden's leading and most respected institution within pensions". SPP's vision means that it should deliver the same enhanced value as the rest of the group.

The market for financial services is becoming increasingly complex, as can been seen from the changes in customer composition, the competitive situation and the general conditions. The customers have differing needs, and their priorities vary as far as products and services models are concerned. The general conditions are undergoing significant change, exemplified by the new legislation for life insurance in Norway, the international Solvency II regulations, the opening up of the transfer market for occupational pensions in Sweden and stricter requirements concerning competence within investment advice (MiFiD).

Storebrand has positioned itself in recent years to meet these challenges, and to take advantage of the new opportunities the market offers. The overall strategy has remained the same and within our core activities our attention has been focused on the following areas:

- Satisfactory financial situation
- Continuous efficiency improvements
- Satisfied customers and profitable products
- Competent and motivated staff
- Continuing our work on corporate responsibility

Strategic priorities: The Storebrand group is facing continuous changes in the competition situation and general conditions. This is making great demands with respect to changes in the organisation, core processes and IT systems. Storebrand has focused on cross selling, competitiveness (productivity) and the new life insurance act throughout 2007. This work will be continued in 2008, but there will be greater emphasis on the group's opportunities for growth. The following areas have the greatest strategic value for the group:

- Financial security and pension savings products for the employees of corporate customers (pension schemes) and the retail market
- Investment advice for affluent retail customers
- The sale of financial services through direct channels
- The corporate responsibility profile of the products and the group

The implementation of the new corporate structure in January 2008 is an important means of realising this customer oriented focus within the aforementioned areas.

Aggressive adaptation to important changes in regulatory framework: The major changes taking place in the regulatory framework will affect nearly all parts of Storebrand. The biggest changes are taking place within the area of life insurance and a brief description of the most important regulatory changes and Storebrand's responses is provided below.

Pensions reform in Norway: In the spring of 2007, the Norwegian parliament adopted new principles for earning and drawing a state retirement pension. The settlement agreed in the spring of 2007 clarifies how pension rights will be earned and how the new state pension can be drawn. The government has also announced that it intends to conduct an overall assessment of the need for changes in the laws governing occupational pensions in the private sector. The pension reform comes into force in 2010, and the occupational pensions legislation must be amended to take account of the changes to the national insurance pension scheme. Storebrand's goal is to increase its competitiveness as a consequence of this by developing new customer solutions and good customer communication. As far as expectations are concerned, the sector will in general have a short space of time in which to adapt between the stipulation of the regulations and their implementation.

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

Statutory, individual tax-stimulated pension saving in Norway: A draft new act concerning individual pension saving (IPS) will be presented and dealt with in the Norwegian parliament, before the summer of 2008. Storebrand has actively worked with the political parties in this case and was represented on the Banking Law Commission's working group ("Think Tank") which drafted the new act. The main features of the new regulations appear to be that individuals will have an annual savings limit of NOK 15,000 and that the tax deduction will represent 28 per cent of the amount paid in. The draft act facilitates individual additional savings for the group pension schemes. This provides important opportunities for Storebrand, which has about 200,000 mandatory occupational pension scheme (OTP) members with defined contribution pensions. In addition, the draft act allows more transfers and the merging of different types of pension rights (IPA, IPS and paid-up policies). This provides further new opportunities for Storebrand.

The opening up of the transfer market for occupational pensions in Sweden: In 2007, the Swedish government allowed certain occupational pension schemes to be transferred between players in the market. However, because of a fear of tax leaks to other countries, the ability to transfer was stopped until the tax authorities had come up with satisfactory solutions. In December 2007, the authorities reported that satisfactory reporting routines had been established and that the transfer of contributions-based occupational pensions would be permitted from May 2008. Storebrand expects the competition dynamic in the Swedish occupational pension market to be significantly affected, which SPP will target aggressively.

New regulations for life insurance were introduced in Norway at the start of 2008. These are described in more detail on pages 49–50.

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). Due to the acquisition of SPP, the life insurance activities, including occupational pensions, now constitute a relatively large proportion of Storebrand's exposure and capital, and asset management is even more important. Basel 2 and Solvency II entail a greater emphasis on financial capital management since assets and liabilities must be valued at their fair value.

Increased focus on corporate responsibility: Storebrand has systematically worked on corporate responsibility for more than 13 years. We have set new targets and developed group standards for corporate responsibility in Storebrand by continuously developing and improving.

Storebrand is well positioned and among the leading companies in Norway and the world in this area, which its qualification for the DJSI, FTSE4Good, Global 100 and Global Challenges Index confirms. Storebrand has also ensured that the group is among the world's leaders within socially responsible investments. In its future work, Storebrand will prioritise maintaining its leading position, and profiting further from this in its sales work. This work includes clear goals and follow-up, improved customer communication and product development.

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 capital market. The group's financial goals were adjusted in February 2008 due to the acquisition of SPP. The adjusted objectives represent a sound and efficient use of capital, increased productivity, and growth in profitability and dividends

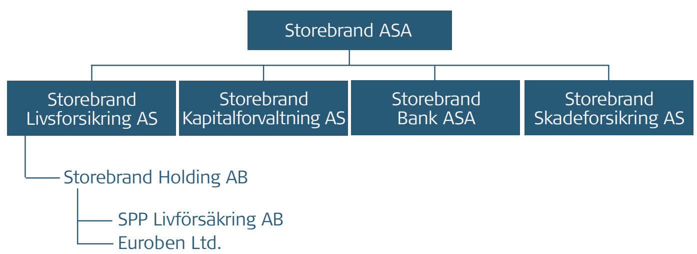
Return on equity after tax[1]	15%
Annual dividend as percentage of group profit[1] after tax	>35%
Capital adequacy – banking	>10%
Life insurance company solvency margin	>150%
Life insurance company rating	A level
Administration result for products not subject to profit sharing (traditional group pension Norway)	>0
Cost/income (C/I) Storebrand Investments in 2009	< 50%
Cost/income (C/I) banking activities in 2008	60%

1 Profit before amortisation of SPP transaction related intangible assets.

The return on equity target is expected to be attained from the end of 2009.

Group structure and management reporting

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



In addition to the presentation of consolidated profit and loss account on page 62, the group result can be analysed by business area as shown in the table on the next page. The life insurance figures include 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 and Storebrand Alternative Investments ASA. Other activities comprise the holding company Storebrand ASA and Storebrand Skadeforsikring AS, with its subsidiary Oslo Reinsurance Company ASA.

The SPP transaction was concluded on 21 December 2007. No significant accounting effects occurred during the period up to the end of the year. It was therefore consolidated into the accounts based on the equity in the SPP group as per 31 December 2007. The acquisition therefore has no effect on the profit in 2007. The Storebrand Life Insurance group's balance sheet as per 31 December 2007 is Storebrand Holding AB's balance sheet with the consolidation of underlying companies.

Group profit in 2007

NOK million	2007	2006	2005	2004	2003
Life insurance	1 635	1 198	1 229	941	800
Asset management	138	156	24	47	22
Banking	235	190	241	121	-137
Other activities[1]	12	41	-41	1 446	209
Group profit	**2 020**	**1 585**	**1 453**	**2 555**	**894**
Change in P&C security reserves etc.	9	0	10	16	66
Profit before tax	**2029**	**1 585**	**1 463**	**2 571**	**960**
Tax	-20	-79	-41	-218	-169
Profit for the year	**2 009**	**1 506**	**1 422**	**2 353**	**791**

Figures for 2004–2007 are based on IFRS. Figures for 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 group reported a profit of NOK 2,020 million for 2007 compared to NOK 1,585 million in 2006. Earnings per share, based on the average number of shares outstanding, amounted to NOK 7.95 in 2007 and NOK 6.03 in 2006. Further information about the individual business areas can be found on pages 41–55.

Capital situation

Storebrand pays particular attention to the active management of its equity and borrowings. This management is tailored to the business' financial risk and capital requirements in which the composition of its business areas and their growth will be an important driver for the group's capital requirements. The goal of the capital management is to ensure an effective capital structure and reserve an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements.

The group has set long-term targets for the capital ratio of its banking activities to be 10 per cent and the life insurance solvency margin to be at least 150 per cent. 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 1.7 billion at the close of 2007. Storebrand ASA also has an undrawn long-term committed credit facility of EUR 225 million. At the end of the year, Storebrand ASA had a net debt ratio of 22 per cent. The increase in relation to 2006 was due to the taking out of a syndicated loan for NOK 4.6 billion in connection with the acquisition of SPP. The loan will be repaid when Storebrand Livsforsikring AS takes up a new subordinated loan in the market. The solvency margin in the Storebrand Life Insurance group at the end of the year was 136 per cent. The reduction in the solvency margin was due to the acquisition of SPP and consolidation effects due to the acquisition. Storebrand Bank's capital adequacy was 10.5 per cent and was thus above the internal target of 10 per cent.

The table below shows the development in key capital figures for the group:

Storebrand's capital situation – key figures	2007	2006	2005	2004	2003
Storebrand group:					
Capital adequacy:	9.2%	10.6%	11.2%	15.3%	14.9%
Core capital adequacy:	6.3%	7.7%	7.8%	10.9%	9.9%
Storebrand ASA:					
Net debt ratio[1]:	22%	-4%	-9%	-29%	15%
Storebrand Life Insurance group:					
Capital adequacy:	10.0%	9.7%	11.0%	14.5%	15.9%
Core capital adequacy:	5.9%	6.5%	7.0%	9.0%	9.4%
Solvency margin:	136.1%	174.6%	175.9%	174.3%	158.8%
SPP:					
Solvency margin:	178%	310%	140%	139%	124%
Storebrand Bank ASA:					
Capital adequacy:	10.5%	11.0%	10.4%	13.8%	12.3%
Core capital adequacy:	7.9%	8.8%	8.2%	11.6%	9.8%

1 Net debt ratio is debt minus liquid assets divided by assets minus liquid assets. Calculated in accordance with IFRS (2003 is based on NGAAP).

Storebrand ASA's dividend policy shall 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 2008 AGM should approve a dividend payment for 2007 of NOK 1.20 per share, representing a total distribution of NOK 534 million. The dividend has been proposed on the basis of the number of shares prior to the acquisition and accompanying share issue, which took place at the end of the 2007. Seen in relation to the number of shares prior to the issue the dividend is equivalent to NOK 2.18 per share.

Storebrand ASA repurchased 1 million of its own shares in 2007 at an average price of NOK 92.88 per share, representing a total cost of NOK 93 million. The shares were purchased through the stock exchange over eight trading days. The company sold 236,300 shares in connection with the share purchase scheme for employees, raising a total of NOK 15 million.

In connection with the acquisition of SPP, Storebrand ASA conducted a share issue in December that resulted in a net increase in equity amounting to NOK 8,670 million. 200,090,786 new shares were issued at a subscription price of NOK 45 per share. The share capital was correspondingly raised to 449.9 million shares. In 2007, the annual general meeting gave the Board authority to purchase up to 10 per cent of its own shares until the annual general meeting in 2008. At the end of 2007, Storebrand owned 5.3 million of its own shares.

Tax

In recent years, the Storebrand group has experienced low tax costs. In Norway, the normal tax rate for limited companies is 28 per cent, while the effective tax rate for the group in 2007 was 1 per cent. Storebrand's tax rate is affected by several factors that result in a departure from the normal tax rate. The largest deviations are associated with the activities of Storebrand Life Insurance, which has permanent differences linked to investments in shares within the EEA area. According to the taxation exemption principle, gains and dividends from such shares are not taxable, and similarly losses on such shares are not tax deductible. Given 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.

At the end of 2007, there was a basis for entering into the balance sheet a deferred tax asset of NOK 11.5 billion. Please refer to note 7 in the consolidated annual accounts.Tax losses carried forward was NOK 12 billion and tax allowances was NOK 1.4 billion. Tax allowances can be carried forward for 10 years, but expire if not used within this period. The deferred tax asset is recognised in the balance sheet when it is likely that the companies in the group will in the future have a sufficient taxable basis to utilise the tax asset. The basis for the deferred tax asset has been written down by more than NOK 12 billion in the annual accounts for 2007, and this is due to the uncertainty about whether future taxable income will reach a level that will allow the tax losses carried forward to be used. The consolidated accounts contain a net deferred tax asset of NOK 0.4 billion, which was due to a deferred tax asset arising in connection with the acquisition of SPP.

Storebrand has acquired a major business in Sweden with the acquisition of SPP. The losses carried forward cannot be utilised across national borders and the Swedish business will be assessed on an independent basis when it comes to tax. SPP was purchased by a Swedish holding company financed by both equity and a subordinated loan. The tax rate and payable tax in the Swedish business will be affected by the interest costs of the loan in the holding company, the organisation of the asset management business and the amortisation of intangible assets. It is expected that the tax costs for the Swedish business will be limited.

INFORMATION ABOUT THE BUSINESS AREAS

Life insurance activities

Acquisition of SPP

On 3 September 2007, Storebrand signed an agreement with Handelsbanken concerning the take-over of SPP as well as associated companies, including the fund management company SPP Fonder and Euroben. The acquisition was approved by Storebrand's Board of Representatives and an extraordinary general meeting in October 2007. Approval was granted by the Ministry of Finance on 16 November 2007. The transaction was completed on 21 December 2007. SPP is a leading Swedish life insurance and occupational pensions provider. SPP provides unit-linked products, traditional insurance and defined benefit pension products, as well as advice services that cover occupational pensions and insurance, and administration solutions for municipalities and other organisations. With the acquisition of SPP, Storebrand will create the leading life insurance and pensions provider in the Nordic region with proforma premium income for 2007 amounting to NOK 27 billion. Storebrand has a two-year option to take-over Handelsbanken's remaining occupational pension business in Handelsbanken Liv, and has signed a three-year agreement to be the exclusive provider of occupational pensions in Handelsbanken's network of branches.

No significant accounting effects occurred between the time the transaction was concluded and up to 31 December 2007. It was therefore consolidated into the accounts based on the equity in the SPP group as per 31 December 2007. The acquisition therefore has no effect on the profit in 2007.

The trends within the Nordic and European markets for life and pension insurance reinforce the basis for establishing transnational activities. The harmonisation of general conditions and products make the transnational synergies clearer and easier to realise. In addition, the new regulations result in capital synergies from geographic diversification. Concrete effects have been defined in a number of areas that entail that Storebrand and SPP can benefit from each other's strengths and experience. For example, SPP will be able to draw on Storebrand's long experience in the pensions transfer market when the Swedish market is expected to permit the transfer of pension schemes in the spring of 2008. SPP's product scale and long experience from the provision of unit-linked products will benefit Storebrand during the Norwegian market's transition from traditional policies to unit-linked products. Please also refer to the separate article about SPP on pages 10–13.

Storebrand Life Insurance (Norwegian activities)

Market and strategy

The strong position will be developed further. 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 29 per cent in terms of policyholders' funds in the Norwegian life insurance market. This market is expected to grow significantly, and Storebrand intends to develop its position by delivering customer-oriented and attractive product solutions.

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 it won in 2007, as well as the high level of customer satisfaction reported by the Norwegian Customer Barometer 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 76 per cent of Storebrand's policyholders' funds as per 31 December 2007, while individual pensions and life insurance products represented 24 per cent of total policyholders' funds. In terms of profit to the owner, group pension insurance contributed 65 per cent, personal life insurance products contributed 29 per cent and group life insurance contributed 6 per cent in 2007.

With the introduction of mandatory occupational pensions (OTP) in 2006, when around 700,000 employees received occupational pensions, the majority of employees in the private sector are now covered by defined contributions based occupational pension schemes. The last few years have been characterised by an increasing transition from defined benefit based pension to defined contributions based pensions. The most important factor for companies that implement this restructuring is more predictable costs.

Defined contribution pensions accounted for only 2 per cent of the occupational pensions market in 2002. During 2007, the number of employees covered by defined contribution schemes surpassed the number covered by defined benefit schemes. However, in terms of the value of accumulated pension assets, defined benefit schemes will continue to dominate for the foreseeable future.

The market for paid-up policies is set to grow strongly in future years because of the introduction of mandatory employers' pensions and increasing numbers of companies switching from defined benefit to defined contribution schemes. Paid-up policies are individual insurance policies that are issued when a group defined benefit scheme is wound up or when an employee leaves a company with a defined benefit scheme. 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. In recent years, Storebrand has made significant savings in the cost of managing paid-up policies through improved efficiency.

The Norwegian pension reform will be implemented in 2010. The pensions settlement agreed in the Norwegian parliament in the spring of 2007, clarifies how pension rights will be earned and how the new state pension can be drawn. The government has presented proposal amendments to legislation that will implement the settlement. The job of adapting to the new state pension will start once these legislative amendments have been passed. Among the changes that will affect the occupational pension schemes are the new earnings rules that will make one's final pay level less relevant as a basis for a pension, and a flexible retirement age.

The pensions settlement agrees to introduce a new scheme for tax-stimulated individual pension saving (IPS). The annual savings limit will be NOK 15,000 and the tax rules will be the same as for earlier individual pension saving (the IPA scheme), i.e. a tax credit equivalent to 28 per cent of the paid in amount. Payments will be taxed as pension income. People will be able to link individual pension saving to the occupational pension scheme. This enables, for example, employees with OTP to simply supplement the employer's saving on an individual basis. The scheme will apply with affect from the 2008 tax year. A group project has been set up to establish IPS and ensure a good market position.

Storebrand wants to stimulate an increased focus on health, safety and the environment (HSE) by our customers' in both the private and the public sector. A systematic focus on HSE results in better satisfaction and improved life quality for employees. The corporate customers will experience better value creation and lower sick leave costs, as well as lower insurance premiums. Lower sick leave and fewer new people on disability pensions will also result in substantial savings for society as a whole. Our HSE advice helps corporate customers to improve their working environments and reduce sick leave. In the case of 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 to municipalities and other public sector entities.

Throughout 2007, Storebrand has increased the number of products bought by each individual customer and this work on cross-sales will continue in 2008. Customer satisfaction, customer loyalty and the duration of customer relationships increases with the number of products. The increase in the number of product relationships will result in more satisfied customers and at the same time increase earnings. Gaining 200,000 new OTP customers during the course of the last two years has provided us with a very good basis for succeeding with cross-sales. The new IPS product will be an important cross-sales product in 2008 and beyond.

The introduction of the EU directive "Markets in Financial Instruments Directive" (MiFiD) on 1 November 2007 is affecting players in the savings market. The directive provides consumers in the savings market with greater protection and prohibits providing advice without a licence. Advisers are also obliged to investigate the customer's financial situation and conduct various tests to assess which products are best suited for the customer. In the second half of the year, Storebrand actively worked to implement the MiFiD regulations, and the new routines have been well received by advisers and customers.

Work on improving the efficiency of customer service and settlement systems continued in 2007. The objective of this program is to address efficiency in all units before the start of 2009. The target is to improve efficiency by more than 20 per cent in all these units. Improvements of over 30 per cent have already been achieved in some of the business processes. Improving efficiency also plays a role in ensuring that the company can cope with growth in the company while at the same time improving customer satisfaction.

Financial results for 2007

The total contribution of profit from the life insurance activities to group profit pursuant to IFRS amounted to NOK 1,635 million in 2007 compared with NOK 1,198 million in 2006. The following table shows the breakdown of this profit contribution between the life insurance business areas.

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

Norwegian insurance companies are not currently permitted to prepare their accounts in accordance with IFRS. Except as otherwise

Analysis of results by class of insurance Storebrand Livsforsikring AS

NOK million	Group pension retail	Group pension corporate	Group life-insurance	Individual endow-ment insurance	Individual pension insurance	Non-life insurance	Total 2007	Total 2006	Total 2005
1. Financial income	9 147	1 532	70	1 354	1 975	19	14 097	11 191	9 123
2. Guaranteed yield	-4 052	-616	-4	-623	-915		-6 209	-5 668	-4 764
- of which transferred to premium reserve	-131	-20			-7		-158	0	-125
3. Interest result	**5 095**	**917**	**66**	**731**	**1 060**	**19**	**7 887**	**5 523**	**4 359**
4. Risik premium	511	87	424	409	-94	161	1 499	1 303	1 245
5. Risik supplement	-314	-63	-375	-272	56	-124	-1 092	-998	-798
6. Net reinsurance etc.	-96	0	-27	-4	0	-36	-163	-84	-84
7. Risk result	**101**	**24**	**23**	**133**	**-38**	**2**	**244**	**220**	**363**
8. Administration premium	611	106	64	251	188	36	1 257	1 154	1 024
9. Operating expenses	-873	-134	-77	-430	-311	-102	-1 927	-1 705	-1 354
10. Administration result	**-261**	**-28**	**-13**	**-180**	**-122**	**-66**	**-669**	**-551**	**-330**
11. Change security fund	-13	-2	-3	-1	1		**-18**	-18	-11
Reserve strengthening	-2 605	-350			-350		**-3 305**		
12. Gross result by sector (3+7+10+11)	**2 316**	**561**	**74**	**683**	**550**	**-46**	**4 138**	**5 175**	**4 381**
13. Transferred to policyholders' funds	-1 565	-436		-437	-360		**-2 797**	**-3 994**	**-3 215**
To(-)/from(+) owner's equity:									
-net return on share capital[1]							672	579	491
-0.40% of policyholders' funds							613	567	521
-risk margin earned by owner's equity							50	49	47
-other							6	-15	107
14. Pre-tax profit							**1 341**	**1 181**	**1 167**

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

Of which: products with investment choice	2007				
NOK mill.	Group pension	Individual endow-ment	Individual pension	Total	Total 2006
Interest result	-2.8	-0.8	-2.6	-6.2	63.1
Risk result	-0.2	0.4	1.0	1.2	3.4
Administration result	-58.3	7.9	11.9	-38.5	-142.8
Transfer to security fund		-0.7	0.2	-0.5	-0.5
Gross result by sector	**-61.3**	**6.8**	**10.5**	**-44.0**	**-76.8**

Surplus/deficit on result elements solely for the company›s account stated, the following comments apply to accounting figures prepared in accordance with Norwegian accounting legislation and accounting regulations for insurance companies.

Financial results for life insurance		
NOK million	2007	2006
Storebrand Life Insurance group	1 365	1 182
IFRS effects	258	8
Other life insurance business	13	7
Total for life insurance	**1 635**	**1 198**

Analysis of results – explanatory notes: The 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 2007 was 3.5 per cent. The risk result arises because of the incidence of mortality and disability during the period differing from that assumed for the premium tariffs. The administration result shows the difference between the administration premium charged and actual operating costs.

Good operating result and profit for owner: Operating profit for 2007 was NOK 4,138 million compared with a profit of NOK 5,175 million in 2006. The profit allocated to policyholders was NOK 2,797 million (including NOK 400 million allocated to additional statutory reserves) and the profit to the owner was NOK 1,365 million. The good result for policyholders means that pensions currently in payment and fully paid-up pension policies will be adjusted. NOK 152 million of the owner's profit comes from risk coverage products not subject to profit sharing compared with NOK 135 million in 2006. In addition, insurance products with investment choice generated a loss of NOK 44 million compared with a loss of NOK 77 million in 2006. New premium and allocation tariffs are being introduced in 2008 that take into account the increased life expectancy among policyholders that has been observed in recent years. The premium reserves increased by NOK 3,305 million in 2007, which contributed to the reduced operating profit.

After IFRS effects of NOK 258 million, the Storebrand Life Insurance group produced a pre-tax profit in 2007 of NOK 1,623 million. The profit was affected by a one-time effect of NOK 215 million that was due to a write-back of an earlier expense booked against equity pursuant to IFRS and linked to pension costs included in the allocation of profit model in the life insurance company. The profit is equivalent to a 28 per cent return on equity for Storebrand Life Insurance in 2007, which is somewhat better than the return on equity in 2006 and 2005.

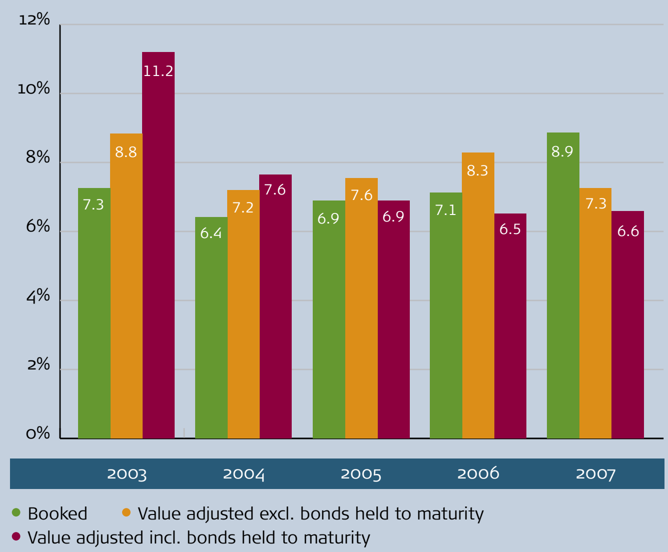
Growth in premium income in most areas: The total premium income for 2007, excluding premium reserve transfers, was NOK 16,578 million. This represents an increase of 27 per cent on 2006 when the total premium income was NOK 13,069 million. Within policies with investment choice, group pension insurance was up by 66 per cent due to the increase in customers within mandatory occupational pensions (OTP), while there was a fall in individual policies of 21 per cent. In the case of group pension policies involving defined benefit schemes and group life insurance there were increases of 21 per cent and 8 per cent, respectively. Individual endowment insurance increased by 28 per cent. Individual annuity/personal pension products increased by 94 per cent compared with 2006. P&C insurance (within the life insurance regulations) increased by 6 per cent.

Good net pension transfer inflows. Storebrand Life Insurance saw net inflows of pension reserves of NOK 1,056 million in 2007. Pensions sold well in the corporate market and reported but yet to be recognised transfers amount to NOK 3.1 billion. The retail market experienced good sales of pension, savings and risk products.

Satisfactory investment return, solidity and risk capital. Storebrand Life Insurance produced a satisfactory investment return in 2007. The booked investment return for 2006 was 8.9 per cent compared with 7.1 per cent for 2006. The value-adjusted return on current asset investments was 7.3 per cent compared with 8.3 per cent in 2006. The value-adjusted return including financial fixed assets was 6.6 per cent in 2007 compared with 6.5 per cent in 2006. At the close of 2007 unrealised gains on current asset investments totalled NOK 3,889 million, while unrealised gains on bonds held to maturity totalled NOK 40 million. The overall increase in unrealised gains in 2007 was NOK 3,086 million.

The life insurance company's risk bearing capacity was satisfactory at the close of 2007. The solvency margin was 136.1 per cent compared with 174.6 per cent at the close of 2006. Capital adequacy in 2007 was 10.0 per cent while the minimum required is 8 per cent. Primary capital in the capital adequacy and solvency margin capital increased due to the share issue and subordinated loan, but was reduced by intangible assets from the SPP transaction.

Development in investment returns:



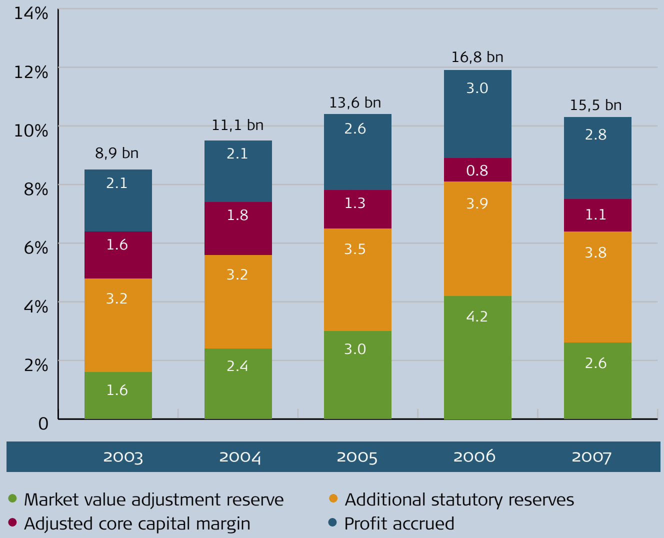
Risk result: The risk result for 2007 was NOK 244 million compared with NOK 220 million in 2006. The increase of NOK 24 million relates to the improved results for the individual sectors as a whole and for the public sector group pensions. The P&C insurance sectors were at around the same level as the year before, while there was a small reduction for retail market group pension insurance and group life insurance.

Costs: The administration result showed a loss of NOK 669 million, which represents a deterioration of NOK 118 million from 2006. The administration result for products with profit sharing amounted to minus NOK 359 million.

Storebrand Life Insurance incurred operating costs of NOK 1,927 million in 2007 compared with NOK 1,755 million in 2006. The difference of NOK 172 million was principally caused by reduced result-dependent investment management fees and an increase following the recognition in the profit and loss account of estimate deviations in our own pension scheme. Policyholders' funds, excluding insurance products with investment choice, increased by 7 per cent in 2007. Costs relative to average policyholders' funds were 1.21 per cent in 2007 compared with 1.10 per cent in 2006. 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. The customer fund for policies involving investment choice increased by 21 per cent in 2007 and amounted to NOK 8,929 million.

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 400 million in 2007 to stand at NOK 5,757 million at the end of 2007. 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 2008.

Risk capital in NOK mill. and % of customers' funds excl. additional statutory reserves:



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

Changes to the investment portfolio: It is Storebrand Life Insurance's investment strategy to make efficient use of risk capital in order to optimise the expected investment return for the company and its policyholders. The company accordingly increased its equity exposure, including derivatives, from 28 to 26 per cent over the course of 2007. The proportion of Norwegian shares in the equity portfolio decreased in 2007 from around 15 to 4 per cent. The proportion of the portfolio allocated to Private Equity increased to just under 4 per cent. Hedging programs were again used for the equity portfolio in 2007 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 2007, reflecting the low level of international interest rates at the start of the year. The increases in interest rates seen

Investment return and asset allocation Storebrand Livsforsikring AS

	2007				2006	
		Asset allocation			Asset allocation	
(NOK million) Portfolios	Return %	Market value	%	Exposure[1]	Market value	Exposure[1]
Total invested assets	7.3%	166 294				
Securities	**7.3%**	**126 874**	**82.2%**	**83.1%**	**85.1%**	**85.3%**
Shares	9.8%	34 712	22.5%	26.3%	24.8%	25.5%
Bonds	3.8%	30 100	19.5%	18.5%	20.4%	20.2%
Money market in total	3.1%	16 556	10.7%	10.2%	9.3%	9.2%
Hold to maturity bonds	5.4%	45 506	29.5%	28.0%	30.6%	30.4%
Real estate	24.7%	25 279	16.4%	15.6%	13.4%	13.2%
Loans	5.5%	2 188	1.4%	1.3%	1.5%	1.5%

1 *Exposure is adjusted for derivative holdings in separate portfolios*

both in Norway and internationally in 2007, with the exception of the USA, 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 with respect to changes in interest rates.

A smaller proportion of the company's unrealised gains on bonds comes from the portfolio of government and government guaranteed bonds held to maturity. The hold to maturity portfolio represented 22 per cent of total investment assets at the close of 2007, with an average duration of around 4 years and an average effective yield in excess of 5.4 per cent of booked value.

The allocation of assets to real estate increased over the course of 2007 from around 13 to 15.6 per cent. The value of the real estate portfolio was written up by NOK 2,975 million in 2007, partly due to an increase in the value of the portfolio and partly against the background of inflation adjustment.

Financial results SPP (including Euroben)

The result described below consists of the SPP group as well as Euroben, and does not include the result from the asset management activities.

SEK million	2007	2006
Administration income	1 006	938
Administration cost	-888	-893
Administration result	118	45
Risk result	217	352
Financial result	-435	1 582
Other	289	238
Pre-tax profit	**189**	**2 217**
Tax	43	-40
Profit after tax	**232**	**2 178**

The administration result was SEK 118 million in 2007 compared with SEK 45 million in 2006. This was due to an increase in costs associated with marketing and consultancy help, among other things. The risk result for 2007 was SEK 217 million compared with SEK 352 million in 2006. The reduction since 2006 is explained by a lower result from sickness insurance due to the reduced premiums at the start of 2007. The risk result also includes value changes in allocations for sickness insurance. Changes in the market value due to increased interest rates also contributed to the lower result compared with 2006. The administration and risk result are recognised in their entirety as the owner's pursuant to the profit sharing model in SPP.

The total return in SPP's investment portfolio was 0.4 per cent in 2007 compared with 6.8 per cent in 2006. In total, the owner's share of the financial result was a loss of SEK 435 million for 2007. The market trend in the fourth quarter combined with the portfolio and hedging structure in SPP contributed to the negative result. The new investment strategy and portfolio structure is designed to neutralise the effects of an equivalent market trend in the future.

Other result elements amounted to SEK 289 million for 2007 compared with SEK 238 million for 2006. This result consists of the return on equity, costs of subordinated loans, and write-downs with respect to intangible assets.

Premium income saw an improvement in 2007 and increased by 7 per cent from 2006 to SEK 8,561 million. New policies increased by SEK 2.4 billion during the course of 2007, an increase of 21 per cent. "Conditional bonuses" (the policyholders' buffer capital) at the end of 2007 amounted to SEK 13,865 million. Euroben has corresponding "conditional bonuses" which amounted to SEK 2,442 million at the end of the year. The total insurance reserves at the end of 2007 amounted to SEK 125 billion (NOK 112 billion), of which SEK 31 billion (NOK 27 billion) was placed in mutual funds.

The solvency margin at the end of 2007 was 178 per cent. The fall from 310 per cent from the end of the previous year was primarily due to the payment of extraordinary dividends to Handelsbanken during the year. The insurance reserves for traditional business were distributed as follows: 66 per cent of the assets in interest-bearing securities and the remainder primarily in Swedish and international equities.

Financial results for other life insurance activities

Storebrand Helseforsikring AS: Storebrand Helseforsikring, in which Storebrand ASA owns 50 per cent, reported an operating profit of NOK 25 million for 2007 compared with NOK 17 million in 2006. The company offers treatment insurance in the corporate and retail markets. Premium income for health insurance products increased by 18 per cent in relation to 2006, and totalled NOK 199 million for 2007. The growth in premiums earned for own account was equally divided between Norway and Sweden.

EV – Market Consistent Embedded Value

This section provides information on the disclosure of the embedded value (EV) 2007 for Storebrand Life Group. It includes business written in Storebrand Livsforsikring AS (SBL) and the recently acquired Swedish life insurance business SPP (including Euroben Ltd.).

Storebrand adopted the European EV Principles for the year-ends 2004 to 2006. During 2007, the methodology has been revised from the previously applied top-down approach to allowing for risk via a bottom-up market consistent approach.

An EV is an actuarially determined estimate of the value of the company excluding any value attributable to future new business. The calculation of EV requires the use of a number of assumptions with respect to the business, operating and economic conditions, and other factors, some of which are determined by economic conditions and financial markets. Storebrand has published a separate EV report with more detailed information. Storebrand's EV report is developed in collaboration with the actuarial firm Tillinghast and in accordance with the principles of the CFO Forum.

Overview of results. The results in this section are presented in NOK. An exchange rate of 0.84 has been applied to amounts in SEK consistent with the annual accounts of Storebrand Group.

The total EV as at 31 December 2007 for the life insurance business of Storebrand Group after capital movements is NOK 29,940 million. The present value of future profits amounts to NOK 28,412 million (including look-through profits of NOK 4,156 million), while shareholder surplus is NOK 7,478 million and cost of capital is NOK 248 million. The EV is reduced by a cost of volatility of NOK 5,701 million.

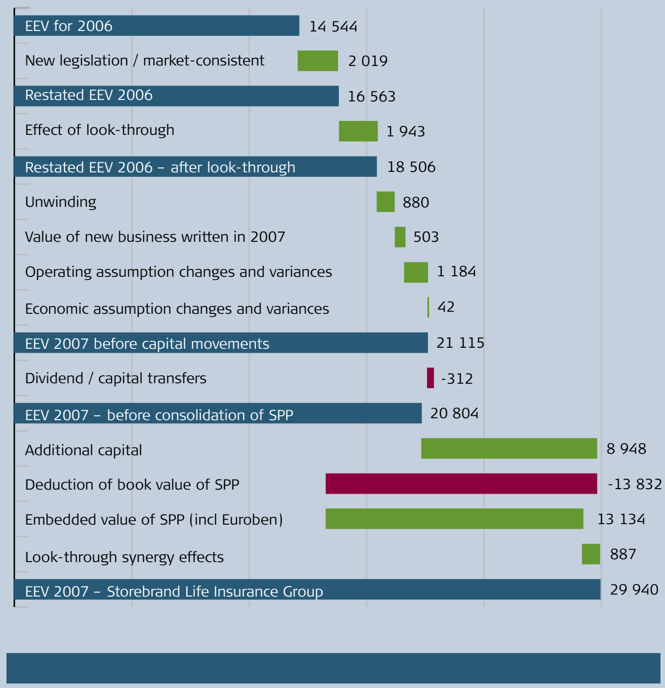
NOK million	MCEV 2007
Total shareholder surplus at market value	7 478
Cost of capital	-248
Present value of future profits	24 256
Cost of volatility	-5 701
Look-through profits	4 156
Total embedded value	**29 940**

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

2007 embedded value earnings analysis. The EV and EV earnings shown in this section represent SBL only, unless stated otherwise.

The movement from 31 December 2006 to 31 December 2007 shows EV earnings of NOK 2,609 million (before acquisition of SPP, synergy effects, dividend and other capital transfers and after taking into account look-through profits for SBL). This represents a return on opening EV of 14 per cent.

EV analysis 2007



The interest on opening value only represents the unwinding of the risk-free rate used to discount future profits, and is applied to the restated EV at 31 December 2006 (after look-through).

The value of new business written in 2007 (based on year-end 2007 assumptions) increases the EV by NOK 503 million. The value of new business is based on a marginal approach, meaning that the change in cost of volatility of the in-force business at year-end due to writing new business is attributed to the new business.

EV history

NOK million	SBL				SPP	Life Group
	EEV 2005	EEV 2006	MCEV 2006	MCEV 2007	MCEV 2007	MCEV 2007
Total shareholder surplus at market value	5 512	5 977	5 977	6 931	5 431	7 478
Cost of capital	-711	-986	-102	-106	-142	-248
Present value of future profits	8 614	10 813	13 831	16 864	7 392	24 256
Cost of volatility	-1 158	-1 259	-3 143	-4 863	-839	-5 701
Look-through profits	-	-	1 943	2 863	1 292	4 156
Tax	-232	0	0	0	0	0
Total embedded value	**12 025**	**14 544**	**18 506**	**21 690**	**13 134**	**29 940**

Operating variances and assumption changes mainly relate to the following: Within non participating business changes in expenses and charges have a negative effect, while shareholder margin on fee based business has increased due to change in reserving bases. The net effect of this is an increase in EV of NOK 0.7 billion. Overall decrement experience in group pension business has been better than expected with a positive impact of NOK 0.4 billion on the EV.

Economic assumption changes and variances can be split into the following main effects: The increase in interest rates in 2007 has lead to higher expected returns and higher expected profits for the shareholders. This is partially offset by the fact that profits are discounted using the higher interest rates. The net effect increases EV by NOK 1.2 billion. At the same time the implied equity volatility has increased leading to a higher cost of volatility, having a negative EV effect of NOK 1.2 billion. In aggregate, the impact of these effects is an increase in the EV of only NOK 42 million.

Of the total shareholder profit for the year 2007 of NOK 1.3 billion, NOK 1.0 billion has been retained in the shareholder capital and NOK 0.3 billion has been paid out as a dividend.

The impact of the acquisition of SPP in late 2007 can be divided into the following components:

- The issue of additional capital of the net sum NOK 8.9 billion
- The deduction of the book value of SPP in SBL's accounts of NOK 13.8 billion
- In the next step, the EV of SPP of NOK 13.1 billion at 31 December 2007 is added
- As the last step, synergy effects have been taken into account to reflect the proportional decrease of expenses in Storebrand's asset management company due to the additional assets under management from SPP which will be transferred before the end of 2008. The increase of the EV of NOK 0.9 billion only reflects the higher assumed look-through profits induced by the business of SBL.

Value of new business (VNB). As SPP was acquired close to end-of-year, no separate analysis has been performed on the value of new business.

The value of new business shown below relates only to the new business written in SBL.

Value of new business (VNB):

NOK million	VNB 2007
Present value of future profits comprising	518
- fee based business	260
- 20/80 portfolio	104
- 35/65 portfolio	53
- non-participating business	101
Cost of capital	-1
Cost of volatility[1]	-107
Look-through profits	93
Value of new business	503

1 Cost of volatiltiy is calculated on marginal method

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

EV sensitivities:

NOK million	Total MCEV	Change	Change in %	Value of new business[2]	Change	Change in %
Base	**29 940**			**503**		
1. Interest rates +1%[1]	31 412	1 472	4.9%	501	-2	-0.4%
2. Interest rates -1%[1]	27 094	-2 846	-9.5%	472	-31	-6.2%
3. Equity market values -10%[2]	28 354	-1 586	-5.3%	498	-5	-0.9%
4. Equity and property market values -10%	27 724	-2 216	-7.4%	404	-98	-19.6%
5. Salary and expense inflation + 0.5%	30 360	420	1.4%	529	27	5.3%
6. Maintenance expenses -10%	30 598	659	2.2%	517	14	2.7%
7. Mortality rates -5% – annuity business	29 263	-677	-2.3%	503	0	0.0%
8. Mortality rates -5% – life business	30 109	169	0.6%	523	20	3.9%
9. Lapse rates +10%	29 111	-829	-2.8%	465	-38	-7.5%

1 Change in market value of unit funds not considered
2 Value of new business for SBL only

New Norwegian life insurance legislation

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

New opportunities in asset management

Before the new regulations came into force, Storebrand decided on behalf of its customers how the pension assets would be managed and all the assets were in the same portfolio. Under the new act corporate customers with defined benefit based pension schemes will have more say about the classes of equities and risk. The new legislation also allows the group portfolio to be divided into sub-portfolios with different equity compositions and risks.

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 policies 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. A customer can choose an investment profile with a low equity exposure and therefore lower risk of losses, though this may also result in a lower expected return. A higher exposure to equities would result in a higher expected return and higher contributions to the premium fund, but also a higher price for the interest rate guarantee. 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.

Corporate customers that choose a special investment portfolio will have greater freedom of choice. They can choose between standardised risk profiles or almost freely choose investments within the limits that follow at any given time from the act and regulations. The corporate customers can thus define their investment policy almost as if the management was taking place via a pension fund.

The new legislation also permits a new type of long-term policy. The 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 and if necessary, equity can be used to ensure satisfactory reserves during the agreed guarantee period. The regulations governing guaranteed returns over a number of years provide greater room for reaching agreements between the customers and the company, meaning one can, among other things, agree that the customer will assume a greater portion of the risk in return for a reduced premium.

New rules for the use of profits

The new insurance act means that in the case of group defined benefit pensions and newly established guaranteed individual products, the profit shall go to the customer. The various elements of the pension provision are priced separately in advance and every price element can contain a profit element for the insurance company.

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

Individual products that were provided by the company prior to the coming into force of the act can be continued in accordance with the profit rules that applied prior to 2008, and Storebrand intends to continue managing these assets in accordance with this regime.

New rules for premium payments

Premium for the interest rate guarantee:

The premium shall be calculated for one year at a time and paid in advance, unless agreement has been reached to pay it in instalments.

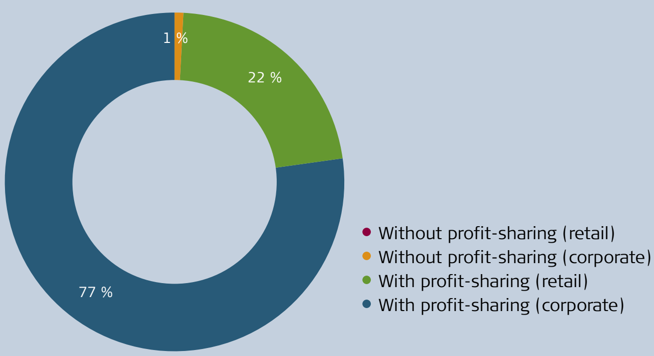
The corporate customer pays for the interest rate guarantee in advance each year. This means that the profit in the company cannot be obtained in arrears by retaining parts of the interest profit from the group pension policies. It will still be possible to make statutory provisions that in years with low rates of return can be used to offset a shortfall in return between zero per cent and the guaranteed return. The statutory reserves must be distributed across the individual policies. The insurance act stipulates the maximum size of additional statutory reserves. The owner 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 guaranteed interest rate will depend on factors such as the level of buffer capital associated with the policy, the level of exposure to equities in the portfolio, the level of the guaranteed interest rate and the current market situation, including the level of interest rates. Before 2008, there was no specific premium for the interest rate guarantee and it was paid for through the allocation of profit between the company and its policyholders.

Risk premium:

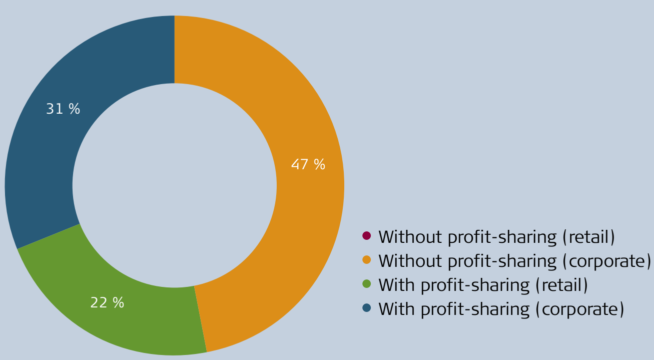
The corporate customer will receive any surplus from the risk result achieved on insurance cover for death, disability and dependants in the pension policy, but the insurance company will itself be responsible in principle for meeting any deficit vis-à-vis the risk result. There is, however, provision for up to half of any risk surplus on a particular line of insurance to be held in a risk equalisation fund. Deficits 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 every year with final effect for the corporate customer. The insurance company must then meet any deficit in the administration result, and similarly any surplus is retained by the company. Where a policy's assets are managed in the investment trust portfolio, the price of asset management must also be shown as a separate element of the overall charge.

Allocation of reserves prior to implementation of the new legislation 31-12-2007



Allocation of reserves following implementation of the new legislation 01-01-2008



Asset management activities

Market and strategy

Storebrand Investments offers a complete asset management concept that includes discretionary portfolio management of Norwegian and international securities, global special products with absolute return targets, as well as effective management of market risk. Today, Storebrand Investments is Norway's leading private asset manager. Storebrand's acquisition of SPP provides great opportunities in the form of increased volumes, the realisation of synergies and increased value creation in the asset management activities in the years ahead.

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 227 billion of assets under management at the close of 2007. 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. All the funds that Storebrand manages itself are subject to guidelines concerning corporate responsibility and are managed by a well-established team of investment managers consisting of managers with extensive experience. In 2007, Delphi Verden (World) was ranked as the best global equity fund measured by return. The purpose of the fund is to achieve the highest possible return by utilising the whole world as its investment universe. The fund's investment strategy is based on trend analyses. The fund has a cutting edge investment strategy that focuses on the sectors that are considered the best at any given time.

Meeting new customer requirements: Storebrand Investments expects to see increasing demand from its customers for new types of products. Innovation is important and Storebrand Investments offers both sophisticated savings products and simple guaranteed products. Over the course of 2007, the company has developed several new products to meet the needs of its customers. Guaranteed savings products have particularly been in focus due to the new insurance law. Storebrand Garantikonto was launched on 4 January 2008 and guarantees the customer a minimum return on paid in funds. The funds are invested in a portfolio, which is actively managed by Storebrand Investments and primarily comprises equities, bonds and property.

Institutional customers: In 2007, Storebrand Investments gained 44 new institutional customers. A special key customer unit containing highly qualified investment advisers serves institutional customers. Investment strategies are tailored in consultation with the customers to meet the customers' financial objectives, investment horizons and risk profiles. Our strong positions within the municipality, pension fund and organisation segments were maintained in 2007, and our emphasis was on good customer service. The strategy of directing the sales focus at private investment companies has been successful and will be continued in 2008.

In 2007, the business area, in cooperation with the department for operational services, experienced a positive trend with respect to sales of investment support services, Storebrand Investment Operation Services. Many new customers chose to utilise Storebrand Investments' system platform for management carried out by the customer itself or other external managers during the year.

Automation: Storebrand Investments constantly strives to simplify its procedures, and standardise and automate its work processes from investment decisions through to settlement, control and reporting. This focus has improved both the cost effectiveness and scalability of its activities, and ensured a robust and flexible asset management platform that can produce stand-alone asset management products as well as manage the complex and flexible investment profiles offered through defined contribution pension schemes. Throughout 2007, the company focused strongly on limiting the complexity and ensuring the scalability of operations. This has been especially important with respect to the successful implementation of the new insurance act.

The acquisition of SPP facilitates the further utilisation of the operational efficiency in Storebrand Investments, including the potential for extracting significant synergies.

A good return, but not at any price: Storebrand is conscious of how its own and its customers' funds are managed. Storebrand wants to use its role as an investor and owner in such away that in the long-term the company can contribute to a more sustainable development. The objective of this work is not to exclude companies, but to encourage changes for the better. Storebrand has developed analysis methods for selecting the best companies based on corporate responsibility criteria. The goal is to achieve the best possible return, but not at any price, and in Storebrand's experience the return on investments has not been negatively affected by the corporate responsibility requirements. Storebrand will not invest in companies who contribute to violations of human rights, breaches of labour rights, corruption, serious environmental damage, or the production of landmines, cluster bombs, nuclear weapons and tobacco. The company will also refrain from investing in companies that are among the 10 per cent worst in the most high-risk industries, or which in some other way have unacceptable business practices. The criteria apply to both shares and bonds in Norway and internationally. A special team in Storebrand Investments monitors these criteria. More than 2,600 companies are monitored continuously and, as per 31 December 2007, 87 companies have been excluded pursuant to the Storebrand's group standard for corporate responsibility criteria. Storebrand's group standard for socially responsible investments will also be implemented for the assets associated with SPP.

Financial results for 2007

Storebrand's asset management activities produced an overall pre-tax profit of NOK 138 million in 2007 compared with NOK 156 million in 2006. The result was affected by high fixed and volume based income due to the increase in assets under management. Nonetheless, total income has fallen compared with 2006 due to low performance-based income during the period. Good costs control resulted in low total costs and produced a solid operating margin.

Asset management activities

NOK mill.	2007	2006
Total revenue	331	399
Total costs	-259	-280
Net financial items	14	7
Storebrand Alternative Investments	52	30
Pre-tax profit	**138**	**156**

Income: The company's income primarily comes from management fees, fixed and performance-based, and sales commission. Total income fell by 17 per cent compared with 2006. The primary explanation for this is the low level of performance-based income. Performance-based fees were lower than 2006 and this fall can be ascribed to the relatively low return in discretionary portfolios. A significant increase in assets under management has contributed to an increase in fixed and volume based fees of NOK 47 million. This constitutes an increase of 18 per cent compared with the year before. Storebrand Alternative Investments (SAI) contributed a profit of NOK 52 million to the asset management activities compared with NOK 30 million in 2006.

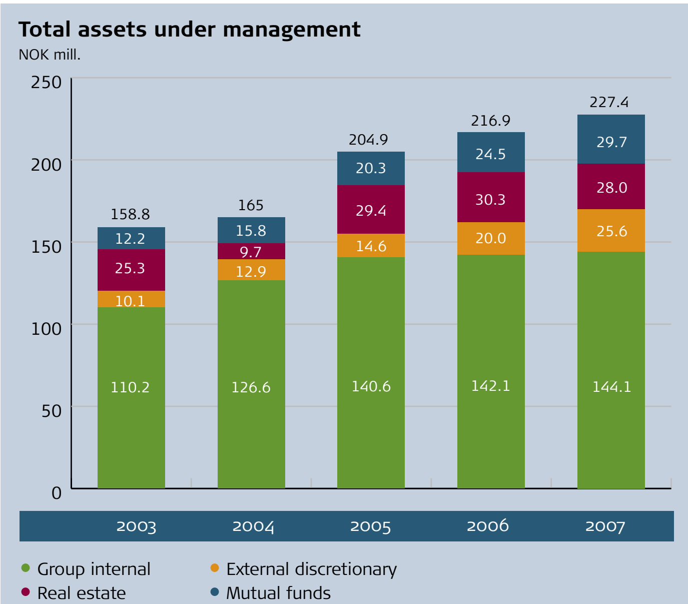
Costs: Total costs fell by 8 per cent compared with 2006. This reduction can primarily be ascribed to lower result-based costs that are largely associated with the performance-based income. The operating costs rose by 3 per cent, which is equivalent to NOK 6 million. The increase in costs was largely due to items that are driven by the increase in assets under management. Systematic and focused work has successfully helped the company improve the operating margin. Fixed costs as a share of the fixed and volume-based income have improved from 79 per cent in 2006 to 69 per cent in 2007. Total costs as share of total income (including SAI) have however increased from 64 per cent in 2006 to 65 per cent in 2007. This was due to lower total income due to lower performance-based fees than in 2006.

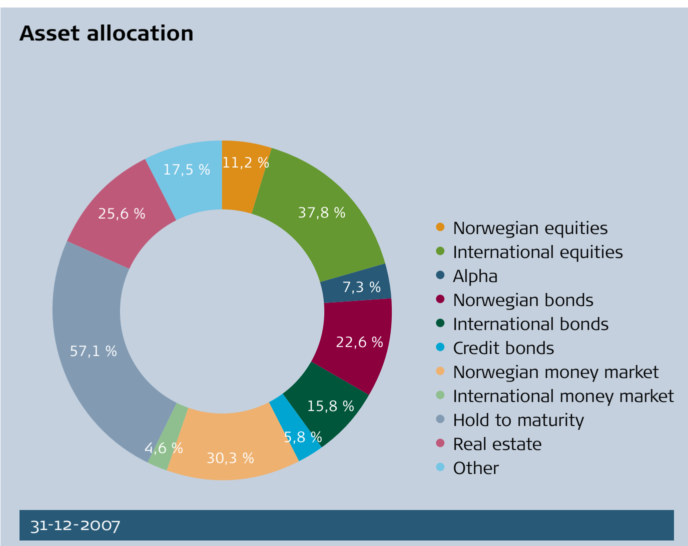
Increase in assets under management: Assets under management increased by NOK 10 billion in 2007. The total assets under management amounted to NOK 227 billion at the end of the year. The inflow of assets under management was especially affected by developments in the property market as well as the inflow of capital during the year. Despite the tax benefits from saving in equity funds and the positive development in the equity markets in recent years, the level of interest in equity funds in the retail market is still low in Norway compared with Sweden and Denmark. Norwegian retail customers had placed NOK 142 billion in mutual securities funds at the end of the year. The net realisation in the retail market amounted to NOK 6.4 billion in 2007.

Storebrand Investments turned a net outflow of NOK 300 million in 2006 into a net inflow of NOK 300 million in 2007. The fixed income funds saw the greatest inflow with a net inflow of NOK 700 million in 2007 compared with a net outflow of NOK 130 million in 2006. The total assets under management from the Norwegian retail market customers amounted to NOK 11.4 billion as per 31 December 2007.

Storebrand Investments' market share of Norwegian registered mutual securities funds at the close of 2007 was 9.8 per cent, which is a slight fall from 2006. The assets managed by Storebrand in Norwegian registered mutual funds increased by NOK 4.3 billion (12 per cent).

Total assets under management and the asset allocation





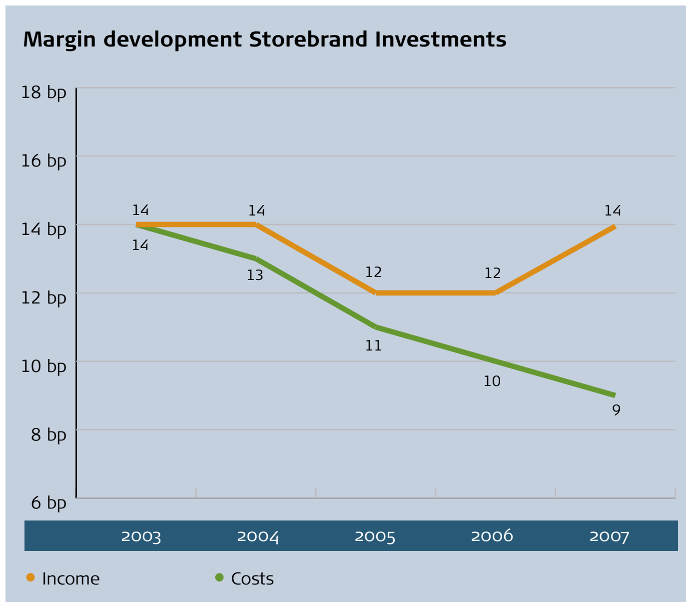
Return: The 2007 stock exchange year started with growth, but changed in character due to the instability in the credit markets in the last six months of the year. The situation at the end of the 2007 is a substantially more uncertain market than was the case at the same time the year before.

Storebrand Investments' performance in 2007 was lower than the results for 2006. Storebrand Investments manages NOK 145 billion for Storebrand Life Insurance. The return on this portfolio was weak in 2007. This was principally due to the relatively weak return in the fixed income and money market portfolios and the weak results in portfolios exposed to the North American equity market. However, the relative return on Norwegian equities has been strong.

The performance of Storebrand's funds was varied in 2007. The return was good in the money markets and the fixed income funds. In addition, Norwegian equities and Delphi Verden pulled the return up. The return on Storebrand Verdi was 16.6 per cent in 2007, while the return on Delphi Verden was 12.5 per cent.

Increased margins: Storebrand Investments' experienced a further improvement in operating margins. The assets under management increased by 5 per cent, while the operating costs only rose by 3 per cent, as illustrated in the graph below. A solid underlying operating margin provides a good basis for future growth and the utilisation of the potential associated with the SPP transaction.

Margin development Storebrand Investments



Banking

Market and strategy

A modern bank: Storebrand Bank ASA's objective is to be the "the smart choice for the modern customer". The bank aims to be seen as a bank that is easy to relate to, with popular products at competitive prices. The banking group has total assets of NOK 41.9 billion and 215 employees.

A year characterised by progress: 2007 was characterised by progress for Storebrand Bank, with respect to both the competitive situation and profitability. The 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 from NOK 31.2 billion in 2006 to NOK 37.1 billion in 2007. The upward trend in customer numbers that started with the launch of free daily banking in 2005 continued in 2007. At year end 2007 the bank had 70,710 retail customer accounts and total assets of NOK 41.9 billion. The quality of the total lending portfolio at the end of the year was good.

The bank holds a strong position within the corporate customer segment with respect to the professional property market, including property developers and owners. This position improved in 2007, while at the same time a new strategy was drawn up for the area with the primary goal of expanding the range of services for corporate customers. Storebrand Bank's objective is to be a complete provider of financial services to property investors in key districts.

Storebrand Markets: Storebrand Markets was established as a new business area in 2007 to ensure sufficient strength behind the property venture, increase the range of products and thus increase other non-balance sheet driven income. The business area includes the product areas currency, stockbroking and structured savings products, as well as commercial real estate brokering through Hadrian Eiendom AS. In addition to this comes corporate finance advice with a focus on business property. In February 2008, Storebrand Bank ASA started offering online share trading.

Financial results for 2007

The Storebrand Bank group reported a profit before loan losses of NOK 156.8 million in 2007, compared with NOK 143 million in 2006. Loan and guarantee losses and write-downs represented a net write-back of NOK 78.2 million (net write-back of NOK 47 million in 2006). The profit for the year for the banking group was NOK 169.6 million, compared with NOK 147.3 million in 2006.

Storebrand Bank		
NOK million	2007	2006
Net interest income	413	419
Net fee and commission income	58	32
Other income	46	47
Operating expenses	-360	-355
Loan losses and write-downs	78	47
Pre-tax profit	**235**	**190**
Post-tax profit	**170**	**147**

Lower net interest income: Net interest income amounted to NOK 413.2 million (NOK 418.8 million). Net interest income as a percentage of average total assets amounted to 1.07 per cent (1.32 per cent) in 2007. Net interest income showed a falling trend in 2007, mainly due to pressure on margins, credit instability 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 57.9 million in 2007, compared with NOK 31.9 million in 2006. The increase results from the successful launch of new savings products. Other operating income amounted to NOK 45.9 million, compared with NOK 46.8 million in 2006.

Operating expenses: Operating expenses totalled NOK 360.2 million (NOK 354.5 million), equivalent to 69.7 per cent of total operating income compared with 71.3 per cent in 2006. The underlying cost/income experienced a positive development, driven by the bank's efficiency measures and increased income.

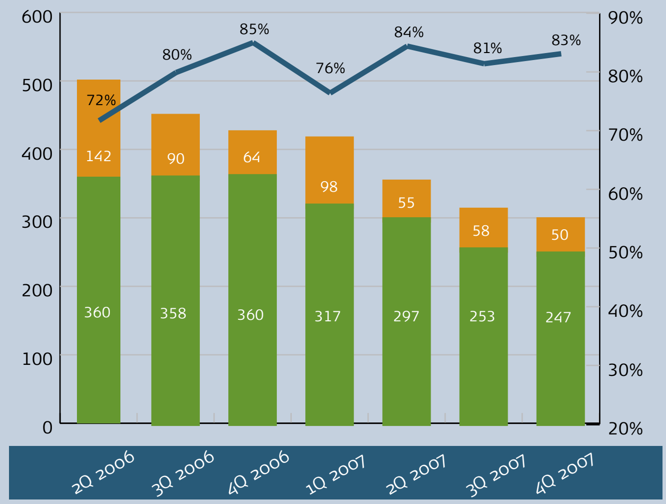
The bank is committed to a continuous program of measures to reduce operating expenses relative to its total assets and revenue. As part of this, the bank has implemented measures to ensure continuous improvement and greater efficiency for its internal processes.

Non-performing, loss-exposed loans and loan losses

In 2007, there was a continued fall in the total non-performing and loss-exposed volume from NOK 533 million to NOK 448 million. The volume of non-performing and loss-exposed loans with identified impairment amounted at the end of 2007 to NOK 297.2 million (NOK 423.7 million). This represents a reduction of NOK 126.5 million compared with 31 December 2006. From 31 December 2005 to 31 December 2007, the fall in non-performing and loss-exposed loans with identified impairment was NOK 343.9 million. The volume of non-performing and loss-exposed loans is normal and the increase in non-performing and loss-exposed loans where no impairment has been identified is mostly explained by the entire customer commitment being classified as non-performing, including in the case of very small outstanding items. At the end of the fourth quarter, the volume of non-performing and loss-exposed loans with no impairments identified was NOK 151.2 million (NOK 109.0 million) of which NOK 44 million related to customers with outstanding amounts of less than NOK 1,000. The net volume of non-performing and loss-exposed loans (after individual write-downs) amounted at the end of 2007 to NOK 201.3 million (NOK 172.7 million). Gross non-performing and loss-exposed loans represented 1.2 per cent of gross lending (1.7 per cent) at the close of the year. 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 78.2 million in 2007. By the close of the year, write-downs of individual loans in the balance sheet totalled NOK 247.1 million, a reduction of NOK 112.9 million from 31 December 2006. As per 31 December 2007, grouped write-downs totalled NOK 58.1 million (NOK 73.3 million): equivalent to 0.16 per cent (0.24 per cent) of gross lending. The bank updated its model for calculating grouped write-downs during 2007. Today's model is based on the bank's own classification and takes more account of macroeconomic factors than before.

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



● Depreciation ● Amortised cost ● Loss provisions / NPLs (right axis)

Capital adequacy

Storebrand Bank group's total assets increased in line with the growth in its lending portfolio throughout the year and amounted to NOK 41.9 billion as per 31 December 2007. The bank's deposit-to-loan ratio was 47.1 per cent compared with 43.4 per cent in 2006. 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 2007, the bank had available unused committed credit facilities equivalent to EUR 400 million.

Storebrand Bank group's net primary capital amounted to NOK 2.7 billion at the close of 2007. This represents a capital adequacy of 10.5 per cent and a core capital adequacy of 7.9 per cent. Storebrand Bank ASA had sound capital adequacy and liquidity at the close of 2007.

Implementation of Basel II

On 1 January 2008, Storebrand Bank ASA started submitting reports in accordance with the standard method pursuant to the new capital adequacy regulations (Basel II). The bank's objective is to use the internally developed credit models to calculate capital requirements pursuant to Basel II and to continuously develop the models further for the retail and corporate units so it can apply to the Financial Supervisory Authority of Norway for IRB status at a later point in time.

The adaptation to Basel II entails major investments in systems and models as well as organisational changes and changes to central business processes, but will result in significant business gains.

The preparations for Basel 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. The systems developments driven by the Basel II regulations are of general commercial benefit for price setting, 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.

Strategy and prospects for 2008

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

Storebrand Bank ASA has been granted a licence to establish Storebrand Kredittforetak AS, which will issue bonds with pre-emptive rights. This is important with respect to both the competition situation and liquidity management.

Other activities

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

	2007	2006
Storebrand ASA[1]	1 057	1 012
Storebrand Skadeforsikring	-18	21
Other companies/eliminations[2]	-1 027	-990
Pre-tax profit	**12**	**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 110. Storebrand ASA reported profit before tax in accordance with IFRS of NOK 1,057 million for 2007 compared with NOK 1,012 million for 2006.

NOK million	2007	2006
Group contributions and dividends	1 033	1 028
Interest income	117	73
Interest expense	-114	-77
Gains/losses on securities	85	70
Other financial items	2	0
Net financial items	**90**	**66**
Operating costs	-66	-82
Pre-tax profit	**1 057**	**1 012**

Group contributions and dividends consist of the return on capital invested in subsidiaries. In 2007, these were on a par with the level in 2006. Pursuant to IFRS, group contributions and dividends are recognised as income in the year they are approved by the annual general meeting. This means that group contributions and dividends recognised as income in 2007 comes from the profit from the subsidiaries in 2006. NOK 885 million was recognised in income in 2007 from Storebrand Life Insurance, compared with NOK 775 million in 2006.

Storebrand ASA's operating costs were 20 per cent lower in 2007 than in 2006. The company achieved its target of reducing operating costs by NOK 50 million from the 2003 level.

Net financial items were positive in 2007, and were 36 per cent higher than the year before. This was principally due to gains from the sale of shares, as well as unrealised share price gains on the shares the company owns in Oslo Børs VPS Holding ASA.

Storebrand Skadeforsikring

Future-oriented P&C insurance company: Storebrand Skadeforsikring offers standard P&C insurance to the Norwegian retail market. Online sales are the company's most important sales channel with 59 per cent of sales coming via the online sales solution in 2007. The distribution costs and correct risk prices allow the company to offer quality products at advantageous prices.

Strong performance: The performance of the P&C business is positive, both with respect to the growth in customers and P&C business. The new business area, which started up at the end of 2006, has been well received in the market. During 2007, the number of customers grew from 2,044 to 15,938 and the annual premium represented by the portfolio increased from NOK 8 million to NOK 121 million. The claim ratio for the year was 70 per cent.

Price winner: Storebrand Skadeforsikring won most media price tests in 2007. Among other things, the company won four out of five surveys of insurance prices in the Norwegian newspaper Dagbladet, the Norwegian Consumer Council's comprehensive test of vehicle insurance policies on 20 December 2007, as well as tests in another Norwegian newspaper, Aftenposten, on 20 February 2007 and 21 May 2007.

Other activities: Oslo Reinsurance Company, 100 per cent 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 new 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.

Financial results for 2007

Storebrand Skadeforsikring including Oslo Reinsurance Company ASA experienced an operating loss of NOK 18 million in 2007, compared with NOK 21 million the year before.

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 31–35.

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 the performance of key figures and value drivers relative to targets for each business area. Storebrand Compass is based on balanced scorecard management principles, with the value drivers divided into the areas of finance, customers and processes, as well as learning and growth. The table on page 56 shows, as examples, selected parameters in the categories of finance and customers together with an evaluation of the company's performance in these areas in 2007.

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 in order to attain the group's financial goals and ensure that the group has the financial strength to withstand adverse developments and limit the losses these may cause.

Risk management: Life insurance

Storebrand's investment policy establishes guidelines for the composition of the financial assets with the objective of achieving the highest possible return on customers' pension assets until they are paid as benefits. The objective is to achieve the highest possible return for customers, pensioners and owners in the long-term. Through this Storebrand assumes risk in the ordinary course of its business activities. Risk management is practised in order to achieve

Performance for selected value drivers

	2007	2006	2005	Performance
Finance				
Ranking of life company's investment return relative to selected competitors (1–5)[1]	3	2	3	Room for improvement
Growth in SBL premium income excl. transfers, last year (NOK million)	3 509	-3 737	984	Very good
Profit from products not subject to profit-sharing (NOK million)	144	135	122	Very good
Growth in net interest income, last year (NOK million)	-6	-28	7	Room for improvement
Growth in investement management fees from external clients, last year (SBK) (NOK million)	38	36	-28	Very good
Customers				
Market share (new business)[2]				
- Occupational pensions (benefit/contribution) excluding transfers	37%	32%	43%	Very good
- Corporate group life	18%	23%	40%	Room for improvement
- Long-term pensions savings and mutual funds[3]	8%	7%	6%	Satisfactory
- Individual endowment policies	30%	25%	59%	Satisfactory
- Personal risk products	9%	10%	12%	Room for improvement
Transfer of pension business (NOK million)	1056	5 260	712	Very good
Customer satisfaction – Norsk Kundebarometer Survey[4]	70	70	67	Very good
Number of products per retail customer	1.8	1.5	1.35	Room for improvement
Number of new banking customers (gross)[5]	11 556	9 631	5 427	Very good
Brand preferance[6]	14.1	N/A	N/A	Room for improvement

1 *Investment return III. Storebrand's ranking in terms of Investment return III vs. SpareBank 1, Nordea, Vital and KLP as at Q4 2007.*
2 *Norwegian Financial Services Association and Norwegian Mutual Fund Association statistics at Q3 2007.*
3 *Equity/combination funds, Unit Linked and Annuity/IPA weighted by total market sales volumes.*
4 *Scale from 0–100 showing whether corporate customers are satisfied with product delivery, whether we meet their expectations and their experience of Storebrand relative to our competitors.*
5 *Both retail and corporate customers. Measures number of new customers*
6 *New value driver, monthly measurement, carried out by TNS Gallup. Preference stated as a percentage share of those who would choose Storebrand (prefer) within five areas (average of these five areas): banking, life insurance, P&C insurance, pension saving and direct fund saving.*

the outlined goal in a controlled manner. The dominant risk factor in Storebrand Life Insurance is financial risk and in the Norwegian business this is primarily associated with achieving the annual guaranteed return, which is just over 3.5 per cent on average. In SPP's activities, the long-term pension liabilities are a key source of financial risk. The annual guaranteed interest rate and the long-term pension liabilities indicate how the capital in Storebrand's customer and owner portfolios should be invested in various securities and asset classes.

The investment portfolio is subject to a range of quantitative and qualitative limits, and risk is measured and monitored continuously using a range of reports, models and tests. For instance, "Conditional Value at Risk" is used as a method for calculating the potential for 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, the long-term pension liabilities and the company's risk capital financed by policyholders and the owner. This measurement of risk is known as coherent and is thus suitable for comparing the risk in Storebrand's Norwegian and Swedish business.

The expected return on the investment portfolio is calculated on the basis of asset allocation and the expected return on asset classes. This is based on historic return, expected risk premium and forward prices. Expected return on the portfolios for the next few years is calculated to be between 6 per cent and 7 per cent. Continuous active risk management, together with hedging transactions, reduce the likelihood of a low investment return. If investment return is insufficient to meet the guaranteed interest rate in Norway or market movements are such that the current value of the pension liabilities in Sweden increase, the shortfall will be met by using buffer capital built up from previous surpluses. The owner is responsible for meeting any remaining shortfall if the built up buffer capital is insufficient. The average guaranteed interest rate in Norway and Sweden is expected to fall in future years since new contracts are subject to a lower guaranteed interest rate than the average of the current portfolio. The guaranteed rate on new contracts in Norway and Sweden is 2.75 per cent and 2.5 per cent, respectively.

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

In the case of the Swedish activities in SPP the portfolio is divided into defined benefit pensions, defined contribution pensions and unit-linked policies. Both the defined benefit pensions and the defined contribution pensions in SPP have associated guarantees. This results in the generation of financial risk in the event of falling stock markets and falling interest rates. In the case of some policies, a risk also arise from strongly rising interests rates. Due to the somewhat more complex financial risk picture in SPP than in the Norwegian activities, the risk the customer portfolio represents against the equity is also managed through derivative transactions in SPP's company portfolio. The investment strategy and risk management in SPP comprises three main pillars. Asset allocation that results in a good return over time for customers and the owner, the continuous implementation of risk management measures in the customer portfolios, and tailored hedging of certain selected insurance policies in the company's portfolio.

As part of the risk management, Storebrand continuously monitors that all statutory requirements, such as, for example, capital adequacy, solvency margins and the traffic light tests in Sweden, are met with a satisfactory margin. The Board adopts limits for these and other risk goals for the company. Monitoring, management reports and reporting the risk in the life insurance companies to the authorities takes place periodically and on a daily basis if necessary.

Financial markets can fluctuate dramatically in a short space of time and thus affect the company's risk exposure. Storebrand continually manages its risk exposure to keep it within limits approved by the Board of Directors in several ways. Firstly, considerable importance is attached to building up sufficient risk capital to absorb losses. Secondly, risk exposure is diversified as much as possible by investing in assets that are not expected to cause losses at the same time. Thirdly, risk is managed dynamically in relation to the company's risk bearing capacity by buying and selling securities with different levels of risk tailored to the customer portfolio to which the assets' portfolio belongs. Fourthly, financial hedging instruments, such as options and forward exchange contracts, are used. This combination permits good control of the life insurance company's total exposure to financial risk. The principles apply to both the Norwegian and the Swedish activities.

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

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

For Norwegian life insurance companies, the annual guaranteed interest rate included in long-term insurance policies creates a number of challenges with respect to interest rate risk. In the short-term, the most apparent risk is that the company's investments will fall in value if bond prices are reduced by an increase in interest rates. In the longer term, however, a low level of interest rates could make fulfilling the guaranteed interest rate on existing contracts a challenge. There is a risk that over time this could result in the company's profit and the customers' return weakening and insufficient risk capacity to build up risk capital and provide adequate pension savings. Falling interest rates are the most challenging scenario in the long-term, for both the Norwegian and the Swedish activities. However, it is necessary to weigh measures against this risk scenario against the short-term risk that the annual guaranteed interest rate represents. It is also worth mentioning that customers' are exposed to a risk of increasing inflation given that their pension savings must sustain their purchasing power.

Rising market interest rates in 2007 have improved the risk 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 per cent to 6 per cent for a number of years.

The company pays great attention to closely evaluating investment opportunities that offer a higher return, but these 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). Moreover, Storebrand believe that some exposure to emerging markets though both interest and equity investments is sensible. All such investments present challenges in relation to Storebrand's socially responsible investment criteria and require painstaking work. Storebrand continually develops its investment portfolio to include such new alternative asset classes.

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

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

Risk management: Asset management

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

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

Risk management: Banking

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

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

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

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

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

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

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

Overall risk management for the group

In recent years, Storebrand has invested significant resources in developing a framework for effective and comprehensive management of the group's overall risk. Methods and modelling systems have been developed for the life insurance activities in Norway and Sweden that handle risk management and reporting based on integrated balance sheet management. This allows the liabilities and assets of the life insurance company to be evaluated in relation to changes in exogenous variables such as interest rate levels, and take into account the established management principles for handling financial risk. The models are used for reporting European Embedded Value. In 2007, they were developed further into methods that are used consistently in the market and with respect to the implementation of the new act relating to insurance activities in Norway. The framework enables consistent calculations and analyses, and facilitates integrated management of the risk, capital and value in the business. Correspondingly, in connection with the Basel II regulations the banking business has developed methods and systems for identifying and managing risk in the group.

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

Members of Storebrand's corporate bodies

BOARD OF REPRESENTATIVES

Chairman:
Terje R. Venold

Deputy Chairman:
Inger Lise Gjørv

Members (elected by shareholders):
Arvid Grundekjøn
Johan H. Andresen jr.
Merete Egelund Valderhaug
Vibeke Hammer Madsen
Trond Bjørgan
Karen Helene Ulltveit-Moe
Stein Erik Hagen
Margareth Øvrum
Olaug Svarva
Roar Engeland

Members (elected by employees):
Rune Pedersen
Arild Thoresen
Unn Kristin Johnsen
Paul Eggen jr.
Tor Haugom
Randi Paulsrud

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

Deputy members (elected by employees):
Per-Erik Hauge
Trond Thire

BOARD OF DIRECTORS OF STOREBRAND ASA

Chairman:
Leiv L. Nergaard

Board members:
Halvor Stenstadvold
Sigurdur Einarsson
Birgitte Nielsen
Camilla M. Grieg
Barbara R. M. Thoralfsson

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

REMUNERATION COMMITTEE

Chairman:
Leiv L. Nergaard

Members:
Birgitte Nielsen
Ann-Mari Gjøstein

AUDIT COMMITTEE

Chairman:
Halvor Stenstadvold

Members:
Barbara R. M. Thoralfsson
Erik Haug Hansen

CONTROL COMMITTEE

Chairman:
Elisabeth Wille

Members:
Harald Moen
Ida Hjort Kraby
Ole Klette

ELECTION COMMITTEE

Chairman:
Terje R. Venold

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

Observer (elected by employees):
Randi Paulsrud

Contents – Accounts and Notes to the accounts Storebrand Group

Contents – Accounts and Notes to the accounts Storebrand ASA

Profit and Loss Account Storebrand Group

1 January – 31 December

NOK million	Note	2007	2006	2005
Net premium income	38	19 743.6	19 539.1	19 383.4
Net interest income - banking	19	413.2	418.8	447.3
Net income and gains from financial assets at fair value:				
- shares and other equity investments	19	658.0	6 057.5	7 439.9
- bonds and other fixed-income securities	19	123.9	1 356.1	1 585.4
- financial derivatives	19	4 649.0	673.3	-1 619.9
- income from financial assets with investment choice	19	353.4	685.4	721.3
Net income from bonds at amortised cost	19	2 235.2	2 397.2	2 409.9
Net Income from investment properties	16	4 387.5	1 997.5	885.7
Profit from investments in associated companies	13	-19.6	19.1	6.8
Other income	4	853.1	930.9	464.4
Total income		**33 397.3**	**34 074.9**	**31 724.2**
Insurance claims for own account		-17 669.3	-14 493.0	-10 823.1
Change in insurance reserves		-9 951.1	-9 238.8	-12 422.8
Interest expense	19	-318.2	-212.9	-197.1
Loan losses/write backs of earlier losses	20	78.2	47.0	34.4
Operating costs	5	-2 581.6	-2 520.7	-2 169.4
Other costs	6	-188.0	-79.8	-255.9
Total costs		**-30 630.0**	**-26 498.2**	**-25 833.9**
To/from market value adjustment reserve	38	2 036.0	-2 027.3	-1 150.1
Operating profit/loss		**4 803.3**	**5 549.4**	**4 740.2**
To/from additional statutory reserves – life insurance	38	-400.0	-1 000.0	-950.0
Funds allocated to policyholders – life insurance		-2 383.5	-2 964.1	-2 336.8
Group profit/loss		**2 019.8**	**1 585.3**	**1 453.4**
Changes in security reserves etc. – P&C insurance		9.1	-0.2	10.0
Profit/loss from ordinary activities before tax		**2 028.9**	**1 585.1**	**1 463.4**
Tax charge	7	-20.1	-79.3	-41.1
Profit/loss for the period		**2 008.8**	**1 505.8**	**1 422.3**
Profit is due to:				
Minority interest's share of profit		3.1	9.5	3.6
Majority interest's share of profit		2 005.7	1 496.3	1 418.7
Total		**2 008.8**	**1 505.8**	**1 422.3**
Earnings per ordinary share (NOK)		7.95	6.03	5.41
Average number of shares as basis for calculation (million)		251.5	248.0	258.6

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	2007	2006	2005
Assets				
Deferred tax asset	7	234.9	207.0	290.0
Intangible assets	8	10 189.7	540.7	508.2
Pension assets	11	205.0	58.4	57.0
Tangible fixed assets	9	1 103.2	842.9	752.0
Investments in associated companies	13	174.6	237.1	138.3
Bonds at amortised cost	21,22,27	40 380.1	43 098.8	40 671.6
Lending to financial institutions	21,22,35	374.1	114.9	41.7
Lending to customers	21,22,35	39 493.5	33 087.6	26 942.1
Reinsurers' share of technical reserves	38	1 501.3	1 828.3	2 401.9
Real estate at fair value	16	21 358.6	17 447.0	13 503.6
Other assets		221.6	73.1	150.7
Due from customers and other current receivables	21,22	6 512.6	5 046.5	6 278.0
Financial assets at fair value:				
- Shares and other equity participations	21,22,28	73 661.1	46 604.0	39 589.1
- Bonds and other fixed-income securities	21,22,29,35,36	112 025.6	50 782.7	57 539.3
- Derivatives	21,31,35,36	4 774.1	2 117.7	1 481.1
- Life insurance assets with investment choice	21, 30	39 083.4	7 364.1	5 719.4
- Other financial assets	21,22	4 853.4		
Other current assets		33.0	119.8	52.1
Bank deposits	21,22	25 569.0	13 216.0	5 768.7
Total assets		**381 748.8**	**222 786.6**	**201 884.8**
Equity and liabilities				
Paid in capital		11 711.7	3 045.2	3 081.8
Retained earnings		7 362.1	5 817.1	6 007.7
Value adjustment fund		44.6	24.0	12.0
Minority interests		122.2	13.5	6.8
Total equity		**19 240.6**	**8 899.8**	**9 108.3**
Subordinated loan capital	21,22,32	5 213.8	3 711.7	3 524.9
Market value adjustment reserve	38	3 853.7	5 889.7	3 862.5
Insurance reserves – life insurance	38	241 744.7	146 203.4	134 621.7
Reserve for life insurance with investment choice	38	39 208.2	7 364.1	5 719.4
Premium and claims reserves – P&C insurance	38	1 998.8	2 297.3	2 998.5
Security reserves, etc – P&C insurance	38	31.8	40.9	40.7
Pension liabilities	11	1 121.0	870.9	715.4
Deferred tax	7	630.8	116.5	189.6
Financial liabilities:				
- Liabilities to financial institutions	21,22,32	3 064.5	2 786.0	1 464.6
- Deposits from banking customers	21,22,32	17 469.6	13 533.7	11 187.0
- Securities issued	21,22,32	23 327.9	16 395.3	15 653.7
- Derivatives	21,22,31,35,36	3 644.6	1 797.2	1 719.4
Other current liabilities	21,22	21 198.8	12 880.1	11 079.2
Total equity and liabilities		**381 748.8**	**222 786.6**	**201 884.8**

Oslo, 12 February 2008
Translation – not to be signed

Leiv L. Nergaard Chairman of the Board	Halvor Stenstadvold	Sigurdur Einarsson	Camilla M. Grieg	Barbara Rose Milian Thoralfsson
Birgitte Nielsen	Knut Dyre Haug	Ann-Mari Gjøstein	Erik Haug Hansen	Idar Kreutzer Chief Executive Officer

Cash flow statement for Storebrand Group

1 January – 31 December

NOK million	2007	2006	2005
Cash flow from operational activities			
Net premiums received – direct insurance	20 323.1	10 691.8	16 116.4
Net claims and benefits paid – direct insurance	-15 241.7	-13 321.7	-8 629.9
Net claims and benefits paid – reinsurance	-0.2	5 051.0	-3.9
Net receipts/payments – policy transfers	915.8		505.1
Interest, commission and fees received from customers	2 179.5	1 388.0	1 229.9
Interest, commission and fees paid to customers	-1 725.2	-927.8	-651.9
Net receipts/payments – lending to customers	-6 185.1	-6 025.3	-3 055.5
Net receipts/payments – loans to and claims on other financial institutions	-234.9	-52.1	153.7
Net receipts/payments – customer deposits with the banking activities	3 988.4	2 517.0	84.2
Net receipts/payments – deposits from Norges Bank and other financial institutions	279.0	1 321.7	-687.2
Net receipts/payments – securities in the trading portfolio:			
- Shares and other equity participations	3 350.1	-1 853.9	-7 447.6
- Bonds and other fixed-income securities	926.5	8 671.7	-3 787.5
- Financial derivatives and other financial instruments	-3 998.0	505.8	2 806.7
- Dividend receipts from the trading portfolio	8.4	3.2	36.4
Net receipts – discretionary asset management and funds management	363.4	369.3	
Payments to third parties for goods and services	-504.3	2 932.0	1 713.3
Net receipts/payments – real estate activities	555.7	-2 015.9	-315.2
Payments to employees, pensioners, employment taxes, etc	-1 283.8	-1 124.4	-1 078.9
Payments of tax, duties, etc	-82.1	-83.6	25.8
Net receipts/payments – other operational activities	5.2	-0.9	0.4
Net cash flow from operational activities	**3 639.9**	**8 045.8**	**-2 985.8**
Cash flow from investment activities			
Net receipts from sales of subsidiaries	4.3	261.7	250.2
Net payments upon purchase/capitalisation of subsidiaries	-13 829.8		
Payments on purchase of real estate	-316.9		-12.4
Net receipts/payments on sale/purchase of fixed assets etc.	-108.4	-104.1	-40.9
Net cash flow from investment activities	**-14 250.8**	**157.6**	**196.9**
Cash flow from financing activities			
Repayment of long term lending	-421.0	-0.5	-79.5
Receipts from taking up term loans	4 596.1	1.3	1 578.2
Receipts from issue of short-term debt instruments/loans	743.8		182.2
Payments on short-term debt instruments/loans		-737.4	
Receipts from issue of subordinated loan capital	256.0	100.3	6.9
Interest payments on subordinated loans	-347.0	-80.0	-255.3
Receipts from issue of bond loans and other long term funding	2 006.2	1 462.3	3 007.6
Receipts from issue of new share capital	8 670.4		0.7
Payments on redemption of share capital	-106.6	-502.8	-1 017.8
Dividend/group contribution payments	-450.6	-999.3	-1 823.4
Net cash flow from financing activities	**14 947.3**	**-756.1**	**1 599.7**
Net cash flow for the period	**4 336.5**	**7 447.3**	**-1 189.1**
Net movement in cash and cash equivalent assets	4 336.5	7 447.3	-1 189.1
Cash/cash equivalents at start of the period for new companies	8 016.5		
Cash and cash equivalent assets at start of the period	13 216.0	5 768.7	6 957.8
Cash and bank deposits at the end of the period	**25 569.0**	**13 216.0**	**5 768.7**

Storebrand Group equity reconciliation

NOK million	Majority's share of equity: Paid-in capital	Value adjustment fund	Other equity: Revenue & costs applied to equity	Other equity: Other equity	Other equity: Total other equity	Minority interests	Total equity
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 account 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 account 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**
Profit and loss account items applied directly to equity:							
Pension experience adjustments			143.8		143.8		143.8
Revaluation of properties for own use		20.6	8.0		8.0		28.6
Restatement differences			-30.1		-30.1		-30.1
Hedging booked against equity			-25.6		-25.6		-25.6
Profit for the period			215.0	1 790.7	2 005.7	3.1	2 008.8
Total revenue and costs for the period		**20.6**	**311.1**	**1 790.7**	**2 101.8**	**3.1**	**2 125.5**
Equity transactions with owners:							
Own shares	-3.8			-72.2	-72.2		-76.0
Share issue	9 004.0						9 004.0
Share issue costs	-333.7						-333.7
Dividend paid				-442,0	-442,0	-9,0	-451,0
Purchase of minority interests				-56.4	-56.4	114.3	57.9
Other				13.8	13.8	0.3	14.1
Equity at 31.12.07	**11 711.7**	**44.6**	**-148.7**	**7 510.8**	**7 362.1**	**122.2**	**19 240.6**

Notes 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 involving similar circumstances.

Basic principles

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

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

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

Changes to accounting principles
No changes to the accounting principles were made in 2007.

Standards and interpretations of existing standards and where Storebrand and has not chosen early application
The following standards and interpretations, approved by the EU, which are not mandatory for annual accounts prepared as per 31 February 2007 have not been adopted by Storebrand: IFRS 8 Operating segments, revised IAS 23 Borrowing costs, new IAS 1 Presentation of financial statements and IFRIC 11, 12, 13 and 14.

Consolidation

The consolidated financial statements combine Storebrand ASA and companies where Storebrand ASA has the power to exercise a controlling influence. A controlling influence is normally achieved where the group owns, directly or indirectly, more than 50 per cent 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 per cent and 50 per cent of the associated companies' equity capital) where the company exercises significant influence are consolidated in accordance with the equity method. Interests in joint ventures are consolidated in accordance with the proportional consolidation method, i.e. by including the proportion of revenue, costs, assets and liabilities in the appropriate lines in the accounts.

Presentation currency and currency convertion 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 converting the profit and loss account at the average exchange rate for the accounting year and converting the balance sheet at the exchange rate at close of the accounting year. Any convertion differences are booked directly to equity.

Elimination of internal transactions
Internal receivables and payables, internal profits and losses, interest and dividends, etc between group companies are eliminated in the consolidated accounts. Transactions between Storebrand Livsforsikring AS and other units in the group that affect the profit sharing between customers and owners of the life insurance company are not eliminated.

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 per cent of the units in the fund and in addition is the fund manager.

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

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

Segment reporting

The group is organised into life insurance activities, banking activities, asset management activities and other activities, which include P&C insurance. Segment information is presented for both business areas and geographic areas. Business areas are the group's primary reporting segments. Financial information in respect of these segments is presented in note 3.

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 in the profit and loss account but are recognised as a change in the revaluation reserve that forms part of equity. Any write-down of the value of such a property is first applied to the revaluation reserve for increases in the value of the property in question. If the write-down exceeds the revaluation reserve for the property, the excess is recognised in the profit and loss account.

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

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 on each reporting date. Changes in value are recognised in the profit and loss account. Each investment property is valued separately by discounting the future net 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.

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

Intangible assets
Intangible assets with limited useable lifetimes are valued at acquisition cost reduced by accumulated depreciation and any write-downs. The depreciation period and the method of depreciation are reviewed annually. New intangible assets are only capitalised if it can be demonstrated that it is likely that the group will gain future commercial benefit that is directly applicable to the asset in question. In addition, it must be possible to estimate the cost price of the asset reliably. The value of an intangible asset is tested for impairment if there are indications of a fall in its value; otherwise intangible assets are subject to write-downs and reversals of write-downs in the same manner described for tangible fixed assets.

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

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

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

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 in the profit and loss account as they are incurred, unless the change is conditional on future accrual of pension entitlement. In such a case, the effect is amortised linearly over the time until the entitlement is fully earned. Employer's social security contributions are included in pension liability and in experience adjustments shown in equity.

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

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

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

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

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 per cent 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.

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

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.

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.

SPP
Life insurance reserves:
The life insurance reserve consists of the current value of the company's guaranteed liabilities. The majority (approx. 95 per cent) of the company's liabilities relate to occupational pensions. Cautious estimates must be used when calculating occupational pensions, which entails, among other things, the use of risk free market interest rates as discounting rates. Other assumptions are discounted at the highest interest rate set by Finansinspektionen (the Swedish Financial Supervisory Authority).

The life insurance reserve is calculated for each policy evaluated at the relevant risk free interest rate. The estimated assumptions concerning tax on returns, expenses, mortality and other risk elements affect the value of the life insurance reserve.

The guaranteed interest rate and the other assumptions are agreed when the policy is signed. In its insurance portfolio the company has interest guarantees that vary between 2.25 per cent and 5.2 per cent. The dominant interest guarantees in the portfolio are those with 3.5 per cent, 3.0 per cent and 5.2 per cent guarantees. These are responsible for 47 per cent, 23 per cent and 19 per cent respectively of the total portfolio.

Assumptions concerning expenses are product specific and largely reflect the percentage-wise expenses that are extracted. The assumptions concerning tax vary on the basis of when the policy was signed and are based on the tax rate that applied at the time. Assumptions concerning tax and expenses reduce the added guaranteed interest.

Death risk:
Assumptions concerning mortality vary depending on the various policies that are signed. The assumptions that are used as the basis are based on general sector statistics. The assumptions that were used until 1990 are used for the majority of the portfolio. During the year, the sector issued new general mortality statistics, the so-called ‹DUS 06›. SPP expects to be able to start using DUS 06 in its calculations during the course of 2009 or 2010.

Reserves for unfixed insurance instances:
The reserves for claims that have been incurred consist of reserves for disability pensions, established claims, unestablished claims and claims processing reserves. When assessing the reserves for disability pensions a risk free market interest rate is used, which takes into account future index adjustment of the payments. Unestablished insurance instances are insurance instances that have not been reported yet, but which, using statistical methods, are calculated to have been incurred (IBNR). The claims processing reserve is the calculated operating costs that the company incurs to adjust the unadjusted claims.

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

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

The company maintains the following reserves:

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

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

The insurance companies in the group are subject to their own specific legal requirements for technical insurance reserves, including administration reserves, security reserves, and guarantee reserves. In Storebrand's consolidated accounts, which are prepared in accordance with IFRS, security reserves with high security margin natural disaster fund, administration reserve and guarantee 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 in the profit and loss account.

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

Definition of amortised cost

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

Definition of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, independent parties in an arm's length transaction. 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, which is recognised at amortised cost, is estimated on the basis of the current market rate of interest on similar lending. Write-downs of loans are taken into account both in the amortised cost and when estimating fair value. When estimating the fair value of a loan, consideration is also given to the development of the associated credit risk in general.

Impairment of financial assets

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

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

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

Classification and measurement of financial assets and liabilities

Financial assets are classified into one of the following categories:

- 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

- it is a derivative except for a derivative that is a designated as an effective hedging instrument.

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

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

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

Upon first recognition, any financial asset or liability can be classified at fair value in the profit and loss account 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 in the profit and loss account
- 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 in the profit and loss account.

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. Reinvested collateral is recognised at its gross value in the balance sheet under the individual asset.

Derivatives

Derivatives are defined as follows:

A derivative is a financial instrument or other contract within the scope of IAS 39 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 will be settled at a future date

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

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

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

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.

Cash flow hedging
Changes in the fair value of a derivate earmarked as a hedging instrument in cash flow hedging are included directly in equity to the extent the hedging is effective. Otherwise the change in fair value is recognised in the profit and loss account.

Once the hedging instrument no longer fulfils the criteria for hedge accounting, expires or is sold, is ended or is exercised, the hedge accounting ceases. Accumulated gains or losses that are included in equity are kept there until the planned transaction takes place. If the hedging object is a non-financial asset or liability, earlier losses/gains are included in the equity transferred to the value recognised in the balance sheet for the asset or liability. In other cases the amount that is included in the equity is transferred to the profit and loss account during the same period in which the hedging object affects the result.

Storebrand has chosen to use hedge accounting for cash flow during the period 11 December 2007 and 20 December 2007 for the purchases of the shares in SPP.

Hedging of net investments
Hedging of net investments in foreign businesses is recognised in the accounts in the same was as cash flow hedging. Gains and losses with respect to the hedging instrument that relates to the effective part of the hedging is recognised directly against equity, while gains and losses that relate to the ineffective part are recognised in the accounts in the profit and loss account immediately.

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

Storebrand utilises the rules concerning the hedging of net investments concerning equity investments in Storebrand Holding AB.

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 the same as for structured products.

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

Income recognition for asset management activities
Asset management fees and performance fees are recognised when the income can be measured reliably and it is likely that 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.

01 Important accounting estimates and judgements

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

Investment properties

Investment properties are valued on the basis of a long-term yield requirement specific to the property in question. Market yield requirements were obtained from two external market actors in Q4 2007. 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. Every property has been valued individually using internal calculation models as per 31 December 2007. In the work on valuations we refer to Investment Property Databank LTD, which produces statistical information that covers real estate worth over NOK 70 billion in Norway. These statistics thus provide a very good basis for the valuation of the property portfolio.

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 2007. 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 per cent and 3 per cent. A 10 per cent discount rate is applied, and the calculation assumes that no tax will be payable before 2010. The goodwill from the acquisition of SPP, which in an interim acquisition analysis amounts to NOK 887 million, had not been tested for impairments as per 31 December 2007.

Following the acquisition of SPP, a provisional purchase analysis has been performed, which is used as a basis for the accounts. Immaterial assets have been acquired in the form of brands customers lists, etc. Intangible assets were acquired with the acquisition of SPP in the form of brand names, customer lists, etc, as well as added value with respect to insurance policies ("value of business in force"). The added value with respect to insurance policies (value of business in force), which amounted to NOK 7.7 billion, will, based on the expected duration of the insurance policies, be amortised over 20 years. The value of this intangible item will be assessed in connection with the pertinent insurance policies with respect to whether the total values are sufficient to meet the pertinent insurance liabilities, cf. the sufficiency test for insurance liabilities in IFRS 4.

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 2007, 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 9.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example unlisted derivatives, shares and bonds) is determined by using valuation techniques. There will be some uncertainty about whether the value used reflects the best estimate of fair value vis-à-vis all securities that are valued on the basis of sources other than observable market prices. This uncertainty is normally very limited for the majority of the securities in which Storebrand invests. For parts of the securitised bonds there is more uncertainty associated with the establishment of the fair value than for other financial instruments in which fair value is established with the help of valuation methods. Storebrand utilises prices from external price suppliers or prices directly from the investment banks in those cases the price suppliers do not supply prices when valuing securitised bonds. For that part of the securitised bonds that lie in international bonds, valuations are also obtained from managers.

Financial assets – impairment

In the case of financial assets that are not recognised at fair value, consideration is given on each balance sheet date as 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 20 and 34.

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 through either 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. In 2008, new premium and reserves tariffs are being introduced that take account of the increased life expectancy among insured parties that has been observed in recent years. The complete conversion has not been carried out yet, and the effect of the tariff change therefore cannot be quantified accurately, but on the basis of interim calculations the premium reserves were strengthened by NOK 3.3 billion as per 31 December 2007. 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 with which to absorb claims. This can mean that large, single 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. Most will be run-off during the course of 2008. For further information on insurance risk, see note 38.

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 applied discount rate 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 fixing of the discount rate and the other financial and demographic assumptions as per 31 December 2007 was based on the guidelines issued by the Norwegian Accounting Standards Board (NASB). The fixed discount rate of 4.70 per cent is almost equal to the bond yield for 10-year government bonds.

The calculation of pension liabilities as per 31 December 2007 was carried out by an actuary. The calculation includes 1,551 active members and 2,231 pensioners. Risk table K2005 has been used.

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 per cent of the higher of either pension liability or pension assets. For further information, see note 11.

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 7.

Earn-out in the event of acquisitions

In some cases the acquisition of companies involves some agreed deferred settlement in the form of earn-out. In line with IFRS the discount rate should be added to the acquisition cost of the investment. The discounted earn-out thus affects the magnitude of the extra/shortfall in market value that is allocated. The calculated earn-out is normally based on estimates associated with future results in the business being acquired. If the estimate is changed, this will affect the acquisition cost and thus also the extra/shortfall in market value used as the basis. A discount factor of 12–15 per cent per annum before tax is used as the basis for discounting for the 2007 accounting year.

02 Acquisition of new business

On 3 September 2007, an agreement was signed between Storebrand Livsforsikring AS and Handelsbanken (Sweden) concerning the acquisition of SPP Livförsäkring AB, its subsidiaries, and some other companies directly owned by Handelsbanken. The purchase sum amounted to SEK 16.2 billion in total, while transactions costs of SEK 265 million were activated as part of the cost price of the shares. The purchase sum amounted to NOK 13.8 billion. The transaction was concluded on 21 December 2007. Since no significant effects arose during the period up to 31 December 2007, SPP was from an accounting point of view consolidated on the basis of its equity as per 31 December 2007. The acquisition therefore had no effect of the profit in 2007.

Storebrand Holding AB, which is a wholly owned subsidiary of Storebrand Livsforsikring AS, was established in connection with the purchase of the shares in SPP. The shares in SPP were purchased by Storebrand Holding AB. Storebrand Holding AB was financed with SEK 8.265 billion in equity and a SEK 8.2 billion subordinated loan from Storebrand Livsforsikring AS. The investment was financed by Storebrand ASA conducting a pre-emption rights issue worth NOK 9 billion. In addition, Storebrand ASA raised a bridging loan of EUR 580 million, due for repayment in September 2008.

An interim acquisition analysis has been conducted, which is used as a basis for the annual accounts as per 31 December 2007 and is presented below. An estimated market value of the acquired insurance contracts was used in the identification of the extra value that was significantly lower than the book value. The difference between the book value and the market value represents the value of the existing portfolio (called the "value of business-in-force" or "VIF"). This value represents around NOK 7.7 billion and is recognised in the balance sheet as an intangible asset. Based on the expected duration of the insurance contracts this item will provisionally be amortised over a period of 20 years. This intangible value will be assessed in connection with the relevant insurance contracts with respect to whether the total value is sufficient to meet the relevant insurance liabilities, cf. the sufficiency test in IFRS 4 insurance contracts.

The intangible assets acquired in addition to VIF represent goodwill totalling NOK 900 million, as well as other intangible assets of NOK 1 billion in the form of brand names, customer lists, etc. Goodwill is not amortised. Instead it is subjected to regular testing for impairment. In the case of other intangible assets, the amortisation period is calculated by referring to future earnings and linear amortisation of around 10 years has been used. Intangible assets are included at their gross value with deferred tax. Changes can be expected in the acquisition analysis in 2008, as the work on identifying positive/negative adjustments to values was not completed at the time the annual accounts were finalised.

Interim acquisition analysis

NOK million	Transaction values entered in the balance sheet	Total fair value	Adjustments to fair value
Intangible assets[1]	706.7	8 704.5	7 997.8
Financial assets	119 967.5	119 967.5	
Other assets	9 350.6	9 350.6	
Total assets	130 024.8	138 022.6	7 997.8
Technical insurance reserves[1]	-109 522.9	-109 522.9	
Deferred tax liability		-566.2	-566.2
Long-term liabilities	-1 344.2	-1 569.1	-224.9
Current liabilities	-13 418.6	-13 418.6	
Net assets	**5 739.1**	**12 945.8**	**7 206.7**
Goodwill		886.5	886.5
Net assets			5 739.1
Purchase sum			**13 832.3**

1 In the acquisition analysis VIF is classified as intangible assets
The purchase sum was paid in cash

Proforma profit and loss account 2007 for Storebrand including SPP

A proforma profit and loss account has been prepared below in connection with Storebrand's acquisition of SPP, including subsidiaries as well as other units included in the acquisition of SPP.

The proforma profit and loss account was prepared to show what the result could have been if the acquisition had actually taken place as per 1 January 2007. Proforma information is not necessarily indicative of future results. Proforma information describes a hypothetical situation and does not describe the Storebrand group's actual financial position or the actual merger of activities that has taken place. The proforma information is also based on several uncertain estimates and assumptions. The proforma information is based on a simplified statement of the results in Storebrand and SPP for the period 1 January 2007 up to 31 December 2007.

Storebrand's accounting principles pursuant to IFRS have been used in the preparation of the proforma profit. Known significant differences between IFRS and other accounting principles have been adjusted in the preparation of the proforma profit.

NOK million	Storebrand group	SPP	Proforma adjustments	Note reference	Proforma expanded group
Interest result	7 887	214	-437	2	7 663
Risk result	244	188			432
Administration result	-669	72			-597
Other	-3 030		10	3	-3 020
Amortisation of intangible assets (VIF, etc)			-500	4	-500
Inflow of assets to insurance customers within life insurance	-2 797	-309			-3 106
Total life insurance activities	1 635	164	-927		872
Banking activities	235				235
Asset management activities	138		206	5	344
Other activities	12				12
Group profit/loss	2 020	164	-721		1 463
Changes in security reserve etc. – non-life	9				9
Pre-tax profit	2 029	164	-721		1 472
Tax	-20	37	158	6	176
Profit/loss	2 009	201	-563	1	1 648

More information about proforma, assumptions and adjustments:

1. An average conversion rate for converting from Swedish SEK to Norwegian NOK of 0.8667 was used, based on exchange rates from Norges Bank.

2. The interest result includes interest costs associated with the external loan financing of the acquisition in which the loan in the calculations amounts to NOK 4,618 million (hybrid loan capital and other subordinated loan capital). The estimated interest costs amount to NOK 321 million and are based on interest rates of around 6.8 per cent to around 7.1 per cent. The estimated reduced financial income associated with the use of NOK 390 million of own funds amounts to NOK 35 million, in which the return interest rate is calculated at around 8.9 per cent. The amount also includes a calculated reduced return of NOK 67 million (3.85 per cent) for the entire year, related to the fact that SPP took out SEK 2 billion prior to the acquisition taking place. Moreover, an estimated reduced return of NOK 15 million is included in Storebrand associated with the financing of the share issue costs.

3. The item Other also includes a write-back of individual amortisation costs in SPP, as well as increased costs associated with VAT based on interim estimates.

4. The item Amortisation of intangible assets includes the amortisation of extra value associated with the acquired insurance contracts ("value of business in force" -VIF) of around NOK 398 million, which corresponds to linear amortisation over 20 years. It also includes the amortisation of other intangible assets of around NOK 102 million, which corresponds to a liner amortisation period over 10 years. These amortisation costs are based on an entirely interim acquisition analysis.

5. The item Asset management activities includes interim estimated increased net income associated with the asset management activities of around NOK 206 million. Storebrand will take over the management of assets one year after the take-over.

6. Storebrand Holding AB was financed with both equity and a subordinated loan of SEK 8.2 billion. A reduced tax cost of net NOK 158 million has been estimated for the Storebrand group for 2007. The reduced tax costs will be affected by the interest costs, organisation of the asset management activities, and the amortisation of intangible assets, etc. This is an interim calculation.

7. It is assumed that the currency exposure associated with the investment in SPP and issued loans was hedged using relevant derivatives. It is assumed that hedge accounting was used.

8. One-time effects associated with the separation of IT systems and investments in IT are expected. The above profit does not include such costs, including estimations of the amounts associated with the amortisation of such IT investments and synergy effects.

9. It is assumed that no effects associated with the results from SPP or items associated with the acquisition and financing have affected the life insurance customers' profits (including the market value adjustment reserve) in Storebrand Livsforsikring AS.

Aquisition of Hadrian Eiendom

Storebrand Bank ASA has purchased 90.9% of the shares in Hadrian Eiendom AS, a commercial real estate broker and advisor. The purchase price for the shares was NOK 46.9 million.

03 Segment reporting

	Life insurance								
	Products with profit sharing			Products without profit sharing			Banking		
NOK million	2007	2006	2005	2007	2006	2005	2007	2006	2005
Revenue from external customers	28 147	29 536	27 885	4 183	3 655	2 724	513	495	540
Revenue from other group companies[1]				125	117	88	4	2	1
Group profit	1 508	1 109	1 065	127	89	164	235	190	241
Assets	285 931	172 204	157 330	48 893	10 635	8 104	41 887	34 156	29 430
Liabilities	272 371	166 490	151 840	46 440	10 247	7 792	39 848	32 496	27 683

	Asset management			Other/eliminations			Group		
NOK million	2007	2006	2005	2007	2006	2005	2007	2006	2005
Revenue from external customers	332	246	169	223	143	406	33 397	34 075	31 724
Revenue from other group companies[1]	69	196	93	-198	-316	-182			
Group profit	138	156	24	11	41	-41	2 020	1 585	1 453
Assets	451	458	296	4 587	5 305	6 718	381 749	222 758	201 878
Liabilities	251	234	140	3 599	4 393	5 315	362 508	213 859	192 770

Geographic segment

	Norway			Sweden			Other countries		
NOK million	2007	2006	2005	2007	2006	2005	2007	2006	2005
Revenue from external customers	33 221	33 977	31 645	175	96	78	2	2	1
Revenue from other group companies[1]									
Group profit	2 071	1 584	1 456	-52		-4	1	1	1
Assets	236 040	222 711	201 835	138 982	45	41	6 727	2	3
Liabilities	223 885	213 854	192 760	132 160	5	8	6 463	1	2

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

Life insurance

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

Products with profit sharing
Products with profit sharing 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: The segment contains loans to and deposits from corporate customers of Storebrand Bank principally relating to business property developers and property investors. The associated company Seilduksgagten 25/31 AS is included in the Corporate segment. The bank's interest is 50% and the loss for 2007 was NOK 0.5 million.
Retail: Deposits from and loans to retail customers, including credit cards. Lending is principally residential mortgage lending.
The bank›s interest in Evoco Financial Production UAB in Lithuania amounts to 50%, and is included in the Retail segment. The ownership interest is booked as a jointly controlled business. The loss for 2007 amounted to NOK 0.2 million.
Markets: This is a new business area from and including Q3 2007 and will also include newly started business in line with the bank›s licences pursuant to the Securities Trading Act. The area also contain all structured products, real estate investment funds and the savings product Storebrand Optimér, which were previously reported under the Savings segment, and the stockbrokering business, which was previously a separate segment. The area also includes Hadrian Eiendom AS in which the bank had 90.9% interest at the end of 2007.
Real estate broking: This segment solely comprises Ring Eiendomsmegling AS, in which the bank had a 70% interest at the close of 2007.

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

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

Geographic segment
The business in Sweden is principally life insurance.

Key figures

NOK million	2007	2006	2005
Group			
Earnings per ordinary share (NOK)	7.95	6.03	5.41
Equity	19 241	8 900	9 108
Capital adequacy	9.2%	10.6%	11.2%
Storebrand Life Insurance[1]			
Premiums for own account	19 717	19 619	19 227
- of which products with investment choice	2 125	1 763	992
Policyholder's funds incl. accrued profit	280 975	153 568	140 276
Investment yield I[2]	8.9%	7.1%	6.9%
Investment yield II[2]	7.3%	8.3%	7.6%
Capital adequacy (Storebrand Life Insurance group)	10.0%	9.7%	10.9%
Operating costs as a % of policyholders' funds	1.2%	1.1%	1.1%
Storebrand Bank			
Interest margin %	1.1%	1.3%	1.6%
Cost/income %	69.7%	71.3%	61.8%
Non-interest income/total income %	20.1%	15.8%	17.4%
Net lending	36 791	30 748	26 286
Capital adequacy	10.5%	11.0%	10.5%
Storebrand Investments (asset management)			
Total assets under management	227 356	216 902	204 825
Assets under management for external clients	57 661	54 825	49 176

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: Like Investment yield I but including change in unrealised gains on financial current assets.

04 Other income

NOK million	2007	2006	2005
Fee and commission income, banking	139.8	112.3	44.5
Fee and commission expense, banking	-81.9	-80.3	-26.9
Net fee and commission income, banking	57.9	32.0	17.6
Management fees, asset management activities	383.3	228.8	169.6
Interest income on bank deposits	310.4	127.0	110.2
Revenue from real estate broking	14.2	14.2	9.3
Interest from lending, insurance activities	150.9	73.7	21.0
Currency gains/losses, banking	-248.0	138.4	-145.0
Other insurance related income	57.9		
Interest income, insurance	28.1	35.0	19.7
Other financial income	45.3	158.2	135.0
Other revenue from companies other than banking and insurance	53.1	123.6	127.0
Total other income	**853.1**	**930.9**	**464.4**

Total fee and commission income from financial instruments not at fair value totalled NOK 39.4 million in 2007.
Total fee and commission expenses on financial instruments not at fair value totalled NOK 23.3 million in 2007.

05 Operating costs

	SB Life	SB Bank	Other		Storebrand Group	
NOK million	2007	2007	2007	2007	2006	2005
Personnel costs	-894.4	-142.0	-262.2	-1 298.6	-1 175.9	-991.4
Depreciation	-77.6	-21.3	-19.3	-118.2	-88.0	-81.0
Other operating costs	-843.4	-197.0	-124.5	-1 164.9	-1 256.8	-1 097.0
Total operating costs	**-1 815.4**	**-360.3**	**-406.0**	**-2 581.6**	**-2 520.7**	**-2 169.4**

06 Other costs

NOK million	2007	2006	2005
Pooling	-100.7	-33.1	-69.4
Interest costs, insurance	-42.2	-26.2	-29.5
Currency losses, banking and insurance	-9.9	-12.8	-28.8
Insurance related costs	-20.1		
Loss on repaying borrowings			-113.1
Other costs	-15.1	-7.7	-15.1
Total other costs	**-188.0**	**-79.8**	**-255.9**

07 Tax

Tax charge to profit

NOK million	2007	2006	2005
Tax payable for the period	-0.3	-8.0	-2.9
Change in deferred tax	-19.8	-71.3	-38.2
Total tax charge	**-20.1**	**-79.3**	**-41.1**

Reconciliation of expected and actual tax charge

NOK million	2007	2006	2005
Ordinary pre-tax profit	2 028.8	1 585.3	1 463.4
Expected tax on income at nominal rate	-568.1	-443.9	-409.8
Tax effect of:			
- realised/unrealised shares	1 086.9	1 537.3	1 318.3
- dividends received	228.7	436.2	129.5
- associated companies	-14.1	11.4	5.1
- permanent differences	52.2	47.0	54.4
- write-down of deferred tax assets	-805.7	-1 667.3	-1 138.6
Tax charge	**-20.1**	**-79.3**	**-41.1**
Effective tax rate	**-1.0%**	**-5.0%**	**-2.8%**

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

NOK million	2007	2006	2005
Tax increasing temporary differences			
Securities	548.1	26.1	30.6
Real estate	3 461.9	763.3	1 050.1
Operating assets	4.9	4.8	616.3
Pre-paid pensions	204.7	58.4	60.4
Gains/losses account	785.7	982.1	1 255.1
Other	2 324.5	479.4	123.5
Total tax increasing temporary differences	**7 329.8**	**2 314.1**	**3 136.0**
Tax reducing temporary differences			
Securities	-4 369.3	-2 006.2	-1 635.4
Real estate			-100.6
Operating assets	-77.9	-97.1	-157.7
Provisions	-23.5	-97.0	-75.9
Accrued pension liabilities	-930.9	-576.3	-711.5
Gains/losses account	-70.5	-62.9	-61.1
Other	-28.3	-30.4	-12.6
Total tax reducing temporary differences	**-5 500.4**	**-2 869.9**	**-2 754.8**
Losses carried forward	-12 027.4	-8 697.0	-5 680.6
Allowances carried forward	-1 357.4	-1 352.0	-1 358.4
Total losses and allowances carried forward	**-13 384.8**	**-10 049.0**	**-7 039.0**
Basis for net deferred tax/tax assets	**-11 555.4**	**-10 604.8**	**-6 657.8**
Write-down of basis for deferred tax assets	12 969.2	10 281.4	6 299.2
Net basis for deferred tax/tax assets	1 413.8	-323.4	-358.6
Net deferred tax asset/liability in the balance sheet	**395.9**	**-90.5**	**-100.4**

Booked in the balance sheet:

Deferred tax assets	234.9	207.0	290.0
Deferred tax	630.8	116.5	189.6

Deferred tax assets have been written down as a result of uncertainty as to whether future taxable income will be sufficient for all losses carried forward to be used for business in Norway. The primary reason behind this is the exemption from taxation for share dividends and gains/losses on shares in the EEA area, and it is expected that the group will continued to derive income from such investments in future years. Allowances carried forward date from the years 1998–2003, and must be used within 10 years. Deferred tax has arisen in Sweden due to the acquisition of SPP.

08 Intangible assets and goodwill

NOK million	Brand names	IT systems	Other intangibles SPP[1]	VIF[2]	Goodwill	Total 2007	Total 2006	Total 2005
Acquisition cost 1.1.		257.6			611.9	869.5	785.1	782.6
Additions in the period:								
Developed in-house		23.6				23.6	28.0	0.1
Purchased separately		43.8				43.8	41.6	22.7
Acquired through mergers, acquisitions, etc	30.7		989.6	7 714.9	907.1	9 642.3	0.5	
Disposals in the period		-8.2			-0.4	-8.6		-5.4
Effect of hedge accounting					-20.0	-20.0		
Acquisition cost 31.12.	**30.7**	**316.8**	**989.6**	**7 714.9**	**1 498.6**	**10 550.6**	**855.2**	**800.0**
Accumulated depreciation and write-downs 1.1.		-162.7			-157.5	-320.2	-278.0	-262.4
Depreciation in the period		-40.7				-40.7	-36.4	-34.3
Disposals in the period								4.9
Accumulated depreciation and write-downs 31.12.		**-203.4**			**-157.5**	**-360.9**	**-314.4**	**-291.8**
Book value 31.12.	**30.7**	**113.4**	**989.6**	**7 714.9**	**1 341.1**	**10 189.7**	**540.7**	**508.2**

Intangible assets are depreciated linearly over 3–10 years.

1 Intangible assets in connection with the acquisition of SPP are associated with brand name, customer lists and the option for further acquisitions from Handelsbanken. The acquisition analysis is not final. The distribution of the various elements will be made once this has been completed.
2 VIF – "value of business in force" is depreciated over 20 years.

Analysis of goodwill by business acquisition

NOK million	Acquisition cost 1.1.	Acc. write-downs 1.1	Balance sheet value 1.1.	Additions/ disposals	Write-downs	Balance sheet value 31.12.
Storebrand Bank ASA	563.2	-140.8	422.4			422.4
Acquisition of SPP				866.5		866.5
Delphi Fondsforvaltning AS	48.3	-16.7	31.6			31.6
Hadrian Eiendom AS				20.1		20.1
Skansen Eiendomsmegling AS				0.5		0.5
Sjølyst Eiendom AS	0.4		0.4	-0.4		
Total	**611.9**	**-157.5**	**454.4**	**886.7**		**1 341.1**

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

09 Tangible fixed assets

Properties and operational assets

NOK million	Equipment	Vehicles	Fixtures & Fittings	Property[1]	Total 2007	Total 2006	Total 2005
Book value at 1.1.	**27.6**	**9.8**	**27.1**	**770.1**	**834.6**	**749.3**	**742.9**
Additions	11.9	18.6	6.0		36.6	101.4	37.1
Additions through acquisitions/mergers	2.1				2.1		
Disposals		-0.2		-1.4	-1.6	-4.4	-2.9
Changes to value in the balance sheet				21.5	21.5	48.1	24.5
Depreciation	-16.7	-3.4	-1.4	-22.4	-43.9	-51.6	-52.0
Other changes				254.0	254.0		2.4
Book value at 31.12	**24.9**	**24.9**	**31.7**	**1 021.8**	**1 103.2**	**842.9**	**752.0**
Acquisition cost opening balance	86.8	11.3	302.8	774.8	1 175.6	1 576.6	1 110.9
Acquisition cost closing balance	121.2	29.0	308.8	773.9	1 233.0	1 740.5	873.3
Accumulated depreciation and write-downs opening balance	-59.2	-1.6	-275.4	-43.8	-379.9	5.8	-407.7
Accumulated depreciation and write-downs closing balance	-96.3	-6.6	-274.4	-298.2	-675.4	-8.6	-177.4
Revaluation fund opening balance				24.0			
Changes in the period				20.6			
Revaluation fund closing balance				44.6			

1 Properties for own use, also see note 16.

For each class of fixed assets:

Depreciation method:	Linear
Depreciation plan and financial lifetime:	
Equipment	4 years
Vehicles	6 years
Fixtures and fittings	4 years
Real estate	15 years

10 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	65.1	195.8	5.7
Of which future lease income	7.2	6.0	

NOK million	2007	2006	2005
Lease payments through profit and loss account	44.1	40.9	39.1
Future lease income through profit and loss account	16.7	19.2	23.8

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 in Oslo and Bergen.
Lease contracts for cars are normally for 36 months. Lease contracts for copying machines expire in 2012 and 2010.
Lease contracts for office premises and leasing out offices in Aker Brygge (Oslo) expire first half of 2008.
Other leases on office premises are for 3–7 years with options for renewal.

11 Pensions

Storebrand

Employees are insured through a defined benefit pension equivalent to 70 per cent 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. The pension terms follow from the pension decisions in the Storebrand group.

The company is obliged to have an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions. The company›s pension scheme satisfies the requirements of this act.

SPP

The pension plan for employees in SPP follows the plan for bank employees in Sweden. The ordinary retirement age is 65 in accordance with the pension agreement between the Employer's Association of the Swedish Banking Institutions (BAO) and the Union of Finance Sector Employees and between BAO and SACO (the Swedish Confederation of Professional Associations). The amount is 10 per cent of the annual salary up to 7.5 income base amounts. The retirement pension is 65 per cent of the annual salary for the portion of salary between 7.5–20 income base amounts, and 32.5 per cent of annual salary between 20–30 income base amounts. No retirement pension is paid for the portion of salary in excess of 30 income base amounts.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK million	2007	2006	2005
Present value of insured pension benefit obligations including employer's NI contributions	2 893.6	3 105.5	2 762.4
Pension assets as fair value	-2 759.8	-2 747.3	-2 599.4
Net pension liability/surplus for the insured schemes	133.8	358.1	163.0
Present value of the uninsured pension benefit obligations including employer's NI contributions	558.1	454.3	495.4
Net pension liabilities concerning SPP	225.0		
Net pension liabilities in the balance sheet	**916.9**	**812.5**	**658.4**

Booked in the balance sheet:

	2007	2006	2005
Pension assets	205.0	58.4	57.0
Pension liabilities	1 121.0	870.9	715.4

NOK million	2007	2006	2005
Accumulated experience adjustments included in equity	176.8	465.8	226.1

Equity in the group in 2007 was positively affected by a net amount of NOK 215 million. This was due to the write back of previous expenses because these expenses were actually included in the profit sharing model in Storebrand Livsforsikring AS in which the charge against the group›s equity was less than had been charged.

Changes in the net defined benefit pension liability in the period:

NOK million	2007	2006	2005
Net pension liability at 1.1. including provision for employer's national insurance contributions	3 559.2	3 257.8	3 307.0
Net pension cost recognised in the period including provision for employer's NI contributions	124.4	111.6	88.9
Interest on pension liabilities	141.5	144.1	143.1
Experience adjustments	-164.6	252.1	-18.3
Pensions paid	-208.2	-205.9	-207.8
Changes to the pension scheme			-55.1
Net pension liabilities concerning SPP	479.0		
Net pension liability at 31.12.	**3 931.3**	**3 559.8**	**3 257.8**

Changes in the fair value of pension assets in the period:

NOK million	2007	2006	2005
Fair value of pension assets at 1.1.	2 723.1	2 599.9	2 627.0
Expected return	145.3	151.4	145.5
Experience adjustments	-9.6	23.8	-37.6
Premium paid	82.9	147.9	83.1
Pensions paid	-180.8	-175.8	-173.2
Changes to the pension scheme			-45.3
Net pension assets concerning SPP	254.0		
Net pension assets at 31.12.	**3 014.8**	**2 747.3**	**2 599.4**

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

	Storebrand Livsforsikring AS			SPP
	2007	2006	2005	2007
Properties and real estate	13%	11%	10%	
Bonds held to maturity	23%	28%	28%	
Secured and other lending	2%	1%	1%	
Shares and other equity participations	30%	29%	27%	42%
Bonds	26%	28%	29%	53%
Commercial paper	1%		4%	
Other short-term financial assets	5%	2%	1%	5%
Total	**100%**	**100%**	**100%**	**100%**

The table shows the percentage asset allocation of pension assets managed by Storebrand Livsforsikring and SPP at year-end. The book (realised) investment return on assets managed by Storebrand Livsforsikring was 8.9% in 2007, 7.1% in 2006 and 6.9% in 2005.

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

NOK million	2007	2006	2005
Current service cost including employer's national insurance contributions	129.8	76.6	81.4
Interest on pension liabilities	135.9	143.6	143.1
Expected return on pension assets	-144.3	-150.6	-151.5
Experience adjustments	0.1		-1.3
Changes to the pension scheme			-9.8
Accrued employer's national insurance contributions	22.0	14.9	12.7
Net pension cost booked to profit and loss account in the period	**143.5**	**84.5**	**74.6**

The net pension cost is included in operating costs.

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

	For Storebrand			For SPP
	31.12 2007	31.12 2006	31.12 2005	31.12 2007
Financial:				
Discount rate	4.7%	4.3%	4.7%	3.8%
Expected return on pension fund assets in the period	5.8%	5.6%	6.0%	
Expected earnings growth	4.3%	4.3%	3.0%	3.5%
Expected annual increase in social security pensions	4.3%	4.3%	3.0%	3.0%
Expected annual increase in pensions in payment	1.9%	1.7%	2.0%	2.0%
Disability table	KU	K63	K63	
Mortality table	K2005	K63	K63	P94

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

Net pension liability at 31.12.:

NOK million	2007	2006	2005
Discounted current value of defined benefit pension liabilities	3 676.7	3 559.8	3 257.8
Fair value of pension assets	2 759.8	2 747.3	2 599.4
Deficit	**916.9**	**812.5**	**658.4**

12 Remuneration of senior employees and elected officers of the company

NOK '000s	Ordinary salary	Bonus paid	Other benefits[1]	Post-termination salary (months)	Pension accrued for the year	Discounted present value of pension	Loan	Interest rate at 31.12.07	Repayment period
Senior employees									
Idar Kreutzer	3 602	2 249	250	24	675	10 342	10 800	4.76–5.59	2037
Hans Henrik Klouman[6]	4 269	1 423	132	24			1 109	6.00	2025
Odd Arild Grefstad	2 322	1 553	225	18	469	5 896	4 391	4.76–5.89	2024
Maalfrid Brath	2 338	1 123	183	18	508	6 132	4 895	4.76–5.54	2035
Egil Thompson	1 561	420	161	18	390	3 216	712	4.76	2021
Lars Aa. Løddesøl	2 355	1 234	163	18	685	4 381	4 357	4.76–5.54	2029
Klaus-Anders Nysteen	1 905	187	154	18	769	984	3 446	4.76–5.55	2026
Roar Thoresen	2 612	1 600	146	18	801	4 599	1 694	4.76	2032
Hans Aasnæs	2 546	2 875	156	18	686	8 778	1 700	4.76	2027
Total 2007	**23 509**	**12 663**	**1 570**		**4 984**	**44 328**	**33 104**		
Total 2006	24 556	15 398	5 392		5 572	42 677	30 764		

	No. of shares held[2]	Bonus bank[3]	Return on shares bank[4]
Idar Kreutzer	54 160	4 308	-331
Hans Henrik Klouman[6]	4 516	2 393	-205
Odd Arild Grefstad	8 323	1 695	-151
Maalfrid Brath	4 831	1 122	-165
Egil Thompson	3 660	401	-48
Lars Aa. Løddesøl	4 933	1 336	-179
Klaus-Anders Nysteen	1 813	-3	-66
Roar Thoresen	2 796	1 309	-246
Hans Aasnæs	14 695	1 464	-398
Total 2007	**99 727**	**14 024**	**-1 789**
Total 2006	45 111	15 038	4 304

NOK '000s	Remuneration	Bonus bank[3]	No. of shares held[2]	Loan
Board of Directors				
Leiv L. Nergaard[5]	620		109 090	
Halvor Stenstadvold	282		6 645	
Knut G. Heje	236		15 467	
Mette K. Johnsen	112			
Erik Haug Hansen	276	95	3 981	1 030
Nina Elisabeth Smeby	104		125	1 696
Birgitte Nielsen	280			
Barbara Rose Milian Thoralfsson	138		1 849	
Knut Dyre Haug	248	220	2 979	1 441
Camilla Grieg	197			
Ann-Mari Gjøstein	162		258	
Total 2007	**2 655**	**315**	**140 394**	**4 167**
Total 2006	2 332	243	57 129	4 842
Control Committee				
Elisabeth Wille	200		747	
Harald Moen	164		595	
Carl Graff-Wang	61			
Ida Hjort Kraby	160			
Jon Ansteinsson	109			
Ole Klette	107			
Total 2007	**801**		**1 342**	
Total 2006	761		410	

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 31.12.2007. 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 2007 adjusted for dividend.*
5 *Directors' fees from Storebrand ASA and Storebrand Livsforsikring AS.*
6 *Left on 01.09.07*

Loans to employees of the group total NOK 1,588 million.

STOREBRAND ASA – THE BOARD OF DIRECTOR'S STATEMENT

On the fixing of the salary and other remuneration for senior employees

The Board's declaration
The Board of Storebrand ASA will submit a statement to the annual general meeting on the salary and other remuneration of senior employees, cf. Section 6-16a of the Public Limited Liabilities Companies Act, based on the group's previously adopted guidelines concerning remuneration for senior employees in Storebrand.

The Board's Remuneration Committee
The Board of Storebrand ASA has had a special Remuneration Committee since 2000. The Remuneration Committee is tasked with providing recommendations to the Board concerning all matters to do with the company's remuneration of the CEO. The Committee shall remain informed about and suggest guidelines for the fixing of remuneration for senior employees in the group. In addition the Committee is the advisory body for the CEO in relation to remuneration regimes that cover all senior employees, including Storebrand's bonus system and pension scheme.

Guidelines for the fixing of salary and other remuneration for senior employees in Storebrand
Storebrand aims to base remuneration on competitive and stimulating principles that help to attract, develop and retain highly qualified staff. The aim is for total remuneration to move towards a lower proportion of fixed salary and a higher proportion of bonus over time. The salaries of senior employees are fixed on the basis of a position›s responsibilities and complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to fixed pay in the sector.

Senior employees in Storebrand can, in addition to their fixed salary, receive remuneration in the form of an annual bonus, participation in the group›s group pension scheme, usual benefits in the form of free newspapers, telephone, company car scheme, and other personal benefits. Senior employees may also be entitled to an arrangement in which their salary is paid after the end of their employment. This guarantees salary less other income for a specific period of up to 24 months after the end of their employment.

The bonus system
The Storebrand group's bonus scheme, which is offered in addition to basic pay, is a performance-related bonus scheme linked to the group's value-based management system. The value creation of the group finances the overall amount of the bonus, but the employees' performance determines how large a proportion of the financed bonus is awarded. The bonus entitlement is credited to a bonus account. The amount credited to the bonus bank is exposed 50 per cent to Storebrand's share price and 50 per cent to the bank interest rate paid. 1/3 of the balance on the bonus account is paid each year.

Share programme for employees
Like other employees in Storebrand, senior employees have an opportunity to purchase up to 1,000 shares in Storebrand ASA at a discount. The discount in excess of NOK 1,500 is reported as pay. The scheme is subject to a minimum contractual period.

The senior employee remuneration policy practised in 2007
In 2007, senior employee remuneration in Storebrand was fixed according to the guidelines described above. None of the group's executive management received pay increases during the ordinary pay adjustment.

The executive management receive on average less than 25 per cent expected variable remuneration calculated in relation to fixed remuneration.

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

Arvid Grundekjøn	
Inger Lise Gjørv	
Stein Erik Hagen	
Terje R. Venold	924
Margareth Øvrum	
Olaug Svarva	
Johan H. Andresen jr.	
Vibeke Hammer Madsen	
Merete Egelund Valderhaug	
Roar Engeland	
Rune Pedersen	1 682
Tor Haugom	5
Randi Paulsrud	545
Karen Helene Ulletveit-Moe	
Trond Bjørgan	
Arild Thoresen	
Paul Eggen jr.	
Unn Kristin Johnsen	
Total 2007	**3 156**
Total 2006	761
Total 2005	2 028

No loans have been made to any member of the Control Committee. Loans to members of the Board of Representatives total NOK 8.1 million.

The remuneration paid to auditors was as follows (excl. VAT):

NOK million	2007	2006	2005
Statutory audit	6.8	5.9	6.0
Other reporting duties	3.5	0.2	0.7
Tax advice		0.7	1.2
Other non-audit services	5.2	1.7	6.1

Of which remuneration paid to Deloitte AS (excl. VAT):

	2007	2006	2005
Statutory audit	6.8	5.9	6.0
Other reporting duties	3.5	0.2	0.7
Tax advice		0.7	1.2
Other non-audit services[1]	5.2	1.7	6.1

1 *Other non-audit services primarily relate to agreed inspection services in connection with Storebrand›s acquisition of SPP Livförsäkring and associated companies. Of the amount approximately NOK 1.3 million was fees to Deloitte in Sweden and Denmark.*

13 Investments in associated companies

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

NOK million	2007	2006	2005
Revenue			
Nordben Life and Pension Insurance Co. Ltd.		70.8	64.8
Caveo ASA	93.0		
Norsk Pensjon AS	0.4		
Inntre Holding AS	240.7	210.7	185.1
Bertil O Steen Finans AS			52.4
Seilduksgaten 25/31 AS	2.6	2.8	3.1
Utenlandsmegleren AS	3.4	3.9	
Profit/loss			
Nordben Life and Pension Insurance Co. Ltd.		20.0	31.0
Caveo ASA	-14.2		
Norsk Pensjon AS	-5.9		
Inntre Holding AS	19.5	9.7	4.3
Bertil O Steen Finans AS			35.3
Seilduksgaten 25/31 AS	-1.2	-1.2	-0.3
Utenlandsmegleren AS	-0.2	-0.6	
Assets			
Nordben Life and Pension Insurance Co. Ltd.		7 108.0	6 417.0
Caveo ASA	108.1	165.4	
Norsk Pensjon AS	15.1		
Inntre Holding AS	182.0	160.6	149.3
Bertil O Steen Finans AS			52.8
Seilduksgaten 25/31 AS	24.0	24.2	24.9
Utenlandsmegleren AS	2.5	3.1	
Liabilities			
Nordben Life and Pension Insurance Co. Ltd.		6 804.8	6 165.1
Caveo ASA	57.9	48.3	
Norsk Pensjon AS	8.1		
Inntre Holding AS	51.0	43.5	38.5
Bertil O Steen Finans AS			9.4
Seilduksgaten 25/31 AS	24.0	23.2	22.7
Utenlandsmegleren AS	3.1	3.4	

Ownership interests in associated companies

NOK million	Ownership interest	Acquisition cost	Balance sheet value at 1.1	Additions/ disposals	Share of profit	Balance sheet value 31.12
Nordben Life and Pension Insurance Co. Ltd[1]	75%	29.5	75.8	-82.2	6.4	
Caveo ASA[2]	49%	124.1	89.3	34.7	-30.3	93.7
Norsk Pensjon AS	25%	2.5	2.5	2.5	-1.4	3.6
Inntre Holding AS	34%	2.2	40.2		6.4	46.6
Active Travel Norway AS	40%	2.0		2.0		2.0
Seilduksgaten 25/31 AS	50%	30.0	29.2		-0.5	28.7
Utenlandsmegleren AS	34%	0.3		0.3	-0.3	
Total		190.6	237.1	-42.8	-19.6	174.6

1 *Storebrand Livsforsikring AS directly owns 25% of the shares in Nordben Life and Pension Insurance CO. Ltd. and SPP owns 50% of the Shares in Nordben, meaning the group's total interest has increased to 75% with the acquisition of SPP. 25% of the result in the company has been included in 2007 according to the equity method, while the balance sheet has been consolidated in its entirety.*
2 *Goodwill has been written down by NOK 23.6 million.*

14 Joint Ventures

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

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

NOK million	2007	2006	2005
Revenue			
Storebrand Helseforsikring AS	102.3	85.0	70.8
Evoco Financial Production Services UAB	3.0		
Fair Financial Ireland plc.[1]		43.0	182.7
Sjølyst Eiendom AS[2]		145.0	
Group profit			
Storebrand Helseforsikring AS	13.0	6.5	5.3
Evoco Financial Production Services UAB	-0.9		
Fair Financial Ireland plc.		-4.8	10.4
Sjølyst Eiendom AS		30.0	
Assets			
Storebrand Helseforsikring AS	142.0	119.9	99.0
Evoco Financial Production Services UAB	1.7		
Fair Financial Ireland plc.			326.2
Sjølyst Eiendom AS		727.0	330.0
Liabilities			
Storebrand Helseforsikring AS	85.0	80.6	72.9
Evoco Financial Production Services UAB	1.6		
Fair Financial Ireland plc.			307.0
Sjølyst Eiendom AS		417.0	

1 The company was sold in 2006
2 The company was sold in 2007

15 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.

16 Investment properties

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

NOK million	2007	2006	2005
Rental income from investment properties	1 615.3	1 246.8	977.4
Operating costs (including maintenance and repairs) for investment properties that produced rental income in the period.	-180.6	-156.5	-128.3
Total	**1 434.7**	**1 090.3**	**849.1**
Change in fair value of investment properties	2 952.8	907.2	36.6
Total income from investment properties	**4 387.5**	**1 997.5**	**885.7**

Values booked in the balance sheet

NOK million	2007	2006	2005
Book value at 1.1.	17 447.0	13 503.6	12 240.7
Additions from new purchases	753.8	3 387.5	962.3
Additions caused by supplementary expenditure	896.3	151.0	264.0
Disposals	-442.0	-502.2	
Net revaluation/write-downs	2 703.5	907.2	36.6
Book value at 31.12.	**21 358.6**	**17 447.0**	**13 503.6**

Type of property

				2007			
	2007	2006	2005	Average rental per square metre	Remaining term of lease contract	Space (square metres)	Occupancy rate
Offices (including parking and storage)	11 305.1	9 648.4	7 643.7	1 468.0	4.6	637 479	98.1
Shopping centres (including parking and storage)	9 504.2	7 312.0	5 464.1	1 518.0	4.0	390 078	99.1
Car parks	549.3	486.5	395.8	1 077.0	9.0	44 085	100.0
Total investment properties	**21 358.6**	**17 447.0**	**13 503.6**			**1 071 642**	
Properties for own use	1 005.4	769.9	657.7	1 926.0	2.1	59 945	100.0
Total properties	**22 364.0**	**18 216.9**	**14 161.3**	**1 926.0**		**1 131 587**	

The group entered into commitments in 2007 to purchase properties for NOK 167 million, but completion of these contracts and transfer of risk does not take place until 2008.

17 Capital adequacy

	2007					2006	2005
NOK million	SB Life Group	P&C Group	SB Bank Group	SB ASA	Group	Group	Group
Risk-weighted calculation base	137 941.1	126.9	26 101.9	17 023.0	164 983.4	105 270.3	95 163.0
Equity	15 374.2	253.2	2 065.7	15 462.4	18 482.1	8 737.4	8 173.2
Other core (Tier 1) capital	2 437.0				2 437.0		
Perpetual subordinated loans			275.6		275.6	275.1	229.2
Goodwill and other intangible assets	-9 610.5	-81.2	-288.3		-10 406.8	-731.9	-827.8
Deductions	-65.0			-249.9	-314.9	-222.2	-131.9
Net core (Tier 1) capital	**8 135.7**	**172.0**	**2 053.0**	**15 212.5**	**10 473.0**	**8 058.4**	**7 442.7**
Tier 2 Capital	5 764.4		683.7		4 834.3	3 332.0	3 245.5
Deductions	-65.0				-65.0	-192.0	-18.8
Net core (Tier 2) capital	**5 699.4**		**683.7**		**4 769.3**	**3 140.0**	**3 226.7**
Net primary capital	**13 835.1**	**172.0**	**2 736.7**	**15 212.5**	**15 242.3**	**11 198.4**	**10 669.4**
Capital adequacy in %	**10.0%**	**135.5%**	**10.5%**	**89.4%**	**9.2%**	**10.6%**	**11.2%**

The statutory capital adequacy requirement is 8%. The capital adequacy is calculated according to the principles used in the company accounts, and not pursuant to IFRS.

18 Number of employees

	2007	2006	2005
Number of employees at 31.12.[1]	2 219	1 455	1 321
Average number of employees	1 597	1 388	1 305
Fulltime equivalent positions at 31.12.[1]	2 151	1 429	1 295
Average number of fulltime equivalents	1 556	1 362	1 260

1 The SPP group is included in 2007 with 555 employees and 537 fulltime equivalent, but is not included in the calculation of the average number.

19 Net income analysed by class of financial instrument

Net interest income from banking activities

NOK million	2007	2006	2005
Interest income[1]	1 992.3	1 220.0	1 027.1
Interest expense[2]	-1 579.1	-801.2	-579.8
Net interest income from banking activities	**413.2**	**418.8**	**447.3**

1 Interest income from financial instruments not at fair value totalled NOK 1,861.3 million in 2007 (compared with NOK 1,141.5 million in 2006).
2 Interest expense on financial instruments not at fair value totalled NOK 1,506.4 million in 2007 (compared with NOK 780.3 NOK million in 2006).

Net income and gains from financial assets at fair value

NOK million	2007	2006	2005
Dividends from shares and other equity investments	870.8	747.8	646.9
Net gains/losses on disposal of shares, other equity investments and equity derivatives	3 431.5	3 628.9	4 149.3
Net unrealised gains/losses on shares and other equity investments	-3 644.4	1 680.8	2 643.7
Total shares and other equity investments	**658.0**	**6 057.5**	**7 439.9**
- of which FVO (fair value option)	**823.1**	**6 066.0**	**7 509.9**
Interest income	2 170.9	1 817.7	1 610.2
Net gains/losses on disposal of fixed-income securities and interest rate derivatives	-560.1	-348.0	27.8
Net unrealised gains/losses on fixed-income securities	-1 487.0	-113.5	-52.6
Total bonds, bond funds and other fixed-income securities	**123.9**	**1 356.1**	**1 585.4**
- of which FVO (fair value option)	**-714.1**	**814.6**	**1 413.4**
Interest	-2.1	53.8	8.5
Net gains/losses on disposal of financial derivatives	4 223.7	66.0	-390.5
Net unrealised gains/losses on financial derivatives	427.4	553.5	-1 237.9
Total financial derivatives	**4 649.0**	**673.3**	**-1 619.9**
Income from financial assets with investment choice FVO	**353.4**	**685.4**	**721.3**
Net income and gains from financial assets at fair value	**5 430.9**	**8 087.0**	**7 405.4**
- of which FVO (fair value option)	**462.4**	**7 566.0**	**9 644.6**

Net income from bonds at amortised cost

NOK million	2007	2006	2005
Interest income from bonds held to maturity	1 595.0	1 739.9	1 879.7
Interest income from other bonds at amortised cost	640.2	657.3	530.1
Net income from bonds at amortised cost	**2 235.2**	**2 397.2**	**2 409.9**

Interest expense

NOK million	2007	2006	2005
Interest expense – subordinated loans	-197.1	-135.2	-141.6
Interest expense – funding	-114.1	-76.7	-50.6
Interest expense on other financial indebtedness	-7.0	-1.0	-4.9
Total interest expense[2]	**-318.2**	**-212.9**	**-197.1**

20 Lending losses/write-back of earlier losses

NOK million	2007	2006	2005
Write-downs/write-backs of lending, guarantees, etc for the period			
Change in individual loan write-downs for the period	113.0	29.6	107.5
Change in grouped loan write-downs for the period	15.2	15.9	26.5
Other corrections to write-downs	-0.9	22.4	-19.3
Change in individual guarantee write-downs for the period	4.0		
Realised losses on loans where provisions have previously been made	-59.6	-17.2	-81.9
Realised losses on loans where no provisions have previously been made	-1.0	-6.2	-0.9
Recovery of loan losses realised previously	7.5	2.4	2.5
Write-downs/write-backs for the period	**78.2**	**47.0**	**34.4**
Income recognised interest on loans for which write-downs have been made	4.0	7.5	15.3

Provisions for credit losses

NOK million	2007	2006	2005
Write-downs of individual loans at 1.1.	360.0	389.6	501.0
Losses realised in the period for which individual write-downs have previously been made	-59.6	-17.2	-81.9
Write-downs of individual loans in the period	12.0	43.1	66.8
Reversals of write-downs of individual loans in the period	-66.1	-59.6	-103.4
Other corrections to write-downs	0.7	4.0	7.1
Write-downs of individual loans at 31.12.	**247.0**	**360.0**	**389.6**
Grouped write-downs of loans, guarantees etc. at 1.1.	73.3	89.2	115.7
Grouped write-downs in the period	-15.2	-15.9	-26.5
Grouped write-downs of loans, guarantees, etc at 31.12.	**58.1**	**73.3**	**89.2**

21 Classification of financial assets and liabilities

NOK million	Loans and receivables	Hold to maturity	Fair value, trading	Fair value, FVO	Amortised cost	Total
Financial assets						
Bank deposits	25 569.0					25 569.0
Shares and other equity instruments			2 033.3	71 627.8		73 661.1
Bonds and other fixed-income securities	12 919.7	27 460.4	7 963.8	104 061.8		152 405.7
Lending to financial institutions	374.1					374.1
Lending to customers	39 177.0			316.5		39 493.5
Customer receivables and other short-term receivables	6 512.6					6 512.6
Other financial assets[1]	1 515.3			3 338.1		4 853.4
Derivatives			4 774.1			4 774.1
Life insurance assets with investment choice				39 083.4		39 083.4
Total financial assets 2007	**86 067.7**	**27 460.4**	**14 771.2**	**218 427.5**	**0.0**	**346 726.8**
Total financial assets 2006	51 206.5	29 922.3	16 807.2	90 319.7	13 176.5	201 432.2
Financial liabilities						
Subordinated loan capital					5 213.8	5 213.8
Liabilities to financial institutions					3 064.5	3 064.5
Deposits from banking customers				137.4	17 332.2	17 469.6
Securities issued				1 118.9	22 209.0	23 327.9
Derivatives			3 644.6			3 644.6
Other current liabilities[2]			3 891.1		17 307.7	21 198.8
Total financial liabilities 2007			**7 535.7**	**1 256.3**	**65 127.2**	**73 919.2**
Total financial liabilities 2006	4 811.5		9 865.4	1 196.3	35 230.7	51 103.9

1 Specification of other financial assets

NOK million	2007
Receivables in connection with reverse repo	1 515.3
Investment portfolio Nordben	3 338.1
Total	**4 853.4**

2 Specification of other current liabilities

NOK million	2007
Repo SPP	10 901.6
Short positions	3 891.1
Other current liabilities	6 406.1
Total	**21 198.8**

22 Fair value of financial assets and liabilities

	2007		2006		2005	
NOK million	Balance sheet value	Fair value	Balance sheet value	Fair value	Balance sheet value	Fair value
Assets						
Bank deposits	25 569.0	25 569.0	13 216.0	13 216.0	5 768.7	5 768.7
Financial assets at fair value:						
Shares and other equity instruments	73 661.1	73 661.1	46 604.0	46 604.0	39 589.1	39 589.1
Bonds and other fixed-income securities	112 025.6	112 025.6	50 782.7	50 782.7	57 539.3	57 539.3
Derivatives	4 774.1	4 774.1	2 117.7	2 117.7	1 481.1	1 481.1
Life insurance assets with investment choice	39 083.4	39 083.4	7 364.1	7 364.1	5 719.4	5 719.4
Other financial assets	4 853.4	4 853.4				
Loans and receivables:						
Loans to and due from financial institutions, amortised cost	374.1	374.1	114.9	114.9	41.7	41.7
Loans to customers, fair value	3 019.3	3 019.3	2 598.3	2 598.3	908.9	908.9
Loans to customers, amortised cost	36 474.2	36 473.1	30 489.3	30 484.4	26 033.2	26 033.2
Customer receivables and other short-term receivables	6 512.6	6 512.6	5 046.5	5 046.5	6 278.0	6 278.0
Other bonds at amortised cost	12 919.7	12 447.8	13 176.5	13 086.4	9 259.5	9 898.9
Bonds held to maturity	27 460.4	27 972.3	29 922.3	31 108.9	31 412.1	34 346.1
Total assets	**346 726.8**	**346 765.7**	**201 432.3**	**202 523.9**	**184 031.0**	**187 604.4**
Financial liabilities:						
Derivatives, trading	3 644.6	3 644.6	1 797.2	1 797.2	1 719.4	1 719.4
Securities issued, fair value	1 118.9	1 118.9	1 196.0	1 196.0		
Securities issued, amortised cost	22 209.0	21 994.9	15 199.3	15 153.6	15 653.7	15 647.9
Liabilities to financial institutions, amortised cost	3 064.5	3 034.7	2 786.0	2 786.0	1 464.6	1 464.4
Deposits from banking customers, fair value	137.4	137.4				
Deposits from banking customers, amortised cost	17 332.2	17 332.2	13 533.7	13 532.8	11 187.0	11 187.0
Other current liabilities	21 198.8	20 776.3	12 880.1	12 880.1	11 079.2	11 079.2
Total other financial liabilities	**68 705.4**	**68 039.0**	**47 392.3**	**47 345.7**	**41 103.9**	**41 097.9**
Subordinated loan capital, amortised cost	5 213.8	5 191.9	3 711.7	3 786.9	3 524.9	3 615.3
Total financial liabilities	**73 919.2**	**73 230.9**	**51 104.0**	**51 132.6**	**44 628.8**	**44 713.2**

23 Collateral

Collateral pledged and received

NOK million	2007	2006	2005
Collateral for Futures trading	-2 135.0	115.1	1 429.5
Collateral pledged in connection with repo	-9 386.3		
Received collateral for Security Lending Programme J.P. Morgan	758.4		
Received collateral for Security Lending Programme Handelsbanken	2 487.1		
Total contingent liabilities	**-8 275.8**	**115.1**	**1 429.5**

NOK million	2007	2006	2005
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	2 461.1	1 698.6	1 703.1
Total	**2 461.1**	**1 698.6**	**1 703.1**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to the regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges Bank .
Storebrand Bank ASA has a F loan for NOK 550 million in Norges Bank as per 31.12.2007.

24 Contingent liabilities

Collateral pledged and received

NOK million	2007	2006	2005
Guarantees	378.6	290.2	237.1
Uncalled residual liabilities concerning Limited Partnership	4 661.0	4 237.0	2 982.0
Undrawn amounts of committed lending facilities	2 241.9	1 687.4	1 285.7
Other liabilities	46.0		
Total contingent liabilities	**7 327.5**	**6 214.6**	**4 504.8**

Guarantees principally concern payment guarantees and contract guarantees.
Undrawn credit facilities concern granted and undrawn overdrafts and credit cards, as well as unused facility for credit loans secured by property.

25 Stock lending

Stock lending

NOK million	Fair value 2007
Total stock lending	1 307.3
Received collateral for Security Lending Programme J.P. Morgan	758.4
Received collateral for Security Lending Programme Handelsbanken	2 487.1
Received collateral reinvested in bonds	423.3

Stock lending by country

NOK million	Fair value 2007
UK	71.2
Japan	321.5
France	246.3
Australia	100.2
USA	393.9
Spain	58.0
Germany	24.7
Other	91.6
Total	**1 307.3**

Stock lending by currency

NOK million	Fair value 2007
USD	424.7
EUR	391.2
JPY	321.5
AUD	100.2
GBP	28.7
Other	41.1
Total	**1 307.3**

26 Hedge accounting

Storebrand Bank ASA

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.

	2007			2006			2005		
	Contract/ nominal	Fair value[1]		Contract/ nominal	Fair value[1]		Contract/ nominal	Fair value[1]	
NOK million	value	Assets	Liabilities	value	Assets	Liabilities	value	Assets	Liabilities
Interest rate swaps	3 257.0		99.1	3 802.0	0.3	79.5	3 166.0	17.1	4.3
Total interest rate derivatives	**3 257.0**		**99.1**	**3 802.0**	**0.3**	**79.5**	**3 166.0**	**17.1**	**4.3**
Total derivatives	**3 257.0**		**99.1**	**3 802.0**	**0.3**	**79.5**	**3 166.0**	**17.1**	**4.3**

	2007			2006			2005		
	Contract/ nominal	Hedging value [1, 3]		Contract/ nominal	Hedging value [1, 3]		Contract/ nominal	Hedging value [1, 3]	
Mill. kroner	value	Assets	Liabilities	value	Assets	Liabilities	value	Assets	Liabilities
Underliggende objekter	3 232.7		3 089.5	3 695.1	132.8	3 418.0	3 159.1	142.9	2 964.0
Sikringseffektivitet – prospektiv			94%		111%	96%		81%	91%
Sikringseffektivitet – retrospektiv			108%		116%	101%		87%	95%

Gain/loss on fair value hedging:[2]

	2007	2006	2005
NOK million	Gain/loss	Gain/loss	Gain/loss
On hedging instruments	-24.1	-85.1	-57.9
On items hedged	19.2	83.3	61.1

1 Book value at 31.12.
2 Amounts are included in the accounts in the item "Net interest income".
3 Fair value for hedge accounting is calculated on the basis of the original spread, which takes into accounting amortisation, commission income and costs, as well as option costs in connection with structured products.

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.

Storebrand Life Insurance

In 2007, Storebrand used hedge accounting in connection with the acquisition of SPP. Cash flow hedging of the currency risk associated with Storebrand's expected acquisition of SPP amounting to SEK 16.4 billion was booked from 11 December. The hedge accounting ceased on 20 December when the transaction was concluded. The spot element in forward exchange agreements was used as the hedging instrument and the effective share of the hedging instruments, amounting to NOK 20 million, which was recognised in equity during the hedging period, and upon the cessation of the hedge accounting charged against equity and reduced goodwill.

Cash flow hedging of the currency risk associated with Storebrand's net investment in SPP of SEK 16.4 billion has been used since 20 December. The spot element in forward exchange agreements has been used as the hedging instrument. The effective share of the hedging instruments recognised in equity in 2007 is NOK 160.8 million and the hedging efficiency is 100%. The hedging object has had an unrealised loss of NOK 186.4 million in the same period, such that the net amount recognised in equity in 2007 is NOK 25.6 million.

Million Hedging instrument	Nominal amount SEK	Book value NOK	Maturity date
Forward rate agreements	16 200.0	108.3	19.03.08

The difference between the booked value of NOK 108.3 million and the amount of NOK 160.8 million included in the equity is due to an unrealised loss of NOK 52.5 million on the interest rate element during the whole period and the currency element during the period prior to using hedge accounting.

27 Bonds at amortised cost

	2007				2006		2005	
NOK million	Nominal value	Acquisition cost	Book value	Fair value	Book value	Fair value	Book value	Fair value
Bonds held to maturity	26 891.0	27 745.7	27 460.4	27 972.3	29 922.3	31 108.9	31 412.1	34 346.1
Other bonds at amortised cost	12 886.8	12 930.4	12 919.7	12 447.8	13 176.5	13 086.4	9 259.5	9 898.9
Total bonds	39 777.8	40 676.1	40 380.1	40 420.1	43 098.8	44 195.3	40 671.6	44 245.0
Interest accrued but not due			1 102.6		1 216.0		1 115.0	
Total incl. interest accrued but not due	39 777.8	40 676.1	41 482.7	40 420.1	44 314.8	44 195.3	41 786.6	44 245.0
Analysis by sector:								
Public sector	27 110.3	28 043.3	27 724.0	28 274.6	29 507.6	30 726.2	30 613.2	33 553.5
Financial institutions	12 316.5	12 280.7	12 305.1	11 794.3	13 240.1	13 110.5	9 550.9	10 155.0
Other issuers	351.0	352.1	351.0	351.2	351.1	358.6	507.4	536.5
Total	39 777.8	40 676.1	40 380.1	40 420.1	43 098.8	44 195.3	40 671.6	44 245.0
Modified duration				4.04		4.54		4.74
Average effective yield			5.38	5.42	5.22	4.65	5.50	3.72

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.

28 Shares and other equity investments

	2007			2006		2005	
NOK million	Acquisition cost	Fair value	Fair value incl. indirect investments in funds	Fair value	Fair value incl. indirect investments in funds	Fair value	Fair value incl. indirect investments in funds
Listed shares Norway	5 682.6	6 404.5	6 357.9	6 567.0	6 618.6	8 266.0	8 307.0
Listed shares within EEA	12 202.0	11 661.1	14 266.4	6 855.2	7 642.6	7 703.1	6 499.1
Listed shares outside EEA	9 275.4	8 710.7	15 974.6	12 426.2	18 990.9	9 703.6	17 592.1
Unlisted shares Norway	1 065.6	1 100.4	1 144.6	601.6	622.7	285.4	321.4
Unlisted shares within EEA	1 103.9	1 390.3	1 390.3	158.3	164.1	274.3	274.7
Unlisted shares outside EEA	1 043.6	1 087.1	1 087.1	1 040.5	1 040.9	80.5	116.7
Fund units managed by SB Investments Norway	11 645.7	11 993.5	2 056.9	11 586.7	4 054.7	8 431.7	1 546.5
Other fund units Norway	296.8	320.7	320.7	159.1	159.1	11.5	11.5
Other fund units within EEA	13 364.6	12 945.2	13 015.0	2 773.3	2 874.4	2 022.5	2 109.6
Other fund units outside EEA	17 888.5	18 047.6	18 047.6	4 435.9	4 435.9	2 810.5	2 810.5
Total shares	**73 568.6**	**73 661.1**	**73 661.1**	**46 604.0**	**46 604.0**	**39 589.1**	**39 589.1**

29 Bonds and other fixed-income securities

NOK million	Commercial paper 2007	Bonds 2007	Total 2007	Bond funds 2007	Security lending, collateral, cash reinvested in interest bearing securities 2007	Total including bond funds 2007	Total including bond funds 2006	Total including bond funds 2005
Commercial paper, bonds and bond funds, fair value	12 920.2	97 862.5	110 782.8	819.5	423.3	112 025.6	50 782.7	57 539.3
Of which listed	10 943.4	88 457.8	99 401.2	0.8		99 402.0	35 740.3	32 355.3
Direct investments in bonds and commercial paper	12 920.3	97 862.5	110 782.7	51.2	423.3	111 257.2	49 638.2	
Indirect investments in commercial paper and bonds through funds managed by Storebrand	50.9	-1 872.3	-1 821.4			-1 821.4	-3 095.2	
Other indirect investments				729.4		729.4	827.9	
Interest accrued but not due	18.0	1 409.1	1 427.0			1 427.0	424.1	
Base amount for analysis by sector and currency	**12 989.2**	**97 399.2**	**110 388.4**	**780.6**	**423.3**	**111 592.3**	**47 795.1**	
Public sector	6 362.6	45 858.0	52 220.6	60.9		52 281.5	13 611.7	
Financial institutions	3 778.0	27 285.3	31 063.3	719.7	423.3	32 206.3	25 113.1	
Other issuers	2 848.6	24 255.9	27 104.5			27 104.5	9 070.3	
Total	**12 989.2**	**97 399.2**	**110 388.4**	**780.6**	**423.3**	**111 592.3**	**47 795.1**	
NOK	3 173.9	24 779.0	27 952.9	69.5		28 022.4	24 167.2	
EUR	79.3	16 064.7	16 144.0	104.3		16 248.3	14 368.7	
USD	840.7	5 265.9	6 106.6	606.9	423.3	7 136.8	6 459.2	
DKK		145.2	145.2			145.2	145.7	
GBP		1 207.4	1 207.4			1 207.4	1 267.1	
CAD		409.1	409.1			409.1	298.2	
SEK	8 895.3	48 566.4	57 461.7			57 461.7	134.4	
JPY		820.9	820.9			820.9	808.7	
CHF		91.0	91.0			91.0	103.3	
AUD		49.6	49.6			49.6	42.6	
Total	**12 989.2**	**97 399.2**	**110 388.4**	**780.6**	**423.3**	**111 592.3**	**47 795.1**	

Norwegian activities

	Commercial paper	Bonds	Total
Modified duration	0.33	1.95	1.73
Average effective yield	5.72	4.65	4.68

Swedish activities

	Commercial paper	Bonds	Total
Modified duration	0.22	5.29	4.53
Average effective yield	4.36	4.13	4.17

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.

30 Assets in life insurance with investment choice

	Fair value		
NOK million	2007	2006	2005
Equity funds	4 562.5	3 028.7	2 601.3
Bond funds	326.4	127.0	119.1
Money market funds	817.9	1 094.7	1 098.4
Combination funds	20 087.1	2.0	1.6
Units in investment portfolios	13 289.5	3 111.8	1 899.0
Total	**39 083.4**	**7 364.1**	**5 719.4**

The above amount includes investments in Portfolio Bond (Euroben Ltd., Ireland) of NOK 4,363.1 million.
These assets will be transferred to Handelsbanken in 2008. The transfer is conditional on a licence.

31 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.

				Fair value		Fair value – hedging	
NOK million	Gross nom. volume	Average nom. volume	Net nom. volume	Asset	Liability	Asset	Liability
Equity options	35 398.0	22 247.5	-6 580.7	1 798.5	317.7		
Equity index forwards		1 654.6					
Equity index futures	15 262.6	13 734.9	11 545.4	40.4	37.8		
Total equity derivatives 2007	**50 660.6**	**37 637.0**	**4 964.7**	**1 838.9**	**355.5**		
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	875 219.2	763 736.8	-128 917.3	240.2	193.8		
Interest rate futures	10 270.8	14 568.5	5 891.9	13.8	10.4		
Interest rate swaps	155 435.4	136 658.6	79 062.1	1 324.5	2 090.6		91.2
Interest rate options	31 772.6	31 014.8	28 279.5	82.8	26.7		
Total interest rate derivatives 2007	**1 072 698.0**	**945 978.7**	**-15 683.8**	**1 661.4**	**2 321.5**		**91.2**
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	141 871.7	123 785.4	-43 748.5	1 221.0	875.9		
Currency options							
Basis swaps		301.2					
Total currency derivatives 2007	**141 871.7**	**124 086.6**	**-43 748.5**	**1 221.0**	**875.9**		
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	13 224.3	16 769.3	4 986.3	52.8	91.8		
Total credit derivatives 2007	**13 224.3**	**16 769.3**	**4 986.3**	**52.8**	**91.8**		
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 2007	**1 278 454.6**	**1 124 471.6**	**-49 481.3**	**4 774.1**	**3 644.7**		**91.2**
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

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.

32 Financial liabilities

Subordinated loan capital

	2007			2006	2005
NOK million	Currency	Interest rate in %	Amount NOK	Amount NOK	Amount NOK
Perpetual subordinated bond issue 2004	NOK	5,9%	108.8	108.5	108.1
Perpetual subordinated bond issue 2004	NOK	3 months NIBOR + 1.5%	166.8	166.6	166.4
Subordinated loan 2002-2012, call 2007	NOK	3 months NIBOR + 2%		100.0	100.0
Subordinated loan 2003-2013, call 2008	NOK	3 months NIBOR + 2.25%	54.5	100.0	100.0
Subordinated loan 2005-2015, call 2010	NOK	3 months NIBOR + 0.70%	175.0	175.0	175.0
Subordinated loan 2006-2016, call 2011	NOK	3 months NIBOR + 0.57%	99.8	99.8	
Subordinated loan 2003-2023, call 2008	EUR	6 months EURIBOR + 2.2%	1 476.4	1 526.7	1 481.1
Subordinated loan 2004-2014, call 2009	EUR	3 months EURIBOR + 0.9%	1 388.7	1 435.1	1 394.3
Subordinated loan 2007 - 2017, call 2012	NOK	3 months NIBOR + 0.58%	249.6		
Subordinated loan 2007 - 2012, call 2012	NOK	3 months NIBOR + 1.65%	150.0		
Subordinated loan 2002, perpetual, period of notice 5 years	SEK	3 months STIBOR + 2.0%	840.1		
Subordinated loan 2002, perpetual, period of notice 5 years	SEK	3 months STIBOR + 2.0%	504.1		
Total			**5 213.8**	**3 711.7**	**3 524.9**

Liabilities to financial institutions

NOK million	2007	2006	2005
Loans and deposits from credit institutions without notice or fixed term	2.9	8.9	76.5
Loans and deposits from credit institutions with notice or fixed term	3 061.6	2 777.1	1 388.1
Total	**3 064.5**	**2 786.0**	**1 464.6**

Deposits from banking customers

NOK million	2007	2006	2005
Corporate customers	7 447.0	5 578.0	4 524.2
Retail customers	9 251.4	7 569.8	6 380.8
International	771.2	385.9	282.0
Total	**17 469.6**	**13 533.7**	**11 187.0**

Liabilities created by issuing securities

NOK million	2007	2006	2005
Commercial paper	4 474.6	3 727.8	4 465.2
Bonds	18 853.2	12 667.5	11 188.5
Total	**23 327.9**	**16 395.3**	**15 653.7**

Liabilities created by issuing securities

	2007	
NOK million	Nominal value	Book value
Own issued bonds:		
SEK FRN April 2007 – October 2009, 3 months STIBOR + 0.10	845.5	845.5
EUR FRN May 2007 – November 2008, 3 months EURIBOR + 0.10	3 582.5	3 582.5
NOK FRN June 2005 – June 2008, 3 months NIBOR + 0.12	1 500.0	1 500.2
NOK FRN December 2003 – December 2008, 3 months NIBOR + 0.45	1 000.0	1 001.3
NOK FRN January 2005 – January 2010, 3 months NIBOR + 0.19	1 500.0	1 501.7
NOK Fixed rate November 2005 – November 2010, 4.25%	970.0	969.7
NOK Fixed rate January 2006 – March 2009, 3.70%	1 053.0	1 047.5
NOK Fixed rate January 2007 – June 2010, 5.00%	750.0	750.7
NOK FRN August 2006 – August 2009, 3 months NIBOR + 0.06	1 220.0	1 219.7
NOK – September 2009, 3 months NIBOR + 0.20	830.0	830.0
NOK – September 2011, 3 months NIBOR + 0.30	750.0	749.6
EUR – September 2008, 3 months EURIBOR + 0.55	4 609.8	4 588.8
Total bonds issued	18 610.8	18 587.1
Other bond issues (equity index bonds + hedge fund bonds)	1 594.6	1 522.0
Total bonds	20 205.4	20 109.1
Own bonds bought back	999.0	999.9
Other bonds bought back (equity index bonds + hedge fund bonds)	255.8	247.2
Total bonds bought back	1 254.8	1 247.1
Accrued expenses		-8.7
Net holding of bonds	18 950.6	18 853.3
Own commercial paper issued	4 947.0	4 944.5
Commercial paper bought back	440.0	469.9
Net holding of commercial paper	4 507.0	4 474.6
Total holding of bonds and commercial paper	**23 457.6**	**23 327.9**

33 Further information on financial risk

Storebrand

General information

Storebrand Life Insurance's financial risk is principally associated with its ability to meet the annual return guarantee. This makes great demands on how the capital is invested in different securities and assets, and how the company practises its risk management.

The composition of the financial assets is determined by the company's investment strategy. The investment strategy establishes guidelines for the composition of financial assets through principles and limits for the company's risk management. The investment strategy also includes limits and guidelines for credit and counterparty exposure, currency risk and the use of derivates. The objectives of this active risk management are to maintain good risk bearing capacity and to continuously adapt the financial risk to the company's financial strength. Given the risk the company is exposed to and with the aid of the risk management that is practised, the company expects to produce good returns, both in individual years and over time.

Liquidity risk

Storebrand has established 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 11 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, equities and other liquid investments 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 2007, 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 around 3.5% on overage. The guaranteed annual return places particular demands on how the capital is invested in different securities and assets. Following the introduction of the new Insurance Activities Act, Storebrand Life Insurance's company assets and customer assets have been spilt. The investment strategy and thus the market risk for the different sub-portfolios in Storebrand Life Insurance are tailored to the risk tolerances Storebrand Life Insurance applies to the various products, policies and the company's primary capital. Given the current investment portfolio, the annual return will normally fluctuate between 2% and 11%. Smaller portions of the portfolio are invested in profiles with somewhat lower and somewhat higher market risk. The share capital is invested such that it is exposed to a low level of risk, but is exposed to assets and instruments that mean it can also keep pace with the growth in the customer funds due to returns and inflation. 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, 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 associated with international investments. Currency position limits are set for investment management to ensure effective practical implementation of currency hedging. Currency hedging is mainly carried out through rolling short-term forward foreign exchange contracts.

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.

SPP

General information

In the case of the Swedish activities in SPP the portfolio is divided into defined benefit pensions, defined contribution pensions and unit-linked policies. Both the defined benefit pensions and the defined contribution pensions in SPP have associated guarantees. This results in the generation of financial risk in the event of falling stock markets and falling interest rates. In the case of some policies, a risk also arises from strongly rising interests rates. Due to the somewhat more complex financial risk picture in SPP than in the Norwegian activities, the risk the customer portfolio represents against the equity is also managed through derivative transactions in SPP's company portfolio. The investment strategy and risk management in SPP comprises three main pillars. Asset allocation that results in a good return over time for customers and the owner, the continuous implementation of risk management measures in the customer portfolios, and tailored hedging of certain selected insurance policies in the company's portfolio.

Financial risk

In traditional insurance with guaranteed interest, the insurance company bears the risk of the policyholder not achieving the guaranteed return on paid premiums. If the total return exceeds the guaranteed yield, the return is allocated such that the policyholder receives 90 per cent and SPP 10 per cent. In the case of savings in unit-linked insurance, the policyholder accepts the entire financial risk, whereas in the case of asset management the company is exposed to market risk, liquidity risk, credit risk and operational risk. Falling equity markets and falling interest rates in particular generate financial risk since these could result in a transfer of capital from the company's equity to customers' assets in the event of large market movements. If an insurance contract with SPP has less earned capital than what is expected to be adequate given the applicable interest rate, an equity contribution is allocated that reflects this deficit. This allocation is recognised in the profit and loss account and called the net deferred capital contribution. SPP's financial risk management counters this effect by making investments that counter the changes in the net deferred capital contribution that could occur in different scenarios. SPP uses financial derivatives in the company portfolio and the customer portfolio to achieve this. The company thus continuously carries out integrated asset and liability management.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its payment obligations when they fall due, or that the company will not be able to sell securities at acceptable prices. This risk is limited by a substantial part of the assets being invested in listed securities with good liquidity.

Credit risk

Credit risk is the risk that a counterparty is unable to meet his obligations. Creditworthiness is determined using both internal and external credit checks. Placements in fixed-income securities with a lower rating than "BBB" require the approval of the Board. The determination is made to avoid having too great a concentration on individual issuers. The group has framework agreements with all counterparties to reduce their risk with respect to outstanding derivative transactions. These regulate how collateral against changes in market values, calculated on a daily basis, should be pledged placed.

Market risk

Market risk is the risk of price changes in the financial markets, i.e. the interest rate, currency, equity, commodity or property markets, affecting the value of the company's financial instruments. The company's chief financial officer, in consultation with an allocation committee, continuously defines a reference portfolio to manage the exposure to different market risks. Stress tests are continuously conducted using historical changes to assess the possible effects on the company's capital base.

34 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 Fair value	NIG Fair value	Total Fair value
Public sector	25 003.1	3 032.5	4 234.6	141.9	5 848.9	38 261.0
Financial institutions	1 902.0	8 235.5	9 261.2	10 058.6	1 434.9	30 892.1
Other issuers	40 595.9	156.2	410.6	940.4	336.2	42 439.1
Total 2007	**67 500.9**	**11 424.2**	**13 906.3**	**11 140.9**	**7 619.9**	**111 592.3**
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	31 953.4	1 334.1	2 032.8			35 320.3
Financial institutions	1 692.0	3 441.3			1 029.1	6 162.4
Total 2007	**33 645.4**	**4 775.4**	**2 032.8**		**1 029.1**	**41 482.7**
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

Rating classes are based on Standard & Poor's ratings.
NIG = Non-Investment Grade

Lending

	2007								2006	2005
Risk group NOK million	Lending	Undrawn committed facilities	Guaran-tees	Total exposure	Write-downs of individual loans	Write-downs of guaran-tees	Grouped write-downs	Residual exposure	Residual exposure	Residual exposure
Low risk	37 675.2	2 238.1	373.0	40 286.3			-18.1	40 268.2	31 417.3	25 822.4
Medium risk	1 246.6	10.8	2.0	1 259.4			-0.3	1 259.2	516.2	1 087.1
High risk	188.7	1.1	3.2	193.0			-0.6	192.4	14.3	195.9
Unclassified	239.7	1.3	0.4	241.4				241.4	2 939.7	335.2
Not allocated							-34.7	-34.7		
Loans in default and loss-exposed lending	448.3			448.3	-247.1		-4.4	196.9	173.8	357.0
Total	**39 798.6**	**2 251.3**	**378.6**	**42 428.5**	**-247.1**		**-58.0**	**42 123.4**	**35 061.2**	**27 797.6**

Grouped write-downs	58.1
Individual write-downs	247.1
Book value of lending at 31.12.07	**39 493.5**

NOK million	2007	2006	2005
Loans in default			
Loans in default without identified impairment	151.2	109.0	112.9
Loans in default and loss-exposed loans with identified impairment	297.2	423.7	641.1
Gross loans in default	**448.3**	**532.7**	**754.0**
Individual write-downs	247.1	360.0	389.6
Net loans in default	**201.3**	**172.7**	**364.4**

Fair value of loans in default and loans past maturity not written down in Storebrand Bank ASA

NOK million	Loans past maturity not written down, overdue 30–90 days	Loans in default without identified impairment, overdue more than 90 days	Loans with identified impairment, overdue more than 90 days	Total gross loans in default and loans past maturity not written down	Individual write-downs	Fair value loans in default and loans past maturity not written down 2007	Fair value loans in default and loans past maturity not written down 2006	Fair value loans in default and loans past maturity not written down 2005
Wage-earners	281.5	140.0	178.3	599.7	-136.1	463.7	353.7	233.9
Commercial services and real estate operations	79.1	10.3	62.7	152.1	-26.2	125.9	153.7	112
Others	9.9	0.9	104.1	114.9	-84.8	30.1	21.4	18.5
Total	**370.5**	**151.2**	**345.1**	**866.7**	**-247.1**	**619.6**	**528.8**	**364.4**

Analysis of net lending

NOK million	2007	2006	2005
Analysis by sector and industry:			
Commercial services and real estate operations	13 687.5	12 253.2	9 013.1
Retail customers	25 617.5	20 400.0	17 295.4
Others	188.5	434.0	633.6
Total	**39 493.5**	**33 087.2**	**26 942.1**

35 Liquidity risk

Amounts reported include accrued interest

Residual contractual period for financial assets

NOK million	No contractual maturity date	Up to 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	Total value
Leading to financial institutions		374,1					
Lending to customers	-42.6	2 268.6	198.2	1 502.3	3 197.4	32 388.3	39 512.3
Bonds at amortised cost			829.9	1 159.6	20 339.4	19 153.8	41 482.7
Bonds and other fixed-income securities[1]	3 715.5	2 363.7	8 335.0	8 163.2	45 804.4	43 210.6	111 592.3
Fixed-term deposits		98.2					98.2
Derivatives[2]		1 374.7	-7.9	72.6	311.6	-584.6	1 166.5
Total 2007	**3 672.9**	**6 479.3**	**9 355.2**	**10 897.6**	**69 652.8**	**94 168.2**	**194 226.0**
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

Residual contractual period for financial liabilities

NOK million	No contractual maturity date	Up to 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	Total value
Subordinated loan capital	4 225.8	54.5				933.5	5 213.8
Liabilities to credit institutions		653.0	100.0		318.4	1 993.2	3 064.5
Deposits from banking customers		15 544.0	1 471.9	268.8	182.6	2.3	17 469.6
Securities issued		650.0	8 304.5	5 767.8	8 605.7		23 327.9
Total 2007	**4 225.8**	**16 901.5**	**9 876.4**	**6 036.6**	**9 106.7**	**2 929.0**	**49 075.8**
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

1 *Bonds and other fixed-income securities without contractual maturity dates consist of bond funds, security lending collateral reinvested in interest-bearing securities and bonds in Nordben Life and Pension Insurance Co. Ltd.*
2 *In this note, derivatives are presented net.*

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.
Other short term liabilities of NOK 21.2 billion are due within one year.

36 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	More than 5 years	Total value
Leading to financial institutions		374.1					374.1
Lending to customers[1]	36 002.7	787.0	1 659.9	521.3	410.7	130.6	39 512.3
Bonds at amortised cost			829.9	1 159.6	20 381.5	19 111.8	41 482.7
Bonds and other fixed-income securities[2]	3 715.5	10 240.6	28 364.4	6 982.9	27 034.2	35 254.7	111 592.3
Fixed-term deposits		98.2					98.2
Derivatives[3]	1 075.0	-548.6	-14 157.2	2 040.4	8 952.8	3 804.0	1 166.5
Total 2007	**40 793.2**	**10 951.3**	**16 697.0**	**10 704.2**	**56 779.2**	**58 301.2**	**194 226.0**
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 *Deposits and lending with no contractual fixed interest rate period are classified in this column according to the guidelines for reporting public bank statistics.*
2 *Bonds and other fixed-income securities without no contractual fixed interest rate period consist of bond funds, security lending collateral reinvested in interest-bearing securities and bonds in Nordben Life and Pension Insurance Co. Ltd.*
3 *In this note, derivatives are presented net*

Period to next interest rate fixing for financial liabilities

NOK million	No contractual maturity date	Up to 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	Total value
Subordinated loan capital		397.5	4 709.3	107.0			5 213.8
Liabilities to financial institutions		652.9	2 411.6				3 064.5
Deposits from banking customers	14 738.4	831.5	1 543.5	173.6	182.6		17 469.6
Securities issued		7 586.0	11 148.3	3 654.4	939.3		23 327.9
Total 2007	**14 738.4**	**9 467.9**	**19 812.6**	**3 935.0**	**1 121.9**		**49 075.8**
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

Other short term liabilities of NOK 21.2 billion have fixed interest rates that expire within one year.

Interest rate sensitivity

NOK million	No contractual maturity date	Up to 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	Total value
Short-term holdings of financial assets							
AUD			1.7	-0.1	-0.7	-1.1	-0.2
CAD		0.2	0.9	-0.9	-2.8	-17.0	-19.6
CHF			-0.1				-0.1
EUR		2.7	13.7	-29.4	-225.7	-202.3	-441.0
GBP		0.5	5.6	-0.4	-14.1	-70.8	-79.2
JPY		0.5	4.9		-12.1	-88.1	-94.8
NOK	0.4	-39.7	-36.9	20.1	-41.0	-548.3	-645.4
SEK		-1.0	-10.1	-18.6	-587.4	-2 726.7	-3 343.8
USD		3.5	26.9	-6.3	-38.9	-113.9	-128.7
Other currencies		0.4	3.3	-0.5	-3.7	-6.4	-6.9
Total short-term holdings of financial assets	**0.4**	**-32.9**	**9.9**	**-36.2**	**-926.4**	**-3 774.6**	**-4 759.7**
Long-term holdings of financial assets							
EUR		2.6					2.6
NOK			6.2	-9.1	-627.1	-1 041.1	-1 671.1
SEK			-15.1				-15.1
Total long-term holdings of financial assets		**2.6**	**-8.9**	**-9.1**	**-627.1**	**-1 041.1**	**-1 683.5**
Total quantified interest rate sensitivity 2007	**0.4**	**-30.2**	**1.1**	**-45.3**	**-1 553.5**	**-4 815.7**	**-6 443.2**
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 2007 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.

37 Currency risk

Financial assets and liabilities in foreign currency

	Balance sheet items excl. currency derivatives	Currency forwards	Net position		
NOK million	Net balance sheet value	Net sales	in currency	in NOK	Of which SPP in NOK
AUD	156.5	-150.6	5.9	28.3	
CAD	219.9	-209.6	10.3	56.6	
CHF	222.6	-198.2	24.4	116.7	81.9
DKK	328.2	-297.4	30.9	32.9	3.0
EUR	2 708.7	-2 446.1	262.5	2 083.5	1 827.7
GBP	408.5	-367.7	40.8	442.1	56.7
HKD	441.9	-405.4	36.5	25.4	3.0
JPY	86 892.8	-73 278.8	13 614.1	658.7	611.5
SEK	71 417.6	12 304.8	83 722.4	70 337.2	70 333.9
USD	5 966.4	-5 138.7	827.9	4 497.9	3 923.3
ZAR	1.7		1.7	1.3	1.3
Other				27.6	5.9
Total short-term foreign currency				**78 308.1**	**76 848.2**
EUR	-920.2	941.5	21.3	178.3	
SEK	16 508.7	-16 055.6	453.1	380.7	
Other	14.0	-14.0		0.3	
Total long-term foreign currency – financial				**559.3**	
Insurance liabilities SPP – SEK			-130 365.1	-109 522.9	-109 522.9
Total long-term foreign currency				**-108 963.6**	**-109 522.9**
Total net currency position 2007				**-30 655.5**	**-32 674.7**
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 2007 are typical of the group's small limits for currency positions.

SPP

SPP practices currency hedging to a certain extent with respect to its international investments. In the case of equities the currency hedging will be between 50% and 100%, and for other classes actively hedges the major part of its foreign currency risk.

38 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 insu-rance	Individual endow-ment insurance	Individual annuity/ pension insurance	P&C insu-rance	SPP group and Nordben Life & Pension	Total group 2007	Total 2006	Total 2005
Reinsurers' share of technical insurance reserves						1 501.3		1 501.3	1 828.3	2 401.9
Receivables in respect of insurance policies	2.0	2.0		0.3		32.1		36.4	64.9	69.1
Total assets	**2.0**	**2.0**	**0.0**	**0.3**	**0.0**	**1 533.4**	**0.0**	**1 537.7**	**1 868.8**	**2 459.4**
Premium reserve	97 752.7	16 139.8	430.3	14 691.8	23 039.0		100 712.2	252 765.8	140 506.8	129 737.5
- of which RBNS	251.7	66.3	39.2	19.0	7.5			383.7	376.5	132.9
- of which IBNR	7.9	2.1	188.0	21.7	20.0			239.7	217.2	163.0
- of which premium income received in advance	676.8	0.1	52.0	17.8	61.8			808.5	807.9	780.6
Additional statutory reserves	3 948.7	449.9		369.6	989.1			5 757.3	5 550.6	4 537.5
Pensioners' surplus reserve	62.9							62.9	280.0	215.0
Premium eserve/deposit reserve	5 433.6	886.0			180.6			6 500.2	6 668.4	5 357.0
Other technical reserves							13 699.4	13 699.4		
Claims reserve	46.1	12.7	172.9	210.3	14.3		1 513.5	1 969.8	382.6	334.9
- of which RBNS	45.3	12.5	136.4	104.5	4.3			303.0	231.4	174.1
- of which IBNR	0.8	0.2	36.5	105.8	10.0			153.3	150.5	160.8
Security reserve – life insurance	131.7	23.0	19.8	14.0	8.9			197.4	179.0	159.2
Total reserves – life insurance	**107 375.7**	**17 511.4**	**623.0**	**15 285.7**	**24 231.9**	**0.0**	**115 925.2**	**280 952.9**	**153 567.4**	**140 341.1**
Premium and claims reserves – non-life						1 998.8		1 998.8	2 297.3	2 998.5
Security reserve etc. – non-life						31.8		31.8	40.9	40.7
Total reserves – non-life	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2 030.6**	**0.0**	**2 030.6**	**2 338.2**	**3 039.2**
Insurance fund reserves 2007	**107 375.7**	**17 511.4**	**623.0**	**15 285.7**	**24 231.9**	**2 030.6**		**282 983.4**		
Insurance fund reserves 2006	95 306.0	15 555.0	522.8	17 325.5	24 858.1	2 309.6			155 905.6	
Insurance fund reserves 2005	86 778.0	9 723.1	816.4	20 015.0	24 420.0	3 089.5				143 380.3
Provisions after application of sufficiency test								**0.0**	**0.0**	**0.0**
Reinsurance liabilities	**61.4**		**31.6**	**2.1**		**42.5**		**137.6**	**122.2**	**188.5**
Insurance liabilities 2007	**107 437.1**	**17 511.4**	**654.6**	**15 287.8**	**24 231.9**	**2 073.1**		**283 121.0**		
Insurance liabilities 2006	95 352.1	15 555.0	561.3	17 323.5	24 858.1	2 386.3			156 027.8	
Insurance liabilities 2005	86 810.5	9 723.1	851.5	20 017.4	24 420.1	3 165.3				143 568.8

Life insurance:
The item ‘Reserves – life insurance’ includes NOK 7.9 billion that the company assumes will be paid as claims or benefits (excluding repurchase and payment) in 2008 by Storebrand Livsforsikring AS and 3.6 billion by SPP.

P&C insurance:
The item ‘Reinsurers’ share of technical insurance reserves’ includes NOK 365 million that the company assumes will fall due in 2008. The item ‘Reserves – P&C insurance’ includes NOK 287 million that the company assumes will fall due in 2008.

Changes in insurance liabilities – life insurance

Insurance liabilities NOK million	2007 Premium reserve	Reserve for Unit Linked	Premium reserve Deposit reserve	Additional statutory reserves	Security reserve	Storebrand 2007	SPP group and Nordben Life & Pension	Storebrand group 2007	2006 Total	2005 Total
Balance at 1.1.	133 700.9	7 364.1	6 772.8	5 550.7	179.0	153 567.5		153 567.5	140 341.1	125 594.8
+ Gross premium income	17 283.0	2 497.7		140.3		19 921.0		19 921.0	19 772.8	19 379.2
- Gross claims	-15 922.4	-1 283.7	-1 725.0	-178.7		-19 109.8		-19 109.8	-14 774.9	-11 894.7
+ Guaranteed interest rate/unit linked return	5 570.1	353.4	157.6			6 081.1		6 081.1	5 605.1	5 447.0
- Administration contribution	-1 083.2	-82.1				-1 165.3		-1 165.3	-1 086.0	-1 017.9
- Risk result	-369.2	-1.2		-17.3		-387.7		-387.7	-302.3	-453.4
+/- Transfers and additions to reserves	3 477.8	80.6	-115.7	-137.7		3 305.0		3 305.0	17.7	
+ Share of profit	1 232.0		1 165.5	400.0	18.4	2 815.9		2 815.9	3 994.0	3 286.1
Acquired business							115 925.2	115 925.2		
Balance at 31.12.	**143 889.0**	**8 928.8**	**6 255.2**	**5 757.3**	**197.4**	**165 027.7**	**115 925.2**	**280 952.9**	**153 567.5**	**140 341.1**

Market value adjustment reserve

NOK million	2007	2006	2005	Change 2007	Change 2006	Change 2005
Equities	4 365.7	6 150.7	3 639.0	-1 785.0	2 511.7	1 502.1
Interest bearing	-512.0	-261.0	223.5	-251.0	-484.4	-352.0
Gains/losses/write-downs – current assets	3 853.7	5 889.7	3 862.5	-2 036.0	2 027.3	1 150.1
Gains/losses – bonds held to maturity[1]	40.0	1 096.6	3 573.4	-1 056.6	-2 476.8	-639.0
Total	**3 893.7**	**6 986.3**	**7 435.9**	**-3 092.6**	**-449.6**	**511.2**

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

Changes in insurance liabilities – P&C insurance

NOK million	2007	2006	2005
Reinsurers' share of technical insurance reserves			
Balance at 01.01.	**1 828.3**	**2 390.3**	**2 804.9**
Change in premium and claims reserves	-327.1	-555.5	-426.8
Currency movements	0.1	-6.6	25.2
Other changes			-1.4
Balance at 31.12.	**1 501.3**	**1 828.3**	**2 401.9**
Insurance liabilities			
Balance at 01.01.	**2 338.2**	**2 870.3**	**3 399.9**
Change in premium and claims reserves	-252.0	-522.2	-413.2
Change in security reserve	-6.3	5.6	-0.5
Currency movements	-49.4	-15.5	52.6
Other changes			0.4
Balance at 31.12.	**2 030.6**	**2 338.2**	**3 039.2**

In Autumn 2006, Storebrand relaunched sales of P&C insurance products to the Norwegian retail market. Premium and claims reserves for own account for the newly established P&C business amounted to NOK 82 million at the close of 2007.

The major part of insurance liabilities at year-end relate to the run-off 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 account items:

Analysis of net premium income

NOK million	2007	2006	2005
Group pension insurance – private sector	10 512	8 486	6 929
Group pension insurance – public sector	2 585	5 812	1 867
Group life insurance	538	496	467
Individual endowment insurance	4 197	3 486	8 547
Individual annuity and pension insurance	1 584	980	1 226
P&C insurance	328	280	347
Total	19 744	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 per cent of policy-holders' funds (subject to investment return being sufficiently higher than the guaranteed return to permit this) and a risk margin of 12 per cent 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 per cent.

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	2007	2006	2005
- net return on the company's equity[1]	672	579	491
- 0.40 per cent of policyholders' funds	613	567	521
- equity servicing risk	50	49	47
- products not subject to profit-sharing	100	58	159
- other	187	-62	5
Profit to owner	**1 622**	**1 191**	**1 224**

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

In the short-term the company has built up the level of additional statutory reserves to an amount equivalent to the guaranteed return for one year, which corresponds to the short-term target. On 21 January 2008, the Ministry of Finance circulated proposed amendments to the regulations for comment. These permit differentiated allocation to additional statutory reserves such that policies without additional statutory reserves can be built up to 1 per cent of the premium reserve without other policies needing to build up additional statutory reserves. Storebrand assumes that this limit may be raised to 2 per cent as a result of the comments process and has suggested that NOK 325 million be allocated in order to build up policies with lower statutory additional reserves to a level of a minimum of 2 per cent of the premium reserve, in addition it is proposed that NOK 75 million be allocated and distributed over all policies. If the limit is not raised to 2 per cent, the excess allocation will also be distributed over all policies. The additional statutory reserves pursuant to this would amount to NOK 5,757 million, or around 4.0 per cent of the premium reserve.

Risk exposure/sensitivity

Storebrand 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.

	Men			Women		
	30 years	45 years	60 years	30 years	45 years	60 years
Life cover, individual endowment insurance	122	324	1 416	61	162	711
Disability lump sum, individual	273	590		352	1 367	
Disability pension, individual	248	639	1 975	371	1 577	2 490
Critical illness, non-smoker, individual	171	515	1 804	171	515	1 804
Life cover, group life insurance	55	146	821	33	88	493
Life cover, group pension insurance	48	146	743	23	77	403
Disability pension, group pension	511	734	642	1 029	1 386	878

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

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

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

Premiums for group pension insurance follow the new industry tariff K2005 with security margins that take into account the reduction in mortality among policyholders observed in recent years. Premiums for disability pensions are based on the company's own experience. Expense premiums are determined annually with a view to securing full cover for the next year's expected costs.

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

Basic interest rate

Kredittilsynet sets the highest basic interest rate permitted for new policies and for new members/new accrual of benefits in group pension insurance. The highest basic interest rate for new policies was set at 3 per cent in 1993 and subsequently reduced in 2005 to 2.75 per cent 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 per cent to 3 per cent with effect from renewals in 2004.

The following table shows the proportions of insurance fund reserves at 31 December 2007 relating to policies with various basic annual interest rates:

Guaranteed interest rate	2007	2006	2005
6%	0.6%	0.7%	0.8%
5%	0.8%	0.9%	1.1%
4%	58.8%	61.0%	66.2%
3,4%	4.5%	4.9%	4.6%
3%	28.2%	27.2%	23.4%
2,75%	2.7%	0.9%	0.0%
0%	4.4%	4.4%	3.9%

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

The total average guaranteed interest rate for all lines of insurance has decreased from 3.83 per cent in 2000 to 3.52 per cent in 2007. The guaranteed interest rate must be delivered on an annual basis. If the company's investment return in a year is lower than the guaranteed interest rate, current legislation permits the equivalent of up to one year's guaranteed return for the individual policy to be covered by transfers from the policy's additional statutory reserves. Any negative return must be met from the company's equity.

Average guaranteed interest rate	2007	2006	2005
Individual endowment insurance	3.1%	3.2%	3.2%
Individual pension insurance	3.6%	3.6%	3.7%
Group pension insurance	3.6%	3.6%	3.7%
Group life insurance	0.7%	0.8%	0.9%
P&C insurance	0.0%	0.0%	0.0%
Total	3.52%	3.57%	3.64%

New business written in 2007 is subject to a 2.75 per cent 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 per cent.

Premiums and reserves for pension entitlements earned in 2007 in group pension insurance are calculated on the basis of a 3 per cent basic interest rate.

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

Changes to the rules for payment from the national social security scheme for disability benefits etc. may have a significant effect on insurance companies in terms of the number of claims for disability and disability reserves. This currently relates principally to group pension insurance for the public sector, where insurance benefits are fully linked to national social security scheme benefits. Future changes to occupational pensions legislation may also cause changes in this respect for private sector occupational pensions. The premium tariffs will normally be amended to take account of such changes.

In terms of death benefits, increasing life expectancy will affect future expected payments and reserves, although reserves are currently considered to be sufficient.

Right to transfer insurance between companies:
The right to transfer insurance between companies, subject to two months' notice for policies where the transfer value exceeds NOK 300 million, can represent a liquidity risk for smaller life insurance companies if one or more customers elect to transfer large policies to other companies in the space of a short time. The fee that can be charged for transfers is limited to NOK 5,000. For large insurance companies, if transfers out exceed transfers in for an extended period, this will have an adverse effect on future cash flow.

Risk management – Storebrand Life Insurance:
Evaluation of insurance risk (underwriting):
When writing individual risk cover, the customer is subject to a health check. The result of the health check is reflected in the level of the premium quoted. When arranging group policies with risk cover, all employees of small companies are subject to a health check, while for companies with a substantial number of employees Storebrand requires declarations of fitness for work. Underwriting also takes into account the company's industrial category, sector and sickness record.

Control and monitoring of insurance risk:
Insurance risk is separately monitored for every line of insurance in the current insurance portfolio. The risk result for each product group is broken down into the elements of death, accident and disability. The development of risk result is followed throughout the year. For each type of risk, the ordinary risk result for a period represents the difference between the risk premiums the company has collected for the period and the sum of provisions and payments that must be made for insured events that occur in the period. The risk result takes into account insured events that have not yet been reported but which the company, on the basis of its experience, assumes have occurred.

Reinsurance:
The company also manages its insurance risk through a variety of reinsurance programs. Through catastrophe reinsurance (excess of loss) the company covers losses (single claims and reserves provision) where a single event causes more than 3 deaths or disability. This cover is also subject to an upper limit. Surplus reinsurance on life policies covers death and disability risk that exceeds the maximum risk amount for own account the company is permitted to carry by its articles of association. The company's maximum risk amount for own account is relatively high, and the risk reassured is therefore relatively modest. The company's risk within workmen's compensation insurance is covered by both quota reinsurance and "excess of loss" cover purchased by the company. In connection with the relaunch of P&C insurance, the company purchased "excess of loss" cover for unlimited liability for motor insurance and included travel insurance in the catastrophe reinsurance cover.

Sufficiency test:
Storebrand is required by IFRS 4 to carry out a sufficiency test to ensure that the company has sufficient margins in the various constituent elements that make up the company's reserves. IFRS permits two alternative methods for the sufficiency test. Where a company has an established form of analysis that demonstrate the margins in the various constituent elements, Section 16 of the standard allows this analysis to continue to be used to demonstrate that the test is satisfied. Where a company has not established such analysis, it is required to discount future cash flows to present value in accordance with IAS37.

In 2007, Storebrand continued its existing practice from the year before and conducted a test pursuant to Section 16. The required analysis is carried out on the basis of Norwegian principles for premium reserves and applies conservative calculation elements. The established form of analysis is based on the assumptions used for the calculation of Embedded Value in which we use the best estimates for the future base elements based on current experience. The sufficiency test is carried out by analysing the current margins between the assumptions used for setting reserves and the assumptions in the Embedded Value analysis.

Storebrand satisfies the test, as it did in 2006. The test has no profit and loss account effects on the 2007 accounts.

Property and casualty insurance
Premiums written by the newly established P&C business in 2007 totalled NOK 118.2 million. Of this, the premium earned was NOK 66.6 million and the cost of claims in 2007 was NOK 46.0 million. No premiums were received in respect of the run-off business which is 100 per cent 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 2008, and may consider laying off cumulative risk with reinsurers. In 2008, XL cover has been taken out that is intended to cover claims in all sectors apart from liability. This involves an excess amount of NOK 5 million. The cover has a capacity of NOK 25 million.

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

In 2007, Oslo Reinsurance Company received authorisation for a Scheme of Arrangement (SoA) in English law. This means that all of the company's creditors, with some exceptions, should have sent their claims to the company by the end of December 2007. With the help of a process described in the SoA documents it will be determined how much the company must pay to its individual creditors. During the course of 2008, Oslo Reinsurance Company will thus have paid its share of the majority of the claims and the remainder will be individual portfolios or possibly individual creditors that it was inappropriate to include in the SoA process.

Actual claims experience compared with earlier forecasts
Storebrand Skadeforsikring AS has reinsured all its insurance risk with respect to the run-off portfolio, and its claims performance is therefore largely dependent on the requirements imposed by Kredittilsynet for the minimum level of claims reserves that must be held for the various lines of insurance. Storebrand Skadeforsikring AS' active portfolio achieved a small run-off gain in 2007 for 2006.

Oslo Reinsurance Company's claims experience over recent years has largely been affected by the extent to which the company has succeeded in commuting its incoming reinsurance contracts, i.e. reaching agreement on early settlement of its liability to policyholders (cedents). The company has been particularly active in commuting policies in liability-related lines, and this has caused a reduction in exposure and IBNR requirements.

SPP insurance risks

The company's risk with respect to savings in life insurance partly comes from investment yield from assets under management and partly from the policyholders' life and health. The uncertainty surrounding the policyholders' life and health is called insurance risk and can be divided into the following main categories:

- death – payment to the policyholder's surviving relatives
- pension – payment for as long as the policyholder lives
- disability – payment in the event of illness or occupational disability

A policy often contains a combination of the three different insurance risks. In a mutual life insurance company it is the insurance group that is responsible for these risks since in this case the policyholder fulfils the role of both owner and customer. In a private limited company like SPP it is not the policyholders who are liable for the risk result, but the company.

Limiting insurance risk
Before a risk policy – products that ensure financial compensation in the event of death and illness/disability – is granted, SPP conducts a medical insurance risk assessment of the policyholder. The purpose of this is to determine whether and on which terms the policyholder can take out a policy based on the policyholder's health status. This is necessary in order to enable the company to offer policies with the correct level of premium in the long-term. The desired policy should satisfy the policyholder's insurance needs and debt servicing capacity. The assessment of risk therefore also includes an examination of debt servicing capacity.

Future risks
Life expectancy in Sweden is increasing sequentially (mortality is sinking). This is positive for life cover. On the other hand it may become a financial burden in the case of pension insurance (accident cover).

The Swedish Insurance Research Council (FTN), which is a sector organisation, conducted an analysis of mortality in 2006 that makes it possible to look at mortality forecasts that take account of changes in the level of change trends. Such a forecast is crucial when it comes to the setting prices for both life cover and pension insurance. Insurance products are usually designed in such a way that the premium calculation for the entire period of cover is based on mortality/life expectancy at the time the policy was taken out.

The future is unpredictable as far as disability insurance is concerned. Changes in new incidences of disability are taking place much faster than changes in mortality/life expectancy. One of the reasons for this is the problems involved with determining the causes of and the degree of disability on the ground. The quickly increasing level of disability in the first few years of 2000 resulted in premium increases within the sector. Many insurance companies were doubtful about offering voluntary disability cover in the future. However, since 2005 the number of disability incidences has fallen in a more balanced trend that resulted in SPP reducing the risk premiums for disability cover. This resulted in a lower risk result for 2007.

The majority of SPP risk policies are annual. In other words, the company can change the premium every year. Errors in the estimate of the premium for life and disability cover can therefore be corrected, which has a rapid effect on the company's risk result.

Risk exposure
In order to ensure that insurance companies have adequate capital to meet their insurance obligations, Finansinspektionen (the Swedish Financial Supervisory Authority) requires that the sector stress test all of its insurance business using the so-called traffic light calculations. The elements tested are the premium income side and the insurance liabilities. In 2007, it was announced that companies would be also required to stress changes with respect to insurance liabilities in risk policies. This also applies to so-called cancellation risk, which is the risk that a policyholder will terminate the policy and thus stop paying premiums. The level of stress testing generally follows the guidelines issued by CEIOPS (the Committee of European Insurance and Occupational Pensions Supervisors) and their work on Solvency II.

A 20 per cent fall in mortality would entail an annual risk result that was approx. SEK 95 million lower for SPP. If the probability of reactivation in the event of disability sinks by 20 per cent, this would entail an annual risk result that was approx. SEK 25 million lower. SPP's cancellation risk is very small since the majority of the policy portfolio cannot be repurchased.

The insurance risk constitutes a significant proportion of the total capital requirement that results from the stress test. In total the stress test affects the risk result in the amount of SEK 120 million. With an expected risk result of approx. SEK 200 million, this means that the majority of the risk result will thus be consumed if the basis for the stress test should become a reality. The stress tests are based on a 1:200 scenario, or a confidence level of 99.5 per cent.

Risk result
The risk result is divided into the survival, mortality and disability results, as well as pooling and reinsurance. Pooling and reinsurance are risk-reducing items. The risk result thus results in the following magnitudes:

NOK mill.	
Survival result	-121
Mortality result	100
Disability result	232
Reinsurance	-24
Pooling[1]	1
Other	-3

1 Pooling is a form of reinsurance at a global level. In the case of larger groups with activities in multiple countries there is a possibility that the group will balance its risk result via pooling by offsetting losses in one country against gains in another country.

The survival result consists of the added mortality cross subsidy that is added to the policy according to the basis for calculating the premium less the assets that are released by a death. If the sum of the added mortality cross subsidy and the sum of the released assets are equally large, the risk result will be zero. If more people die than expected, the risk result will be positive. On the other hand if fewer die, the risk result will be negative.

The mortality result consists of the paid risk premiums and payments in the event of death. If the paid risk premiums equal the payments in the event of death, then the risk result will be zero. If more people die than expected, the risk result will be negative, and if fewer die then it will be positive.

The disability result consists of the number of new disability incidences as well as the run-off of the portfolio of those who are already disabled. The latter is called the run-off result. The disability result consists of the risk premiums paid in the year and the allocations to the reserve for new incidences of disability. The reserve that is allocated is a cash value that represents the expected repayments, taking into account the expected level of reactivation and mortality. If the reserve and the paid risk premium are equally large, then the disability result will be zero. If the number of new incidences of disability is higher than expected, then the risk result will be negative since the allocations will be higher than the paid risk premiums. If the number of new disability incidences is lower than expected, then the risk result will be positive since the allocations will be lower than the paid risk premiums.

The run-off result consists of the allocated reserves for disability claims and the dissolution of the reserves in the event of reactivation. If greater reactivation takes place and thus more of the reserve is released then expected, then the run-off result will be positive. If the opposite occurs, it will be negative.

The insurance company utilises reinsurance to dampen the fluctuations in the risk result. In other words to avoid larger fluctuations in the risk result than the company believes are financially justifiable. The company does not want to take some risks and these are covered partly or wholly through reinsurance.

Profit

SPP Group

NOK mill.	2007	2006
Administration result	96	36
Risk result	185	306
Interest result	-389	1 368
Other	226	211
Pre-tax profit	**118**	**1 921**
Tax	38	-40
Profit for the year	**156**	**1 881**

Ekskl. Euroben Ltd.

Definitions of the various part results

The administration result is the difference between the fees charged for the policies to cover the company's administration costs and the actual administration costs. The fees can be based on the policy's capital, premium or number. The administration result is for the account of the company.

The risk result consists of the fees the company charges to cover the insurance risk and the actual costs of this. The insurance risks are the death, long life and disability risks. The risk result is for the account of the company

The interest result consists of the difference between the return on the assets being managed on behalf of the policyholders and the share of the return allocated to the policyholders. In the case of unit-linked policies the customers' assets change with the return regardless of whether the return is positive or negative. The financial result from unit-linked policies equals zero. In the case of guaranteed interest there are two amounts that affect the interest result: the allocation of the return between the customers and the owner, and the capital contribution necessary to pay the guaranteed interest. If the total return exceeds the guaranteed interest, which is between 2.5 per cent and 5.2 per cent, the return is shared. In this case the customers receive 90 per cent, though at least the guaranteed interest, and the company receives 10 per cent. The company's portion of the total return is in theses circumstances recognised as income in the interest result. The customers' guaranteed capital shall at least receive the guaranteed interest on the assets. If the value of a customer's policy should be lower than the guaranteed value, the company must contribute capital up to the guaranteed value.

The item other consists of return on assets not owned by the insurance customers, immaterial assets and interest rate costs on loans issued by the company.

Profit and Loss Account Storebrand ASA

1 January – 31 December

NOK million	Note	2007	2006	2005
Operating income				
Income from investments in subsidiaries	1	672.2	1 036.2	1 026.5
Net income and gains from financial assets at fair value:				
- shares and other equity investments		97.1	74.9	199.9
- bonds and other fixed-income securities		91.3	65.3	62.2
- financial derivatives/other financial instruments		-0.4	-1.6	10.9
Other financial income		23.4	7.5	2.7
Total operating income		**883.6**	**1 182.3**	**1 302.2**
Interest costs	13	-114.1	-77.1	-53.0
Other financial costs		-7.5	-3.2	-118.7
Operating costs				
Salary and personnel expenses	2.3.4	-1.1	-11.6	-20.6
Depreciation	11	-0.2	-0.1	-0.7
Other operating costs		-64.5	-70.1	-100.5
Total operating costs		**-65.8**	**-81.8**	**-121.8**
Total costs		**-187.4**	**-162.1**	**-293.5**
Profit before tax		**696.2**	**1 020.2**	**1 008.7**
Tax	5			
Profit for the year		**696.2**	**1 020.2**	**1 008.7**
Year-end appropriations				
Other equity		-162.6	-578.6	1.9
Provision for dividend payment		-533.6	-441.6	-1 010.6
Total year-end appropriations		**-696.2**	**-1 020.2**	**-1 008.7**
Payments of dividend/group contribution booked as equity transaction		202.7	200.0	

Balance Sheet Storebrand ASA

31 December

NOK million	Note	2007	2006	2005
Fixed assets				
Pension assets	3	249.9	222.2	183.2
Tangible fixed assets	11	36.5	36.2	37.7
Shares in subsidiaries	6	15 182.8	5 976.1	5 967.1
Total fixed assets		**15 469.2**	**6 234.5**	**6 188.0**
Current assets				
Intra-group receivables	15	736.4	1 039.5	1 031.3
Lending	15	4 604.5		
Other current receivables		60.4	41.9	73.0
Trading portfolio investments:				
- shares and other equity investments	7.10	143.9	271.4	119.3
- bonds and other fixed-income securities	8.10	1 366.9	1 919.6	2 394.6
- financial derivatives/other financial instruments				1.3
Bank deposits		257.7	90.9	92.9
Total current assets		**7 169.8**	**3 363.3**	**3 712.4**
Total assets		**22 639.0**	**9 597.8**	**9 900.4**
Equity and liabilities				
Share capital		2 249.5	1 249.1	1 292.6
Own shares		-26.3	-22.5	-29.4
Premium reserve		9 488.5	1 818.6	1 818.6
Total paid in equity	**12**	**11 711.7**	**3 045.2**	**3 081.8**
Other equity		3 727.9	3 636.0	3 510.5
Total equity capital	**12**	**15 439.6**	**6 681.2**	**6 592.3**
Long-term liabilities and commitments				
Pension liabilities	3	184.5	192.5	212.0
Securities issued	13	1 579.6	1 998.6	1 996.5
Total long-term liabilities and commitments		**1 764.1**	**2 191.1**	**2 208.5**
Current liabilities				
Securities issued	13	4 588.8		
Intra-group liabilities	15	202.7	198.4	
Other financial liabilities	9.10	1.6	0.3	
Provision for dividend	12	533.6	441.6	1 010.6
Other provisions		20.3	11.3	20.8
Other current liabilities		88.3	73.9	68.2
Total current liabilities		**5 435.3**	**725.5**	**1 099.6**
Total equity capital and liabilities		**22 639.0**	**9 597.8**	**9 900.4**

Guarantees issued: see note 17

Oslo, 12 February 2008
Translation – not to be signed

Leiv L. Nergaard Chairman of the Board	Halvor Stenstadvold	Sigurdur Einarsson	Camilla M. Grieg	Barbara Rose Milian Thoralfsson
Birgitte Nielsen	Knut Dyre Haug	Ann-Mari Gjøstein	Erik Haug Hansen	Idar Kreutzer Chief Executive Officer

Cash flow statement Storebrand ASA

1 January – 31 December

NOK million	2007	2006	2005
Cash flow from operational activities			
Interest, commission and fees received from customers	115.2	73.5	82.9
Interest, commission and fees paid to customers	-117.5	-77.3	-72.7
Shares and other equity investments	216.5	43.9	-933.0
Bonds and other fixed-income securities	549.6	358.9	909.1
Financial derivatives and other financial instruments		-22.6	-11.5
Dividend receipts from the trading portfolio	8.0	2.2	2.5
Payments to third parties for goods and services	-114.8	-92.1	-143.6
Payments to employees, pensioners, employment taxes, etc	-48.3	-7.3	-58.9
Dividends received from subsidiaries	1 032.6	1 028.1	733.1
Net cash flow from operational activities	**1 641.3**	**1 307.3**	**507.9**
Cash flow from investment activities			
Net receipts from sale of subsidiaries		247.0	
Net payments on purchase/capitalisation of subsidiaries	-13 801.6	-55.0	398.7
Net payments/receipts on purchase/sale of fixed assets, etc	-0.9	0.8	
Net cash flow from investment activities	**-13 802.5**	**192.8**	**398.7**
Cash flow from financing activities			
Repayment of long term lending	-419.7		-79.0
Receipts from taking up term loans	4 594.8		1 577.8
Receipts from taking up subordinated loans			10.0
Receipts from issue of new capital	8 670.4		
Payments on redemption of share capital	-75.9	-502.8	-618.5
Dividend/group contribution payments	-441.6	-999.3	-1 823.4
Net cash flow from financing activities	**12 328.0**	**-1 502.1**	**-933.1**
Net cash flow for the period	**166.8**	**-2.0**	**-26.5**
Net movement in cash and cash equivalent assets	166.8	-2.0	-26.5
Cash and cash equivalent assets at start of the period	90.9	92.9	119.4
Cash and bank disposits at the end of the period	**257.7**	**90.9**	**92.9**

Notes to the accounts of Storebrand ASA

Accounting Principles 2007
The accounts of Storebrand ASA have been prepared in accordance with the Accounting Act and generally accepted accounting principles in Norway. Storebrand has elected not to use IFRS for the company's unconsolidated accounts.

Use of estimates and assumptions
The preparation of the annual accounts has involved the use of estimates and assumptions that have affected assets, liabilities, revenue, costs and information on potential liabilities. Future events may cause these estimates to change. Such changes will be recognised in the accounts when there is a sufficient basis for using new estimates.

Classification and valuation 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 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 the group contribution or dividend received.

Tangible fixed assets
Tangible fixed assets for own use are valued at acquisition cost less accumulated depreciation. Fixed assets are written down if the value in the balance sheet exceeds the recoverable value of the asset.

Pension liabilities in respect of own employees
The company uses the Norwegian standard for pensions accounting NRS 6A, which permits the use of IAS 19 (International Financial Reporting Standards).

The net pension cost for the period consists of the sum of pension liabilities accrued in the period (current service cost), the interest charge on the calculated liability and the expected return on pension fund assets.

Pension costs and pension liabilities for defined benefit schemes are calculated using a linear profile for the accrual of pension entitlement and expected final salary as the basis for calculating the benefit obligation, based on assumptions about discount rate, future increases in salary, pensions and social security pension benefits, the future return on pension assets and actuarial assumptions about mortality, staff turnover etc. The discount rate used is the risk-free interest rate appropriate for the remaining maturity. Where a scheme is funded, the pension assets are valued at fair value and deducted to show the net liability in the balance sheet.

The effect of differences between assumptions and actual experience (experience adjustments) and changes in assumptions is amortised over the remaining period for accrual of pensions entitlement to the extent that it exceeds 10% of the higher of either the pension liability or pension assets (corridor approach).

The effect of changes to the pension scheme is charged to the profit and loss account as incurred, unless the change is conditional on future accrual of pension entitlement. If this is the case, the effect is allocated on a linear basis over the period until the entitlement is fully earned. The employers' national insurance contributions are included as part of the pension liability, and are included in both the balance sheet value of pension liabilities and in experience adjustments.

Tax
The tax cost in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset. Deferred tax is applied directly to equity to the extent that it relates to items that are themselves directly applied to equity.

Foreign currency
Current assets and liabilities are converted at the exchange rate on the balance sheet date. Shares held as fixed assets are converted at the exchange rate on the date of acquisition.

Financial instruments
Investments in shares in subsidiaries and associated companies are valued at cost price less any write-down of value. The need for any write-down is assessed at the end of each accounting period in the same way as for other fixed assets.

Other shares and interests are valued at their fair value. Where the share or interest in question is listed on a stock exchange or other regulated market, fair value is determined as the bid price on the last trading day immediately prior to or on the date of the balance sheet.

Purchases of the company's own shares are treated as an equity transaction, and the holding of own shares is reported as a reduction in equity.

Bonds and other fixed income securities
Financial assets and liabilities are included in the balance sheet from 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 in the profit and loss account, transaction costs directly related to the acquisition or issue of the financial asset or the financial liability.

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

Bonds and other fixed income securities are recognised at fair value for instruments that satisfy the criteria in section 5-8 of the Accounting Act. 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 that satisfy the criteria in section 5-8 of the Accounting Act are recognised at fair value. Financial derivatives are designated as financial assets or financial liabilities at fair value in the profit and loss account.

Bond loans
Bond loans are valued at amortised cost using the effective yield method. The amortised cost includes the transaction costs on the date of issue.

Lending
Lending in the balance sheet is recognised at nominal value and converted to the exchange rate on the balance sheet day.

01 Income from investments in subsidiaries

NOK million	2007	2006	2005
Storebrand Livsforsikring AS	268.0	885.3	775.4
Storebrand Kapitalforvaltning AS	92.4	134.8	26.6
Storebrand Bank ASA	278.2		222.4
Storebrand Felix Kurs og Konferansenter AS	4.8	1.0	
Storebrand Alternative Investments ASA[1]	28.8	15.1	2.1
Total	**672.2**	**1 036.2**	**1 026.5**

1 Group contribution booked as equity transaction *22.7*

02 Personnel expenses

NOK million	2007	2006	2005
Ordinary wages and salaries	-7.0	-8.4	-18.6
Employer's social security contributions	-1.5	-5.4	-4.8
Pension costs	18.2	12.1	13.4
Other benefits	-10.7	-9.9	-10.6
Total	**-1.1**	**-11.6**	**-20.6**

03 Pension costs and pension liabilities

Employees are insured through a defined benefit pension equivalent to 70 per cent 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. The pension terms follow from the pension decisions in the Storebrand group.

The company is obliged to have an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions. The company's pension scheme satisfies the requirements of this act.

Reconciliation of pension assets and liabilities in the balance sheet:

NOK million	2007	2006	2005
Present value of insured pension benefit obligations inc. employer's social security payments	1 753.5	1 914.4	1 905.0
Pension assets at fair value	-1 957.7	-1 972.8	-1 962.0
Net pension liability/surplus for the insured schemes	-204.2	-58.4	-57.0
Present value of uninsured pension benefit obligations including employment taxes	203.2	200.0	223.7
Experience adjustments not applied to profit and loss	-64.5	-171.3	-137.8
Net pension liabilities in the balance sheet	**-65.4**	**-29.7**	**28.8**

Booked in the balance sheet:

Pension assets	249.9	222.2	183.2
Pension liabilities	184.5	192.5	212.0

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

NOK million	2007	2006	2005
Net pension liability at 1.1. including provision for employment taxes	2 114.4	2 128.6	2 205.5
Pension cost including provision for employment taxes	3.0	2.4	4.9
Interest on pension liability	82.1	94.5	97.8
Experience adjustments	-59.6	72.7	15.5
Pensions paid	-183.2	-183.7	-195.1
Net pension liability at 31.12.	**1 956.8**	**2 114.4**	**2 128.6**

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

NOK million	2007	2006	2005
Fair value of pension assets at 1.1.	1 972.8	1 962.0	2 033.3
Expected return	105.4	112.6	117.4
Experience adjustments	48.1	38.8	-35.9
Premiums paid in		24.3	11.9
Pensions paid	-168.6	-164.8	-164.7
Net pension assets at 31.12.	**1 957.7**	**1 972.8**	**1 962.0**

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

	2007	2006	2005
Properties and real estate	13%	11%	10%
Bonds held to maturity	23%	28%	28%
Secured and other lending	2%	1%	1%
Shares and other equity participations	30%	29%	27%
Bonds	26%	28%	29%
Commercial paper	1%		4%
Other short-term financial assets	5%	2%	1%
Total	**100%**	**100%**	**100%**

The table shows the percentage asset allocation of pension assets managed by Storebrand Livsforsikring AS at year-end. The book (realised) investment return on assets managed by Storebrand Livsforsikring AS was 8.9% in 2007, 7.1% in 2006 and 6.9% in 2005.

Net pension cost recognised in the profit and loss account during the period:

NOK million	2007	2006	2005
Current service cost including employment taxes	5.4	5.9	6.2
Interest on pension liabilities	81.9	94.5	97.8
Expected return on pension scheme assets	-105.4	-112.6	-117.4
Net pension cost recognised in the profit and loss account during the period	**-18.2**	**-12.1**	**-13.4**

Net pension cost is included in operating costs.

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

	2007	2006	2005
Financial assumptions:			
Discount rate	4.7%	4.3%	4.7%
Expected return on pension fund assets in the period	5.8%	5.6%	6.0%
Expected earnings growth	4.3%	4.3%	3.0%
Expected annual increase in social security pensions	4.3%	4.3%	3.0%
Expected annual increase in pensions in payment	1.9%	1.7%	2.0%

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

Net pension liability at 31.12.

NOK million	2007	2006	2005
Present value of defined benefit pension obligations	1 956.8	2 114.4	2 128.6
Pension assets at fair value	1 957.7	1 972.8	1 962.0
Deficit	**-0.9**	**141.6**	**166.6**

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

NOK '000s	2007	2006	2005
Chief Executive Officer			
Salary	3 602	3 539	3 404
Bonus (performance-based)	2 248	1 822	1 489
Total remuneration	**5 850**	**5 361**	**4 893**
Other taxable benefits	249	232	207
Pension expenses[1]	675	726	706
Board of Representatives	592	534	436
Control Committee[2]	801	798	872
Chairman of the Board	475	399	480
Board of Directors including the Chairman	2 466	2 360	2 075
Remuneration of the auditor			
Statutory audit	2 063	2 237	2 167
Other reporting services	2 644		61
Taxation advice			52
Other non-audit services[3]	4 744	71	2 660

1 Pension expenses relate 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 12 to the accounts of the Storebrand Group.
3 Other non-audit services primarily relate to agreed inspection services in connection with Storebrand's acquisition of SPP Livförsäkring and associated companies. Of the amount approximately NOK 1.3 million was fees to Deloitte in Sweden and Denmark.

STOREBRAND ASA – THE BOARD OF DIRECTOR'S STATEMENT ON THE FIXING OF THE SALARY AND OTHER REMUNERATION FOR SENIOR EMPLOYEES

The Board's declaration
The Board of Storebrand ASA will submit a statement to the annual general meeting on the salary and other remuneration of senior employees, cf. Section 6-16a of the Public Limited Liabilities Companies Act, based on the group's previously adopted guidelines concerning remuneration for senior employees in Storebrand.

The Board's Remuneration Committee
The Board of Storebrand ASA has had a special Remuneration Committee since 2000. The Remuneration Committee is tasked with providing recommendations to the Board concerning all matters to do with the company's remuneration of the CEO. The Committee shall remain informed about and suggest guidelines for the fixing of remuneration for senior employees in the group. In addition the Committee is the advisory body for the CEO in relation to remuneration regimes that cover all senior employees, including Storebrand's bonus system and pension scheme.

Guidelines for the fixing of salary and other remuneration for senior employees in Storebrand
Storebrand aims to base remuneration on competitive and stimulating principles that help to attract, develop and retain highly qualified staff. The aim is for total remuneration to move towards a lower proportion of fixed salary and a higher proportion of bonus over time. The salaries of senior employees are fixed on the basis of a position's responsibilities and complexity. Regular comparisons are made with corresponding positions in the market in order to adjust the pay level to the market. Storebrand does not wish to be a pay leader in relation to fixed pay in the sector.

Senior employees in Storebrand can, in addition to their fixed salary, receive remuneration in the form of an annual bonus, participation in the group's group pension scheme, usual benefits in the form of free newspapers, telephone, company car scheme, and other personal benefits. Senior employees may also be entitled to an arrangement in which their salary is paid after the end of their employment. This guarantees salary less other income for a specific period of up to 24 months after the end of their employment.

The bonus system
The Storebrand group's bonus scheme, which is offered in addition to basic pay, is a performance-related bonus scheme linked to the group's value-based management system. The value creation of the group finances the overall amount of the bonus, but the employees' performance determines how large a proportion of the financed bonus is awarded. The bonus entitlement is credited to a bonus account. The amount credited to the bonus bank is exposed 50 per cent to Storebrand's share price and 50 per cent to the bank interest rate paid. 1/3 of the balance on the bonus account is paid each year.

Share programme for employees
Like other employees in Storebrand, senior employees have an opportunity to purchase up to 1,000 shares in Storebrand ASA at a discount. The discount in excess of NOK 1,500 is reported as pay. The scheme is subject to a minimum contractual period.

The senior employee remuneration policy practised in 2007
In 2007, senior employee remuneration in Storebrand was fixed according to the guidelines described above. None of the group's executive management received pay increases during the ordinary pay adjustment.

The executive management receive on average less than 25 per cent expected variable remuneration calculated in relation to fixed remuneration.

Idar Kreutzer is Chief Executive Officer of Storebrand ASA and 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.

The CEO is a member of the Storebrand pension scheme. The discounted present value of his pension entitlement amounts to NOK 10.3

05 Tax

NOK million	2007	2006	2005
Profit before tax	696.2	1 020.2	1 008.7
- Dividend	-279.0	-903.6	-1 012.5
+/- Shares realised	-153.1	58.1	-466.5
+/- Permanent differences	-246.8	-231.0	42.4
+/- changes in temporary timing differences	-48.5	-106.2	-194.9
Tax base for the year	**-31.2**	**-162.5**	**-622.8**
Payable tax			
Change in deferred tax			
Tax	**0.0**	**0.0**	**0.0**

Calculation of deferred tax assets and deferred tax

	2007	2006	2005
Tax increasing timing differences			
Pre-paid pensions	249.9	222.2	182.6
Total tax increasing timing differences	**249.9**	**222.2**	**182.6**
Tax reducing timing differences			
Securities	-3.3	-1.9	-31.8
Operating assets	-36.2	-45.4	-58.2
Provisions	-3.7	-8.7	-13.0
Accrued pension liabilities	-184.5	-192.5	-212.1
Total tax reducing timing differences	**-227.7**	**-248.5**	**-315.1**
Net temporary differences before losses carried forward	**22.2**	**-26.3**	**-132.5**
Losses carried forward	-1 211.4	-1 180.2	-1 017.7
Allowances carried forward	-660.1	-660.1	-660.1
Write-down of deferred tax assets[1]	1 849.3	1 866.6	1 810.3
Net tax increasing/(reducing) timing differences	**0.0**	**0.0**	**0.0**
Deferred tax/Deferred tax assets	**0.0**	**0.0**	**0.0**

1 The balance sheet value of deferred tax assets has been written down. This is because future income from subsidiaries will principally be in the form of dividends rather than taxable group contribution. Unused allowances carried forward arose in the years 1998 - 2003, and must be used within 10 years.

Reconciliation of tax charge and ordinary profit

	2007	2006	2005
Pre-tax profit	696.2	1 020.2	1 008.7
Expected tax at nominal rate (28%)	-194.9	-285.7	-282.4
Tax effect of:			
- dividends received	78.1	253.0	283.5
- gains on shares	42.9	-16.3	130.6
- permanent differences	69.1	64.7	-11.9
- write-down of deferred tax assets	4.8	-15.8	-119.8
Tax	**0.0**	**0.0**	**0.0**
Effective tax rate	0%	0%	0%

06 Holding company's shares in subsidiaries and associated companies

NOK million	Registered officer	Share capital	No. of shares '(1,000s)	Par value NOK	Interest/ votes in %	Book value
Subsidiaries						
Storebrand Livsforsikring AS	Oslo	1 980.4	19 804	100	100.0%	11 703.2
Storebrand Bank ASA[1]	Oslo	916.6	64 037	14	100.0%	2 866.4
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 AS[1, 2]	Oslo	2.0	101	11	100.0%	38.2
Associated/jointly controlled companies						
Storebrand Helseforsikring AS	Oslo	31.0	16	1 000	50.0%	70.0
AS Værdalsbruket[3]	Værdal	4.8	2	625	24.9%	
Total						**15 182.8**

1 Storebrand ASA has provided a group contribution as a capital payment of NOK 200.3 million to Storebrand Bank AS and NOK 2.4 million to Storebrand Alternative Investment AS.
2 In 2007, Storebrand ASA purchased a minority interest of 44% for a cash remuneration of NOK 22.2 million. The final purchase sum depends on the company's earnings in the years ahead, and the provision for Earn-out is NOK 34.9 million. In 2007, a received group contribution of NOK 22.7 million was booked as an equity transaction as a reduction in the book value of the shares. The total received group contribution was NOK 51.5 million.
3 74.9% is owned by Storebrand Livsforsikring AS. The minority interest amounts to 0.2%.

07 Shares and other equity investments

Shares and other equity investments

NOK million	Acqstn. cost	Fair value
Listed Norwegian shares	86.2	143.5
Unlisted Norwegian shares		0.1
Unlisted shares outside the EEA	0.9	0.3
Total shares	**87.0**	**143.9**

08 Commercial paper and bonds

Bonds and other fixed-income securities

NOK million	Commercial paper	Bonds	Total
Commercial paper and bonds	254.6	1 112.3	1 366.9
Of which listed		859.7	859.7
Acquisition cost	254.9	1 113.6	1 368.5
Nominal value	255.0	1 105.9	1 360.9
Direct investments in bonds and commercial paper	254.6	1 112.3	1 366.9
Interest accrued but not paid	3.0	5.9	8.9
Base figure for allocation by sector and currency	**257.6**	**1 118.2**	**1 375.8**
Public sector	130.2	37.2	167.4
Financial institutions	127.4	968.7	1 096.2
Other issuers		112.3	112.3
Total	257.6	1 118.2	1 375.8
NOK	257.6	1 118.2	1 375.8
Modified duration	0.48	0.16	0.22
Average effective yield	6.12	6.27	6.21

09 Financial derivatives

NOK million	Gross nom. volume	Average volume	Average volume	Fair value Asset	Fair value Liability
Forward rate agreements	4 300.0	2 251.3			1.1
Interest rate swaps	625.0	13.2	625.0		0.6
Forward foreign exchange contracts		1.0			
Basis swaps		301.2			
Total derivatives	**4 925.0**	**2 566.7**	**625.0**		**1.6**

10 Financial risk

Credit risk by rating

Short-term holdings of interest-bearing securities Category of issuer or guarantor NOK million	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Total Fair value
Public sector	130.2	41.6	37.2		209.0
Financial institutions	331.7	248.6	453.4	62.4	1 096.1
Other issuers			70.7		70.7
Total 2007	**461.9**	**290.2**	**561.3**	**62.4**	**1 375.8**
Total 2006	687.0	268.0	857.4	107.2	1 919.6
Total 2005	715.6	479.7	1 066.8	132.5	2 394.6

Liquidity risk
Amounts reported include accrued interest

Residual contractual period for financial assets NOK million	No agreed maturity date	Up to 1 month	1–3 months	3 months – 1 year	1–5 years	More than 5 years	Total value
Leading to financial institutions			4 609.8				4 609.8
Bonds and other fixed-income securities				257.6	1 059.3	58.9	1 375.9
Derivatives[1]			-0.9	-0.4	-0.4		-1.6
Total 2007			**4 609.0**	**257.3**	**1 058.9**	**58.9**	**5 984.1**
Total 2006			200.0	718.7	950.0	58.9	1 927.6
Total 2005		79.6	40.0	1 228.5	996.4	204.1	2 548.6

1 Figures for derivatives are net figures in this note.

Residual contractual period for financial assets NOK million	No agreed maturity date	Up to 1 month	1–3 months	3 months – 1 year	1–5 years	More than 5 years	Total value
Securities issued			4 588.8		1 579.6		6 168.4
Total 2007			**4 588.8**		**1 579.6**		**6 168.4**
Total 2006				419.7	1 578.9		1 998.6
Total 2005					1 996.5		1 996.5

Interest rate risk

Period to next interest rate fixing for financial assets NOK million	No agreed interest fixing period	Up to 1 month	1–3 months	3 months – 1 year	1–5 years	More than 5 years	Total value
Lending to group companies			4 609.8				4 609.8
Bonds and other fixed-income securities				257.6	1 059.3	58.9	1 375.8
Derivatives[1]			-226.4	-174.7	399.5		-1.6
Total 2007			**4 383.4**	**82.9**	**1 458.8**	**58.9**	**5 984.1**
Total 2006		104.4	1 095.7	710.1		17.4	1 927.6
Total 2005		286.8	747.1	1 345.8		168.9	2 548.6

1 Figures for derivatives are net figures in this note

Period to next interest rate fixing for financial liabilities NOK million	No agreed maturity date	Up to 1 month	1–3 months	3 months – 1 year	1–5 years	More than 5 years	Total value
Securities issued		4 588,8	1 579,6				6 168,4
Total 2007		**4 588,8**	**1 579,6**				**6 168,4**
Total 2006				1 998,6			1 998,6
Total 2005				1 786,8	209,7		1 996,5

Interest rate sensitivity NOK million	No agreed maturity date	Up to 1 month	1–3 months	3 months – 1 year	1-5 years	More than 5 years	Total value
Short-term holdings of financial assets							
NOK		-0.1	-1.1	-2.4	-3.8	-3.9	-11.2
Total short-term holdings of financial assets		**-0.1**	**-1.1**	**-2.4**	**-3.8**	**-3.9**	**-11.2**
Long-term holdings of financial assets							
NOK			2.7				2.7
EUR		2.6	-10.1				-7.5
Long-term holdings of financial assets		**2.6**	**-7.3**				**-4.7**
Total quantified interest rate sensitivity 2007		**2.5**	**-8.4**	**-2.4**	**-3.8**	**-3.9**	**-16.0**
Total quantified interest rate sensitivity 2006		-0.1	-2.0	-5.2		-3.9	-11.2

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 2007 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.

Currency risk
Storebrand ASA has a deposit and a loan in the same currency. This is for EUR 580 million.

11 Real estate and operating assets

NOK million	Real estatement	Equipment, vehicles, fixtures and fittings	Total
Acquisition cost at 1.1.	34.5	281.8	316.3
Accumulated depreciation	-22.2	-257.9	-280.1
Book value at 1.1	12.3	23.9	36.2
Additions		0.9	0.9
Disposals			
Depreciation/write-down for the year	-0.5	-0.2	-0.7
Book value at 31.12	**11.8**	**24.7**	**36.5**

Straight line depreciation periods for operating assets are as follows:

Equipment, fixtures and fittings:	4 years
Vehicles:	6 years
IT systems:	3 years

12 Equity

NOK million	Share Capital[1]	Own shares	Share premium	Other equity	Equity 2007	2006	2005
Equity at 1.1.	**1 249.1**	**-22.5**	**1 818.6**	**3 636.0**	**6 681.2**	**6 592.3**	**7 194.5**
Profit for the year				696.2	696.2	1 020.2	1 008.7
Share issue[2]	1 000.4		7 669.9		8 670.3		
Own shares bought back[3]		-5.0		-88.0	-93.0	-502.8	-618.5
Over/under provision for dividend				-0.4	-0.4	11.3	17.0
Allocated to dividend[4]					-533.6	-441.6	-1 010.6
Employee share issue		1.2		17.7	18.9	1.7	1.2
Equity at 31.12.	**2 249.5**	**-26.3**	**9 488.5**	**4 261.5**	**15 439.6**	**6 681.2**	**6 592.3**

1 449,909,891 shares with a nominal value of NOK 5 each.
2 A share issue was conducted and registered in December 2007 in which 200,090,786 shares were issued. The subscription price was
3 NOK 45 per share, and the issue costs of NOK 333.7 million were deducted form the share premium reserve.
4 In 2007, 1,000,000 of the company's own shares were bought back, and of these 236,300 were sold to employees. As per 31 December 2007, the company held 5,263,700 of its own shares. The shares were bought back in order to maintain the correct capital structure for the group and because it was advantageous for shareholders.
5 No divided has been set aside for the company's holdings of its own shares.

13 Bonds issued

NOK million	Interest rate	Currency	2007	2006	2005
Bond loan 2005/2009	3 months NIBOR+0.20%	NOK	830.0	829.6	829.2
Bond loan 2005/2011	3 months NIBOR+0.30%	NOK	749.6	749.3	748.9
Bond loan 2002/2007	7.18%	NOK		210.3	209.7
Bond loan 2002/2007	3 months NIBOR+0.80%	NOK		209.4	208.8
Total[1]			**1 579.6**	**1 998.6**	**1 996.5**

1 Loans are booked at amortised cost.

Storebrand ASA has taken out a syndicated loan of EUR 580 million, equivalent to NOK 4,588.8 million. The loan is booked at amortised cost, and loan costs of NOK 15.8 million have been activated with respect to the loan. The loan falls due for repayment in September 2008. The loan is subject to an interest rate of three months EURIBOR +0.55%.

	2007	2006	2005
Interest expense on bonds issued and other loans	**-114.1**	**-77.1**	**-53.0**

Storebrand ASA has an undrawn committed credit facility of EUR 225 million

14 Shareholders

20 largest shareholders

	Holding in %
Gjensidige Forsikring	10.84
Kaupting Bank HF	9.99
Fortis Global Custod	5.54
Folketrygdfondet	5.02
Exista BV	4.70
ABN Amro Bank Luxemb.	4.45
Fidelity Funds – Europe	4.14
Exista BV	3.33
Bank of New York (NOM)	2.81
State Street Bank & Trust	2.61
Goldman Sachs International	2.01

	Holding in %
Kaupting Bank	1.80
Bank of New York	1.75
Citibank N.A.London	1.74
Citibank N.A.London	1.61
Credit Agricole Inv. Bank	1.28
Storebrand	1.17
JP Morgan Chase Bank	1.12
Dresdner Kleinwort S. Principal Acc.	1.10
Arion Costody	0.93
Foreign ownership of total shares	**75.7 %**

15 Holdings of shares in Storebrand ASA by executive management and members of corporate bodies

	No. of shares owned[1]
Senior employees	
Idar Kreutzer	54 160
Hans Henrik Klouman	4 516
Odd Arild Grefstad	8 323
Maalfrid Brath	4 831
Egil Thompson	3 660
Lars Aa. Løddesøl	4 933
Roar Thoresen	2 796
Hans Aasnæs	14 695
Klaus Anders Nysteen	1 813
Board of Directors	
Leiv L. Nergaard	109 090
Halvor Stenstadvold	6 645
Knut G. Heje	15 467
Mette K. Johnsen	
Erik Haug Hansen	3 981
Nina Elisabeth Smeby	125
Barbara Rose Milian Thoralfsson	1 849
Knut Dyre Haug	2 979
Camilla Grieg	
Ann-Mari Gjøstein	258
Birgitte Nielsen	
Control Committee	
Ole Klette	
Elisabeth Wille	747
Harald Moen	595
Ida Hjort Kraby	
Carl Graff-Wang	
Jon Ansteinsson	
Board of Representatives	
Arvid Grundekjøn	
Merete Egelund Valderhaug	
Randi Paulsrud	545
Stein Erik Hagen	
Terje R. Venold	924
Karen Helene Ulletveit -Moe	
Trond Bjørgan	
Arild Thoresen	
Olaug Svarva	
Johan H. Andresen jr.	
Roar Engeland	
Paul Eggen jr.	
Inger Lise Gjørv	
Margrethe Øvrum	
Vibeke Hammer Madsen	
Tor Haugom	5
Unn Kristin Johnsen	
Rune Pedersen	1 682

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

Transactions between group companies

NOK million	2007	2006	2005
Profit and loss account items:			
Group contribution and dividends from subsidiaries	672.2	1 036.2	1 026.5
Purchase and sale of services (net)	-22.8	-33.7	-50.1
Balance sheet items:			
Subordinated loans to group companies[1]	4 604.5		
Due from group companies	736.4	1 039.5	1 031.3
Payable to group companies	202.7	198.4	

1 Subordinated loan to Storebrand Livsforsikring AS of EUR 580 million. The lender has the right to repay the loan with 5 days notice, and the loan is subject to an interest rate of 3 months EURIBOR + 2.5%.

16 Number of employees

	2007
No. of employees at 31.12.	9
No. of full time equivalent positions at 31.12.	9
Average number of employees	8

17 Guarantees issued

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.

Auditor's report for 2007

To the Annual Shareholders' Meeting of Storebrand ASA

We have audited the annual financial statements of Storebrand ASA as of 31 December 2007, showing a profit of MNOK 696,2 for the parent company and a profit of MNOK 2.008,8 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 in the financial statements 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 rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway have been applied to prepare the parent company's financial statements. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the parent company's financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2007, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the group accounts are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2007, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal in the financial statements for the allocation of the profit, is consistent with the financial statements and complies with law and regulations.

Oslo, 12 February 2008
Deloitte AS
Translation – not to be signed
Ingebret G. Hisdal (signed), State Authorised Public Accountant (Norway)

Storebrand ASA – Control Committee's Statement for 2007

At its meeting on 26 February 2008, the Control Committee of Storebrand ASA reviewed the Board of Directors' proposed annual report and accounts for 2007 for Storebrand ASA and the Storebrand Group.

With reference to the auditor's report of 12 February 2008, the Control Committee recommends that the proposed annual report and accounts be adopted as the Annual Report and Accounts of Storebrand ASA and Storebrand Group for 2007.

Oslo, 26 February 2008
Translation – not to be signed

Elisabeth Wille (Signed)
Chair of the Control Committee

Storebrand ASA – Board of Representatives' Statement for 2007

The Board of Directors' proposed 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 proposed Annual Report and Accounts of Storebrand ASA and the Storebrand Group.

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

Oslo, 11 March 2008
Translation – not to be signed

Terje R. Venold (Signed)
Chairman of the Board of Representatives

Storebrand Group companies

	Reg. org. no.	Interest
Storebrand ASA	**916 300 484**	
Storebrand Livsforsikring AS	**958 995 369**	**100.0%**
Storebrand Holding AB		100.0%
SPP Livförsäkring AB		100.0%
Euroben Ltd.		100.0%
Storebrand Eiendom AS	972 415 731	100.0%
Storebrand Pensjonstjenester AS	931 936 492	100.0%
Aktuar Systemer AS	968 345 540	100.0%
Storebrand Eiendom Holding AS	989 976 265	100.0%
Storebrand Finansiell Rådgivning AS	989 150 200	100.0%
Nordben Life and Pension Insurance Co. Ltd.[1]		75.0%
AS Værdalsbruket[2]	920 082 165	74.9%
Caveo ASA	984 846 347	48.8%
Norsk Pensjon AS	890 050 212	25.0%
Foran Real Estate		77.7%
Active Travel Norway AS	985 874 077	40.2%
Storebrand Bank ASA	**953 299 216**	**100.0%**
Storebrand I AS	990 645 558	100.0%
Storebrand Kredittforetak AS	990 645 515	100.0%
Filipstad Tomteselskap AS	984 133 561	100.0%
Filipstad Eiendom AS	985 710 783	100.0%
Ring Eiendomsmegling AS	987 227 575	91.8%
Seilduksgaten 25-31 AS	976 698 983	50.0%
Evoco Financial Production Services UAB		50.0%
Hadrian Eiendom AS	976 145 364	90.9%
Storebrand Kapitalforvaltning AS	**930 208 868**	**100.0%**
Storebrand Luxembourg S.A.		99.8%
Storebrand Alternative Investments AS[3]	**984 331 339**	**100.0%**
Storebrand International Private Equity AB		100.0%
Storebrand Skadeforsikring AS	**930 553 506**	**100.0%**
Oslo Reinsurance Company ASA	815 832 272	100.0%
Oslo Reinsurance Company (UK) Ltd.		100.0%
Storebrand Helseforsikring AS	**980 126 196**	**50.0%**
Storebrand Leieforvaltning AS	**911 236 184**	**100.0%**

As of 31.12.2007, Storebrand Livsforsikring AS owned 40% of UNI Norden Personforsäkring AB. The company has since been wound up. As of 31.12.2007, Storebrand ASA owned 100% of Storebrand Felix kurs- og konferansesenter AS. The company was sold in January 2008.

1 *SPP Livförsäkring AB owns 50% and Storebrand Livsforsikring AS owns 25%*
2 *Storebrand ASA owns 24.9% and Storebrand's total ownership share is 99.8%.*
3 *The company was converted to a limited company as per 22.01.2008.*

Terms and expressions

General

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

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

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

Subordinated loan capital:
Subordinated loan capital is loan capital which ranks after all other debt. Subordinated loan capital forms part of Tier 2 capital in the calculation of capital adequacy.

Capital adequacy

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

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

Tier 1 capital:
Tier 1 capital is part of primary capital and consists of equity capital less the minimum requirement for reinsurance provisions in P&C insurance, goodwill, other intangible assets and net prepaid pensions.

Tier 2 capital:
Tier 2 capital is part of primary capital and consists of subordinated loan capital. In order to be eligible as primary capital, Tier 2 capital cannot exceed Tier 1 capital. Perpetual subordinated loan capital, together with other Tier 2 capital, cannot exceed 100 per cent of Tier 1 capital, whilst dated subordinated loan capital cannot exceed 50 per cent 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 per cent 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 Kredittilsynet.

Conditional bonus:
The conditional bonus is that part of the insurance capital in SPP that is not guaranteed. The conditional bonus increases or decreases in relation to the total yield. It can be both negative and positive. However, the bonus cannot exceed more than 15 per cent of the total insurance capital. When the bonus is higher, the excess part is converted into guaranteed bonus. This applies to insurance with individually calculated bonus. Similar principles apply to other policies.

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 Kredit-tilsynet. 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.

Solvency margin requirement:
An expression of the risk associated with the insurance-related liabilities. Calculated on the basis of the insurance fund and the risk policies total for each insurance sector.

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 ratio:
Claims incurred as a percentage of premiums earned.

Claims reserve (allocations for unsettled claims):
Reserve for future compensation payments for claims that have been incurred at the end of the accounting year but have not been settled with final effect. The reserve also includes an estimate of the compensation for claims that have been incurred but not yet reported to the company.

Combined ratio:
The sum of the cost ratio and the claims ratio.

Cost percentage:
Operating expenses as a percentage of premiums written.

Cost portion:
Operating expenses as a percentage of premiums earned.

F.o.a.:
Abbreviation for the term 'for own account', i.e. before additions/deductions for reinsurance.

Incurred claims:
The sum of total claims amount for losses incurred in the period regardless of whether or not they have been reported to the company and any changes in losses which occurred in earlier periods.

Insurance (technical) profit/loss:
Premium income less claims and operating costs.

Premium allocation (allocations for premium income received in advance):
That part of the premiums written that is not earned by the end of the accounting year.

Premiums earned:
This is accrual accounting for premiums written and constitutes the premium for that part of the policy's agreement period that falls within the accounting year.

Premiums written:
Premiums for all insurances policies signed during the course of the accounting year. The agreement falls partly within and partly outside the accounting year.

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

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

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

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

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

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

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

Branch offices in Norway (incl. insurance agents)

Tromsø, Harstad, Narvik, Fauske, Bodø, Finnsnes, Mo i Rana, Namsos, Steinkjer, Trondheim, Orkanger, Kristiansund, Molde, Ålesund, Ulsteinvik, Isdalstø, Nyborg, Bergen, Stord, Husnes, Førde, Haugesund, Stavanger, Sandnes, Flekkefjord, Mandal, Kristiansand, Arendal, Gjerstad, Porsgrunn, Larvik, Bø, Sandefjord, Tønsberg, Drammen, Asker, Sandvika, Lysaker, Oslo, Hokksund, Hønefoss, Gjøvik, Hamar, Lillehammer, Jessheim, Skjetten, Ski, Haslum, Sarpsborg, Fredrikstad.

Branch offices in Sweden

Umeå, Sundsvall, Stockholm, Ørebro, Linköping, Gøteborg, Malmø.

Head office:

Storebrand
Filipstad Brygge 1
P O Box 1380 Vika
N-0114 Oslo
Norway
Tel: +47 22 31 50 50
www.storebrand.no

Other group companies:

SPP
Torsgatan 14
10539 Stockholm
Sweden
Tel: +46 8 451 7000
www.spp.se

Storebrand Livsforsikring Sverige
Swedish branch office
Kungsgatan 12–14, level 7
P O Box 5541
S-114 85 Stockholm
Sweden
Tel: +46 8 700 22 00
www.storebrand.se

Storebrand Kapitalforvaltning AS Norge
Swedish branch office
Kungsgatan 12–14, level 7
P O Box 5541
S-114 85 Stockholm
Sweden
Tel: +46 8 614 24 00
www.storebrand.se

Storebrand Helseforsikring AS
Filipstad Brygge 1
P O Box 1382 Vika
N-0114 Oslo
Norway
Tel: 22 31 13 30
www.storebrandhelse.no

DKV Hälsa
Swedish branch office of
Storebrand Helseforsikring AS
Rålambsvägen 17, 14th floor, DN Huset
P O Box 34242
S-100 26 Stockholm
Sweden
Tel: +46 8 619 6200
www.storebrandhalsa.com

Oslo Reinsurance Company ASA
Ruseløkkveien 14
P O Box 1753 Vika
N-0122 Oslo
Norway
Tel: +47 22 31 50 50
www.oslore.no

Concept, design and production: signatur.no / Photos: Olav Heggø (Fotovisjon AS), Scanpix, Storebrand and Signatur.