Storebrand Kredittforetak AS
Annual Report 2008

storebrand

COMPANY INFORMATION

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Storebrand Kredittforetak AS
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Norway

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Website:	www.storebrand.no
E-mail address:	bank@storebrand.no
Company registration number:	990 645 515

Senior Management:

Åse Jonassen	Managing Director

Board of Directors:

Klaus-Anders Nysteen	Chairman
Mikkel Andreas Vogt	Board Member
Thor Bendik Weider	Board Member
Inger Roll-Matthiesen	Board Member

Contact persons:
Åse Jonassen. Managing Director. Tel. + 47 - 415 77 397.

Other sources of information:
The Annual Report and interim reports of Storebrand Kredittforetak AS are published on www.storebrand.no.

COMPANY INFORMATION

KEY FIGURES

NOK MLLION	YEAR 2008	YEAR 2007
Profit and Loss account: *(as % of avg. total assets)* 1)		
Net interest income	0.36%	
Main balance sheet figures:		
Total assets	12 917.3	80.6
Average total assets	6 813.0	
Total lending to customers	11 617.8	
Equity	557.9	80.1
Other key figures:		
Total non-interest income as % of total income	-17.50%	
Loan losses and provisions as % of average total lending	0.00%	
Individual impairment loss as % of gross defaulted loans 4)	25.62%	
Costs as % of operating income	45.27%	
Return on equity after tax 2)	2.25%	
Capital ratio	11.0 %	

Definitions:

1) Average total assets is calculated on the basis of monthly total assets.

2) Profit after tax as % of average equity.

3) Gross defaulted loans with identified loss of value.

ANNUAL REPORT 2008

MAIN FEATURES

Storebrand Kredittforetak AS is a wholly owned subsidiary of Storebrand Bank ASA. The company is attached to Storebrand's head office in Filipstad Brygge 1, Oslo, Norway.

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

At year-end 2008 Storebrand Kredittforetak had 9,509 home loans and residential mortgage loans worth NOK 11.6 billion on its balance sheet. In total, the net amount issued in equivalent NOK of covered bonds amounts to NOK 10.3 billion, with durations of 2 to 7 years. Of this NOK 6.85 billion has been placed in the market, while the remaining NOK 3.45 billion has been placed on Storebrand Bank's balance sheet and can be used in connection with the government's confidence package for the banks. The quality of the portfolio is very high. Only one commitment is not performing. The average loan-to-asset value ratio is less than 50%.

FINANCIAL RESULTS

The company reported a profit before losses of NOK 11.5 million in 2008 (NOK 0.5 million). Net recognition of losses on loans, guarantees, etc, amounted to NOK 0.7 million and is entirely linked to group write-downs. Storebrand Kredittforetak's post-tax profit for 2008 was NOK 7.8 million compared to NOK 0.4 million in 2007.

Net interest income amounted to NOK 24.7 million in 2008. Net interest income as a percentage of average assets amounted to of 0.36% in 2008. The company commenced operations as a credit institution in April 2008. Since then it has bought batches of loans from its parent company. The growth in lending in 2008 therefore affected the accounts figures and key figures, meaning they are not representative for the year.

Other operating income amounted to minus NOK 3.7 million in 2008, which was entirely related to changes in the value of the company's investment in securities and derivatives not earmarked for hedging.

Operating costs amounted to NOK 9.5 million in 2008, equivalent to 45% of the year's total operating income. The company has no employees and primarily purchases services from Storebrand Bank ASA and Storebrand Livsforsikring AS. Services are purchased on normal commercial terms.

NON-PERFORMING AND LOSS-EXPOSED LOANS

The volume of non-performing and loss-exposed loans overdue by more than 90 days in Storebrand Kredittforetak was NOK 2.6 million as of 31 December 2008. The volume is equivalent to 0.02% of total collateral. One commitment is not performing, and has not been performing since August 2008. The volume of non-performing and loss-exposed loans was greater at the end of Q3, both nominally and relatively. At the end of Q3 this volume amounted to NOK 5.4 million, or 0.07% of total collateral. At the end of the first six months of 2008 the volume was zero. The trend is regarded as good and is carefully monitored.

BALANCE SHEET AND CAPITAL ADEQUACY

The company's total assets increased in pace with the growth of its lending portfolio in 2008 to stand at NOK 12.9 billion as of 31 December 2008. The company has a balanced and appropriate funding structure, and bases its funding on issuing covered bonds in the Norwegian and international capital markets. The unused portion of the NOK 10 billion overdraft facility in Storebrand Bank ASA amounted to NOK 9 billion as of 31 December 2008.

Following the year-end allocations the company's equity amounted to NOK 557.9 million at year-end 2008. Equity totalling NOK 470 million was injected by the parent company during 2008 to ensure the company had the appropriate equity and capital adequacy.

At year-end 2008 the company had capital of NOK 556 million. This is equivalent to capital adequacy of 11%.

In the opinion of the board of directors the company's equity is satisfactory and appropriate given its activities.

GUARANTEES AND PLEDGED ASSETS

The company has not issued any guarantees. The credit institution has not deposited securities with Norges Bank as collateral.

FINANCIAL RISK

Storebrand Kredittforetak AS's financial risk consists mainly of exposure to credit risk, liquidity risk, interest rate risk and foreign exchange risk. Credit risk is considered to be the most significant of these. The Board places great importance on the company maintaining a moderate financial risk. The company utilises the standard method for credit risk in the capital adequacy regulations, the standard method for market risk and the basic method for operational risk.

Credit risk

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

Loans to retail customers are granted on the basis of credit scoring combined with case-by-case evaluation of debt service capacity. Loans are only granted against security in real estate.

The financial crisis became serious in autumn 2008. Combined with the fall in property values this has generally resulted in greater risk in Storebrand Kredittforetak's lending portfolio. No increase in the volume of non-performing and loss-exposed loans has been registered. Unemployment is increasing due to the crisis, which could affect people's future ability to pay. Storebrand Bank, which administers the loans in Storebrand Kredittforetak, applied a relatively conservative lending practice in relation to the customers' ability to pay during periods of economic upturn. The collateral is still regarded as very good since many of the loans were granted within 60% of the value of the collateral furnished. The risk in the lending portfolio is therefore regarded as very low.

The monitoring of developments in the lending portfolio includes non-performance and loss-exposed reports and risk reports. Measures and focus areas are continuously assessed on the basis of the development of the figures. Risk reports for the banking group and credit institutions are produced every month with more detailed versions every quarter.

The credit institution's counterparty risk associated with placements or exposure to other institutions is determined on the basis of ratings and the volumes under management. The parameters for counterparty risk take into account both pure placements and settlement risk. The credit institution has solid counterparties and limits its exposure to each counterparty with the intention of avoiding losses and ensuring a high level of liquidity in the security instruments.

Liquidity risk

Liquidity risk is the risk that Storebrand Kredittforetak is unable to meet all financial commitments as they fall due for payment. It is the company's policy to always have sufficient liquidity to support balance sheet growth, as well as to repay loans and deposits as they fall due. The credit institution manages its liquidity position on the basis of a minimum liquidity holding, maximum volume per issue within a 6-month period, and maximum net repayments within 12 months.

The liquidity targets in Storebrand Kredittforetak are within the internally set parameters.

Interest rate risk

Storebrand Kredittforetak AS manages its exposure to interest rate risk in such as way that the sensitivity to interest rates is a small as possible. This means that Storebrand Kredittforetak uses very tight parameters for interest rate risk. Funding is largely swapped for three-month variable NIBOR. Interest rate risk is continuously monitored and risk parameters have been defined for the company and are reported on to the company's board every month. Financial hedging should be executed so as to have as little accounting consequence as possible. This is done by assessing the need for hedge accounting and any use of measuring using the fair value option. The purpose of hedge accounting is to ensure that the company's result does not change over time in line with changes in the market values of derivatives alone, but mirrors the development of the market values of the underlying asset or liability items, since these are also recognised at fair value with respect to interest rate risk.

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Currency risk
Storebrand Kredittforetak is not exposed to currency risk since lending takes place in NOK and the bond loan in EUR has been hedged through a basis swap.

EMPLOYMENT, ORGANISATION, CORPORATE BODIES AND ENVIRONMENTAL ISSUES
The company has concluded an agreement with Storebrand Bank concerning the terms for purchasing, transferring and administering loans. The company's other tasks are executed by employees of Storebrand Life Insurance and Storebrand Bank. The purchased services are regulated by service agreements and prices agreements, which are updated annually. The board consists of two internal and two external members. The CEO is formally employed by the bank.

EMPLOYEES
The company had no employees at year-end 2008. Therefore no special measures have been implemented with respect to the working environment.

GENDER EQUALITY
The board consists of three men and one woman. The CEO is a woman. The board and management have a conscious and proactive approach to promoting gender equality in the company.

POLLUTION OF THE EXTERNAL ENVIRONMENT
Storebrand systematically strives to reduce operational impact on the environment in relation to its own operations, investments, purchasing, and property management. This includes measuring water consumption, reducing energy and paper consumption, sorting waste and recycling all of its electronic equipment. Storebrand became the first climate neutral financial player in the Nordic region by purchasing climate quotas that match its total emissions of CO_2 through flights, energy consumption and company vehicles.

STATEMENT CONCERNING THE ANNUAL ACCOUNTS
In the opinion of the board the profit and loss account, balance sheet and note provide sufficient information about the company's operations and position as of 31 December 2008.

In the opinion of the board the assumption that the company is a going concern is valid and the annual accounts for 2008 were prepared on the basis of this going concern assumption.

POST-BALANCE SHEET DATE EVENTS
The Board is not aware of any events that have occurred after the end of the financial year that are of significance with respect to these annual accounts.

STRATEGY AND PROSPECTS FOR 2009
Storebrand Kredittforetak will continue to buy home loans from Storebrand Bank in 2009. Given the smaller number of qualified home loans on Storebrand Bank's balance sheet, far lower growth in the amount of total collateral is expected during 2009 than the company experienced in its start-up year, 2008.

The housing market and development of non-performing and loss-exposed loans will be monitored closely in this demanding economic situation. Extensive work was done during the establishment of the company to establish good routines and ensure high data quality with respect to the real estate assets that constitute the collateral. This work will continue and thus ensure that the authorities' and ratings' requirements continue to be fulfilled.

Both the Norwegian and international financial markets are demanding at the start of 2009, including for covered bonds. New issues will be conducted to the extent the financial markets are amenable and the company has available collateral. Alternatively Storebrand Kredittforetak will provide Storebrand Bank with opportunities to utilise the treasury note swap arrangement and this is expected to occur in 2009. The credit institution will continue to help Storebrand Bank achieve diversified funding.

ALLOCATION OF THE RESULT FOR THE YEAR
The company reported a profit for the year of NOK 7.8 million. It is proposed that a group contribution less tax be paid of NOK 17.1 million to Storebrand Bank ASA. At the same time the company will receive a tax free group contribution from the parent company of NOK 12.3 million.

Amounts:

NOK MLLION	
Transferred from other paid up equity	- 4.5
Group contribution made to parent company (after tax)	12.3
Total allocated	**7.8**

After the group contribution the company's free reserves amount to NOK 0 as of 31 December 2008.

Oslo, 10 February 2009
The Board of Directors of Storebrand Kredittforetak AS

Translation - not to be signed

Klaus-Anders Nysteen
Chairman of the Board

Thor Bendik Weider
Board member

Mikkel Andreas Vogt
Board member

Inger Roll-Matthiesen
Board member

Åse Jonassen
CEO

PROFIT AND LOSS ACCOUNT

1 January - 31 December

NOK MLLION	NOTE	2008	2007
Interest income		473.1	0.5
Interest expense		-448.4	
Net interest income	**6**	**24.7**	**0.5**
Commission income			
Commission expense			
Net commission income		**0.0**	**0.0**
Net gains on financial instruments at fair value	6	-3.7	
Other income			
Total other operating income		**-3.7**	**0.0**
Staff expenses	4, 8	-0.1	
General administration expenses	8	-0.4	
Other operating costs	5, 8	-9.0	
Total operating costs		**-9.5**	**0.0**
Operating profit before losses and other items		11.5	0.5
Loss provisions on loans and guarantees	7	-0.7	
Profit before tax		**10.8**	**0.5**
Tax	9	-3.0	-0.1
Profit for the year		**7.8**	**0.4**
Allocations:			
Provision for group contribution		-12.3	-0.4
Transferred form other paid-in capital		4.5	
Total allocations		**-7.8**	**-0.4**

BALANCE SHEET

31. desember

NOK MLLION	NOTE	2008	2007
ASSETS			
Loans to and deposits with credit institutions	10, 11		80.6
Financial assets designated at fair value through profit and loss:			
Bonds and other fixed-income securities	10, 12, 25, 27	310.8	
Derivatives	10, 13, 25, 27	914.8	
Other current assets	10, 17	72.7	
Gross lending	10, 14, 27	11 617.8	
Write-downs of loans	10, 16	-0.7	
Net lending to customers		11 617.1	0.0
Deferred tax assets	9	1.8	
TOTAL ASSETS		**12 917.3**	**80.6**
LIABILITIES AND EQUITY			
Liabilities to credit institutions	10, 19	1 005.3	
Other financial liabilities:			
Commercial paper and bonds issued	10, 20	11 313.5	
Other liabilities	10, 21	40.5	0.5
Provision for accrued expenses and liabilities			
TOTAL LIABILITIES		**12 359.4**	**0.5**
Paid-in capital		557.9	80.1
Other equity			
TOTAL EQUITY	23	**557.9**	**80.1**
TOTAL LIABILITIES AND EQUITY		**12 917.3**	**80.6**

Oslo, 10 February 2009

The Board of Directors of Storebrand Kredittforetak AS

Translation - not to be signed

Klaus-Anders Nysteen
Chairman

Mikkel Andres Vogt
Board Member

Thor Bendik Weider
Board Member

Inger Roll-Matthisen
Board Member

Åse Jonassen
CEO

Statement of recognized income and expense

NOK MLLION	2008	2007
Pension experience adjustments		
Profit and loss account items applied directly to equity	0.0	0.0
Profit for the period	7.8	0.4
Total income and costs for the period	**7.8**	**0.4**

Cash Flow Statement

1 January - 31 December

NOK MLLION	2008	2007
Cash flow from operating activities		
Net receipts/payments of interest, commissions and fees from customers	430.9	
Net disbursement/payments on customer loans	-11 583.1	
Net receipts/payments - securities in the investment portfolio	-303.3	
Net receipts/payments on other operating activities	-9.4	
Net cash flow from operating activities	**-11 464.9**	**0.0**
Cash flow from investment activities		
Net payments on purchase/sale of fixed assets etc.		
Net cash flow from investment activities	**0.0**	**0.0**
Cash flow from finance activities		
Net receipts/payment from borrowing	10 914.8	
Group contribution payments	-0.5	
Equity paid-in	470.0	
Net cash flow from financing activities	**11 384.3**	**0.0**
Net cash flow in period	**-80.6**	**0.0**
Net movement in cash and bank deposits	-80.6	
Cash and bank deposits at the start of the period	80.6	
Cash and bank deposits at the endt of the period	**0.0**	**0.0**

The company has a credit arrangement (drawing facility) with Storebrand Bank ASA that is included in the item "Liabilities to credit institutions" as at 31.12.08. See also Note 21.

NOTES TO THE ACCOUNTS

NOTE 0: Accounting policies

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

Basic policies
The company has chosen to apply section 1-5 of the annual accounts regulations for banks, financial undertakings, etc, that deals with "Simplified application of international accounting standards" (hereafter referred to as simplified IFRS). Simplified IFRS allows companies to recognise the provision for dividends and group contribution as income and recognise the board's proposed dividend and group contribution as a liability on the balance sheet date. Dividends and group contributions shall pursuant to the full IFRS be classified as equity until a decision has been taken by the general meeting. Otherwise simplified IFRS entails the company fully applying the accounting policies that follow from IFRS.

The accounts have been prepared in accordance with the historic cost principle, with the exception of some financial instruments, which have been valued at fair value.

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

Changes to accounting principles
No changes to the accounting policies have been made after Q1 2008.

Standards and interpretations of existing standards, and where Storebrand has not elected early implementation
The following standards and interpretations, approved by the EU, which are not mandatory for annual accounts prepared as per 31 December 2008 have not been adopted by Storebrand: IFRS 8 Operating Segments, revised IFRS 3 Business Combinations, revised IAS 27, revised IAS 23 Borrowing Costs, revised IAS 1 Presentation of Financial Statements, changed IFRS 2 and 5, changed IAS 19, 20, 28, 36,38, 39, 40 and 41, as well as IFRIC 13, 15 and 16.

Segment reporting
The company is only organised in the retail market, which constitutes the company's primary segment reporting.

Tax
The tax charge in the profit and loss account consists of tax payable for the accounting year and changes in deferred tax. Tax is recognised in the profit and loss account, except when it relates to items that are recognised directly against equity. If this is the case, the tax is also recognised directly against equity. Deferred tax and deferred tax assets are calculated on the basis of differences between accounting and tax values of assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent it is considered likely that the company will have sufficient taxable profit in the future to make use of the tax asset.

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

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

FINANCIAL INSTRUMENTS

General policies and definitions

Recognition and derecognition
Financial assets and liabilities are included in the balance sheet from such times 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.

Financial liabilities are derecognised in the balance sheet when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.
Definition of amortised cost
Subsequent to inception, loans and receivables as well as financial liabilities not at fair value in the profit and loss account, are valued at amortised cost using the effective interest method. The calculation of the effective interest rate involves estimating all cash flows and all contractual terms of the financial instruments (for example early repayment, call options and equivalent options). The calculation includes all fees and margins paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Continues next page

NOTE 0: Accounting policies *(continues)*

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

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

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

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

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

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

Classification and measurement of financial assets and liabilities
Financial assets are classified into one of the following categories:
- held for sale
- at fair value through profit or loss in accordance with the fair value option (FVO)
- loans and receivables

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

Only derivatives come under this group.

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

At fair value through profit or loss in accordance with the fair value option (FVO)
A significant proportion of Storebrand's financial instruments are classified at fair value through profit and loss because:
- such classification reduces a mismatch that would otherwise have occurred in measurement or recognition as a result of different rules for measurement of assets and liabilities, or because
- the financial assets form part of a portfolio that is managed and reported on a fair value basis.

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

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

Loans and receivables are valued at amortised cost using the effective interest method.

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

Derivatives
Definition of a derivative
A derivative is a financial instrument or other contract within the scope of IAS 39 and which has all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the 'underlying')
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors
- it will be settled at a future date

NOTES TO THE ACCOUNTS

NOTE 0: Accounting policies *(continues)*

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.

Financial hedging for fixed-rate deposits and lending in Storebrand Kredittforetak uses this type of hedge accounting. Due to of the unified policies for measuring hedged items and hedging instruments in the other parts of the company, this hedging reflects the group's ordinary valuation rules.

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

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

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

NOTES TO THE ACCOUNTS

NOTE 1: Important accounting policies and the use of estimates

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

- Lending at amortised cost
- Assessing impairment of loans
- Capitalisation of deferred tax assets
- Calculating fair value of derivatives and financial instruments

Lending at amortised cost
Lending is measured at amortised cost using the effective interest method. Management has reviewed the assumptions used in this respect, including the expected rate of turnover and the period to which fees charged and direct costs paid can be directly attributed. If these assumptions are changed, the effect of the change will be recognized as income or cost through profit and loss. Amortisation is carried out over the expected average life, estimated on the background of the historic rate of turnover of lending. The estimate is updated at least once a year. For the 2008 financial year, the rate of turnover for lending to the retail market was estimated to be four years. There have been no changes between the year-end and the approval of the 2008 accounts that give reason for any change to this estimate in 2009.

Assessing impairment of loans
The company considers whether the value of a loan or group of loans is impaired. Loans or groups of loans are considered to be impaired if, and only if, there are objective signs of a fall in value that will reduce the future cash flow available for debt servicing. The fall in value must be the result of one or more events that have occurred since inception, and it must be possible to measure the impact of such events reliably.

Objective signs that the value of a loan or group of loans is impaired include observable data the company becomes aware of concerning the following events:

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

Lending write-downs are divided into two categories:

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

b) Write-downs of groups of loans
Grouped write-downs are calculated separately.

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

NOTES TO THE ACCOUNTS

NOTE 1: Important accounting policies and the use of estimates *(continues)*

Capitalisation of deferred tax assets

The capitalised value of deferred tax assets is reviewed regularly. The reviews take into account Storebrand Kredittforetak's likely future capacity to make use of tax reducing temporary differences, and the criteria that must be satisfied for these to be used. Storebrand Kredittforetak's tax position at the end of 2008 favours making a group contribution.

Calculating fair value of derivatives and financial instruments

The company's asset items are measured at observable market value where such prices are available. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Fair value of other assets is calculated as an amount equivalent to the discounted current value of the investment.

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

NOTES TO THE ACCOUNTS

NOTE 2: Valuation of financial instruments

The situation in the financial markets has resulted in the proportion of financial instruments that can be valued on the basis of observable prices or assumptions having fallen compared with previous periods. Storebrand has assessed the appropriateness of previously utilised price sources and valuation techniques and has chosen to continue using these.

The uncertainty associated with valuations based on non-observable assumptions is significantly higher for those types of securities priced in this manner. The company has no financial instruments priced on the basis of non-observable assumptions.

In Storebrand's opinion the valuations used represent best estimates of the securities' market values.

Also see note 25 in which the various securities are specified on the basis of quoted prices and/or observable assumptions or whether they have been valued on the basis of non-observable assumptions.

NOTE 3: Segment

Business segments are the company's primary reporting segments. The company has only one segment, Retail Lending. This segment comprises lending to private individuals, and all loans are purchased from Storebrand Bank ASA.
The company's accounts for 2008 therefore relate entirely to the Retail Lending segment.
Geographic segments form the company's secondary reporting segments. The company does not have any activities outside Norway. Customers from abroad are classified as part of the Norwegian activities. All operating income and the company's earnings therefore relate solely to its Norwegian activities.

NOTE 4: Remuneration and close associates

NOK 1000	REMUNE-RATION	BONUS-BANK 2)	PAID BONUS 1/3 2)	POST-TERMINATION SALARY (MONTHS)	PENSION ACCRUED FOR THE YEAR	DISCOUNTED PRESENT VALUE OF PENSION
Senior employees;						
Åse Jonassen (Managing director) 1)	828				154	453
Board of Directors;						
Klaus-Anders Nysteen 2)	4 104		274	18	926	2 072
Mikkel Andreas Vogt 2)	1 607		133		462	682
Thor Bendik Weider	50					
Inger Roll-Mathiesen	50					

Continues next page

NOTE 4: Remuneration and close associates *(continues)*

NOK 1000	NO OF SHARES OWNED	LOAN	INTEREST RATE AT 31.12.08	REPAYMENT PERIOD
Senior employees;				
Åse Jonassen (Managing director) 1)	2 240	2 933	5.60%/7.00%	2034/2023
Board of Directors;				
Klaus-Anders Nysteen 2)	49 403	3 382	5.60%/6.65%	2026/2017
Mikkel Andreas Vogt 2)	2 137	2 063	5.60%/6.80%	2028/2013
Thor Bendik Weider				
Inger Roll-Mathiesen		3 988	6.64%/6.79%	2018/2035

1) Åse Jonassen receives no remuneration from Storebrand Kredittforetak ASA. The company purchase all its administrative services, incl. acting CEO from Storebrand Bank ASA. Åse Jonassen is not covered by Storebrand's bonus bank scheme.

2) Klaus-Anders Nysteen and Mikkel Andreas Vogt receive no remuneration for their board work in Storebrand Kredittforetak AS. The stated amounts relate to their positions in Storebrand Bank ASA.
Balance in bonus bank as of 31 Dec 2008 less Storebrand's initial contribution. As part of their pay package, senior employees in Storebrand also have an agreement concerning a performance related bonus, which is linked to the group's value-based management system. Value creation in the group finances the bonus, while individual performance determines how large a share of the financed bonus is awarded. Awarded bonuses are added to the bonus bank from which 1/3 of the balance is paid out annually. If in total the annual payments exceed the total bonuses awarded and return, this will result in parts of Storebrand's initial contribution making up the annual payment. Upon the start-up of the bonus bank senior employees received an initial contribution. Upon leaving the company the positive initial contribution will fall to Storebrand. Amounts added to the bonus bank are 50% exposed to Storebrand's share price and 50% to the best interest rate in Storebrand Bank. The "share bank" and "interest bank" will develop separately over time. In line with the decision of Storebrand ASA's general meeting a long-term incentive scheme was established for the group management team and other senior employees. In connection with the establishment of this previously earned but withheld bonuses earned from 2008 and before have been paid out.
Storebrand has also made an extra contribution that corresponds to the size of this amount. The payment was reported as pay/bonus and taxed as employment income. The net payment, less tax, was entirely spent on buying shares with a 3-year lock-in period.

Transactions with group companies:

	2008	
NOK MLLION	STOREBRAND BANK ASA	OTHER GROUP COMPANIES
Interest income	1.4	
Interest expense	166.1	
Services sold		
Services purchased	5.3	2.5
Due from	39.0	
Liabilities to	4 530.3	

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

Continues next page

NOTES TO THE ACCOUNTS

NOTE 4: Remuneration and close associates *(continues)*

Transactions with related parties:
Storebrand Kredittforetak AS has no employees, and purchases personnel resources from Storebrand Bank ASA and services including treasury and accounting functions from Storebrand Livsforsikring AS. All loans made by the company are purchased from Storebrand Bank ASA pursuant to an agreement entered into with Storebrand Bank ASA to purchase loans, as well as a management agreement with Storebrand Bank ASA for management of the loan portfolio. In outline terms, the management agreement involves the company paying fees to Storebrand Bank ASA for management of the company's loan portfolio. In addition, the company has entered into an agreement with Storebrand Bank ASA for a credit facility to finance loans purchased (see Note 21). Agreements entered into with other companies in the group are based on the principle of business at arm's length.

Loans to employees:

NOK MLLION	2008
Loans to employees of Storebrand Kredittforetak AS	
Loans to employees of Storebrand group	740.7

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

Headaccount and personnel information:
There are no employees in the company.

NOTE 5: Remuneration of the auditor

Remuneration of the auditor (excluding valued added tax):

NOK 1000	2008	2007
Statutory audit	160	8
Other reporting duties [1]	254	
Tax consulting		
Other non-audit services		
Total	**414**	**8**

[1]) Includes remuneration to Deloitte AS as an independent investigator.

NOTES TO THE ACCOUNTS

NOTE 6: Net income from financial instruments

NOK MLLION	2008	2007
Net interest income		
Interest and other income on loans to and deposits with credit institutions		
Interest and other income on loans to and due from customers	464.6	
Interest on commercial paper, bonds and other interest-bearing securities	8.5	
Other interest income and related income		
Total interest income 1)	**473.1**	**0.0**
Interest and other expenses on debt to credit institutions	-137.5	
Interest and other expenss on deposits from and due to customers		
Interest and other expenses on securities issued	-310.9	
Interest and expenses on subordinated loan capital		
Other interest expenses and related expenses		
Total interest expenses 2)	**-448.4**	**0.0**
Net interest income	**24.7**	**0.0**
1) Of which total interest income on financial assets that are not at fair value through profit or loss	464.6	
2) Of which total interest expenses on financial liabilities that are not at fair value through profit or loss	-448.4	

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

NOK MLLION	2008	2007
Bonds, commercial paper and other interest-bearing securities		
Commercial paper and bonds issued by the public sector	-0.4	
Other interest-bearing securities issued by the public sector		
Total securities issued by the public sector	**-0.4**	**0.0**
Commercial paper and bonds issued by others	-1.5	
Other interst-bearing securities issued by		
Total securities issued others	**-1.5**	**0.0**
Total bonds, commercial papper and other interest-bearing securities	*-1.9*	*0.0*
Financial derivatives		
Financial derivatives, held for trading	-1.8	
Total financial derivatives	*-1.8*	*0.0*
Net income and gains from financial assets and liabilities at fair value	**-3.7**	**0.0**

	2008	2007
Net gain/loss on financial assets at fair value through profit or loss:		
Financial assets designated at fair value upon initial recognition	-1.9	
Financial assets classified as held for trading	-1.8	
Net gain/loss on financial liabilities at fair value through profit or loss:		
Financial liabilities designated at fair value upon initial recognition		
Financial liabilities classified as held for trading		

NOTES TO THE ACCOUNTS

NOTE 7: Losses on loans

NOK MLLION	2008	2007
Write-downs on loans and guarantees for the period		
Change in individual write-downs for the period		
Change in grouped write-downs for the period	-0.7	
Other corrections to write-downs		
Realised losses in period on commitments specifically provided for previously		
Realised losses on commitments not specifically provided for previously		
Recoveries on previously realised losses		
Write-downs of loans and guarantees for the period	**-0.7**	**0.0**

Interest recognised to profit on loans subject to write-downs

NOTE 8: Operating expenses

NOK MLLION	2008	2007
Ordinary wages and salaries		
Employer's social security contributions		
Other staff expenses	0.1	
Pension cost		
Total staff expenses	**0.1**	**0.0**
IT costs	0.3	
Printing, postage etc.		
Travel, entertainment, courses, meetings		
Other sales and publicity costs	0.1	
Total general administration expenses	**0.4**	**0.0**
Depreciation		
Contract personnel		
Operating expenses on rented premises		
Inter-company charges for services	7.8	
Other operating expenses	1.2	
Total other operating expenses	**9.0**	**0.0**
Total operating expenses	**9.5**	**0.0**

NOTES TO THE ACCOUNTS

NOTE 9: Tax

TAX CHARGE FOR THE YEAR

NOK MLLION	2008	2007
Tax payable for the period	4.8	0.1
Total tax charge	**4.8**	**0.1**
Changes in deferred tax/deferred tax asset		
Deferred tax caused by temporary differences/reversals of temporary differences	-1.8	
Total changes in deferred tax/deferred tax asset	**-1.8**	**0.0**
Total tax cost	**3.0**	**0.1**
Reconciliation of expected and actual tax charge		
Ordinary pre-tax profit	10.8	0.5
Expected tax on income at nominal rate	3.0	0.1
Tax charge	**3.0**	**0.1**
Tax payable	4.8	0.1
- tax effect of group contribution paid	-4.8	-0.0
Tax payable in the balance sheet	**0.0**	**0.1**

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

NOK MLLION	2008	2007
Tax increasing timing differences		
Lending	27.5	
Derivatives	1 143.4	
Total tax increasing timing differences	**1 170.9**	**0.0**
Tax reducing timing differences		
Securities	-0.7	
Bonds issued	-1 176.5	
Total tax reducing timing differences	**-1 177.2**	**0.0**
Losses/allowances carried forward		
Net base for deferred tax/tax assets	-6.3	0.0
Net deferred tax asset in the balance sheet	**1.8**	**0.0**

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

NOTE 10: Classification of financial instruments

CLASSIFICATION OF FINANCIAL ASSETS

		2008		2007	
NOK MLLION	NOTE	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Net loans to and deposits with credit institutions	**11**				
Loans to and deposits with credit institutins at amortised cost, loans and receivable				80.6	80.6
Total loans to and deposits with credit institutions		0.0	0.0	80.6	80.6
Bonds and other fixed income securities	12				
Commercial paper and bonds at fair value, FVO [1])		310.8	310.8		
Total bonds and other fixed income securities		310.8	310.8	0.0	0.0
Derivatives	13				
Financial derivatives at fair value, held for trading		914.8	914.8		
Total derivatives		914.8	914.8	0.0	0.0
Net lending to customers					
Lending to customers at fair value, FVO [1])	14				
Lending to customers at amortised cost, loans and receivable	14	11 617.8	11 617.8		
Total lending before individual write-downs and write-downs of groups of loans		11 617.8	11 617.8	0.0	0.0
- Write-downs on individual loans					
- Write-downs on groups of loans	16	-0.7	-0.7		
Total net lending to customers		11 617.1	11 617.1	0.0	0.0
Other assets					
Other assets, amortised cost		72.7	72.7		
Total other assets		72.7	72.7	0.0	0.0
Total financial assets		**12 915.5**	**12 915.5**	**80.6**	**80.6**
Financial assets summarised by classification					
Financiel assets at fair value, FVO [1]) [2])		310.8	310.8		
Financial assets at fair value, held for trading		914.8	914.8		
Financial assets at amortised cost, loans and receivables		11 689.9	11 689.9	80.6	80.6
Total financial assets		**12 915.5**	**12 915.5**	**80.6**	**80.6**

Continues next page

NOTE 10: Classification of financial instruments *(continues)*

CLASSIFICATION OF FINANCIAL LIABILITIES

NOK MLLION	NOTE	2008 BOOK VALUE	2008 FAIR VALUE	2007 BOOK VALUE	2007 FAIR VALUE
Liabilities to credit institutions	19				
Deposits from and due to credit institutions at amortised cost		1 005.3	1 005.3		
Total liabilities to credit institutions		1 005.3	1 005.3	0.0	0.0
Other financial liabilities					
Commercial paper and bonds issued at amortised cost	20	11 313.5	11 238.0		
Other liabilities, amortised cost	21	40.5	40.5	0.5	0.5
Total other financial liabilities		11 354.0	11 278.5	0.5	0.5
Total financial liabilities		**12 359.3**	**12 283.8**	**0.5**	**0.5**
Financial liabilities summarised by classification					
Financial liabilities at amortised cost		12 359.3	12 283.8	0.5	0.5
Total financial liabilities		**12 359.3**	**12 283.8**	**0.5**	**0.5**

[1]) FVO = Fair Value Option

[2]) Of which financial assets designated at fair value upon initial recognition
Of which financial assets classified as held for tranding 310.8 310.8

NOTE 11: Loans to and deposits with credit institutions

NOK MLLION	2008	2007
Total loans to and deposits with credit institutions without fixed maturity at amortised cost [1])		80.6
Total loans to and deposits with credit institutions with fixed maturity at amortised cost		
Total loans and deposits with credit institutions at amortised cost	**0.0**	**80.6**

[1]) Relates to current account held in Storebrand Bank ASA.

NOTE 12: Bonds and other fixed income securities at fair value through profit and loss

NOK MLLION	COMMERCIAL PAPER	2008 BONDS	TOTAL	2007 TOTAL
Commercial paper and bonds, book value	49.7	261.1	310.8	
Of which listed	49.7	261.1	310.8	
Nominal value	50.0	260.0	310.0	
Analysis by sector of issuer:				
Finance, Bank and Insurance		40.2	40.2	
Sovereign and Government Guaranteed	49.7	220.9	270.7	
Total	**49.7**	**261.1**	**310.8**	**0.0**
Modified duration	0.22	0.12	0.14	
Average effective yield per 31.12.	3.48%	5.54%	5.21%	

All securities are denominated in NOK.
The effective yield for each security is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each security's share of the total interest rate sensitivity.

NOTE 13: Financial derivatives

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

Continues next page

NOTE 13: Financial derivatives *(continues)*

	2008						
	GROSS	AVERAGE	NETTO NOM.	FAIR VALUE 1)		FAIR VALUE-HEDGING 3)	
NOK MLLION	NOM. VALUE 1)	NOM. VALUE 2)	VALUE 1)	ASSET	LIABILITY	ASSET	LIABILITY
Equity options							
Interest rate swaps	6 189.5	5 412.2	2 250.0			224.8	
Basis swaps	3 950.0	3 950.0	3 950.0	914.8			
Forward foreign exchange contracts							
Total derivatives	**10 139.5**	**9 362.2**	**6 200.0**	**914.8**	**0.0**	**224.8**	**0.0**

1) Value at 31.12.

2) Average for the year

3) Market value of derivatives included in hedge accounting are classified together with the underlying item hedged. See note 18.

NOTE 14: Analysis of loan portfolio and guarantees

NOK MLLION	2008	2007
Lending to customers at amortised cost	11 617.8	
Lending to customers at fair value		
Total gross lending to customers	**11 617.8**	**0.0**
Write-downs on individual loans		
Write-downs on groups of loans (see note 16)	-0.7	
Net lending to customers	**11 617.1**	**0.0**

Continues next page

NOTE 14: Analysis of loan portfolio and guarantees *(continues)*

	LENDING TO CUSTOMERS	
NOK MLLION	2008	2007
Sector and industry classification:		
Retail customers	11 529.0	
Foreign	88.7	
Total	**11 617.8**	**0.0**
Geographical distribution:		
Eastern Norway	8 709.1	
Western Norway	1 760.6	
Southern Norway	221.3	
Mid-Norway	445.4	
Northern Norway	392.7	
Foreign	88.7	
Total	**11 617.8**	**0.0**

Storebrand Kredittforetak AS has not issued any guarantees to customers.

NOTE 15: Loan to value ratios and collateral

NOK MLLION	2008	2007
Gross lending	11 617.8	
Average loan balance	1.3	
No. of loans	9 509	
Total value of collateral for lending	24 269.7	
Weighted average seasoning (months)	31	
Weighted average remaning term (months)	211	
Average loan to value ratio	47.1 %	
Overcollateralisation [1])	110%	
The rating agency's requirement to overcollateralisation	106%	
Composition of collateral:		
Residential mortgages	11 429.5	
Supplementary security [2])		
Total	**11 429.5**	**0**

[1]) In accordance with the Regulation for credit institutions that issue covered bonds, lending cannot exceed 75% of the value of collateral (i.e. value of properties pledged as collateral). As per 31 Dec 2008, the company had NOK 161.3 million that exceeds the base value limit and has therefore not been included in the calculation of the collateralisation. As per 31 December 2008, the company had one non-performing loan equivalent to NOK 2.6 million. Non-performing loans are not included in the collateralisation.

[2]) The company has no supplementary security.

NOTE 16: Write-downs of loans

NOK MLLION	2008	2007
Write downs om individual loans 1.1.		
Losses realised in the period on individual loans previously written down		
Write-downs of individual loans for the period		
Reversals of write-downs of individual loans for the period		
Other corrections to write-downs		
Write-downs of individual loans at 31.12.	**0.0**	**0.0**
Write-downs of groups of loans and guarantees 1.1.		
Grouped write-downs for the period	0.7	
Write-downs of groups of loans and guarantees etc. 31.12.	**0.7**	**0.0**
Total write-downs	**0.7**	**0.0**

NOTE 17: Other current assets

NOK MLLION	2008	2007
Due from Storebrand Bank ASA	39.1	
Interest accrued on lending	33.7	
Total other current assets	**72.7**	**0.0**

NOTE 18: Hedge accounting

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

	2008			2007		
	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MLLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Interest-rate swaps	6 200.0	224.8				
Total interest rate derivatives	6 200.0	224.8	0.0	0.0	0.0	0.0
Total derivatives	6 200.0	224.8	0.0	0.0	0.0	0.0

	CONTRACT/	FAIR VALUE 1)		CONTRACT/	FAIR VALUE 1)	
NOK MLLION	NOMINAL VALUE	ASSETS	LIABILITIES	NOMINAL VALUE	ASSETS	LIABILITIES
Underlying objects :						
Bonds issued	6 200.0		6 398.1			
Hedging effectiveness - prospective	95%					
Hedging effectiveness - retrospective	94%					

Gain/loss on fair value hedging: [2])

NOK MLLION	2008 GAIN / LOSS	2007 GAIN / LOSS
On hedging instruments	208.3	
On items hedged	-221.4	

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

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

NOTE 19: Liabilities to credit institutions

NOK MLLION	2008	2007
Total liabilities to credit institutions without fixed maturity at amortised cost	1 005,3	0,0
Total liabilities to credit institutions with fixed maturity at amortised cost	0,0	0,0
Total liabilities to credit institutions at amortised cost	**1 005,3**	**0,0**

The company has entered into an agreement with Storebrand Bank ASA for a drawing facility of NOK 10 billion, which will be principally used to make payment for loans purchased and for payments in respect of covered bonds issued. The agreement was entered into on the principle of business at arm's length.

NOTE 20: Commercial paper and bonds issued

NOK MILLION ISIN CODE	NOMINAL VALUE	CURRENCY	INTEREST	ISSUED	MATURITY	BOOK VALUE 2008
XS0366475662	500,0	EUR	Fixed	28.05.08	28.05.10	4 870.8
NO0010428584	1 000,0	NOK	Fixed	06.05.08	06.05.15	1 001.2
NO0010428592	3 100,0	NOK	Floating	02.05.08	02.05.11	3 096.2
NO0010466071	1 250,0	NOK	Fixed	24.10.08	24.04.14	1 254.9
NO0010479967	1 000,0	NOK	Floating	12.12.08	12.06.12	1 000.0
Amortised interest						90.5
Total commercial paper and bonds issued						**11 313.5**

Standard covenant requirements are attached to concluded loan agreements.
In 2008, Storebrand Kredittforetak has met all conditions with respect to concluded loan agreements.

NOTE 21: Other liabilities

NOK MLLION	2008	2007
Payable to Storebrand group companies	23.3	
Provsion for group contribution	17.1	
Accrued expenses and prepaid income	0.1	
Other liabilities	0.1	0.5
Total other liabilities	**40.5**	**0.5**

NOTE 22: Off balance sheet liabilities and contingent liabilities

NOK MLLION	2008	2007
Undrawn credit limits	745.9	
Total contingent liabilities	**745.9**	**0.0**

Undrawn credit limits relate to the unused portion of credit limits on residential mortgage loans.
The company has not any collateral pledged or received.

NOTES TO THE ACCOUNTS

NOTE 23: Changes in equity

	2008							
	PAID-IN CAPITAL				OTHER EQUITY			
NOK MLLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
Equity 1.1.	50.0	30.1		80.1			0.0	80.1
Profit for the period				0.0		7.8	7.8	7.8
Equity transactions with the owner:								
Capital increase	300.0	170.0		470.0			0.0	470.0
Group contribution received			12.3	12.3			0.0	12.3
Provision for group contribution			-4.5	-4.5		-7.8	-7.8	-12.3
Equity 31.12.	**350.0**	**200.1**	**7.8**	**557.9**	**0.0**	**0.0**	**0.0**	**557.9**

Storebrand Kredittforetak AS is 100% owned by Storebrand Bank ASA. Number of shares are 35.000.000 at nomial value NOK 10,- per share.

	2007							
	PAID-IN CAPITAL				OTHER EQUITY			
NOK MLLION	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER PAID-IN CAPITAL	TOTAL PAID-IN CAPITAL	REVENUE & COSTS APPLIED TO EQUITY	OTHER EQUITY	TOTAL OTHER EQUITY	TOTAL EQUITY
Equity 1.1.	0.1	0.0		0.1			0.0	0.1
Profit for the period				0.0			0.0	0.0
Equity transactions with the owner:								
Capital increase	49.9	30.0		79.9			0.0	79.9
Equity 31.12.	**50.0**	**30.1**	**0.0**	**80.1**	**0.0**	**-0.1**	**0.0**	**80.1**

NOTE 24: Capital Adequacy

Net capital base

NOK MLLION	2008	2007
Share capital	350.0	
Other equity	207.9	
Total equity	**557.9**	**0.0**
Deductions:		
Deferred tax assets	-1.8	
Core capital	**556.1**	**0.0**
Subordinated loan capital less own holdings		
Deductions		
Net capital base	**556.1**	**0.0**

Minimum requirements for credit risk

NOK MLLION	2008
Credit risk	401.2
Of which:	
Institutions	20.0
Loans secured against real estate	323.3
Loans past-due	0.6
Other	57.3
Total minimum requirements for credit risk	**401.2**
Operational risk	3.5
Deductions	
Write-downs of groups of loans	0.1
Minimum requirement for capital base	**404.7**

Capital Adequacy

NOK MLLION	2008	2007
Capital ratio	11.0 %	
Core capital ratio	11.0 %	

Capital adequacy is calculated in accordance with the new capital adequacy regulation (Basel II). The company uses the standard method for credit risk and market risk, and the basic method for operational risk. The minimum requirement for capital adequacy is 8,00%.

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

NOTE 25: Valuation

Specification of financial assets to fair value

Bonds and fixed-income securities

NOK MLLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Finance, Banking and Insurance	40.2		40.2
Sovereign and Government Guaranteed	270.7		270.7
Total	**310.8**	**0.0**	**310.8**

Derivates

NOK MLLION	QUOTED PRICES AND OBSERVABLE ASSUMPTIONS	UNOBSERVABLE ASSUMPTIONS	BOOK VALUE 31.12.2008
Basis swaps	914.8		914.8
Interest rate swaps	224.8		224.8
Total derivatives			1 139.6
- Derivatives designated for hedge accounting			224.8
Total derivatives excl. hedge accounting			**914.8**
Derivatives with a positive fair value			914.8
Derivatives with a negative fair value			
Total			**914.8**

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

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

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

NOTES TO THE ACCOUNTS

NOTE 26: Risk Management

Risk management in Storebrand Kredittforetak addresses the areas of credit risk, market risk, liquidity risk and operational risk. Specific risk management policies have been approved by the company's board for the areas of credit risk, market risk and liquidity risk, and the policies. are subject to annual review

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

Lending to retail customers is subject to a different credit approval process. Loans to private individuals are granted on the basis of credit scoring combined with case-by-case evaluation of debt service capacity. Loans are only granted against security in real estate.

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

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

The financial interest rate risk is calculated on the basis of a stress test that exposes all balance sheet items to a 2 percentage point adverse shift in the yield curve, and with varying distortions of the curve. The most unfavourable of these scenarios is used for the interest rate risk.

Storebrand Kredittforetak's policy is to minimise currency risk and that currency positions must be covered at the time the risk arises.

Derivatives
Derivatives are only used for hedging purposes. The company thus has no trading portfolio consisting of derivatives.
The derivatives that can be used in hedging situations are interest rate swaps, interest and exchange rate swaps, exchange rate swaps, future interest rate agreements, currency options and interest rate options.

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

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

Liquidity risk
Liquidity risk is the risk that the company is not able to meet all financial commitments as they fall due for payment. It is the company's policy to always have sufficient liquidity to support balance sheet growth as well as to repay loans and deposits as they fall due, and to not take on greater liquidity risk than is justifiable. The liquidity management is designed to ensure that sufficient funding is available to avoid liquidity problems in situations such as:
- Uncertainty among investors about the financial markets in general.
- Uncertainty among investors about the development of the house prices.
- Uncertainty in respect of the companys owner/other group-companies.

Continues next page

NOTE 26: Risk Management *(continues)*

Kredittforetaket's liquidity is primarily affected by a relatively few large bonds reaching maturity. The company will, to the extent it makes business sense, take out "soft bullet bonds", which means the maturity period of a bond can be extended by up to one year, in order to ensure a proper liquidity situation. In addition there will be limits with respect to how large each repayment can be. The company will also maintain a minimum holding of liquid assets.

Repayments for new borrowing in Kredittforetaket will also always be planned in such a way that no breach of any liquidity targets need be expected in any future periods.

It is highly likely that Kredittforetaket's funding needs will be greater than what can be funded through covered bonds. This funding need will be continuously be covered by the bank. Kredittforetaket will draw on the loan facility from the parent bank as needed for liquidity, including in connection with borrowing repayments.

The liquidity position is managed with the help of the indicators minimum liquidity level, maximum volume per issue and within every 6 month period, and the maximum volume of net repayments within 12 months.

The long-term funding ratio is calculated in accordance with the liquidity risk indicators stipulated by Kredittilsynet (the Norwegian FSA).

The liquidity position is reported monthly to the Board.

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

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

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

NOTES TO THE ACCOUNTS

NOTE 27: Credit risk

Analysis of credit risk by type of financial instrument

	MAXIMUM CREDIT EXPOSURE	
NOK MLLION	2008	2007
Investment portfolio	310.8	
Net loans to and due from customers [1])	12 363.8	
Interest rate swaps	224.8	
Basis swaps	914.8	
Total	**13 814.2**	**0.0**
[1]) Of which net loans to and due from customers measured at fair value:	0.0	0.0

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

INVESTMENT PORTFOLIO CREDIT RISK

Credit risk per counterparty

ISSUER CATEGOR NOK MLLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NON-INVESTM. GRADE FAIR VALUE	TOTAL 2008 FAIR VALUE	TOTAL 2007 FAIR VALUE
Finance, Banking and Insurance	40.2					0.0	
Sovereign and Government Guaranteed	270.7					0.0	
Total						0.0	
Sum	**310.8**	**0.0**	**0.0**	**0.0**	**0.0**	**310.8**	**0.0**

Rating classes are based on Standard & Poors.

Change in value:							
Total change in value balance sheet	-0.7					-0.7	
Change in value recognised in the profit and loss during period	-0.7					-0.7	

Credit exposure for lending activities

Home loan customers are assessed in relation to their willingness and ability to repay the loan. The ability to pay is calculated and the customers' risk assessed upon applying. The loan-to-asset value ratio for customers in Storebrand Kredittforetak is less than 75% at the time of transfer from Storebrand Bank. The weighted average loan-to-asset value ratio for all of the loans in the credit institution is 47.1%. The credit quality of the loans that have not fallen due is good. The collateral in Storebrand Kredittforetak is security in residential property. The collateral in the portfolio is regarded as very good. One loan of NOK 2.6 million has been non-performing for more than 90 days (0.02% of gross lending). The loan has a historic loan-to-asset value ratio of 72% and a loan-to-asset value ratio in relation to current market value of 78%.
No loans are between 61 and 90 days overdue. The nine loans that are between 31 and 60 days overdue have an average loan-to-asset value ratio of 59%. The collateral for these overdue loans is regarded as good as well.
The portfolio has a low credit risk.

Continues next page

NOTE 27: Credit risk *(continues)*

Commitments per customer group

NOK MLLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	AVERAGE SIZE LOANS	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
	2008							
Retail customers	11 529.1		738.5	12 267.6	5 764.6	2.6		2.6
Foreign	88.7		7.5	96.1	44.4			
Total	11 617.8	0.0	745.9	12 363.8	5 808.9	2.6	0.0	2.6
- Write-downs of groups of loans	-0.7			-0.7				
+ Other changes in value								
Total loans to and due from customers	**11 617.1**	**0.0**	**745.9**	**12 363.1**	**5 808.9**	**2.6**	**0.0**	**2.6**

Commitments per geographical area

NOK MLLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS	GROSS NON-PERFORMING LOANS	WRITE-DOWNS OF INDIVIDUAL LOANS	NET NON-PERFORMING LOANS
	2008						
Eastern Norway	8 709.1		548.7	9 257.9			
Western Norway	1 760.6		139.8	1 900.4			
Southern Norway	221.3		9.5	230.8			
Mid-Norway	445.4		27.9	473.3	2.6		2.6
Northern Norway	392.7		12.0	404.7			
Foreign	88.7		8.0	96.7			
Total	**11 617.8**	**0.0**	**745.9**	**12 363.8**	**2.6**	**0.0**	**2.6**

Total engagement amount by remaining term to maturity:

NOK MLLION	LOANS TO AND DUE FROM CUSTOMERS	GUARANTEES	UNDRAWN CREDIT LIMITS	TOTAL COMMITMENTS
	2008			
Up to 1 month	126.3			126.3
1 - 3 months	0.1			0.1
3 months - 1 year	3.0			3.0
1 - 5 years	159.6			159.6
more than 5 years	11 328.9		745.9	12 074.8
Total	**11 617.8**	**0.0**	**745.9**	**12 363.8**

Continues next page

NOTE 27: Credit risk *(continues)*

Age distribution of overdue engagements without write-downs:

NOK MLLION	LOANS TO AND DUE FROM CUSTOMERS (2008)	GUARANTEES (2008)	UNDRAWN CREDIT LIMITS (2008)	TOTAL COMMITMENTS (2008)
Overdue 1 - 30 days	189.9			189.9
Overdue 31 - 60 days	18.6			18.6
Overdue 61- 90 days				0.0
Overdue more than 90 days	2.6			2.6
Total	**211.1**	**0.0**	**0.0**	**211.1**

Engagements overdue by more than 90 days by geographical area:

Mid-Norway	2.6			2.6
Total	**2.6**	**0.0**	**0.0**	**2.6**

Only non-performing and loss-exposed loans are classified by geographical area in this overview.
Engagements are considered non-performing and loss-exposed when a credit has been overdrawn for more than 90 days and when a repayment plan has arrears of more than 90 days and the amount is at least NOK 500.

Credit risk by customer group

NOK MLLION	TOTAL VALUE IMPAIRED ENGAGEMENTS (2008)	TOTAL DUE ENGAGEMENTS (2008)	TOTAL VALUE CHANGES (2008)	TOTAL WRITE-DOWNS (2008)	TOTAL VALUE CHANGE RECOGNISED IN PROFIT AND LOSS ACCOUNT DURING PERIOD (2008)
Retail customers		2.6			
Total	**0.0**	**2.6**	**0.0**	**0.0**	**0.0**

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

NOK MLLION	INVESTMENT PORTFOLIO 2008	2007
Book value	310.8	
Maximum exposure to credit risk	310.8	
Book value of related credit derivatives that reduce credit risk		
This year's change in fair value of financial assets due to change in credit risk	-2.0	
Accumulated change in fair value of financial assets due to change in credit risk	-2.0	
This year's change in their value of related credit derivatives		
Accumulated change in their value of related credit derivatives		

Fair value is fixed on the basis of a theoretical calculation in which the agreed cash flow is discounted by the interest rate offered for new loans of equivalent interest rate duration and credit risk. In fixing the fair value, account is taken of the bank's increased funding spread in 2008.
Financial assets are earmarked at fair value through the profit and loss account in accordance with the fair value option (FVO) the first time they are recognised in those cases another measurement would result in an inconsistency in the profit and loss account.

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NOTE 27: Credit risk *(continues)*

Credit risk derivatives

CREDIT RISK PER COUNTERPARTY

NOK MLLION	AAA FAIR VALUE	AA FAIR VALUE	A FAIR VALUE	BBB FAIR VALUE	NON-INVESTMENT GRADE FAIR VALUE	TOTAL 2008 FAIR VALUE	TOTAL 2007 FAIR VALUEI
Finance, Bank and Insurance		1 139.6				1 139.6	
Total	**0.0**	**1 139.6**	**0.0**	**0.0**	**0.0**	**1 139.6**	**0.0**

Rating categories are based on Standard & Poor's.

Change in value:							
Total change in value balance sheet		1 139.6				1 139.6	
Change in value recognised in the profit and loss during period		1 139.6				1 139.6	

Interest swaps and basis swaps

Derivatives are entered into for hedging purposes. Derivative transactions are entered into with counterparties that are "investment grade" rated.

NOTE 28: Liquidity risk

Non-discounted cash flows - financial obligations

NOK MLLION	0 - 6 MONTHS	6 MONTHS - 12 MONTHS	1 - 3 YEARS	3 - 5 YEARS	OVER 5 YEARS	TOTAL
Liabilities to credit institutions	19,2	14,0	60,0	99,5	1 005,3	1 198,1
Commercial paper and bonds issued	483,0	63,1	8 672,1	1 286,5	2 439,4	12 944,1
Other liabilities	40,5					40,5
Undrawn credit limits	745,9					745,9
Total financial liabilities excl. derivatives	**1 288,6**	**77,1**	**8 732,1**	**1 386,0**	**3 444,7**	**14 928,6**
Derivatives - remittance [1])	253,0		1 189,3	10,2		1 452,6
Derivatives - payments [1])		-123,7				-123,7
Total 2008	**1 541,6**	**-46,6**	**9 921,4**	**1 396,3**	**3 444,7**	**16 257,5**

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

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

NOTE 29: Foreign exchange risk

Financial assets and liabilities in foreign currency

	BALANCE SHEET ITEMS		SWAP	NETTOPOSISJON	
BELØP I MILLIONER	ASSETS	LIABILITIES	NET	IN CURRENCY	IN NOK
EUR		500.0	500.0		
Total 2008	**0.0**	**500.0**	**500.0**	**0.0**	**0.0**
Total 2007					0.0

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

NOTE 30: Sensitivity analyses

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

Effect on income

	INTEREST RATE		FOREIGN EXCHANGE	
NOK MLLION	-1.5 %	+1.5 %	-12 %	+12 %
Bonds and other fixed-income securities	-2.6	2.6		
Loans to and due from customers	-146.0	146.0		
Derivatives	358.0	-338.2	-584.0	584.0
Liabilities to credit institutions	14.2	-14.2		
Commercial paper and bonds issued	-232.1	212.4	584.0	-584.0
Total	**-8.5**	**8.6**	**0.0**	**0.0**

Effect on net profit/equity

	INTEREST RATE		FOREIGN EXCHANGE	
NOK MLLION	-1.5 %	+1.5 %	-12 %	+12 %
Bonds and other fixed-income securities	-2.6	2.6		
Loans to and due from customers	-146.0	146.0		
Derivatives	358.0	-338.2	-584.0	584.0
Liabilities to credit institutions	14.2	-14.2		
Commercial paper and bonds issued	-232.1	212.4	584.0	-584.0
Total	**-8.5**	**8.6**	**0.0**	**0.0**

Specification of currency

	INCOME		NET PROFIT / EQUITY	
NOK MLLION	-12 %	+12 %	-12 %	+12 %
EUR	0.0	0.0	0.0	0.0

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

STOREBRAND KREDITTFORETAK AS
- Declaration of the members of the board and the CEO

The board of directors and the CEO have today discussed and approved the annual report and annual accounts of Storebrand Kredittforetak AS for the 2008 accounting year and as of 31 December 2008 (2008 Annual Report)

The annual accounts have been prepared in accordance with the Accounting Act, the regulations relating to the annual accounts of banks, financial undertakings, etc, and simplified IFRS as of 31 December 2008, as well as the supplementary Norwegian requirements in the Securities Trading Act. The annual report conforms to the requirements of the Accounting Act, Norwegian Accounting Standard no. 16 and the regulations relating to the annual accounts of banks, financial undertakings, etc as of 31 December 2008.

In the best judgement of the board and the CEO the annual accounts for 2008 have been prepared in accordance with the applicable accounting standards and the information in the accounts provides a correct picture of the company's assets, liabilities and financial position and result as a whole as of 31 December 2008. In the best judgement of the board and the CEO the annual report provides a correct overview of important events during the accounting period and their influence on the annual accounts. In the best judgement of the board and the CEO the description of the most important risk and uncertainty factors the company faces in the next accounting period, and the description of significant transactions with close associates, provides a correct overview.

Oslo, 10 February 2009
The Board of Directors of Storebrand Kredittforetak AS

Translation - not to be signed

Klaus-Anders Nysteen
Chairman of the Board

Thor Bendik Weider
Board member

Mikkel Andreas Vogt
Board member

Inger Roll-Matthiesen
Board member

Åse Jonassen
CEO

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Storebrand Kredittforetak AS

AUDITOR'S REPORT FOR 2008

We have audited the annual financial statements of Storebrand Kredittforetak AS as of 31 December 2008, showing a profit of NOK 7,8 million. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income, the statement of recognized income and expense and cash flows, and the accompanying notes. Simplified application in accordance with the Norwegian Accounting Act § 3-9 of International Financial Reporting Standards as adopted by the EU has been applied to prepare the financial statements. 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 financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2008, and the results of its operations, the recognized income and expense and its cash flows for the year then ended, in accordance with simplified application in accordance with the Norwegian Accounting Act § 3-9 of International Financial Reporting Standards as adopted by the EU
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit, is consistent with the financial statements and complies with law and regulations.

Oslo, 10. February 2009
Deloitte AS

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

CONTROL COMMITTEE'S STATEMENT FOR 2008

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

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

Oslo, 27 February 2009

Translation – not to be signed

Finn Myhre
Chairman of the Control Committee

BOARD OF REPRESENTATIVES' STATEMENT 2008

The Board of Directors' proposal for the Annual Report and Accounts, together with the Auditor's report and the Control Committee's statement have, in the manner required by law, been presented to the Board ofRepresentatives. The Board of Representatives recommends that the Annual General Meeting approve the Board of Directors proposal for the Annual Report and Accounts of Storebrand Kredittforetak AS.

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

Oslo, 10 March 2009

Translation – not to be signed

Terje Venold
Chairman of the Board of Representatives

storebrand

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